THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Circular is issued by Hengxin Technology Ltd. (the "**Company**"). **If you are in any doubt** as to the action you should take, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser immediately.

If you have sold or transferred all your Shares in the capital of the Company, you should at once hand this Circular, the notice of the annual general meeting (the "**2024 AGM**") and attached proxy form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

This Circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for securities of the Company.

HENGXIN TECHNOLOGY LTD.
亨鑫科技有限公司*

(carrying on business in Hong Kong as HX Singapore Ltd.)
(incorporated in Republic of Singapore with limited liability)
(Stock Code: 1085)

(I) RE-ELECTION OF RETIRING DIRECTORS, (II) THE PROPOSED SHARE ISSUE MANDATE, (III) THE PROPOSED SHARE PURCHASE MANDATE, AND (IV) NOTICE OF ANNUAL GENERAL MEETING

A letter from the board of directors of the Company is set out from pages 5 to 10 of this Circular.

A notice convening the 2024 AGM of the Company to be held at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 24 June 2025 (Tuesday) at 11:00 a.m. (or at any adjournment thereof) is set out on pages AGM-1 to AGM-6 of this Circular. If you are unable to attend the 2024 AGM, you are requested to complete and return the proxy form accompanying this Circular in accordance with the instructions printed thereon, to the Company's Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or to the Company's Branch Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Shareholders registered in Hong Kong) as soon as possible and in any event not later than forty-eight (48) hours before the time of the 2024 AGM (or at any adjournment thereof).

2 June 2025

* *For identification purpose only*

CONTENTS

In this Circular, the following definitions apply throughout unless otherwise stated or the context requires otherwise:

"2023 AGM"	has the meaning ascribed to it in Section 3.1 of Letter from the Board in this Circular
"ACRA"	the Accounting and Corporate Regulatory Authority of Singapore
"2024 AGM"	the annual general meeting of the Company to be convened at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on Tuesday, 24 June 2025 at 11:00 a.m. (or at any adjournment thereof), the notice of which is set out on pages AGM-1 to AGM-6 of this Circular
"Annual Report"	the annual report of the Company for FY2024
"Board"	the board of Directors
"Circular"	this circular
"Companies Act"	the Companies Act 1967 of Singapore as amended, modified or supplemented from time to time
"Company"	Hengxin Technology Ltd., a company incorporated in Singapore with limited liability and the Shares of which are listed on the Main Board of the SEHK
"Constitution"	the constitution of the Company as amended, modified or supplemented from time to time
"Controlling Shareholder(s)"	has the meaning as ascribed to this term under the Hong Kong Listing Rules
"Core Connected Person(s)"	has the meaning as ascribed to this term under the Hong Kong Listing Rules
"Director(s)"	the director(s) of the Company
"EPS"	earnings per Share
"FY2024"	the financial year ended 31 December 2024
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administration Region of the People's Republic of China
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the SEHK, as amended, modified or supplemented from time to time
"Hong Kong Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs as approved by the Securities and Futures Commission of Hong Kong, as amended, modified or supplemented from time to time
"Latest Practicable Date"	30 May 2025, being the latest practicable date prior to the printing of this Circular
"Market Day"	a day on which the SEHK is open for trading of securities
"Market Purchase"	has the meaning ascribed to it in Section 4.1(a) of Letter from the Board in this Circular
"Maximum Price"	has the meaning ascribed to it in Section 1.3.4 of Appendix II to this Circular
"Nominating Committee"	nominating committee of the Company
"NTA"	net tangible assets
"Off-Market Purchase"	has the meaning ascribed to it in Section 4.1(b) of Letter from the Board in this Circular
"Previous Share Issue Mandate"	has the meaning ascribed to it in Section 3.1 of Letter from the Board in this Circular
"Previous Share Purchase Mandate"	has the meaning ascribed to it in Section 4.1 of Letter from the Board in this Circular
"Proposed Share Issue Mandate"	has the meaning ascribed to it in Section 3.2 of Letter from the Board in this Circular
"Proposed Share Purchase Mandate"	has the meaning ascribed to it in Section 4.2 of Letter from the Board in this Circular
"Related Expenses"	has the meaning ascribed to it in Section 1.3.4 of Appendix II to this Circular

"Relevant Period"	the period commencing from the date on which the forthcoming annual general meeting of the Company is held and the resolution relating to the Proposed Share Purchase Mandate is passed, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is earlier, after the date the resolution relating to the Proposed Share Purchase Mandate is passed
"Remuneration Committee"	remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the People's Republic of China
"SEHK"	The Stock Exchange of Hong Kong Limited
"SFA"	the Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
"SFO"	the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong, as amended, modified or supplemented from time to time
"SGD"	Singapore dollars, the lawful currency of Singapore
"Share(s)"	ordinary shares in the share capital of the Company
"Shareholder(s)"	registered holder(s) of the Shares
"Singapore Take-overs Code"	the Singapore Code on Take-overs and Mergers as administered by the Securities Industry Council (SIC)
"substantial shareholder(s)"	has the meaning as ascribed to this term under the Hong Kong Listing Rules
"%"	percentage and per centum

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Singapore Take-overs Code, the SFA, the Hong Kong Listing Rules, the Hong Kong Takeovers Code, the SFO or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Singapore Take-overs Code, the SFA, the Hong Kong Listing Rules, the Hong Kong Takeovers Code, the SFO, as amended, modified or supplemented from time to time.

Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.

Any reference to a time of a day or date in this Circular is a reference to Singapore time or date.

Any discrepancy with the tables in this Circular between the listed amounts and the totals thereof is due to rounding.

HENGXIN TECHNOLOGY LTD.
亨鑫科技有限公司*

(carrying on business in Hong Kong as HX Singapore Ltd.)
(incorporated in Republic of Singapore with limited liability)
(Stock Code: 1085)

Directors:
Mr. Cui Wei *(Chairman and Non-Executive Director)*
Mr. Peng Yinan *(Executive Director)*
Mr. Tao Shunxiao *(Non-Executive Director)*
Mr. Zeng Guowei *(Non-Executive Director)*
Ms. Zhang Zhong *(Non-Executive Director)*
Mr. Qian Ziyan *(Independent Non-Executive Director)*
Dr. Li Jun *(Independent Non-Executive Director)*
Mr. Pu Hong *(Independent Non-Executive Director)*

Registered Office:
5 Tampines Central 1
#06-05 Tampines Plaza 2
Singapore 529541

Head office and principal place of business in Singapore:
5 Tampines Central 1
#06-05 Tampines Plaza 2
Singapore 529541

2 June 2025

To: The Shareholders of Hengxin Technology Ltd.

Dear Sir/Madam,

(I) RE-ELECTION OF RETIRING DIRECTORS, (II) THE PROPOSED SHARE ISSUE MANDATE, (III) THE PROPOSED SHARE PURCHASE MANDATE, AND (IV) NOTICE OF ANNUAL GENERAL MEETING

1. INTRODUCTION

The purpose of this Circular serves to provide you with information on the resolutions to be proposed at the 2024 AGM for (i) the re-election of the retiring Directors; (ii) the Proposed Share Issue Mandate; (iii) the Proposed Share Purchase Mandate; and (iv) to give you notice for convening the 2024 AGM.

* *For identification purpose only*

2. RE-ELECTION OF RETIRING DIRECTORS

2.1 Pursuant to Article 89 of the Constitution, Ms. Zhang Zhong and Dr. Li Jun shall retire at the forthcoming 2024 AGM and, being eligible, offer themselves for re-election at the forthcoming 2024 AGM. The Nominating Committee has recommended to the Board on the reelection of Ms. Zhang Zhong and Dr. Li Jun.

In accordance with Article 88 of the Constitution, as Mr. Tao Shunxiao and Mr. Zeng Guowei were appointed by the Board as an addition to the existing Board on 24 August 2024, Mr. Tao Shunxiao and Mr. Zeng Guowei shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Thus, Mr. Tao Shunxiao and Mr. Zeng Guowei shall retire at the forthcoming 2024 AGM and offer themselves for re-election. The Nominating Committee has recommended to the Board on the re-election of Mr. Tao Shunxiao and Mr. Zeng Guowei. The Board believes that Mr. Tao Shunxiao and Mr. Zeng Guowei can bring in diversified view to the Group.

Additionally, the Nominating Committee is of the view that all of the retiring Directors have demonstrated their respective commitment to their roles and contributions to the Board, and that they would continue to make effective contributions to the Board.

The Company considers that the re-election of Ms. Zhang Zhong, Dr. Li Jun, Mr. Tao Shunxiao and Mr. Zeng Guowei as the Directors of the Company will ensure continuity in management and save the time and costs in searching for new director candidates.

As each of Ms. Zhang Zhong, Dr. Li Jun, Mr. Tao Shunxiao and Mr. Zeng Guowei does not hold more than six (6) listed company directorships, the Company believes that they would be able to allocate sufficient time and attention to the Board in carrying out his/her duties as Directors of the Company.

Dr. Li Jun ("**Dr. Li**"), an independent non-executive Director, has served the Company for more than nine (9) years. Pursuant to Appendix C1 of the Hong Kong Listing Rules, it is recommended that serving more than nine (9) years could be relevant to the determination of the independence of a non-executive director. Any further appointment of independent non-executive Director serving more than nine (9) years should be subject to a separate resolution to be approved by the Shareholders.

As such, a separate resolution for the appointment of Dr. Li will be proposed for his re-election at the 2024 AGM. The Company has received a confirmation of independence made pursuant to Rule 3.13 of the Hong Kong Listing Rules from Dr. Li, and he has not engaged in any executive management of the Group.

In nominating the independent non-executive Director, Dr. Li, for re-election, the Nominating Committee has taken into account, amongst other things, the perspectives, skills and experience that he could bring to the Board, and his contribution to the diversity of the Board. The Nominating Committee has also reviewed his annual written independence confirmations and assessed the independence of Dr. Li based on the independence guidelines as stipulated under Rule 3.13 of the Hong Kong Listing Rules. Having assessed the independence of Dr. Li, the Nominating Committee is of the view that Dr. Li would continue to bring in objective insights and independent judgment to the Board as well as the Board committees he currently serves on.

The Board, having considered the recommendation of the Nominating Committee and the independent scope of work of Dr. Li since his appointment on 6 March 2015, the Board considers that Dr. Li remains independent and is able to continue to fulfil his role as an independent non-executive Director and commitment for providing professional advice to the Company.

The Board, having considered the recommendation of the Nominating Committee and the independent scope of work of Dr. Li in the past years, the Board considers that Dr. Li remains independent and is able to continue to fulfill his role as an independent non-executive Director despite the length of his service, and his tenure of over nine (9) years does not and would not affect his independent judgment.

2.2 Details of the retiring Directors proposed to be re-elected at the 2024 AGM are set forth in Appendix I to this Circular.

3. THE PROPOSED SHARE ISSUE MANDATE

3.1 At the last annual general meeting of the Company held on 29 April 2024 (the "**2023 AGM**"), notice of which was given on 28 March 2024, the Directors were granted a share issue mandate (the "**Previous Share Issue Mandate**").

3.2 As the Previous Share Issue Mandate granted pursuant to the 2023 AGM will expire at the conclusion of the forthcoming 2024 AGM or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, the Directors would like to propose the adoption of a new share issue mandate (the "**Proposed Share Issue Mandate**") at the forthcoming 2024 AGM.

3.3 The Hong Kong Listing Rules provide that the Proposed Share Issue Mandate shall be subjected to a restriction that the aggregate number of Shares allotted or agreed to be allotted under the Proposed Share Issue Mandate must not exceed twenty per centum (20%) of the issued shares in the capital of the Company as at the date on which the resolution approving the Proposed Share Issue Mandate is passed.

3.4 The Proposed Share Issue Mandate, once approved, will continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, unless revoked or varied by the Company in a general meeting by ordinary resolution.

4. THE PROPOSED SHARE PURCHASE MANDATE

4.1 At the 2023 AGM, the Directors were granted a share purchase mandate to exercise all the powers of the Company to purchase or acquire Shares (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company as at the date of the 2023 AGM, at the price of up to but not exceeding:

(a) in the case of a market purchase (the "**Market Purchase**"), one hundred and five per centum (105%) of the average closing price of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company; and

(b) in the case of an off-market purchase (the "**Off-Market Purchase**"), one hundred and twenty per centum (120%) of the average closing price of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the Off-Market Purchase by the Company,

(the "**Previous Share Purchase Mandate**").

4.2 As the Previous Share Purchase Mandate granted pursuant to the 2023 AGM will expire at the conclusion of the forthcoming 2024 AGM or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, the Directors would like to propose the adoption of a new share purchase mandate (the "**Proposed Share Purchase Mandate**") at the forthcoming 2024 AGM.

4.3 The Proposed Share Purchase Mandate, once approved, will continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, unless revoked or varied by the Company in a general meeting by ordinary resolution.

4.4 As at the Latest Practicable Date, the number of Shares in the issued share capital of the Company was 465,600,000 Shares. Accordingly, assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the date of the 2024 AGM, the exercise of the Proposed Share Purchase Mandate in full of up to the maximum limit of ten per centum (10%) of its issued Shares, once approved, would enable the Company to repurchase a maximum of 46,560,000 Shares. The Proposed Share Purchase Mandate will provide flexibility to the Directors to purchase or acquire Shares as and when it is in the interest of the Company to do so.

4.5 An explanatory statement setting out the details of the Proposed Share Purchase Mandate is attached as Appendix II to this Circular.

IMPORTANT: Notwithstanding the adoption of the Proposed Share Issue Mandate and the Proposed Share Purchase Mandate, the Company shall and will from time to time comply with the relevant requirements under the Hong Kong Listing Rules in relation to issuance of securities, in particular Rules 7.19 and 13.36 thereof.

5. DIRECTORS' RECOMMENDATIONS

5.1 The Board is pleased to recommend the retiring Directors, whose details are set out in Appendix I to this Circular, for re-election at the 2024 AGM.

5.2 The Board considers that the re-election of the retiring Directors, the Proposed Share Issue Mandate and the Proposed Share Purchase Mandate are in the interests of the Company and the Shareholders as a whole.

5.3 Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions relating to the re-election of the retiring Directors, the Proposed Share Issue Mandate and the Proposed Share Purchase Mandate as set out in the notice of 2024 AGM of the Company which will be proposed for the Shareholders' approval at the forthcoming 2024 AGM.

6. ANNUAL GENERAL MEETING

The 2024 AGM, the notice of which is circulated together with this Circular, will be held at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 24 June 2025 (Tuesday) at 11:00 a.m. (or at any adjournment thereof) for the purpose of considering and, if thought fit, passing, with or without any modifications, the resolutions in relation to the re-election of the retiring Directors, the Proposed Share Issue Mandate and the Proposed Share Purchase Mandate.

Pursuant to Article 59 of the Constitution and Rule 13.39(4) of the Hong Kong Listing Rules, all vote of the Shareholders at a general meeting of the Company must be taken by way of poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the 2024 AGM will be voted by way of a poll by the Shareholders.

7. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2024 AGM in person and wish to appoint a proxy/(ies) to attend and vote at the 2024 AGM on their behalf will have to complete a proxy form attached to this Circular, sign and return in accordance with the instructions printed thereon to the Company's Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or to the Company's Branch Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Shareholders registered in Hong Kong) as soon as possible and in any event not later than forty-eight (48) hours before the time fixed for the 2024 AGM (or at any adjournment thereof). Completion and return of a proxy form by a Shareholder will not preclude a Shareholder from attending and voting in person at the 2024 AGM (or at any adjournment thereof) if a Shareholder finds that he/she is able to do so. In such event, the relevant proxy form will be deemed to be revoked.

8. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular includes the particulars given in compliance with the Companies Act and the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts in relation to the re-election of the retiring Directors, the Proposed Share Issue Mandate and the Proposed Share Purchase Mandate, and the Directors are not aware of any other material facts not contained in this Circular, the omission of which would make any statement in this Circular misleading. Where information contained in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Circular in its proper form and context.

9. GENERAL INFORMATION

Your attention is drawn to the information as set out in Appendix I to Appendix III to this Circular.

Yours faithfully,
For and on behalf of the Board
Hengxin Technology Ltd.
Peng Yinan
Executive Director

Set out below are particulars of the Directors proposed to be re-elected at the 2024 AGM.

MS. ZHANG ZHONG ("MS. ZHANG"), NON-EXECUTIVE DIRECTOR

Ms. Zhang Zhong, born in 1954, has been appointed as the non-executive Director of the Company since 23 June 2005. Ms. Zhang was one of the founders and directors of Jiangsu Hengxin since its establishment in June 2003.

Prior to that, between 1982 and 1988, she was the manager of the metals branch at Sichuan Agricultural Machinery Supply and Sales Co. Ltd (四川省農機供銷總公司) and was responsible for the market development and sales in the company. Between 1972 and 1982, she worked at Sichuan Chain Factory (四川省鏈條廠). From 1988 to 2004, she was the manager of the metals branch at Sichuan Science and Industrial Trade Agricultural Machinery Co. Ltd (四川省科工貿農機公司金屬材料分公司) and was responsible for the sales and marketing in the company. As at the Latest Practicable Date, Wellahead Holdings Limited ("**Wellahead**") was the beneficial owner of 15,894,525 Shares, representing approximately 3.41% of the issued share capital of the Company. Wellahead is wholly and beneficially owned by Ms. Zhang.

Ms. Zhang has entered into a letter of appointment with the Company with effect from 10 December 2010 for a term of three years commencing on 10 December 2010, subject to automatic renewal for successive terms of three years upon expiry, and may be terminated by either party giving not less than three months' prior notice in writing to the other, or in accordance with other terms thereof. Ms. Zhang is entitled to receive an annual director fee of HK$378,000 which has been reviewed by the Remuneration Committee and determined by the Board with reference to the prevailing market rate and her duties and responsibilities in the Company.

Save as disclosed above, as at the Latest Practicable Date, Ms. Zhang (i) did not have, and was not deemed to have, any interests or short positions in the Shares and underlying shares of the Company within the meaning of Part XV of the SFO; (ii) did not hold any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (iii) is not related to any Directors, senior management, or substantial or controlling shareholders of the Company; and (iv) does not hold any other position in the Company or its subsidiaries.

Save as disclosed above, as at the Latest Practicable Date, there are no other matters concerning Ms. Zhang that need to be brought to the attention of the shareholders of the Company, and there is no further information that is required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

MR. TAO SHUNXIAO ("MR. TAO"), NON-EXECUTIVE DIRECTOR

Mr. Tao, born in 1976, has been appointed as the Non-Executive Director of the Company since 24 August 2024. Mr. Tao graduated from University of Technology Sydney with a degree of MBA, majoring in finance and international management in 2005. Mr. Tao worked at Zhejiang JIULI Hi-tech Metals Co., Ltd. from 2005 to 2007 as the head of office; worked at CITIC Securities Company Limited from 2007 to 2014, successively serving as marketing director, head of investment advisory, head of financing department, assistant to the general manager, etc.; and worked at Zhejiang Hugeleaf Co., Ltd. from 2014 to 2020, successively serving as assistant to the general manager, secretary of the board of directors, deputy general manager and director, in charge of the investment and financing department and the external public relations department. Mr. Tao is currently serving as the deputy general manager of Zhejiang Zhongguang New Energy Technology Co., Ltd* (浙江中光新能源科技有限公司), an indirect non-wholly owned subsidiary of the Company.

As at the Latest Practicable Date, Mr. Tao did not have, and was not deemed to have, any interests or short positions in the Shares and underlying shares of the Company within the meaning of Part XV of the SFO.

A letter of appointment has been entered into between the Company and Mr. Tao in respect of his appointment as a non-executive Director commencing on 24 August 2024. Mr. Tao's appointment is for a term of three (3) years subject to retirement and re-election in accordance with the provision of the articles of association of the Company. During his term of office as the non-executive Director, Mr. Tao is entitled to an annual director's fee of HK$360,000 which is recommended by the Remuneration Committee with reference to Mr. Tao's duties and responsibilities within the Company, the Company's remuneration policy and the prevailing market level of remuneration paid by comparable companies.

Save as disclosed above, as the Latest Practicable Date, Mr. Tao (i) did not hold any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) is not related to any Directors, senior management, or substantial or controlling shareholders of the Company; and (iii) does not hold any other position in the Company or its subsidiaries.

Save as disclosed above, as the Latest Practicable Date, there are no other matters concerning Mr. Tao that need to be brought to the attention of the shareholders of the Company, and there is no further information that is required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

MR. ZENG GUOWEI ("MR. ZENG"), NON-EXECUTIVE DIRECTOR

Mr. Zeng, born in 1982, has been appointed as the Non-Executive Director of the Company since 24 August 2024. Mr. Zeng graduated from the Department of Economics of Nankai University, and has been pursuing a doctorate of business administration at the global campus of the University of Arizona, the United States since 2023. Mr. Zeng has served as the chairman of Shanghai Chuncui Enterprise Development Group Co., Ltd.* (上海淳粹企業發展集團有限公司) since 2006; as a partner of Shanghai Zimi Investment Development Co., Ltd.* (上海子米投資發展有限公司) since 2022; and as a director of Zhejiang Caiyunjian Tea Co., Ltd.* (浙江採雲間茶業有限公司) (wholly state-owned) since 2024. Mr. Zeng was selected into the talent pool of part-time external directors of state-owned enterprises affiliated to the Yangpu District State-owned Assets Supervision and Administration Commission of Shanghai in 2021, and has been employed as a think tank expert in the "Tianjun Service Plan"* (天駿服務計劃) of the Inner Mongolia Autonomous Region which was designed to promote the listing of enterprises since 2023.

As at the Latest Practicable Date, Mr. Zeng did not have, and was not deemed to have, any interests or short positions in the Shares and underlying shares of the Company within the meaning of Part XV of the SFO.

A letter of appointment has been entered into between the Company and Mr. Zeng in respect of his appointment as a non-executive Director commencing on 24 August 2024. Mr. Zeng's appointment is for a term of three (3) years subject to retirement and re-election in accordance with the provision of the articles of association of the Company. During his term of office as the non-executive Director, Mr. Zeng is entitled to an annual director's fee of HK$360,000 which is recommended by the Remuneration Committee with reference to Mr. Zeng's duties and responsibilities within the Company, the Company's remuneration policy and the prevailing market level of remuneration paid by comparable companies.

Save as disclosed above, as the Latest Practicable Date, Mr. Zeng (i) did not hold any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) is not related to any Directors, senior management, or substantial or controlling shareholders of the Company; and (iii) does not hold any other position in the Company or its subsidiaries.

Save as disclosed above, as the Latest Practicable Date, there are no other matters concerning Mr. Zeng that need to be brought to the attention of the shareholders of the Company, and there is no further information that is required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

DR. LI JUN ("DR. LI"), INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Li Jun, born in 1961, has been appointed as the Independent Non-Executive Director of the Company since 6 March 2015. Dr. Li obtained his doctorate degree of philosophy in political economy from Oxford University in the United Kingdom in 1994. He was a senior manager and director of a number of securities and investment companies in Hong Kong and had an extensive experience in the international financial market. Dr. Li was appointed as an independent non-executive director of Suncity Group Holdings Limited (now known as LET Group Holdings Limited) (stock code: 1383) from 31 January 2007 to 1 June 2012. He is currently an independent non-executive director of Silkwave Inc (stock code: 0471).

In assessing the independence of Dr. Li, the Board and the Nominating Committee have also considered the independent nature of his role and duties and the character and judgement demonstrated by his commitment and contribution during his years of service and other relevant factors. Dr. Li has not been involved in any management role in the Company nor in any relationships which would interfere with the exercise of his independent judgement. The Board is of the view that Dr. Li maintains an independent mindset and provides invaluable expertise, knowledge, experience, professionalism, continuity and stability to the Board. The Board is of the view that the appointment of Dr. Li as an independent non-executive Director has been beneficial to the Company and the Shareholders as a whole over the past years.

Based on the above, the Board, upon the recommendation of the Nominating Committee, considers that Dr. Li remains to be independent and believes that he should be re-elected even after his more than nine years of services in the Company as an independent non-executive Director and should continue to contribute effectively to the Board.

As at the Latest Practicable Date, Dr. Li did not have, and was not deemed to have, any interests or short positions in the Shares and underlying shares of the Company within the meaning of Part XV of the SFO.

Dr. Li has entered into a letter of appointment with the Company with effect from 6 March 2015 for a term of three years commencing on 6 March 2015, subject to automatic renewal for successive terms of three years upon expiry, and may be terminated by either party giving not less than three months' prior notice in writing to the other, or in accordance with other terms thereof. Dr. Li is entitled to receive an annual director fee of HK$300,000 which has been proposed by the Remuneration Committee and approved by the Board with reference to the prevailing market rate and his duties and responsibilities in the Company.

The Board believes that despite that Dr. Li has served the Company for more than nine (9) years, he continues to be able to fulfil his role as an independent non-executive Director independently. The Company has received a confirmation of independence made pursuant to Rule 3.13 of the Hong Kong Listing Rules from Dr. Li. The Nominating Committee and the Board have reviewed the said independence confirmation of Dr. Li, and assessed his independence based on the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules.

Save as disclosed above, as the Latest Practicable Date, Dr. Li (i) did not hold any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) is not related to any Directors, senior management, or substantial or controlling shareholders of the Company; and (iii) does not hold any other position in the Company or its subsidiaries.

Save as disclosed above, as the Latest Practicable Date, there are no other matters concerning Dr. Li that need to be brought to the attention of the shareholders of the Company, and there is no further information that is required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

THE PROPOSED SHARE PURCHASE MANDATE

1. The Proposed Share Purchase Mandate

1.1 Background

At the 2023 AGM, the Shareholders had approved the adoption of the Previous Share Purchase Mandate to enable the Company to purchase or to otherwise acquire issued Shares in the capital of the Company. Unless revoked or varied by the Company in a general meeting, the authority contained in the Previous Share Purchase Mandate was expressed to continue in force until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

As the Previous Share Purchase Mandate granted at the 2023 AGM will expire at the conclusion of the forthcoming 2024 AGM, the Directors recommend the adoption of the Proposed Share Purchase Mandate at the forthcoming 2024 AGM for Shareholders' approval.

1.2 Rationale

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued shares (i.e. ordinary shares, stocks and preference shares) if it is expressly permitted to do so by the Constitution. Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by the Companies Act, the Hong Kong Listing Rules, and such other laws and regulations as may, for the time being, be applicable.

The adoption of the Proposed Share Purchase Mandate will allow the Directors to have the flexibility to purchase or acquire Shares as and when circumstances permit so during the period for which the Proposed Share Purchase Mandate is in force. Purchases or acquisitions of Shares provide the Company and its Directors with an avenue to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The purchases or acquisitions of Shares may, depending on market conditions and funding arrangements, lead to an enhancement of the EPS and/or the NTA per Share, and will only be made when the Directors believe that such purchases or acquisitions of Shares will benefit the Company and the Shareholders as a whole.

Purchases or acquisitions of Shares also allow the Directors to exercise control over the Company's share capital structure with a view to enhancing the EPS and/or the NTA per Share. The Proposed Share Purchase Mandate will further give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued in order to buffer short-term share price volatility and mitigate the effects of share price speculation, thereby boosting Shareholders' confidence and employees' morale.

As and when circumstances permit, the Directors will decide whether to effect the purchases or acquisitions of Shares via Market Purchases or Off-Market Purchases, after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Directors will only make purchases or acquisitions of Shares pursuant to the Proposed Share Purchase Mandate when they consider it to be in the interests of the Company and the Shareholders as a whole, and in circumstances which they believe from time to time will not result in (a) any material adverse effect on the working capital, gearing position or financial position of the Company or the Group as compared with the positions disclosed in the audited consolidated financial statements set out in the Annual Report in the event that the Proposed Share Purchase Mandate is to be exercised in full at any time during the proposed share purchase period; or (b) the Company being delisted from the SEHK or any other securities exchange or being insolvent. It should be noted that the purchases or acquisitions of Shares pursuant to the Proposed Share Purchase Mandate may or may not be carried out to the full limit as mandated.

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares during the six (6) months preceding the Latest Practicable Date.

1.3 Authority and limits of the Proposed Share Purchase Mandate

The authority and limits placed on the Proposed Share Purchase Mandate are summarised as follows:

1.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired by the Company pursuant to the Proposed Share Purchase Mandate shall not exceed ten per centum (10%) of the total issued Shares of the Company as at the date of the last annual general meeting held before the resolution authorising the Proposed Share Purchase Mandate is passed or as at the date of the resolution authorising the Proposed Share Purchase Mandate is passed (the "**Approval Date**"), whichever is higher.

Unless the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78C of the Companies Act, or the court has, at any time during the Relevant Period, made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered by the special resolution of the Company or the order of the court, as the case may be. Under the Companies Act, any Shares which are held as treasury shares shall be disregarded for the purposes of computing the ten per centum (10%) limit. As at the Latest Practicable Date, no Shares were held as treasury shares.

For illustration purposes only, on the basis of 465,600,000 Shares in issue (none of which were treasury shares) as at the Latest Practicable Date, being 26 March 2025, not more than 46,560,000 Shares (representing ten per centum (10%) of the Shares in issue as at the Latest Practicable Date) may be purchased or acquired by the Company pursuant to the Proposed Share Purchase Mandate.

1.3.2 Duration of the Proposed Share Purchase Mandate

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to:

(a) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(b) the date on which the purchases or acquisitions of the Shares are carried out to the full extent mandated under the Proposed Share Purchase Mandate; or

(c) the date on which the authority conferred by the Proposed Share Purchase Mandate is revoked or varied by the Company in a general meeting by ordinary resolution,

whichever is the earliest.

The Proposed Share Purchase Mandate may be renewed by Shareholders' approval at the subsequent annual general meeting of the Company or any other general meeting of the Company.

1.3.3 Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) Market Purchase, transacted on the SEHK and/or on any other securities exchange on which the Shares are listed and/or quoted, through one (1) or more duly licensed dealers appointed by the Company for that purpose; and/or

(b) Off-Market Purchase, in accordance with an equal access scheme for the purchase or acquisition of Shares from Shareholders.

In relation to Off-Market Purchases, the Directors may impose such terms and conditions which are not inconsistent with the Proposed Share Purchase Mandate, the Hong Kong Listing Rules and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). Under Section 76C(6) of the Companies Act, an equal access scheme must satisfy all the following conditions:

(a) the offers under the scheme are to be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(b) all of those persons have a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers are the same, except that there shall be disregarded:

  (i) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;

  (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

  (iii) differences in the offers introduced solely to ensure that each member is left with a whole number of Shares.

1.3.4 Maximum purchase price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses (the "**Related Expenses**")) to be paid for the Shares purchased or acquired pursuant to the Proposed Share Purchase Mandate will be determined by the Directors.

However, the purchase price to be paid for the Shares purchased or acquired pursuant to the Proposed Share Purchase Mandate as determined by the Directors must not exceed:

(a) in the case of a Market Purchase, one hundred and five per centum (105%) of the Average Closing Price (as defined below) of the Shares; and

(b) in the case of an Off-Market Purchase, one hundred and twenty per centum (120%) of the Average Closing Price (as defined below) of the Shares,

in either case, excluding Related Expenses of the purchase or acquisition (the "**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means:

(aa) in the case of a Market Purchase, the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded on the SEHK or such other stock exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company; or

(bb) in the case of an Off-Market Purchase, the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded on the SEHK or such other stock exchange on which the Shares are listed or quoted, immediately preceding the Date of the Making of the Offer (as defined below) pursuant to the Off-Market Purchase,

and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days period; and

"**Date of the Making of the Offer**" means the date on which the Company makes an offer for the purchase or acquisition of the Shares to the Shareholders, stating the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

1.4 Source of funds

In purchasing or acquiring Shares pursuant to the Proposed Share Purchase Mandate, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Constitution, the Companies Act, the Hong Kong Listing Rules and any other applicable laws and regulations.

Under the Companies Act, any payment made by the Company in consideration of the purchase or acquisition of its own Shares may be made out of the Company's capital and/or profits, so long as the Company is solvent.

For this purpose, a company is "solvent" if:

(a) the company is able to pay its debts in full at the time of payment for the purchase or acquisition of the Shares and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of the payment; and

(b) the value of the company's total assets is not less than the value of its total liabilities (including contingent liabilities) and will not after the proposed purchase, acquisition, variation or release, become less than the value of its liabilities (including contingent liabilities), having regard to the most recent financial statements of the company and all other circumstances that the directors or managers of the company know or ought to know affect, or may affect, such values.

Under the Constitution, the Company may purchase or otherwise acquire any of its issued Shares out of distributable profits of the Company or out of the proceeds of a fresh issue of Shares made for the purposes of such purchase or acquisition.

The Company intends to use internal resources, external borrowings, or a combination of both to fund the purchases or acquisitions of Shares pursuant to the Proposed Share Purchase Mandate. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions of Shares pursuant to the Proposed Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, and in accordance with the requirements as stated above pursuant to the Companies Act.

1.5 Status of purchased Shares

Under the Companies Act, the Company may choose to hold the purchased Shares as treasury shares or to cancel them. The Constitution also allows the Company to hold purchased Shares as treasury shares. Accordingly, the Company has the discretion to hold the purchased Shares as treasury shares or to cancel them.

The Board notes that with effect from 11 June 2024, the Hong Kong Listing Rules was amended to introduce flexibility for listed companies to cancel shares bought back and/or to adopt a framework to (i) allow shares bought back to be held in treasury and (ii) govern the resale of treasury shares. Following such changes to the Hong Kong Listing Rules, if the Company purchases Shares pursuant to the Proposed Share Purchase Mandate, the Company may cancel the Shares bought back and/or hold them as treasury shares, subject to market conditions and the Group's capital management needs at the relevant time of the Share buy-back. If the Company holds Shares in treasury, any resale of Shares held in treasury will be subject to the resolution numbered 11 of the notice to the Annual General Meeting and made in accordance with the Hong Kong Listing Rules and applicable laws and regulations of Singapore.

In accordance with the Hong Kong Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the proposed resolution to approve the Share Purchase Mandate by the Company of its Shares.

For any treasury shares deposited with CCASS pending resale on the Stock Exchange, the Company shall (i) procure its broker not to give any instructions to HKSCC to vote at general meetings of the Company for the treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, withdraw the treasury Shares from CCASS, and either re-register them in its own name as treasury Shares or cancel them, in each case before the record date for the dividends or distributions, or (iii) take any other measures to ensure that it will not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury Shares.

The general mandates to issue new Shares and to buy back Shares, if granted at the 2024 AGM, will remain in effect until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Constitution to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

1.6 Reporting requirements

1.6.1 Within thirty (30) days of the passing of the Shareholders' ordinary resolution to approve any purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such ordinary resolution with ACRA.

1.6.2 The Company shall also notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SEHK or otherwise, in the prescribed form. Such notification shall include details of the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the Company's total issued share capital before the purchase or acquisition of Shares, the Company's total issued share capital after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, whether Shares were purchased or acquired out of profits or capital of the Company, and such other particulars as may be required in the prescribed form.

1.6.3 With the amendments to the Hong Kong Listing Rules on 11 June 2024 to introduce flexibility for listed companies to cancel shares bought back, because the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision or there is inside information until the price sensitive or inside information has been publicly announced. In particular, for the purposes of the foregoing, the Company will not purchase or acquire any Shares through Market Purchase during the period commencing one (1) month immediately preceding the earlier of:

(a) the date of the Board meeting (as such date is first notified to the SEHK) for the approval of the Company's results announcement for the full financial year or half-year; and

(b) the deadline for the Company to publish an announcement of its results for any full financial year or half-year (whether or not required under the Hong Kong Listing Rules), and ending on the date of the Company's results announcement.

1.7 Financial effects

The financial effects on the Group arising from the purchases or acquisitions of Shares which may be made pursuant to the Proposed Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of capital and/or profits of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares or the amount (if any) borrowed by the Company to fund the purchases or acquisitions. It is therefore not possible to realistically calculate or quantify the impact at this point of time.

1.7.1 Purchase or acquisition out of profits and/or capital

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the capital and/or profits of the Company so long as the Company is solvent.

Under the Constitution, the Company may purchase or otherwise acquire any of its issued Shares out of distributable profits of the Company or out of the proceeds of a fresh issue of Shares made for the purposes of such purchase or acquisition.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding the Related Expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

In the event that the purchased or acquired Shares are cancelled, a reduction by the total amount of the purchase price paid by the Company for the purchased or acquired Shares will be made to:

(a) the share capital of the Company where the Shares were purchased out of the capital of the Company;

(b) the profits of the Company where the Shares were purchased out of the profits of the Company; or

(c) the share capital and profits of the Company proportionately where the Shares were purchased out of both the capital and profits of the Company.

1.7.2 Number of Shares purchased or acquired

For illustration purposes only, as at the Latest Practicable Date, the number of Shares in issue was 465,600,000 Shares. Accordingly, assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the date of the 2024 AGM, the exercise of the Proposed Share Purchase Mandate in full of up to the maximum limit of ten per centum (10%) of its issued Shares, once approved, would enable the Company to repurchase a maximum of 46,560,000 Shares.

1.7.3 Maximum Price paid for Shares purchased or acquired

In the case of the Market Purchases by the Company, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Proposed Share Purchase Mandate, the Company purchases the maximum number of 46,560,000 Shares at the Maximum Price of HK$1.2285 per Share (being the price equivalent to five per centum (5%) above the average of the closing market prices of the Shares for the five (5) Market Days on which the Shares were traded on the SEHK immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 46,560,000 Shares is approximately HK$57,198,960, excluding Related Expenses.

In the case of the Off-Market Purchases by the Company, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Proposed Share Purchase Mandate, the Company purchases the maximum number of 46,560,000 Shares at the Maximum Price of HK$1.4040 per Share (being the price equivalent to twenty per centum (20%) above the average of the closing market prices of the Shares for the five (5) Market Days on which the Shares were traded on the SEHK immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 46,560,000 Shares is approximately HK$65,370,240, excluding Related Expenses.

1.8 Taxation

Shareholders who are in doubt as to their respective tax positions or tax implications of Shares purchased by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

1.9 Listing status

The Company is required under Rule 8.08 of the Hong Kong Listing Rules to ensure that at least twenty-five per centum (25%) of its Shares are in the hands of the public. According to the Hong Kong Listing Rules, the SEHK will not regard any Core Connected Person of the Company as a member of "the public" or Shares held by a Core Connected Person as being "in public hands". In addition, the SEHK will not recognise as a member of "the public":

(a) any person whose acquisition of securities has been financed directly or indirectly by a Core Connected Person; and/or

(b) any person who is accustomed to take instructions from a Core Connected Person in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in his/her name or otherwise held by him/her.

As at the Latest Practicable Date, there were 340,836,813 Shares in the hands of the public, representing approximately seventy-three point twenty per centum (73.20%) of the issued Shares of the Company. Assuming that the Company purchases or acquires its Shares through Market Purchases up to the full ten per centum (10%) limit pursuant to the Proposed Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 294,276,813 Shares, representing approximately Seventy point twenty-three per centum (70.23%) of the remaining issued Shares of the Company (on the assumptions that the purchased Shares are cancelled and there is no change in the issued share capital of the Company other than the exercise of the Proposed Share Purchase Mandate).

In undertaking any purchases or acquisitions of its Shares, the Directors will use their best efforts to ensure that a sufficient number of Shares shall remain in public hands so that the purchases or acquisitions of Shares will not:

(a) adversely affect the listing status of the Shares on the SEHK;

(b) cause market illiquidity; or

(c) adversely affect the orderly trading of the Shares.

1.10 Suspension of purchase or acquisition

1.10.1 The Company will not effect or undertake any purchases or acquisitions of Shares prior to the announcement of any price-sensitive information or inside information by the Company, until such time as the price-sensitive information or inside information has been publicly announced or disseminated in accordance with the requirements of the Hong Kong Listing Rules.

1.10.2 The Company will not effect or undertake any purchases or acquisitions of Shares on the SEHK during the period commencing one (1) month immediately preceding the earlier of:

(a) the date of the Board meeting (as such date is first notified to the SEHK) for the approval of the Company's results announcement for the financial year or half-year, and

(b) the deadline for the Company to publish an announcement of its results for any full financial year or half-year (whether or not required under the Hong Kong Listing Rules), and ending on the date of the results announcement.

1.11(A) Compliance with the Singapore Take-overs Code

Pursuant to the letter dated 7 December 2019 from the Securities Industry Council (the "**Securities Industry Council**") of Singapore, the Securities Industry Council waived the Company from application and compliance to the Singapore Take-overs Code (the "**Waiver**"). Therefore, during the period where the Waiver remains in force, the Proposed Share Purchase Mandate will not trigger the provisions of the Singapore Take-overs Code.

1.11(B) Implications under the Hong Kong Takeovers Code

If, on the exercise of the power to purchase or acquire the Shares pursuant to the Proposed Share Purchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (as defined in the Hong Kong Takeovers Code), depending on the level of such increase, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the Hong Kong Takeovers Code.

As at the Latest Practicable Date, Kingever Enterprises Limited had an interest in 108,868,662 Shares, representing approximately twenty-three point thirty-eight per centum (23.38%) of the total issued share capital of the Company. Mr. Cui Wei was deemed to be a substantial shareholder (within the meaning of the SFO) of the Company by means of the 108,868,662 Shares held by Kingever Enterprises Limited. As at the Latest Practicable Date, Wellahead Holdings Limited had an interest in 15,894,525 Shares, representing approximately three point forty-one per centum (3.41%) of the total issued share capital of the Company. Ms. Zhang Zhong was deemed to have an interest in the Company by means of the 15,894,525 Shares held by Wellahead Holdings Limited. In the event that the Company purchases a maximum of 46,560,000 Shares, being ten per centum (10%) of the total number of Shares in issue as at the Latest Practicable Date, from the Shareholders other than Kingever Enterprises Limited and Wellahead Holdings Limited, the resultant shareholding interest of Kingever Enterprises Limited and Wellahead Holdings Limited in the Company would increase from approximately twenty-three point thirty-eight per centum (23.38%) and three point forty-one per centum (3.41%) respectively to approximately twenty-five point ninety-eight per centum (25.98%) and three point seventy-nine per centum (3.79%) respectively. Based on the foregoing and representations made by Kingever Enterprises Limited and Mr. Cui Wei, the Proposed Share Purchase Mandate, if fully utilized, would not trigger the provisions of the Hong Kong Takeovers Code requiring Kingever Enterprises Limited and/or persons acting in concert with it to incur an obligation to make a mandatory offer under Rule 26 of the Hong Kong Takeovers Code. Based on the foregoing and representations made by Wellahead Holdings Limited to the Company, the Proposed Share Purchase Mandate, even if fully utilized, would not trigger the provisions of the Hong Kong Takeovers Code requiring Wellahead Holdings Limited, and/or persons acting in concert with them to incur an obligation to make a mandatory offer under Rule 26 of the Hong Kong Takeovers Code.

Based on the above information as at the Latest Practicable Date, the Directors are not aware of any Director or substantial shareholder (within the meaning of the SFO) of the Company and parties acting in concert with them who may become obligated to make a mandatory offer under Rule 26 of the Hong Kong Takeovers Code in the event that the Company purchases the maximum number of 46,560,000 Shares under the Proposed Share Purchase Mandate.

The Directors do not have a present intention to exercise the power to purchase or acquire the Shares to the extent which will trigger off the mandatory offer requirement pursuant to the rules of the Hong Kong Takeovers Code.

1.12 Share purchase or acquisition made and Share price on the SEHK

1.12.1 The Company has not made any Market Purchases on the SEHK or Off-Market Purchases within the six (6) months period preceding the date of this Circular.

1.12.2 Pursuant to Rule 10.06(1)(b)(x) of the Hong Kong Listing Rules, the Company is required to state the share prices traded on the SEHK during each of the previous twelve (12) months in this Explanatory Statement. The highest and lowest prices at which the Shares were traded on the SEHK in each of the following months are:

	Share price	
Month	**Highest**	**Lowest**
	HK$	*HK$*
2024		
March	1.35	1.20
April	1.79	1.11
May	1.74	1.19
June	1.66	1.06
July	1.31	0.79
August	1.24	0.90
September	1.10	0.86
October	1.58	0.96
November	1.60	0.95
December	1.26	1.01
2025		
January	1.38	1.13
February	1.57	1.22
March	1.53	1.26
April	1.39	1.23
May	1.44	1.13

1.13 Directors' and substantial shareholders' interests

As at the Latest Practicable Date, the shareholdings of the Directors and the substantial shareholders (within the meaning of the SFO) of the Company before and after the purchase or acquisition of Shares (assuming that the purchased Shares are cancelled and there is no change in the total issued share capital of the Company other than the exercise of the Proposed Share

Purchase Mandate) pursuant to the Proposed Share Purchase Mandate, based on the register of director's shareholdings and the register of substantial shareholders of the Company, were as follows:

	Before Share Purchase			After Share Purchase		
	Direct Interest *(No. of Shares)*	Deemed Interest *(No. of Shares)*	Total Interest *(%)*	Direct Interest *(No. of Shares)*	Deemed Interest *(No. of Shares)*	Total Interest *(%)*
Directors						
Mr. Cui Wei(1)	–	108,868,662	23.38	–	108,868,662	25.98
Ms. Zhang Zhong(2)	–	15,894,525	3.41	–	15,894,525	3.79
Mr. Peng Yinan	–	–	–	–	–	–
Mr. Tao Shunxiao	–	–	–	–	–	–
Mr. Zeng Guowei	–	–	–	–	–	–
Mr. Qian Ziyan	–	–	–	–	–	–
Dr. Li Jun	–	–	–	–	–	–
Mr. Pu Hong	–	–	–	–	–	–
Substantial Shareholder						
Kingever Enterprises Limited(1)	108,868,662	–	23.38	108,868,662	–	25.98

Notes:

(1) Mr. Cui Wei holds 100% of the total issued share capital of Kingever Enterprises Limited. By virtue of Section 7 of the Companies Act and Part XV of the SFO, Mr. Cui Wei is deemed to be interested in the Shares held by Kingever Enterprises Limited.

(2) Ms. Zhang Zhong holds 100% of the total issued share capital of Wellahead Holdings Limited, which holds 15,894,525 Shares. By virtue of Section 7 of the Companies Act and Part XV of the SFO, Ms. Zhang Zhong is deemed to be interested in the Shares held by Wellahead Holdings Limited.

Shareholders should note that the figures stated in the above table are set out for illustrative purposes only and calculated on the assumption that (i) the maximum amount of ten per centum (10%) of the Shares of the Company purchased under the Proposed Share Purchase Mandate will be cancelled; (ii) there is no change in the total issued share capital of the Company other than the exercise of the Proposed Share Purchase Mandate; and (iii) there is no change in the number of Shares held or deemed to be held by the Directors and the substantial shareholders (within the meaning of the SFO) of the Company.

1.14 Directors, substantial shareholders, their associates and connected persons

None of the Directors nor substantial shareholders, and to the best of their knowledge having made all reasonable enquiries, none of their close associates, have any present intention, in the event that the Proposed Share Purchase Mandate is approved by the Shareholders at the 2024 AGM, to sell their Shares to the Company under the Proposed Share Purchase Mandate.

No Core Connected Persons of the Company has notified the Company that he or she has a present intention to sell any Shares to the Company, or that he or she has undertaken not to sell any Shares held by him or her to the Company, in the event that the Proposed Share Purchase Mandate is granted by the Shareholders at the 2024 AGM.

1.15 Directors' undertaking

The Directors have undertaken to the SEHK that they will exercise the power of the Company pursuant to the Proposed Share Purchase Mandate in accordance with the Hong Kong Listing Rules, the Constitution, the Companies Act and the applicable laws of the Republic of Singapore so far as the same may be applicable.

Neither this Explanatory Statement nor the Proposed Share Purchase Mandate has any unusual features.

The 2024 Singapore directors' statement and the audited financial statements of the Company and the Group for the financial year ended 31 December 2024 together with the auditors' report prepared in accordance to the Singapore Financial Reporting Standards (International) thereon are attached in this appendix for Shareholders' approval at the 2024 AGM as Resolution 2.

Nexia Singapore PAC

Hengxin Technology Ltd.
and its Subsidiaries
Company Registration No. 200414927H

DIRECTORS' STATEMENT AND
AUDITED FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

HENGXIN TECHNOLOGY LTD. AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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HENGXIN TECHNOLOGY LTD. AND ITS SUBSIDIARIES

DIRECTOR'S STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The directors are pleased to present their statement to the members of the Company together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2024 ("FY2024") and the statement of financial position of the Company as at 31 December 2024.

1. Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 (the "Companies Act"), Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

2. Directors

The Directors in office during the financial year ended 31 December 2024 and at the date of this statement are as follows:

Non-executive directors

Mr. Cui Wei (Chairman)	
Ms. Zhang Zhong	
Mr. Tao Shunxiao	(Appointed on 24 August 2024)
Mr. Zeng Guowei	(Appointed on 24 August 2024)
Mr. Du Xiping	(Resigned on 24 August 2024)

Executive directors

Mr. Peng Yinan	
Dr. Song Haiyan	(Resigned on 24 August 2024)

Independent non-executive directors

Mr. Qian Ziyan
Dr. Li Jun
Mr. Pu Hong

3. Arrangements to enable directors to acquire shares or debentures

Except as disclosed under "Share Award Scheme" in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the director of the Company to acquire benefits by means of the acquisition of shares, or debentures of, the Company or any other body corporate.

HENGXIN TECHNOLOGY LTD. AND ITS SUBSIDIARIES

DIRECTOR'S STATEMENT (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. Directors' interests in shares or debentures

According to the register of Directors' shareholdings kept by the Company for the purposes of Section 164 of the Companies Act 1967, particulars of interests of Directors who held office at the end of the financial year ended 31 December 2024 (including those held by their respective spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings registered in the name of directors		Holdings in which a director is deemed to have an interest	
Name of directors	**At the beginning of financial year/date of appointment**	**At the end of financial year**	**At the beginning of financial year/date of appointment**	**At the end of financial year**
Ordinary shares of the Company				
Mr. Cui Wei [(1)]	-	-	108,868,662	108,868,662
Ms. Zhang Zhong [(2)]	-	-	15,894,525	15,894,525
Mr. Du Xiping [(3)]	11,468,000	-	-	-

(1) Mr. Cui Wei beneficially owns the entire issued share capital of Kingever Enterprises Limited ("Kingever"), and Kingever in turn holds 108,868,662 issued shares in the Company. By virtue of Section 7 of the Companies Act, Mr. Cui Wei is deemed to have such interests as held by Kingever in the Company.

(2) Ms. Zhang Zhong beneficially owns the entire issued share capital of Wellahead Holdings Limited ("Wellahead"), and Wellahead in turn holds 15,894,525 issued shares in the Company. By virtue of Section 7 of the Companies Act, Ms. Zhang Zhong is deemed to have such interests as held by Wellahead in the Company.

(3) Mr. Du Xiping resigned as Company's director on 24 August 2024.

Except as disclosed in this statement, no directors who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or at date of appointment if later, or at the end of the financial year.

5. Share options and Share Award Scheme

Share options

During the financial year, there were: (i) no options granted by the Company to any person to take up unissued shares in the Company; and (ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

Share Award Scheme

On 21 October 2024 (the "Adoption Date"), the Board has adopted the share award scheme (the "Share Award Scheme") for the purpose of the Company's grant of the award shares of the Company (the "Award Shares") to an eligible participant(s) (the "Selected Participant") selected by the Board or a committee delegated with the power and authority by the Board to administer the Share Award Scheme, person(s) or sub-committee of the Board as authorised by the Board to administer the Share Award Scheme in accordance with the terms of, and is/are entitled to receive an award under the Share Award Scheme; or any other person(s) who is/are entitled to receive an award under the rules of the Share Award Scheme (the "Rules") after the passing of the original Selected Participant from time to time pursuant to the Rules.

5. Share options and Share Award Scheme (continued)

Share Award Scheme (continued)

(a) Purpose and Participants

The purposes of the Share Award Scheme are to (1) provide incentives to eligible participants ("Eligible Participants") who are (a) any person who is a full-time employee of any member of the Group, including but not limited to director, senior management, key operation team member (excluding such person who is (i) resident in a place where the grant, acceptance or vesting of the award pursuant to the Share Award Scheme is not permitted under, or contrary to, the laws and regulations of such place; or (ii) where, in the view of the Board or the management committee, person(s) or sub-committee of the Board as authorized by the Board to administer the Share Award Scheme, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person); or (b) service providers (the "Service Providers") to the Group on a continuing or recurring basis in their ordinary and usual course of business which are in the interests of the long-term growth of the Group (excluding placing agents, financial advisers, professional service providers such as auditors and valuers); (2) to retain Eligible Participants to continuously serve the Group for operation and development of the Group; and (iii) attract suitable professional and experienced talents for further development of the Group.

(b) Listing Rules Implication

The Share Award Scheme will purchase existing Shares through the trustee (the "Trustee") appointed by the Company from time to time for administration of the Share Award Scheme on the market. The Share Award Scheme was contemplated and adopted to be funded solely by existing Shares. The Share Award Scheme constitutes a share scheme under Chapter 17 of the Listing Rules in Hong Kong and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules in Hong Kong. However, it does not constitute a scheme involving the issue of new Shares as referred to in Chapter 17 of the Listing Rules in Hong Kong. Therefore, no Shareholders' approval is required to adopt the Share Award Scheme.

(c) Duration and termination

The Share Award Scheme shall remain valid and effective for the period commencing from the Adoption Date and ending on the trading day immediately before the 10th anniversary of the Adoption Date. ("Scheme Period").

Upon expiration of the Scheme Period or termination of the Share Award Scheme, no further Award Shares shall be granted. The provision of the Share Award Scheme shall in all other respects remain in full force and effect and the awards granted during the Scheme Period but unvested may continue to be valid in accordance with their respective terms of Award.

(d) Maximum number of Shares to be granted

The maximum number of Award Shares under the Share Award Scheme shall be the maximum number of Shares to be purchased by the Trustee on the market from time to time at the prevailing market price with funds transferred by the Company.

As at the Adoption Date, the Company had 465,600,000 issued Shares. Under any circumstances, the maximum number of all Award Shares, stock options and share awards which may be awarded under the Share Award Scheme or any other share scheme of the Company, shall not exceed 10% of the issued shares of the Company as at the Adoption Date (i.e. 46,560,000 Shares). The maximum number of all Award Shares, stock options and share awards which may be awarded to Service Providers shall not in aggregate exceed the sublimit of 5% of the issued Shares as at the Adoption Date (i.e. 23,280,000 Shares).

(e) Maximum entitlement of each grantee

The maximum number of Award Shares or any share awards or share options which may be granted to a Selected Participant under the Share Award Scheme, or any other share scheme of the Company, in any twelve-month period shall not exceed 1% of the issued share capital of the Company from time to time.

HENGXIN TECHNOLOGY LTD. AND ITS SUBSIDIARIES

DIRECTOR'S STATEMENT (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. Share options and Share Award scheme (continued)

Share Award Scheme (continued)

(f) Vesting period of Award

The Board or Authorised Person(s) may from time to time determine the vesting criteria and conditions, or the period of awards to be vested in accordance with the Rules during the Scheme Period and subject to compliance with all applicable laws, rules and regulations.

If there are Award Shares that have been granted but not vested before end of the Scheme Period, vesting of Award Shares and other related matters specified in the Rules will remain in effect. If a Selected Participant fails to meet the vesting conditions, all relevant Award Shares shall not be vested and shall be forfeited. The Trustee shall be notified of such forfeiture and relevant forfeited Shares shall be held by the Trustee as returned shares.

(g) Grant price

The grant price of the Award Shares (if any) shall be such price as determined by the Board or Authorized Person(s) and set out in the grant letter.

Share Awards Scheme Reserve

During the financial year ended 31 December 2024, the Trustee has acquired 2,326,000 Shares through on-market transactions and no Shares have been awarded to any Eligible Participants or Service Providers up to 31 December 2024.

The total number of (i) awards available for grant under the scheme mandate limit of the Share Award Scheme; and (ii) options available for grant under the scheme mandate limit of the other share option scheme, was 38,800,000 Shares as at 1 January 2024, 46,560,000 Shares as at 31 December 2024. The Company Service Providers sublimit under the Share Award Scheme is 23,280,000 Shares. As the Company has no other share option scheme in force during the financial year ended 31 December 2024 and as at 31 December 2024, therefore, there is no Service Providers sublimit for other share option scheme.

The number of Shares that may be issued in respect of options and awards granted under all share scheme of the Company during the financial year ended 31 Decembre 2024 was nil.

6. Independent auditors

The independent auditors, Nexia Singapore PAC has expressed its willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

Mr. Cui Wei
Chairman and Non-executive Director

Mr. Peng Yinan
Executive Director

Date: 16 May 2025

Nexia Singapore PAC

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HENGXIN TECHNOLOGY LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hengxin Technology Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of the financial position of the Company as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Chartered Accountants of Singapore

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HENGXIN TECHNOLOGY LTD. (CONTINUED)

Key Audit Matters (continued)

The key audit matter	***How the matter was addressed in our audit***
Impairment assessment of Goodwill and Other Intangible Assets We refer to Note 3(i), Note 5(b)(i), Note 16 and Note 17 to the consolidated financial statements. At 31 December 2024, the carrying amount of goodwill amounted to RMB 201.6 million and other intangible assets amounted to RMB 227.5 million respectively. These accounted for approximately 24.7% of the Group's total non-current assets as at 31 December 2024. The goodwill and other intangible assets arose from business combinations from acquiring equity interests in: (i) Nanjing Zhangyu Information Technology Co., Ltd ("Nanjing Zhangyu") and Shanghai Zhangyu Information Technology Co., Ltd ("Shanghai Zhangyu") in July 2022. Nanjing Zhangyu and Shangyu operates in the integrated circuits and digital technology segment; and (ii) Zhejiang Zhongguang New Energy Technology Co., Ltd and its subsidiaries ("Zhejiang Zhongguang Group") in July 2023. Zhejiang Zhongguang Group operates in the new energy and services segment. The Group allocated the goodwill and other intangible assets to its respective Cash Generating Units ("CGUs"). The Group engaged an independent professional valuer to assist the management in ascertaining the recoverable amount of the respective CGUs based on value-in-use calculations. No impairment loss on goodwill and other intangible assets were recognised during the financial year ended 31 December 2024. The value-in-use-calculations required the use of estimates and assumptions, including future growth rates, future profit margins and the discount rates applied. The application of the estimates and assumptions required the management to exercise significant judgement. Changes to the estimates and assumptions will result in changes to the recoverable amount of the respective CGUs. Accordingly, we determined this as a key audit matter.	Our audit procedures included the following: • obtaining an understanding of the business plans for the respective business segments and evaluating the reasonableness of management's identification of the CGUs. • reviewing the impairment indicators for impairment testing on the non-financial assets (other than goodwill) for each CGUs identified, and if any such indication exist, evaluating the methodology adopted by management on impairment assessment. • evaluating the independent external valuers' competence, capability and objectivity in ascertaining the recoverable amounts of the CGUs. • conducting a detailed discussion with the component auditors', the Group's key management and external valuers' on the estimates and assumptions used in the value-in-use calculations. • reviewing the reasonableness of the estimates and assumptions applied, performing a retrospective review of the historical forecast to actual results, performing sensitivity analysis and headroom analysis based on the range of acceptable key estimates and assumptions. These included the discount rates, revenue growth rates, terminal growth rates, margins and working capital assumptions used in the value-in-use calculations. • involving our internal valuers' expert on the review of methodology applied. • reviewing the adequacy of disclosures made on assumptions used by the management in the financial statements. Based on our audit procedures, we found the estimates determined by the Group to be within a reasonable range of outcomes.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HENGXIN TECHNOLOGY LTD. (CONTINUED)

Key Audit Matters (continued)

The key audit matter	***How the matter was addressed in our audit***
Expected credit loss allowance for trade receivables We refer to Note 3(l), Note 5(b)(ii), Note 24, Note 32(a) to the consolidated financial statements. As at 31 December 2024, the carrying amount of the Group's trade receivables amounted to RMB1,295.8 million, net of allowance for impairment loss amounted to RMB 46.4 million. The Group measures the loss allowance at an amount equal to lifetime expected credit loss on trade receivables. The Group determines the expected credit loss of trade receivables by making debtor-specific assessments of expected impairment losses for overdue trade receivables and taking into account probability-weighted estimate of credit losses, with reference to actual loss experience over the past 3 years, adjusted with forward-looking information. The Group engaged an independent professional valuer to assist the management in estimating the expected credit loss of trade receivables at reporting date. The assessment of the correlation between expected loss rates based on historical loss experience; forecast economic conditions and the identification of indicators of when trade receivables are credit impaired require the management to exercise significant judgement. Accordingly, we determined this as a key audit matter.	Our audit procedures included the following: • obtaining an understanding of the credit policy of the Group, the process for credit control monitoring of trade receivables and the grouping of trade receivables based on shared credit risk characteristics and the credit terms. • evaluating the independent external valuers' competence, capability and objectivity in the estimation of the loss allowance, conducting a detailed discussion with the component auditors', the Group's key management and external valuers' on the assumptions used to determine the expected credit loss. • reviewing the appropriateness of management's estimates of the loss allowance, by examining the information used by management to derive such estimates, including assessing on a sample basis, the accuracy of the ageing category, the expected loss rates based on historical loss experience, indicators when trade receivables are credit-impaired and evaluating whether the historical loss rates are appropriately adjusted based on current market conditions, customer-specific conditions and forward-looking information. • re-performing the calculation of the loss allowance as at 31 December 2024. • reviewing the adequacy of disclosures made on assumptions used by management in the financial statements. Based on our audit procedures, we found the estimates determined by the Group to be within a reasonable range of outcomes.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated on 4 July 2024.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HENGXIN TECHNOLOGY LTD. (CONTINUED)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HENGXIN TECHNOLOGY LTD. (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Rouh Ting.

NEXIA SINGAPORE PAC
Public Accountants and
Chartered Accountants
Singapore

Date: 16 May 2025

HENGXIN TECHNOLOGY LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RMB'000	2023 RMB'000
Revenue	6	2,519,987	2,255,903
Cost of sales		(2,052,682)	(1,821,205)
Gross profit		467,305	434,698
Interest income		34,017	22,510
Other operating income	7	36,048	31,607
Selling and distribution expenses		(131,161)	(107,756)
Administrative expenses		(99,840)	(72,458)
Impairment loss on trade and other receivables		(7,042)	(26,615)
Other operating expenses	8	(159,159)	(125,469)
Operating profit		140,168	156,517
Interest expense	9(a)	(51,470)	(30,993)
Share of result of an associate		24	8
Profit before tax	9	88,722	125,532
Income tax expense	10	(15,399)	(21,357)
Profit for the year		73,323	104,175
Profit attributable to:			
Equity holders of the Company		42,189	69,702
Non-controlling interests		31,134	34,473
Profit for the year		73,323	104,175
Basic and diluted earnings per share ("RMB")	14	0.097	0.180
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income – net movement in fair value reserves (non-recycling)	13	165	(1,411)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences	13	752	304
Other comprehensive income/(loss) for the year, net of tax		917	(1,107)
Total comprehensive income for the year		74,240	103,068
Total comprehensive income attributable to:			
Equity holders of the Company		43,106	68,595
Non-controlling interests		31,134	34,473
Total comprehensive income for the year		74,240	103,068

The accompanying notes form an integral part of these financial statements.

HENGXIN TECHNOLOGY LTD. AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note		Restated	Restated Group		Company
		2024	2023	2022	2024	2023
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets						
Property, plant and equipment	15	1,095,044	1,154,766	212,359	435	754
Intangible assets	16	227,487	241,470	56,416	–	–
Goodwill	17	201,589	201,589	155,116	–	–
Investments in subsidiaries	18	–	–	–	393,013	393,013
Interest in associates	19	152	4,178	–	–	–
Other investments	20	37,042	28,304	20,943	–	–
Time deposits with original maturity more than 12 months	25	125,000	45,000	–	–	–
Pledged bank deposits	26	35,000	35,000	–	–	–
Deferred tax assets	21(b)	16,582	19,800	20,244	–	–
		1,737,896	1,730,107	465,078	393,448	393,767
Current assets						
Inventories	22	227,182	194,854	151,587	–	–
Digital assets	23	8,311	10,016	–	–	–
Trade and other receivables	24	1,397,586	926,982	743,657	115,147	85,924
Other investments	20	–	84,991	456	–	–
Time deposits with original maturity more than 3 months	25	29,649	264,125	301,210	–	–
Pledged bank deposits	26	403,659	91,833	54,757	–	–
Cash at bank and on hand	26	861,904	944,863	825,594	14,767	7,794
		2,928,291	2,517,664	2,077,261	129,914	93,718
Current liabilities						
Trade and other payables	27	740,065	393,477	350,310	3,119	4,815
Contract liabilities	27	55,946	62,219	40,431		
Bank loans	28	424,602	176,543	228,634	–	–
Lease liabilities	29	2,757	6,137	3,709	335	317
Income tax payable	21(a)	6,322	10,455	9,414	–	–
		1,229,692	648,831	632,498	3,454	5,132
Net current assets		1,698,599	1,868,833	1,444,763	126,460	88,586
Total assets less current liabilities		3,436,495	3,598,940	1,909,841	519,908	482,353
Non-current liabilities						
Bank loans	28	1,073,417	836,366	–	–	–
Lease liabilities	29	934	3,917	2,906	92	454
Deferred income	30	909	882	2,460	–	–
Deferred tax liabilities	21(b)	14,143	19,202	15,645	–	–
		1,089,403	860,367	21,011	92	454
Net assets		2,347,092	2,738,573	1,888,830	519,816	481,899

The accompanying notes form an integral part of these financial statements.

HENGXIN TECHNOLOGY LTD. AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

(CONTINUED)

	Note	Group 2024	Restated 2023	Restated 2022	Company 2024	2023
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Capital and reserves						
Share capital	31(c)	362,849	295,000	295,000	362,849	295,000
General reserves	31(d)	327,378	315,149	293,265	–	–
Share award scheme reserve	31(d)	(2,778)	–	–	(2,778)	–
Special reserve	31(d)	(478,026)	(6,017)	(6,017)	–	–
Fair value reserve	31(d)	(5,329)	(5,494)	(4,271)	–	–
Translation reserves	31(d)	(803)	(1,555)	(1,859)	–	–
Accumulated profits		1,358,586	1,328,626	1,280,996	159,745	186,899
		1,561,877	1,925,709	1,857,114	519,816	481,899
Non-controlling interests (NCI)	18	785,215	812,864	31,716	–	–
Total equity		2,347,092	2,738,573	1,888,830	519,816	481,899

The accompanying notes form an integral part of these financial statements.

HENGXIN TECHNOLOGY LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Share capital	General reserves	Special reserve	Fair value reserve	Translation reserves	Accumulated profits	Total	Non-controlling interests	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023		295,000	293,265	(6,017)	(4,271)	(1,859)	1,280,996	1,857,114	31,716	1,888,830
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	69,702	69,702	34,473	104,175
Other comprehensive (loss)/income for the year	13	–	–	–	(1,411)	304	–	(1,107)	–	(1,107)
Total comprehensive (loss)/ Income for the year		–	–	–	(1,411)	304	69,702	68,595	34,473	103,068
Transactions with owners of the Company										
Capital injection received from NCI upon incorporation of a subsidiary		–	–	–	–	–	–	–	90,000	90,000
Liquidation of a subsidiary		–	–	–	–	–	–	–	(695)	(695)
Transfer of fair value reserve upon the disposal of equity securities designated at FVOCI		–	–	–	188	–	(188)	–	–	–
Acquisition of NCI in subsidiaries	34	–	–	–	–	–	–	–	657,370	657,370
Total transactions with owners of the Company		–	–	–	188	–	(188)	–	746,675	746,675
Transfer to statutory reserves		–	21,884	–	–	–	(21,884)	–	–	–
At 31 December 2023		295,000	315,149	(6,017)	(5,494)	(1,555)	1,328,626	1,925,709	812,864	2,738,573

The accompanying notes form an integral part of these financial statements.

HENGXIN TECHNOLOGY LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONTINUED)

	Note	Share capital	General reserves	Share award scheme reserve	Special reserve	Fair value reserve	Translation reserves	Accumulated profits	Total	Non-controlling interests	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024		295,000	315,149	–	(6,017)	(5,494)	(1,555)	1,328,626	1,925,709	812,864	2,738,573
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	42,189	42,189	31,134	73,323
Other comprehensive income for the year	13	–	–	–	–	165	752	–	917	–	917
Total comprehensive income for the year		–	–	–	–	165	752	42,189	43,106	31,134	74,240
Transactions with owners of the Company											
Acquisition of subsidiaries without change of control	18	–	–	–	(472,009)	–	–	–	(472,009)	(58,028)	(530,037)
Deregistration of subsidiaries	18	–	–	–	–	–	–	–	–	(755)	(755)
Issuance of shares	31(c)	67,849	–	–	–		–		67,849	–	67,849
Purchase of the Company's shares for share award scheme	31(d)	–	–	(2,778)	–	–	–	–	(2,778)	–	(2,778)
Total transactions with owners of the Company		67,849	–	(2,778)	(472,009)	–	–	–	(406,938)	(58,783)	(465,721)
Transfer to statutory reserves	31(d)	–	12,229	–	–	–	–	(12,229)	–	–	–
At 31 December 2024		362,849	327,378	(2,778)	(478,026)	(5,329)	(803)	1,358,586	1,561,877	785,215	2,347,092

The accompanying notes form an integral part of these financial statements.

HENGXIN TECHNOLOGY LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		RMB'000	**RMB'000**
Cash flows from operating activities			
Profit before tax		88,722	125,532
Adjustments for:			
- Impairment loss on trade and other receivables	9(c)	7,042	26,615
- Amortisation of deferred income and receipt of government grant		(882)	(1,578)
- Depreciation of property, plant and equipment	9(c)	68,966	54,566
- Amortisation of intangible assets	9(c)	20,492	32,091
- Interest expense	9(a)	51,470	30,993
- Interest income		(34,017)	(22,510)
- Share of result of an associate		(24)	(8)
- Write-off of deposits		2,075	–
- Net (gain)/loss on derivative financial instruments		(4,204)	6,674
- Net (gain)/loss on financial assets measured at FVPL		(825)	2,529
- Net loss on write-off/disposals of property, plant and equipment		9,116	5,862
- Provision for/(Reversal of) provision of stock obsolescence	9(c)	7,146	(65)
- Loss on deregistration of subsidiaries		720	–
		215,797	260,701
Changes in:			
- Inventories		(39,474)	(43,262)
- Digital assets		1,705	(10,016)
- Trade and other receivables		(480,447)	60,465
- Trade and other payables		349,330	44,726
- Contract liabilities		(6,273)	21,788
Cash generated from operations		40,638	334,402
Interest received		1,990	8,050
Income taxes paid	21(a)	(21,402)	(21,314)
Net cash generated from operating activities		21,226	321,138
Cash flows from investing activities			
Acquisition of property, plant and equipment		(16,952)	(23,782)
Acquisition of intangible assets		(6,509)	(28,163)
Acquisition of other investments		(7,719)	(186,532)
Proceeds from financial assets measured at FVPL		2,950	–
Proceeds from disposal of property, plant and equipment		95	934
Proceeds from disposal of other investments		83,591	86,605
Payment for acquisition of subsidiaries in 2023, net of cash acquired	34	–	(205,877)
Payment for acquisition of subsidiaries in 2022, net of cash acquired		–	(45,000)
Payment for acquisition of a subsidiary which does not constitute business		–	(5,850)
Liquidation of a subsidiary		–	(695)
Return of capital of an associate		4,050	–
Payment for time deposits		(71,249)	(1,103,221)
Proceeds from time deposits		225,725	1,095,306
Interest received from time deposits		32,027	14,460
Changes in pledged bank deposits		(311,826)	(37,076)
Net cash used in investing activities		(65,817)	(438,891)

HENGXIN TECHNOLOGY LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		RMB'000	RMB'000
Cash flows from financing activities			
Capital injection received from NCI upon incorporation of a subsidiary		–	90,000
Capital element of lease rentals paid	26(b)	(7,069)	(4,678)
Acquisition of subsidiaries without change of control		(530,037)	–
Proceeds from issuance of ordinary shares		67,849	–
Purchase of the Company's shares for share award scheme		(2,778)	–
Interest element of lease rentals paid	26(b)	(470)	(322)
Other interest expense paid	26(b)	(51,000)	(30,671)
Proceeds from bank loans	26(b)	1,227,629	737,060
Repayment of bank loans	26(b)	(742,519)	(555,082)
Cash received from government grants		909	–
Net cash (used in)/generated from financing activities		(37,486)	236,307
Net (decrease)/increase in cash and cash equivalents		(82,077)	118,554
Cash and cash equivalents at 1 January		944,863	825,594
Effects of movements in exchange rates on cash held		(882)	715
Cash and cash equivalents at 31 December	26	861,904	944,863

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General corporate information

Hengxin Technology Ltd.("the Company") is incorporated in the Republic of Singapore. The address of the Company's registered office is 5 Tampines Central 1, #06-05 Tampines Plaza 2, Singapore 529541. The principal place of business of the Group is located in the People's Republic of China (the "PRC"). The main office in China is located at No. 138 Taodu Road, Dingshu Town, Yixing City, Jiangsu Province, PRC. The Company is listed on the Main Board of the Stock Exchange of Hong Kong Limited ("SEHK").

The financial statements of the Group as at and for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 18 to the consolidated financial statements.

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2024 were approved and authorised for issue with a resolution of the Board of Directors on the date of the Director's Statement.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs").

All references to SFRS(I)s and IFRSs are subsequently referred to as IFRSs in these financial statements unless otherwise specified.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Group's subsidiaries and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as set out in the accounting policies hereunder.

The preparation of financial statements in conformity with IFRSs Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 5.

(c) Functional and presentation currency

These financial statements are presented in Renminbi ("RMB"), which is the Company's functional currency. All financial information presented in RMB has been rounded to the nearest thousand, unless otherwise stated.

3. Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities, except as explained in Note 4, which addresses changes in accounting policies, if any.

(a) Subsidiaries and non-controlling interest

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

In preparing the consolidated financial statements, all Intra-group balances and transactions and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

With the exception of business combinations involving entities under common control, acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable asset is recorded as goodwill on the statement of financial position.

The Group applies the acquisition method to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether an integrated set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create output. The Group has an option to apply a "fair value concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test can be applied on a transaction-by-transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable assets or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. (Refer to Note 3(w)). If the test is not met, or if the Group elects not to apply the test, a detailed assessment must be performed applying the normal requirements in IFRS 3, *Business Combinations*.

Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

For each business combination, the Group measures any non-controlling interest ("NCI") at the NCI's proportionate share of the subsidiary's net identifiable assets.

NCI is presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group is presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

3. **Material accounting policy information** (continued)

(a) Subsidiaries and non-controlling interest (continued)

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal Group that is classified as held for sale.

(b) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal Group that is classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the expected credit losses ("ECLs") model to such other long-term interests where applicable.

Unrealised profits and losses resulting from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate is stated at cost less impairment losses, unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(c) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment.

(d) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

i. Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

(i) Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit loss ("ECL"), interest income calculated using the effective interest method, foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3. Material accounting policy information (continued)

(d) Other investments in securities (continued)

i. Non-equity investments (continued)

(ii) Fair value through other comprehensive income ("FVOCI") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

(iii) FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

ii. Equity investments

An investment in equity securities is classified as FVPL unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

(e) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

(f) Property, plant and equipment

Property, plant and equipment is stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any impairment losses. Construction in progress is carried at cost, less any identified impairment losses. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative period are as follows:

• Building and leasehold improvement	20 – 30 years
• Plant and machinery	5 – 30 years
• Electricity generating facilities	5 – 30 years
• Office equipment	3 – 10 years
• Motor vehicles	5 years

3. Material accounting policy information (continued)

(f) Property, plant and equipment (continued)

Right-of-use assets is depreciated over the unexpired term of lease.

Construction in progress is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Intangible assets (other than goodwill)

Intangible assets, including patents and intellectual property resources ("IP resources"), that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

• Customer relationships	1.5 – 5.5 years
• Patents	5 years
• Intellectual property resources	10 years
• Licence	25.4 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

3. Material accounting policy information (continued)

(h) Leased assets (continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, and any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(i) Credit losses and impairment of assets

i. Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for ECL on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including loans to an associate, which are held for the collection of contractual cash flows which represent solely payments of principal and interest); contract assets; non-equity securities measured at FVOCI (recycling) and financial guarantee contracts.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates where the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

3. Material accounting policy information (continued)

(i) Credit losses and impairment of assets (continued)

i. Credit losses from financial instruments and contract assets (continued)

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due if it pertains to a receivable from State-owned enterprises in the PRC. For the remaining financial assets, the Group assumes significant increase in credit risk if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 540 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in unlisted equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

3. Material accounting policy information (continued)

(i) Credit losses and impairment of assets (continued)

i. Credit losses from financial instruments and contract assets (continued)

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

ii. Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs of disposal. Value-in-use based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Inventories

i. Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3. Material accounting policy information (continued)

(j) Inventories (continued)

ii. Oher contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory.

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised.

(k) Digital asset

Digital asset mainly represents stablecoins held in a third party's digital assets trading platform (connect to the internet) (the "Platform"). The stablecoins on hand at the end of the reporting period can be bought and sold, do not qualify for recognition as cash and cash equivalents or financial assets, and are similar to intangible assets in nature.

Digital asset is held mainly for the purposes of trading in the ordinary course of the Group. Accordingly, the digital asset is accounted for as similar to inventories based on the requirements of IAS 2 Inventories.

Digital asset is stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale. The Group considers there are no significant costs to sell the digital asset.

(l) Contract asset and contract liabilities

A contract asset represents the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when invoices are billed to the customer.

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue.

A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost.

3. Material accounting policy information (continued)

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

(o) Financial liabilities

The Group recognises financial liabilities on its statements of financial position when, and only when, the entity becomes a party to the contractual provisions of the instruments.

Financial liabilities are recognised initially at fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVPL.

A financial liability is classified as non-current if the Group has the right to defer settlement for at least twelve months after the reporting period. This right must exist and be substantive as of the reporting date.

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these interest-bearing borrowings are stated at amortised cost using the effective interest method.

(q) Employee benefits

i. Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

ii. Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

3. Material accounting policy information (continued)

(r) Income tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; or

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

3. Material accounting policy information (continued)

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of electronic products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

The Group engages in sales of goods, sales of electricity and tariff income and provision of technical and consultancy services. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good and services before it is transferred to the customer. When the Group satisfies the performance obligation, the Group recognises revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

Further details of the Group's revenue and other income recognition policies are as follows:

i. Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group generally provides credit terms to customers within 90 to 180 days upon customer acceptance. The Group takes advance of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

ii. Sales of electricity and tariff income

Revenue from the sale of electricity or steam and tariff income are recognised based upon transmission of electricity to the power grid when the control of the electricity is transferred, which is the point of time when the customer has the ability to direct the use of the output and obtain substantially all of the remaining benefits of the output.

iii. Provision of technical and consultancy services

Revenue from provision of technical and consultancy services is recognised over time, using an output method to measure progress towards complete satisfaction of the service, because the customer of the Group simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs.

iv. Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3. Material accounting policy information (continued)

(t) Revenue and other income (continued)

v. Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are presented in the consolidated statements of financial position by setting up the grant as deferred income and consequently are effectively recognised in profit or loss on a systematic basis over the useful life of the asset.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currency of the Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI is recognised in OCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Renminbi ("RMB") at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

3. **Material accounting policy information** (continued)

(w) Asset acquisition

Group of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Material accounting policy information (continued)

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(z) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are charged to equity, net of any tax effects.

4. Application of New and Amendments to IFRS Accounting Standards

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

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for preparation of the consolidated financial statements:

- Amendments to IFRS 16 — Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 — Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 — Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 — Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years.

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

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Descriptions	Effective for annual periods beginning on or after
Amendments to IAS 21: Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS Accounting Standards: Annual Improvements to IFRS Accounting Standards	1 January 2026
Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 18: Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet determined

The Group is in the process to assess the impact to the Group's financial performance or financial position of the Group in the period of initial application.

4. Application of New and Amendments to IFRS Accounting Standards (continued)

(b) New and amendments to IFRS Accounting Standards in issue but not yet effective (continued)

<u>IFRS 18: Presentation and Disclosure in Financial Statements</u>

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the IFRS 18 is not expected to have material impact on the financial position of the Group. The directors of the Company are in the process of making an assessment of the impact of IFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

5. Critical accounting judgement and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies, the application of judgments that are expected to have a significant effect on the amounts recognised in the financial statements are as follows:

i. Control over certain subsidiaries

The Group assesses whether it controls a company in which it holds the majority or less than the majority of the voting rights by reference to, among others, the size of its holding of voting rights relative to the size and dispersion of holdings of the other vote holders including voting patterns at previous shareholders' meetings, its ability to direct the relevant activities of a company, including any significant operating and financial activities as well as the appointment of key management personnel, its ability to appoint the majority of the board of directors, and consideration of substantive rights of the other vote holders. Further details are set out in Note 18(e) to the financial statements.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Critical accounting judgement and key sources of estimation uncertainty (continued)

(b) Key sources of estimation uncertainty (continued)

i. Impairment of non-financial assets

The carrying amount of property, plant and equipment, intangible assets and goodwill (non-financial assets) are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. The accounting policy information is set out in Note 3(i) to the financial statements. Goodwill is tested annually for impairment. The recoverable amount is the greater of the fair value less costs to sell and the value-in-use. The value-in-use calculation requires the estimation of future cash flows that are expected to arise from cash generating units, discount rates and other variables, which requires significant judgement and estimation.

The carrying amount of property, plant and equipment, intangible assets and goodwill are set out in Note 15, Note 16 and Note 17 to the financial statements. Further details on the assumptions used in the value-in-use calculations for impairment of goodwill and other intangible assets are provided in Note 17 to the financial statements.

ii. Loss allowance for trade and other receivables

The Group estimates the amount of loss allowance for ECLs on trade and other receivables that are measured at amortised cost based on the credit risk of the respective financial instruments. The loss allowance amount is measured at the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly. The accounting policy information is set out in Note 3(i) to the financial statements.

The carrying amount of the trade and other receivables are set out in Note 24 to the financial statements. Further details on the loss allowance on receivables are set out in Note 32(a) to the financial statements.

iii. Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates annually.

The carrying amount of the inventories are set out in Note 22 to the financial statements.

iv. Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 30 years as disclosed in Note 3(f) to the financial statements. The Group assess annually the residual values and the useful lives of the property, plant and equipment and if expectations differ from the original estimates due to the changes in the expected level of usage and/or technological developments, such differences will impact the depreciation charge in the period in which such estimates are changed.

If depreciation on property, plant and equipment increases/decreases by 10% (2023: 10%) from management's estimates, the Group's profit after tax will reduce by approximately RMB 6,897,000 (2023: RMB 5,457,000). The carrying amount of the property, plant and equipment are set out in Note 15 to the financial statements.

5. Critical accounting judgement and key sources of estimation uncertainty (continued)

(b) Key sources of estimation uncertainty (continued)

v. Fair value measurements

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for all significant fair value measurements, including Level 3 fair values.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For all significant financial reporting using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuations. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation and valuation methodologies.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the Note 32(f) to the financial statements.

6. Revenue and segment reporting

(a) Revenue

The principal activities of the Group are engaged in:

i. Telecommunications: the provision of high-quality and reliable signal transmission products and services for global mobile communication operators, equipment vendors and rail transit builders mainly covering RF coaxial cables, leakage coaxial cables, antennas, active transmission equipment, and related accessory products, as well as overall solution services for wireless communication;

iii. New energy and services: the supply of electricity with a focus on the production and sales of solar power as well as the provision of development consultation and technical services of the solar thermal power generation technology; and

ii. Integrated circuits and digital technology (previously known as Digital technology and digital security): chips research, design, sales and supply chain services, semiconductor intellectual property authorisation business and digital security products and services.

<u>Disaggregation of revenue</u>

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Group 2024	2023
	RMB'000	**RMB'000**
Telecommunications	2,095,671	1,976,168
New energy and services	185,971	77,064
Integrated circuits and digital technology	238,345	202,671
	2,519,987	2,255,903

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in Note 6(b)(iii).

Revenue from major customers which accounts for 10% or more of the Group's revenue are as follows:

	Group 2024	2023
	RMB'000	**RMB'000**
Customer A*	773,088	742,073
Customer B*	452,723	421,518
	1,225,811	1,163,591

* Revenue from Telecommunications

The income receipts right in relation to the sales of electricity was pledged as securities for bank loans of the Group (See Note 28).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

6. **Revenue and segment reporting** (continued)

(b) Segment reporting (continued)

- Integrated circuits and digital technology: chips research, design, sales and supply chain services, semiconductor, intellectual property authorisation business and digital security products and services. To better reflect the Group's business operations and development, the integrated circuits and digital technology business segment was renamed from digital technology and digital security business segment during the current reporting period.

- New energy and services: the supply of electricity with a focus on the production and sales of solar power as well as the provision of development consultation and technical services of the solar thermal power generation technology. The Group completed the business acquisition of Zhejiang Zhongguang New Energy Technology Co., Ltd ("Zhejiang Zhongguang") during the financial year ended 31 December 2023.

- Telecommunications: the provision of high-quality and reliable signal transmission products and services for global mobile communication operators, equipment vendors and rail transit builders, mainly covering RF coaxial cables, leakage coaxial cables, antennas, active transmission equipment and related accessory products, as well as overall solution services for wireless communication.

i. Information about reportable segments

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results attributable to each reportable segment on the following bases:

- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the interest income, interest expense, depreciation and amortisation expenses, share of result of an associate, asset impairment losses, write-off of deposits and related reversals attributable to those segments.

- The measure used for reporting segment profit is profit or loss before tax, adjusted for items not specifically attributed to individual segments, such as certain other operating income, including unallocated foreign exchange gains or losses and unallocated interest income, central interest expense and central administration costs, including independent directors' fees at corporate level and foreign exchange gains or losses. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

- In addition to receiving segment information concerning segment results, management is provided with segment information concerning interest income, interest expense, depreciation and amortisation, written-off-of deposits, asset impairment losses, related reversals and share of results of an associate.

- Segment assets and liabilities are not regularly reported to the Group's CODM and therefore information of reportable segment assets and liabilities are not presented in the consolidated financial statements.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below.

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6. Revenue and segment reporting (continued)

(b) Segment reporting (continued)

i. Information about reportable segments

	Integrated circuits and digital technology	New energy and services	Tele-communications	Total reportable segment
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
2024				
Disaggregated by timing of revenue recognition				
Point in time	216,893	185,971	2,095,671	2,498,535
Over time	21,452	–	–	21,452
Revenue from external customers	238,345	185,971	2,095,671	2,519,987
Segment profit before taxation	20,561	12,332	72,988	105,881
Interest income	5,554	7,526	18,699	31,779
Interest expense	(20,332)	(19,362)	(11,750)	(51,444)
Depreciation and amortisation expenses	(18,546)	(34,992)	(35,584)	(89,122)
Share of result of an associate	–	24	–	24
Impairment loss on trade and other receivables	–	(1,881)	(5,161)	(7,042)
Provision of stock obsolescence	–	–	(7,146)	(7,146)
Write off of deposits	–	–	(2,075)	(2,075)
2023				
Disaggregated by timing of revenue recognition				
Point in time	167,185	77,064	1,975,695	2,219,944
Over time	35,486	–	473	35,959
Revenue from external customers	202,671	77,064	1,976,168	2,255,903
Segment profit before taxation	55,364	12,291	69,546	137,201
Interest income	131	3,824	18,524	22,479
Interest expense	(183)	(20,759)	(10,022)	(30,964)
Depreciation and amortisation expenses	(37,588)	(21,310)	(27,430)	(86,328)
Share of result of an associate	–	8	–	8
Impairment loss on trade and other receivables	–	–	(26,615)	(26,615)
Reversal of provision of stock obsolescence	–	–	65	65

6. Revenue and segment reporting (continued)

(b) Segment reporting (continued)

ii. Reconciliations of information on reportable segments

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Profit before taxation		
Total profit before tax for reportable segments	105,881	137,201
Unallocated amounts:		
Other income	261	4,468
Other expenses	(17,420)	(16,137)
Consolidated profit before tax	88,722	125,532

Other material items

	Reportable and all other segment totals	**Unallocated amounts**	**Consolidated totals**
	RMB'000	**RMB'000**	**RMB'000**
Group			
2024			
Depreciation and amortisation expense	(89,122)	(336)	(89,458)
2023			
Depreciation and amortisation expense	(86,328)	(329)	(86,657)

iii. Geographical information

The Company is an investment holding company and the Group's major operational subsidiaries are domiciled in the PRC. The geographical regions of the customers of the Group are principally located in the PRC.

The following table sets out the geographic information analyses (i) the Group's revenue and (ii) the Group's property, plant and equipment, goodwill, intangible assets and interest in associates ("specified non-current assets"). In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets has been based on the geographic location of the assets.

	Revenue from external customers		**Specified non-current assets**	
	2024	**2023**	**2024**	**2023**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Group				
PRC	2,397,163	2,140,809	1,473,739	1,552,399
Other countries	122,824	115,094	50,533	49,604
	2,519,987	2,255,903	1,524,272	1,602,003

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7. Other operating income

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Government grants		
- Amortisation of deferred income for the year	882	1,578
- Government grants *	23,914	12,009
Net foreign exchange gain	2,812	10,676
Net gain on commodity future contracts	4,204	3,534
Net gain on financial assets measured at FVPL	825	–
Compensation claims received	868	1,272
Others	2,543	2,538
	36,048	31,607

*The amounts represent unconditional grants from government for subsidising the operations of the subsidiaries in the PRC.

8. Other operating expenses

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Research and development expenses	148,317	114,650
Net loss on derivative financial instruments other than commodity future contracts	–	6,674
Net loss on financial assets measured at FVPL	–	2,529
Donations	603	816
Penalty expenses charged by customers	–	591
Others	10,239	209
	159,159	125,469

These research and development expenses were not capitalised as the Group cannot demonstrate that an intangible asset exists that will generate probable future economic benefits.

Penalty expenses charged by customers mainly represents compensation to customer relating to product quality issue.

9. Profit before tax

(a) Interest expense

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Interest expense on bank loans	44,971	23,005
Interest on lease liabilities	470	322
Other interest expenses	6,029	7,666
	51,470	30,993

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9. Profit before tax (continued)

(b) Staff costs

		Group
	2024	**2023**
	RMB'000	**RMB'000**
Salaries and bonus	201,873	164,955
Contributions to defined contribution plans	28,969	10,261
Executive directors' remuneration	973	1,332
Non-executive directors' fees	2,048	1,900
	233,863	178,448

Pursuant to the relevant regulations of the PRC government, the PRC subsidiaries have participated in central pension schemes ("the Schemes") operated by local municipal government whereby the subsidiaries are required to contribute 24% of the basic salaries of their employees to the Schemes to fund their retirement benefits.

The local municipal government undertake to assume the retirement benefit obligations of all existing and future retired employees of the subsidiary. The only obligation of the subsidiaries with respect to the Scheme is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged to profit or loss as incurred.

(c) Other items

		Group
	2024	**2023**
	RMB'000	**RMB'000**
Audit and related services fees paid/payable to:		
- CL Partners CPA Limited (1)	2,215	–
- auditors of the Company and other firms affiliated with KPMG international	–	3,816
- Other auditors (2)	1,087	376
	3,302	4,192
Other non-audit services fee paid/payable to:		
-CL Partners CPA Limited (1)	1,078	–
-member firms of KPMG International	1,180	2,117
-other auditors	25	–
	2,283	2,117
Cost of inventories (3)	2,052,682	1,821,205
Amortisation of intangible assets	20,492	32,091
Net loss on write-off/disposal of property, plant and equipment	9,116	5,832
Impairment loss on trade and other receivables	7,042	26,615
Provision of / (Reversal of) stock obsolescence	7,146	(65)
Write-off of deposits	2,075	–
Loss on deregistration of a subsidiary	720	–
Depreciation charge for:		
- owned property, plant and equipment	61,332	46,854
- right-of-use assets	7,634	7,712
	68,966	54,566

(1) CL Partners CPA Limited is the existing auditor for the listing entity in Hong Kong.
(2) Includes fees paid/payable to Nexia Singapore PAC.
(3) Cost of inventories includes RMB136,773,000 (2023: RMB135,066,000) relating to staff costs, depreciation and amortisation expenses, which amounts are also included in the respective total amounts disclosed separately above in Note 9(b).

10. Income tax expense

(a) Taxation in the consolidated statement of profit or loss represents:

	Group 2024 RMB'000	2023 RMB'000
Current tax expense		
Current year		
- PRC corporate income tax	12,671	21,463
- PRC withholding tax	5,859	379
(Over)/under-provision in prior years	(1,261)	513
	17,269	22,355
Deferred tax expense		
Origination of temporary differences (Note 21(b))	(1,870)	(998)
Income tax expense	15,399	21,357

i. Singapore and India income tax liabilities are calculated at the applicable rates in accordance with the relevant tax laws and regulation in respective countries. No provision for Singapore and India Income Tax has been provided in the consolidated financial statements since the Group's subsidiaries do not have assessable profits subject to Singapore and India Income Tax for the years ended 31 December 2024 and 31 December 2023.

ii. The provision for PRC Income Tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

The statutory corporate income tax rate of the Group's operating subsidiaries in the PRC is 25% (2023: 25%).

Jiangsu Hengxin Technology Co., Ltd. ("Jiangsu Hengxin"), Jiangsu Hengxin Wireless Technology Co., Ltd. ("Hengxin Wireless"), Nanjing Zhangyu Information Technology Co., Ltd. ("Nanjing Zhangyu"), Shanghai Zhangyu Information Technology Co., Ltd. ("Shanghai Zhangyu") and Qinghai Zhongkong Solar Power Co., Ltd. ("Qinghai Zhongkong") are subject to a preferential income tax rate of 15% in 2024 available to enterprises which qualify as a High and New Technology Enterprise (2023: 15%).

Qinghai Zhongkong is also entitled to preferential tax treatments including three years exemption followed by three years of a 50% tax reduction.

iii. Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rate regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been provided in the consolidated financial statements since the Group's subsidiaries do not have assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2024 and 31 December 2023.

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10. Income tax in the consolidated statement of profit or loss (continued)

(b) Reconciliation between income tax expense and profit before taxation at applicable tax rates:

	Group 2024	2023
	RMB'000	RMB'000
Profit before tax	88,722	125,532
Tax using the PRC statutory tax rate of 25% (2023: 25%)	22,180	31,383
Effect of concessionary tax rate	(16,072)	(15,445)
Effect of tax rates in foreign jurisdictions	1,027	194
Tax effect of:		
- non-deductible expenses	4,686	4,873
- unused tax losses not recognised	16,293	23,021
Additional deduction for qualified research and development costs [1]	(14,209)	(23,559)
Utilisation of tax losses previously not recognised	(3,098)	-
(Over)/under-provision in prior years	(1,261)	513
Tax effect of share of result of an associate	(6)	(2)
Effect of withholding tax on dividends from PRC subsidiaries	5,859	379
	15,399	21,357

[1] According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 175% to 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year.

11. Director's and chief executives' emoluments

Directors' and chief executives' emoluments are as follows:

	Directors' fees	Salaries, allowances and benefits in kind	Performance related bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
2024					
Executive directors					
Dr. Song Haiyan [1]	–	305	174	40	519
Mr. Peng Yinan	–	363	46	45	454
Non-executive directors					
Mr. Cui Wei	438	–	–	–	438
Mr. Du Xiping [1]	209	–	–	–	209
Mr. Tao Shunxiao [2]	117	–	–	–	117
Mr. Zeng Guowei [2]	117	–	–	–	117
Ms. Zhang Zhong	345	–	–	–	345
Independent non-executive directors					
Dr. Li Jun	274	–	–	–	274
Mr. Pu Hong	274	–	–	–	274
Mr. Qian Ziyan	274	–	–	–	274
	2,048	668	220	85	3,021

[1] Dr. Song Haiyan and Mr. Du Xiping resigned on 24 August 2024.
[2] Mr. Tao Shunxiao and Mr. Zeng Guowei were appointed on 24 August 2024.

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11. Director's and chief executives' emoluments (continued)

	Directors' fees	Salaries, allowances and benefits in kind	Performance related bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
2023					
Executive directors					
Dr. Song Haiyan	–	462	180	99	741
Mr. Peng Yinan	–	152	–	40	192
Mr. Du Xiping [(1)]	–	239	160	–	399
Non-executive directors					
Mr. Cui Wei	431	–	–	–	431
Ms. Zhang Zhong	340	–	–	–	340
Mr. Du Xiping [(1)]	239	–	–	–	239
Independent non-executive directors					
Mr. Tam Chi Kwan Michael [(3)]	316	–	–	–	316
Dr. Li Jun	270	–	–	–	270
Mr. Pu Hong	270	–	–	–	270
Mr. Qian Ziyan [(2)]	34	–	–	–	34
	1,900	853	340	139	3,232

(1) Mr. Du Xiping was redesignated from executive director to non-executive director on 22 March 2023.
(2) Mr. Qian Ziyan was appointed on 17 November 2023.
(3) Mr. Tam Chi Kwan Michael resigned on 17 November 2023.

The chief executives of the Company are also the executive directors and the emoluments disclosed above include the services rendered by them as chief executives. The executive directors' and chief executives' emoluments shown above were mainly for their services in connection with management of the affairs of the Group. The emoluments of non-executive directors and independent non-executive directors shown above were mainly for their services as directors of the Company. None of the directors/chief executives received or will receive any termination benefits during the financial years.

12. Individuals with highest emoluments

Of the five individuals with the highest emoluments, none (2023: one) of them is a director whose emoluments are disclosed in Note 11. The aggregate of the emoluments in respect of the five (2023: four) individuals are as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	3,808	2,127
Performance related bonuses	320	630
Retirement scheme contributions	614	221
	4,742	2,978

12. Individuals with highest emoluments (continued)

The emoluments of the five (2023: four) individuals with the highest emoluments are within the following bands:

	Group Number of employees 2024	2023
HKD Nil to HKD1,000,000	3	3
HKD1,000,001 to HKD1,500,000	2	1
HKD1,500,001 to HKD2,000,000	–	–
	5	4

No remuneration was paid by the Group to the directors, chief executives and the five (2023: four) individuals with highest emoluments as an inducement to join or upon joining the Group or as compensation for loss of office for both years. None of the directors, chief executives and the five (2023: four) individuals with highest emoluments has waived any emoluments during both years.

13. Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	2024			2023		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
Equity investments at FVOCI – net change in fair value	194	(29)	165	(1,627)	216	(1,411)
Exchange differences on Translation of financial statements of entities with functional currencies other than RMB	752	–	752	304	–	304
	946	(29)	917	(1,323)	216	(1,107)

(b) Components of other comprehensive income, including reclassification adjustments

	Group 2024	2023
	RMB'000	RMB'000
Changes in fair value recognised during the period	194	(1,627)
Net deferred tax credited to other comprehensive income	(29)	216
Disposal of equity	–	188
Net movement in the fair value reserve (non-recycling) during the period recognised in other comprehensive income and reclassification adjustments	165	(1,223)

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14. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share at reporting dates are computed as follows:

		Group
	2024	**2023**
	'000	**'000**
Profit attributable to equity shareholders of the Company (RMB)	42,189	69,702
Weighted average number of ordinary shares	436,833	388,000
Basic earnings per share (RMB)	0.097	0.180

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue, taking into consideration of the effect of the shares held for the Share Award Scheme are adjusted for the effects of all potential dilutive ordinary shares. There are no potential dilutive ordinary shares during the financial years ended 31 Decembre 2024 and 31 December 2023. Accordingly, the diluted earnings per share is computed to be the same as the basic earnings per share for the financial years ended 31 December 2024 and 31 December 2023.

15. Property, plant and equipment

(a) Reconciliation of carrying amount

	Right-of-use assets	Building and leasehold improvement	Plant and machinery	Electricity generating facilities	Office equipment	Motor vehicles	Construction-in-progress	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Group								
Cost								
At 1 January 2023	57,039	119,821	170,114	–	78,355	3,736	62,672	491,737
Additions	6,508	1,301	1,052	–	3,284	456	17,689	30,290
Acquisition of subsidiaries (Note 34)	81,838	22,294	536	844,318	15,727	123	2,096	966,932
Acquisition of a subsidiary which does not constitute business (Note 26(d))	–	–	–	–	–	–	5,900	5,900
Transfers from construction-in-progress	–	–	66,417	–	145	–	(66,562)	–
Disposals and written off	(3,199)	–	(685)	(5,653)	(2,209)	–	–	(11,746)
Exchange adjustments	–	–	720	–	13	–	–	733
At 31 December 2023	142,186	143,416	238,154	838,665	95,315	4,315	21,795	1,483,846
At 1 January 2024	142,186	143,416	238,154	838,665	95,315	4,315	21,795	1,483,846
Additions	706	–		–	5,542	1,905	9,505	17,658
Transfers from construction-in-progress	–	–	3,501	–	6,643	–	(10,144)	–
Disposals and written off	–	–	(2,362)	–	(9,895)	(500)	–	(12,757)
Exchange adjustments	–	–	1,060	–		–	–	1,060
At 31 December 2024	142,892	143,416	240,353	838,665	97,605	5,720	21,156	1,489,807

15. **Property, plant and equipment** (continued)

(a) Reconciliation of carrying amount (continued)

	Right-of-use assets	Building and leasehold improvement	Plant and machinery	Electricity generating facilities	Office equipment	Motor vehicles	Construction-in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group								
Accumulated depreciation								
At 1 January 2023	(10,768)	(56,000)	(154,483)	–	(56,470)	(1,657)	–	(279,378)
Charge for the year	(7,712)	(5,018)	(18,929)	(14,148)	(8,086)	(673)	–	(54,566)
Disposals and written-off	3,199	–	499	–	1,252	–	–	4,950
Exchange adjustments	–	–	(73)	–	(13)	–	–	(86)
At 31 December 2023	(15,281)	(61,018)	(172,986)	(14,148)	(63,317)	(2,330)	–	(329,080)
At 1 January 2024	(15,281)	(61,018)	(172,986)	(14,148)	(63,317)	(2,330)	–	(329,080)
Charge for the year	(7,634)	(4,752)	(18,004)	(33,955)	(3,868)	(753)	–	(68,966)
Disposals and written-off	–	–	1,758	–	1,511	277	–	3,546
Exchange adjustments	–	–	(263)	–	–	–	–	(263)
At 31 December 2024	(22,915)	(65,770)	(189,495)	(48,103)	(65,674)	(2,806)	–	(394,763)
Carrying amounts								
At 1 January 2023	46,271	63,821	15,631	–	21,885	2,079	58,289	212,359
At 31 December 2023	126,905	82,398	65,168	824,517	31,998	1,985	21,795	1,154,766
At 31 December 2024	119,977	77,646	50,858	790,562	31,931	2,914	21,156	1,095,044

The Group's property, plant and equipment are mainly located in the People's Republic of China ("PRC").

As at 31 December 2024, property, plant and equipment with carrying amounts of RMB 790,562,000 (2023: RMB 824,517,000) of the Group were pledged as securities for the Group's bank loans (see Note 28). During the year, the additions to property, plant and equipment included RMB 706,000 (2023: RMB 6,508,000) of right-of-use assets acquired under the leasing arrangement.

15. Property, plant and equipment (continued)

(a) Reconciliation of carrying amount (continued)

	Company	
	2024	2023
	RMB'000	RMB'000
Net book value		
Right-of-use assets	419	754
Leasehold improvement	–	–
Office equipment	16	–
At 31 December	435	754

(b) Right-of-use assets

i. The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
At depreciated cost				
Ownership interests in leasehold land held for own use	116,122	116,842	–	–
Other properties leased for own use	3,855	10,063	419	754
	119,977	126,905	419	754

Ownership interests in leasehold land held for own use

The Group holds several leasehold land for its business, including the whole or part of undivided share in the land in the PRC, where its manufacturing facilities and solar thermal power facilities are primarily located. The leases run for 30 years. The Group is the registered owner of these property interests. Lump sum payments were made upfront to acquire these property interests from the PRC government authorities, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

Other properties leased for own use

The Group has obtained the right to use other properties as its warehouses and office through tenancy agreements. The leases typically run for an initial period of 2 to 5 years.

ii. Option to renew the lease

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

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15. Property, plant and equipment (continued)

ii. The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Group 2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land	2,109	2,351
Other properties leased for own use	5,525	5,361
	7,634	7,712
Interest on lease liabilities	470	322
Expenses relating to short-term leases	694	1,770

16. Intangible assets

	Customer relationship	Patents	IP resources	Licence	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
Cost					
At 1 January 2023	50,864	14,153	4,964	–	69,981
Additions	–	–	28,163	–	28,163
Acquisition of subsidiaries (Note 34)	–	15,616	–	173,366	188,982
At 31 December 2023	50,864	29,769	33,127	173,366	287,126
At 1 January 2024	50,864	29,769	33,127	173,366	287,126
Additions	–	–	6,509	–	6,509
At 31 December 2024	50,864	29,769	39,636	173,366	293,635
Accumulated amortisation					
At 1 January 2023	(11,868)	(1,490)	(207)	–	(13,565)
Amortisation	(23,735)	(3,604)	(1,910)	(2,842)	(32,091)
At 31 December 2023	(35,603)	(5,094)	(2,117)	(2,842)	(45,656)
At 1 January 2024	(35,603)	(5,094)	(2,117)	(2,842)	(45,656)
Amortisation	(4,534)	(5,676)	(3,461)	(6,821)	(20,492)
At 31 December 2024	(40,137)	(10,770)	(5,578)	(9,663)	(66,148)
Carrying amounts					
At 1 January 2023	38,996	12,663	4,757	–	56,416
At 31 December 2023	15,261	24,675	31,010	170,524	241,470
At 31 December 2024	10,727	18,999	34,058	163,703	227,487

Customer relationship, patents and IP resources were acquired in previous years as part of business combination and/or third parties. The Licence represents 20 years electric power business license granted to Qinghai Zhongkong by National Development and Reform Commission for the solar thermal project was purchased as part of a business combination (Note 34).

The amortisation charge for the year is included in "cost of sales" and "other operating expenses" in the consolidated statement of profit or loss and other comprehensive income. No impairment loss was recognised during the year (2023: Nil).

17. Goodwill

	Group RMB'000
Cost	
At 1 January 2023	155,116
Acquisition of subsidiaries (Note 34)	46,473
At 31 December 2023 and 31 December 2024	201,589
Accumulated impairment losses	
At 1 January 2023, 31 December 2023 and 31 December 2024	–
Carrying amounts	
At 1 January 2023	155,116
At 1 January 2023, 31 December 2023 and 31 December 2024	201,589

Impairment testing for cash-generating units ("CGU") containing goodwill

Goodwill is allocated to the Group's CGU identified according to country of operation and operating segment as follows:

	Group 2024 RMB'000	2023 RMB'000
Integrated circuits and digital technology business	155,116	155,116
New energy and services business	46,473	46,473
	201,589	201,589

The recoverable amount of the CGU is determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist the management in ascertaining the recoverable amount of the respective CGUs based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management.

For the Integrated circuits and digital technology business, the cash flow projections cover a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate which is consistent with the forecasts included in industry researches and generally in line with 2024 and 2023.

For the new Energy and Services business, the cash flow projections cover periods in excess of five years, based on the estimated useful lives of each respective completed solar power plant in line with normal practice in the solar power industry.

The key assumptions used in estimating the recoverable amount are as follows:

	Group			
	Integrated circuits and digital technology business		New energy and services business	
	2024	2023	2024	2023
Average revenue growth rates	7.00% - 18.00%	7.15% - 16.03%	4.30%	4.88%
Average operating profit margin	23.90% - 48.70%	38.58% - 73.86%	29.30%	27.48%
Pre-tax discount rate	18.91% - 22.41%	23.10% - 27.48%	9.81%	9.32%

As at reporting date, the recoverable amount of the CGU are assessed to be higher than the carrying amount and no impairment loss was recognised during the financial years.

Management performed sensitivity analysis of three key assumptions that could significantly affect the recoverable amount. The following table shows the percentage by which these three assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

17. Goodwill (continued)

Change required for recoverable amount to equal carrying amount (in percentage of change):

	Group			
	Integrated circuits and digital technology business		**New energy and services business**	
	2024	**2023**	**2024**	**2023**
	%	**%**	**%**	**%**
Decrease in:				
- average revenue growth rates	0.65% - 2.30%	1.24% - 1.43%	0.10%	0.12%
- average operating profit margin	0.46% - 3.13%	1.13% - 1.91%	0.15%	1.03%
Increase in pre-tax discount rate	0.42% - 1.60%	1.40% - 1.96%	0.29%	0.32%

18. Investments in subsidiaries

	Company	
	2024	**2023**
	RMB'000	**RMB'000**
Equity investment, at cost	396,833	396,833
Discount on amounts due from a subsidiary	3,841	3,841
Less: Impairment loss on investment in a subsidiary	(7,661)	(7,661)
	393,013	393,013

(a) Impairment of investment in subsidiaries

As at reporting date, the Company assessed whether there is any indicator that the Company's investment in subsidiaries are impaired. This assessment takes into account the financial health of and near-term business outlook for the subsidiaries, including factors such as industry performance and operating cash flows generated by these subsidiaries are considered.

The recoverable value of the investments in subsidiaries are higher than the carrying value, except for a subsidiary, Hengxin Technology (India) Pvt Ltd. Due to the continued losses incurred by the subsidiary, Hengxin Technology (India) Pvt Ltd, management performed an assessment to determine its recoverable value. Based on this assessment, the Company's investment in this subsidiary has been impaired in full in previous financial years, as the recoverable value, based on higher of fair value less cost of disposal and value-in-use, was lower than the carrying value.

(b) List of subsidiaries

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of subsidiary	Principal activities	Place of incorporation and business	Effective interest held by the Group		Ownership interest held by a subsidiary	
			2024 %	2023 %	2024 %	2023 %
Held by the Company						
Jiangsu Hengxin Technology Co., Ltd. [1]	Research, design, development and manufacture of telecommunications and technological products, production of radio frequency coaxial cables for mobile communications and mobile communications systems exchange equipment	PRC	100	100	-	-
Hengxin Technology (India) Pvt Ltd. [2]	Marketing and trading of the Group's products to telecommunication operators in India	India	100	100	-	-
Hengxin Metaverse Limited.[1]	Investment holding	Hong Kong	100	100	-	-

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18. Investments in subsidiaries (continued)

(b) List of subsidiaries (continued)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective interest held by the Group		Ownership interest held by a subsidiary	
			2024 %	2023 %	2024 %	2023 %
Held by Jiangsu Hengxin Technology Co., Ltd						
Jiangsu Hengxin Wireless Technology Co., Ltd. [1]	Research, design, development and manufacture sale and technical services of antennas and related telecommunications products for mobile communications systems	PRC	100	100	100	100
Hengxin Technology International Co., Ltd [1]	Trading and investment holding	Hong Kong	100	100	100	100
Jiangsu Hengxin Zhonglian Communication Technology Co., Ltd [1] (Note 18(d))	Research, design, development and manufacture sale and technical services of telecommunication products for mobile communications systems	PRC	100	70	100	70
Yixing Tianyue Enterprise Management Consulting Partnership (Limited Partnership) [1]	Research, design, development and manufacture sale and technical services of telecommunication products for mobile communications systems	PRC	100	100	100	100
Held by Hengxin Metaverse Limited						
Xinkexin (Suzhou) Technology Co., Ltd. [1]	Enterprise management consulting	PRC	100	100	100	100
HODL PCC Limited [1]	Investment holding	Isle of Man	80	80	80	80
Hengxin Mining Company Limited [1]	Inactive Incorporated on 20 December 2024	Hong Kong	100	-	100	-
Hengxin New Energy Company Limited [1]	Inactive Incorporated on 23 December 2024	Hong Kong	100	-	100	-
Held by Xinkexin (Suzhou) Technology Co., Ltd						
Nanjing Zhangyu Information Technology Co., Ltd. [1] (Note 18(d))	Development, design and sale of integrated circuits, digital products, computer hardware, computer technology application and software; technology consultation and technology services	PRC	100	51	100	51
Shanghai Zhangyu Information Technology Co, ,Ltd. [1] (Note 18(d))	Development, design and sale of integrated circuits, digital products, computer hardware, computer technology application and software; technology consultation and technology services; import and export technology	PRC	100	51	100	51
Shanghai Zhangyu Semiconductor Technology Co., Ltd.[1]	Inactive Deregistered on 28 August 2024	PRC	-	51	-	51

18. Investments in subsidiaries (continued)

(b) List of subsidiaries (continued)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective interest held by the Group		Ownership interest held by a subsidiary	
			2024 %	2023 %	2024 %	2023 %
Held by Shanghai Zhangyu Information Technology Co., Ltd.						
Shanghai Zhangyu Semiconductor Co., Ltd.	Inactive, Deregistered on 28 August 2024	PRC	-	51	-	51
Zhangyu Energy Storage (Zanhuang) Co., Ltd [1]	Inactive Incorporated on 20 November 2024	PRC	100	-	100	-
Zhangyu Energy Storage Technology (Huanghua) Co., Ltd.	Inactive Incorporated on 5 December 2024	PRC	100	-	100	-
Held by Nanjing Zhangyu Information Technology Co., Ltd.						
Wuxi Sihai Technology Co., Ltd. [1] (Note 18(d))	Development, design and sale of integrated circuits, digital products, computer hardware, computer technology application and software; technology consultation and technology services	PRC	90	41	90	80
Hangzhou Longkong Zhongguang Enterprise Holding Limited Partnership [1] (Note 18(d))	Enterprise management consulting	PRC	88	45	88	88
Held by Hangzhou Longkong Zhongguang Enterprise Holding Limited Partnership						
Zhejiang Zhongguang New Energy Technology Co., Ltd. [1] (Note 18(d))	Provision of related technical and consultancy services	PRC	45	22	51	51
Shanghai Longkong Tuofeng Mining Technology Co., Ltd [1]	Inactive Incorporated on 17 December 2024	PRC	66	-	75	-
Held by Zhejiang Zhongguang New Energy Technology Co., Ltd.						
Qinghai Zhongkong Solar Power Co., Ltd. [1] (Note 18(d))	Generation of electricity and operation of solar thermal power stations	PRC	45	22	100	100
Zhongguang (Qinghai) New Energy Science Technology Co., Ltd [1] (Note 18(d))	Generation of electricity and operation of solar thermal power stations	PRC	45	22	100	100
Heli (Qinghai) Operation Maintenance Technology Co., Ltd. [1] (Note 18(d))	Generation of electricity and operation of solar thermal power stations	PRC	45	22	100	100
Gansu Yumen Zhongkong Solar Power Co. Ltd.[1]	Inactive, Deregistered on 28 May 2024	PRC	-	17	-	75
Held by Zhongguang (Qianghai) New Energy Science Technology Co., Ltd)						
Qinghai Zhongkong Solar Power Co., Ltd [1] (Note 18(d))	Generation of electricity and operation of solar thermal power stations	PRC	45	22	100	100

1 Audited by CL Partners CPA Limited in Hong Kong and member firm of RSM China (FY2023: member firms of KPMG International)

2 Reviewed by Nexia Singapore PAC for the purposes of consolidation for current year.

3 The subsidiaries in the PRC are established as limited liability companies.

18. Investments in subsidiaries (continued)

(c) Acquisition of subsidiaries in year ended 31 December 2023

On 21 July 2023, the Group, through a non-wholly subsidiary, acquired 51.0% equity interest of Zhejiang Zhongguang. Zhejiang Zhongguang and its subsidiaries became non-wholly owned subsidiaries of the Group since then. The profit or loss and cash flow information relating to these subsidiaries for the comparative period cover from 22 July 2023 to 31 December 2023. (Refer to Note 34 for further details).

(d) Acquisition of interests from non-controlling interests ("NCI")

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

i. Remaining 49.0% equity interest of Nanjing Zhangyu. The proportion of ownership interests in Nanjing Zhangyu held by the Group increased from 51.0% to 100.0% and became a wholly-owned subsidiary of the Group.

ii. Remaining 49.0% equity interests of Shanghai Zhangyu. The proportion of ownership interests in Shanghai Zhangyu held by the group increased from 51.0% to 100.0% and became a wholly-owned subsidiary of the Group.

iii. 10.0% equity interest of Wuxi Sihai, a direct subsidiary of Nanjing Zhangyu. The Group's effective interest in Wuxi Sihai increased from 41.0% to 90.0%.

iv. Remaining 30.0% equity interest of Jiangsu Hengxin Zhonglian Communication Technology Co., Ltd. The Group's effective interest increased from 70.0% to 100.0% and became a wholly-owned subsidiary of the Group.

The effect of the change in the Group's ownership interests in these entities on the equity attributable to equity holders of the Company is summarised below:

	Group 2024 RMB'000
Consideration paid for acquisition of non-controlling interests	530,037
Decrease in equity attributable to non-controlling interests	(58,028)
Decrease in equity attributable to owners of the Company	472,009

(e) Critical judgements in control of certain subsidiaries

i. In the financial year ended 31 December 31 December 2024 and 31 December 2023, Although the Group owns less than half of Zhejiang Zhongguang New Energy Technology Co., Ltd and its subsidiaries., the management has determined that the Group has control over these entities, on the basis that its subsidiary, Hangzhou Longkong Zhongguang Enterprise Holding Limited Partnership, holds 51% (2023: 51%) and the remaining voting rights are held by minority shareholders.

ii. In the financial year ended 31 December 2023 although the Group owns less than half of Wuxi Sihai Technology Co., Ltd., the management has determined that the Group has control over this entity, on the basis that its subsidiary, Nanjing Zhangyu holds 80% and the remaining voting rights are held by minority shareholders.

iii In the financial year ended 31 December 2023, although the Group owns less than half of Hangzhou Longkong Zhongguang Enterprise Holding Limited Partnership, the management has determined that the Group has control over this entity, on the basis that its subsidiary, Nanjing Zhangyu holds 88% and the remaining voting rights are held by minority shareholders.

18. Investments in subsidiaries (continued)

(f) The following subsidiaries have NCI that are material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Operating segment	Ownership interest held by NCI 2024 %	2023 %
Nanjing Zhangyu Information Technology Co., Ltd. ("Nanjing Zhangyu")	PRC	Digital technology	-	49
Shanghai Zhangyu Information Technology Co., Ltd. ("Shanghai Zhangyu")	PRC	Digital technology	-	49
Zhejiang Zhongguang New Energy Technology Co., Ltd. ("Zhejiang Zhongguang")	PRC	New energy and services	55	78
Qinghai Zhongkong Solar Power Co., Ltd. ("Qinghai Zhongkong")	PRC	New energy and services	55	78

The summarised financial information presented below represents the amounts before any intra-group elimination.

	Zhejiang Zhongguang RMB'000	Qinghai Zhongkong RMB'000	Others RMB'000	Intra-group elimination RMB'000	Total RMB'000
2024					
NCI percentage	55%	55%			
Non-current assets	458,009	946,983			
Current assets	816,732	396,152			
Non-current liabilities	(794)	(563,682)			
Current liabilities	(17,269)	(370,340)			
Net assets/(liabilities)	1,256,678	409,113			
Identified intangible assets acquired	4,004	199,832			
	1,260,682	608,945			
Carrying amount of NCI	693,375	334,920	54,306	(297,386)	785,215
Revenue	10,587	174,812			
(Loss)/Profit and total comprehensive income	(4,469)	39,854			
Net effect of amortisation of identified intangible assets acquired	(474)	(12,730)			
	(4,943)	27,124			
(Loss)/profit and total comprehensive (expense)/income attributable to NCI	(2,719)	14,918	(1,697)	20,632	31,134
Cash flows (used in)/generated from					
- Operating activities	(17,698)	27,607			
- Investing activities	90,305	(16,902)			
- Financing activities	(76,649)	(251,045)			

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18. Investments in subsidiaries (continued)

(f) The following subsidiaries have NCI that are material to the Group: (continued)

	Shanghai Zhangyu	Nanjing Zhangyu	Zhejiang Zhongguang	Qinghai Zhongkong	Others	Intra-group elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2023							
NCI percentage	49%	49%	78%	78%			
Non-current assets	18,147	267,021	462,764	995,359			
Current assets	44,988	88,464	816,628	571,001			
Non-current liabilities	(315)	(1,368)	(15,206)	(706,321)			
Current liabilities	(41,816)	(269,085)	(3,039)	(490,780)			
Net assets	21,004	85,032	1,261,147	369,259			
Identified intangible assets acquired	5,918	12,009	4,478	212,562			
	26,922	97,041	1,265,625	581,821			
Carrying amount of NCI	13,192	47,550	987,188	453,820	(8,166)	(680,720)	812,864
Revenue	43,750	94,958	10	77,054			
Profit and total comprehensive income	17,280	34,481	42,065	27,852			
Net effect of amortisation of identified intangible assets acquired	(3,131)	(15,224)	(218)	(5,078)			
	14,149	19,257	41,847	22,774			
Profit and total comprehensive Income/(loss) attributable to NCI	6,933	9,436	32,641	17,764	(1,797)	(30,504)	34,473
Cash flows generated from/(used in)							
- Operating activities	26,919	16,412	(2,360)	84,316			
- Investing activities	(12,749)	(272,611)	(343,309)	(1,200)			
- Financing activities	–	(250,000)	–	139,148			

(g) Deregistration of subsidiaries

During the year ended 31 December 2024, the Group's subsidiaries, Shanghai Zhangyu Semiconductor Technology Co., Ltd and Gansu Yumen Zhongkong Solar Power Co., Ltd have been deregistered. At the date of deregistration, the aggregate net assets and non-controlling interests amounted to RMB 1,475,000 and RMB 755,000 respectively. There are no inflow and outflow on cash and cash equivalents and a loss of RMB 720,000 on deregistration has been recorded.

(h) Subsequent events

On 9 January 2025, the Company incorporated a wholly-owned subsidiary, Zhangyu Energy Storage Development (Zaozhuang) Co., Ltd, whose principal activity is that of provision of new energy products and services.

19. Investments in associates

	Group	
	2024	2023
	RMB'000	RMB'000
Cost of interest in associates	25,978	30,028
Share of results	(25,826)	(25,850)
	152	4,178

19. Investments in associates (continued)

Details of the associates are as follows:

Name of associate	Principal activities	Principal place of business/ Country of incorporation	Effective interest held by the Group	
			2024 %	2023 %
Held by Jiangsu Hengxin				
Mianyang Xin Tong Industrial Co., Ltd. ("Mianyang Xin Tong")	Inactive	PRC	24	24
Held by Zhejiang Zhongguang				
Hanghzhou Zhongguang Electric Power Engineering Co., Ltd ("Zhongguang Electric") (formerly known as Zhejiang Zhongguang Electric Power Engineering Co., Ltd)	Inactive	PRC	15	15

The above associates are accounted for using the equity method in the consolidated financial statements.

As at reporting date, the Company is of the view that the results of Mianyang Xin Tong is not material to the Group's results and management are of the view that the disclosure of summarised financial information is not meaningful.

As at reporting date, the operations of the Mianyang Xin Tong continued to incur operating losses and is expected to continue its downward trend. The carrying amount of the above associate has been fully impaired in 2018. The total amount of accumulated unrecorded losses amounted to approximately RMB 10,702,000.

	Zhongguang Electric	
	2024	2023
	RMB'000	RMB'000
Gross amounts of the associate's		
Non-current assets	–	2
Current assets	1,015	27,909
Current liabilities	–	(58)
Net assets	1,015	27,853
Profit from continuing operations	162	53
Total comprehensive income	162	53
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate	1,015	27,853
Group's effective interest	15%	15%
Group's share of net assets of the associate	152	4,178
Carrying amount in the consolidated financial statements	152	4,178

On 14 June 2018, Zhongguang Electric was established by Zhejiang Zhongguang and other five independent third parties, among which Zhejiang Zhongguang injected capital contribution of RMB 4,500,000 and has a 15% equity interest. The Group is able to appoint a director in the board of directors of Zhongguang Electric and therefore the directors of the Group consider that Zhejiang Zhongguang has significant influence over Zhongguang Electric. On 21 July 2023, the Group through a non-wholly subsidiary, acquire 51% equity interest of Zhejiang Zhongguang. Zhongguang Electric became an associate of the Group along with acquisition mentioned above.

During the year ended 31 December 2024, issued ordinary shares of Zhongguang Electric amounting to RMB 27,000,000 had been cancelled and return of capital in cash of RMB 4,050,000 was received by the Group.

There were no contingent liabilities recognised by the Group is respect of the associates.

20. Other investments

	Group	
	2024	2023
	RMB'000	RMB'000
Non-current		
- Equity securities designated at FVOCI (non-recycling)	3,730	3,536
- Financial assets measured at FVPL	33,312	24,768
	37,042	28,304
Current		
- Wealth management products	–	2,950
- Derivatives financial assets	–	82,041
	–	84,991

(a) Equity securities designated at FVOCI

	Group	
	2024	2023
	RMB'000	RMB'000
Equity securities designated at FVOCI (non-recycling)		
- Unlisted equity securities Investment in Anosi Telecom Technologies Co., Ltd.	3,730	3,536
	3,730	3,536

The Group designated the investments as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purposes. Management has confirmed that they do not have significant influence of the entity. There are no dividend income recognised during the respective financial years.

The investment in Shanghai International Trust Corp., Ltd. was disposed of during 2023, and its cumulative loss amounting to RMB188,000 was transferred within equity.

(b) Financial assets measured at FVPL

	Group	
	2024	2023
	RMB'000	RMB'000
<u>Non-current assets</u>		
- Equity securities, unlisted unit in investment funds	33,312	24,768
<u>Current assets</u>		
- Equity securities, wealth management product	–	2,950

The Group's non-current balance of financial assets at FVPL represents unlisted unit in investment funds incorporated in the PRC. The investment is primarily invested in the information technology and new energy resource sectors.

Wealth management product represented the Group's investment in a wealth management product issued by commercial banks. The product has no specified maturity and is repayable on demand. As at 31 December 2023, the wealth management product was measured at fair values. The expected annual return rate is 1.88% as at 31 December 2023. During 2024, the wealth management product was disposed at a consideration of RMB 2,950,000.

20. Other investments (continued)

(c) Derivative financial assets

	Group 2024	2023
	RMB'000	RMB'000
Derivative financial assets		
- Price forward contracts – not under hedge accounting	–	82,041
	–	82,041
Derivative financial liability		
- Foreign currency forward contracts – not under hedge accounting	–	(2,654)
	–	(2,654)

The Group entered into several foreign currency forward contracts with certain banks to mitigate the currency risk arising from certain of its bank loans and receivables denominated in USD and EUR. The fair value changes of above derivative financial instruments were recognised in profit or loss. The analysis on the fair value measurement of the above financial instruments is disclosed in Note 32(f).

21. Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

	Group 2024	2023
	RMB'000	RMB'000
At 1 January	10,455	9,414
Provision for PRC Corporate Income Tax for the year	11,410	21,976
Effect of withholding tax on rental income and dividends from PRC subsidiaries	5,859	379
Income taxes paid	(15,397)	(20,620)
Withholding tax paid	(6,005)	(694)
At 31 December	6,322	10,455

(b) Deferred tax assets and liabilities recognised

Deferred tax assets/(liabilities) are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

i. Reconciliation to the consolidated statement of financial position

	Group 2024	2023
	RMB'000	RMB'000
Net deferred tax asset	16,582	19,800
Net deferred tax liability	(14,143)	(19,202)
	2,439	598

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21. Income tax in the consolidated statement of financial position (continued)

(b) Deferred tax assets and liabilities recognised (continued)

ii. Movements of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

				Balance at 31 December		
	Net balance at 1 January	**Recognised in profit or loss**	**Recognised in OCI**	**Net**	**Deferred tax assets**	**Deferred tax liabilities**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Group						
2024						
Impairment loss for trade and other receivables	9,062	2,010	–	11,072	11,072	–
Equity investments at FVOCI	970	–	(29)	941	941	–
Deferred income	–	6,586	–	6,586	6,586	
Right of use assets	998	(275)	–	723	723	–
Impairment loss on associate	2,365		–	2,365	2,365	–
Accumulated loss	3,747	(1,141)	–	2,606	2,606	–
Unrealised exchange loss	14	(14)	–	–	–	–
Unrealised profits on sale of inventory	836	(75)	–	761	761	–
Accrued expenses	2,617	–	–	2,617	2,617	–
Write down of inventories	70	34	–	104	104	–
Derivative financial liability	398	(398)	–	–	–	–
Derivative financial asset	–	–	–	–	–	–
Dividend from subsidiary	(2,921)	2,921	–	–	–	–
Depreciation on property, plant and equipment	(502)	502	–	–	–	–
Accumulated share of loss of an associate	82	(82)	–	–	–	–
Lease liabilities	(984)	236	–	(748)	–	(748)
Equity investments at FVPL	(115)	(126)	–	(241)	–	(241)
Intangible assets identified in business combination	(16,039)	(8,308)	–	(24,347)	–	(24,347)
Tax assets/(liability) before set-off	598	1,870	(29)			
Set-off of tax				–	–	–
Net tax assets/(liabilities)				2,439	27,775	(25,336)

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21. Income tax in the consolidated statement of financial position (continued)

(b) Deferred tax assets and liabilities recognised (continued)

i. Movements of each component of deferred tax assets and liabilities (continued)

	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Acquisition of subsidiaries	Balance at 31 December Net	Deferred tax assets	Deferred tax liabilities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group							
2023							
Impairment loss for trade and other receivables	5,392	3,670	–	–	9,062	9,062	–
Equity investments at FVOCI	754	–	216	–	970	970	–
Right of use assets	98	882	–	18	998	998	–
Impairment loss on associate	2,365	–	–	–	2,365	2,365	–
Accumulated loss	–	(863)	–	4,610	3,747	3,747	–
Unrealised exchange loss	14	–	–	–	14	14	–
Unrealised profits on sale of inventory	422	414	–	–	836	836	–
Accrued expenses	2,617	–	–	–	2,617	2,617	–
Write down of inventories	74	(4)	–	–	70	70	–
Contingent consideration and call option	8,091	(8,091)	–	–	–	–	–
Derivative financial liability	417	(19)	–	–	398	398	–
Derivative financial asset	(17)	17	–	–	–	–	–
Dividend from subsidiary	(2,542)	(379)	–	–	(2,921)	–	(2,921)
Depreciation on property, plant and equipment	(171)	(331)	–	–	(502)	–	(502)
Accumulated share of loss of an associate	–	(1)	–	83	82	82	–
Lease liabilities	–	(984)	–	–	(984)	–	(984)
Equity investments at FVPL	–	(115)	–	–	(115)	–	(115)
Intangible assets identified in business combination	(12,915)	6,802	–	(9,926)	(16,039)	–	(16,039)
Tax assets/(liabilities) before set-off	4,599	998	216	(5,215)			
Set-off of tax					–	–	–
Net tax assets/(liabilities)					598	21,159	(20,561)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 3(r), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB 250,078,000 (2023: RMB 185,568,000) mainly incurred by subsidiaries in PRC, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and respective entity. The tax losses incurred by the subsidiaries will expire within 5 to 10 years from the year when such losses were incurred under current tax legislation respectively.

(d) Deferred tax liabilities not recognised

The total undistributed profits of the PRC subsidiaries are RMB 1,314,203,000 (2023: RMB 1,143,245,000). No deferred tax liability has been recognised for undistributed profits of RMB 1,167,698,000 (2023: RMB 1,084,829,000) because the Group controls the dividend policy of its subsidiaries and is of the opinion that these no material reserves will be remitted back to the holding company in the foreseeable future.

22. Inventories

Inventories and other contract costs, stated at lower of cost or net realisable value in the consolidated statement of financial position comprise:

	Raw materials	Work-in-progress	Finished goods	Other contract costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
2024	58,327	9,670	158,337	848	227,182
2023	69,002	7,475	115,556	2,821	194,854

The carrying amounts of finished goods are net of provision for obsolescence amounting to RMB 7,609,000 (2023: RMB 463,000).

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Group 2024	2023
	RMB'000	RMB'000
Carrying amount of inventories sold	2,045,536	1,821,270
Provision /(reversal) of provision of stock obsolescence	7,146	(65)
	2,052,682	1,821,205

23. Digital assets

	Group 2024	2023
	RMB'000	RMB'000
Proprietary digital assets	8,311	10,016
Less: Provision	–	–
	8,311	10,016

Among the digital assets balance, the digital assets amounting to approximately USD 1,156,193 (equivalent to approximately RMB 8,311,000) (2023: USD 1,410,000 (equivalent to approximately RMB 10,016,000) held on third party's digital assets trading platform are measured at the lower of cost or net realisable value. They represent balance of blockchain-based stable cryptocurrency attributable to the Group held in shared wallets of the platform.

24. Trade and other receivables

	Note	Group 2024	Group 2023	Company 2024	Company 2023
		RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables from:					
- third parties		1,255,487	803,463	–	–
Bills receivables	h	86,650	66,573	–	–
Less: allowance for impairment loss		(46,369)	(39,690)	–	–
		1,295,768	830,346	–	–
Loans to an associate	a	21,191	21,191	–	–
Non-trade amounts due from an associate	b	1,680	1,680	–	–
		22,871	22,871	–	–
Less: Loss allowance		(22,871)	(22,871)	–	–
		–	–	–	–
Non-trade amounts due from subsidiaries	c	–	–	119,205	85,700
Advances to suppliers/prepayments		46,865	65,606	183	138
Advances to staff	d	1,308	939	–	–
Other receivables	e	24,815	–	–	–
Refundable deposits	f	13,103	19,461	86	86
		86,091	86,006	119,474	85,924
Less: Loss allowance		(363)	–	(4,327)	–
		85,728	86,006	115,147	85,924
Tax recoverable	g	16,090	10,630	–	–
		1,397,586	926,982	115,147	85,924

Notes:

a. The Group's loans to an associate are unsecured, interest-free and repayable in 7 semi-annual instalments from 30 December 2017 to 30 December 2021. In 2018, the Group has fully impaired the loans to associate due to the financial difficulties encountered by the associate, based on lifetime ECL.

b. The non-trade amount due from an associate are unsecured, interest-free and repayable on demand. In 2018, the Group has fully impaired the non-trade amounts due from the associate due to the financial difficulties encountered by the associate, based on lifetime ECL.

c. The Company's non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand. The Company's non-trade amounts due from subsidiaries are recognised initially at fair value. The difference between the fair value and the absolute amount due from a subsidiary represents equity contribution to the subsidiaries (see Note 18). During the year ended 31 December 2024, the Company provided loss allowances on amounts due from subsidiaries amounting to RMB 4,327,000 (2023: Nil) based on 12-month ECL.

d. The advances to staff are unsecured, interest-free and repayable on demand.

e. Included in other receivables due from third party, is an amount of RMB 7,383,000 (2023: Nil), which is interest-free, repayable on demand and pledged with the shares of a private company in PRC. Included in other receivables due from third party, is an amount of RMB 9,468,000 (2023: Nil), classified as financial assets, at fair value through profit or loss as the repayment is in the form of digital assets.

f. Included in the refundable deposits are tender deposits and project deposits for bidding of customer contracts. If the tender is not successful or the project completed, these deposits paid will be refunded to the Group.

24. Trade and other receivables (continued)

Notes: (continued)

g. Included in the tax recoverable are value added tax receivables in the PRC arising from the purchase of raw materials, services and other property, plant and equipment.

h. Bill receivables

As at reporting date, bills receivables held by the Group are achieved by both collecting contractual cash flows and selling financial assets, which are measured at fair value through other comprehensive income (recycling).

i. Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

		Group
	2024	**2023**
	RMB'000	**RMB'000**
Within 6 months	958,010	588,210
7 to 12 months	124,060	86,321
1 to 2 years	139,072	95,508
Over 2 years	74,626	60,307
	1,295,768	830,346

Movements in allowance for impairment in respect of trade receivables

The movement in the loss allowance in respect of trade receivables during the year was as follows.

		Group
	2024	**2023**
	RMB'000	**RMB'000**
At 1 January	39,690	13,075
Impairment loss recognised during the year	6,679	26,615
At 31 December	46,369	39,690

Further details on the Group's credit policy and credit risk arising for trade, bills and other receivable are set out in Note 32(a).

25. Time deposits with original maturity more than 3 months

	Group 2024	2023
	RMB'000	RMB'000
Time deposits		
- Non-current	125,000	45,000
- Current	29,649	264,125
	154,649	309,125

The time deposits carried interest at 0.1% to 4.1% (2023: 1.5% to 4.1%) per annum. The Group's exposure to credit risk and interest rate risks are disclosed in Note 32.

26. Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	Group 2024	2023	Company 2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	861,904	944,863	14,767	7,794
Non-current pledged bank deposits	35,000	35,000	–	–
Current pledged bank deposits	403,659	91,833	–	–
Cash and cash equivalents in the statements of financial position	1,300,563	1,071,696	14,767	7,794
Less: pledged bank deposits	(438,659)	(126,833)	–	–
Cash and cash equivalents in the statements of cash flows	861,904	944,863	14,767	7,794

The non-current portion of pledged deposit was pledged to banks as guarantees for issuance of banking facilities (see Note 28). Pledged bank deposits bear interest at an average effective interest rates at 3.00% (2023: 3.00%) per annum and for 25 months (2023: 37 months). The pledged deposits will be released by the expiry of relevant banking facilities.

The current pledged deposits included an amount of RMB 403,659,000 (2023: RMB 30,164,000) pledged to banks as guarantees for bidding of customer contracts and issuing letter of guarantee. Pledged bank deposits bear interest at an average effective interest rates at 1.46% (2023: 1.39%) per annum and for a tenure of approximately 4 to 60 months (2023: 4 to 60 months). Remaining balance of current pledged deposits is pertaining to the security deposit for the commodity future contracts entered to hedge the purchase of raw materials during the year.

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26. Cash and cash equivalents (continued)

(b) Reconciliation of liabilities arising from financing activities:

	Note	Bank loans RMB'000	Interest payable RMB'000	Lease liabilities RMB'000	Total RMB'000
Group					
At 1 January 2024		1,012,909	–	10,054	1,022,963
Changes from financing cash flows:					
Proceeds from bank loans		1,227,629	–	–	1,227,629
Repayment of bank loans		(742,519)	–	–	(742,519)
Capital element of lease rentals paid		–	–	(7,069)	(7,069)
Interest element of lease rentals paid		–	–	(470)	(470)
Other interest expense paid		–	(51,000)	–	(51,000)
Total changes from financing cash flows		485,110	(51,000)	(7,539)	(426,571)
Other changes:					
New leases		–	–	706	706
Interest expense		–	51,000	409	51,409
Total other changes		–	51,000	1,176	52,176
At 31 December 2024		1,498,019	–	3,691	1,501,710
At 1 January 2023		228,634	–	6,615	235,249
Changes from financing cash flows:					
Proceeds from bank loans		737,060	–	–	737,060
Repayment of bank loans		(555,082)	–	–	(555,082)
Capital element of lease rentals paid		–	–	(4,678)	(4,678)
Interest element of lease rentals paid		–	–	(322)	(322)
Other interest expense paid		–	(30,671)	–	(30,671)
Total changes from financing cash flows		181,978	(30,671)	(5,000)	146,307
Other changes:					
New leases		–	–	6,508	6,508
Interest expense		–	30,671	322	30,993
Acquisition of subsidiary	34	602,297	–	1,609	603,906
Total other changes		602,297	30,671	8,439	641,407
At 31 December 2023		1,012,909	–	10,054	1,022,963

26. Cash and cash equivalents (continued)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases, relating to rental paid comprise the following:

		Group
	2024	**2023**
	RMB'000	**RMB'000**
Within operating cash flows	694	1,770
Within financing cash flows	7,539	5,000
	8,233	6,770

(d) Net cash outflow arising from the acquisition of a subsidiary which does not constitute a business

On 24 November 2023, the Group entered into an agreement to acquire 100% equity interest in Qinghai Cosin Solar Power Co., Ltd. ("Qinghai Cosin") at a total consideration of RMB 7,895,000. The principal activities of Qinghai Cosin and its subsidiary are solar thermal power electricity generation and the provision of related technical and consultancy services, and its identifiable assets are mainly construction in progress and cash. The transaction was completed in November 2023 and recognised as an acquisition of assets, rather than a business combination, given that Qinghai Cosin and its subsidiary do not constitute a business.

The recognised amounts of assets acquired and liabilities at the date of acquisition of the subsidiary which does not constitute a business comprise the following:

	Group
	2023
	RMB'000
Construction in progress (Note 15)	5,900
Cash	2,045
Other payables	(50)
Total consideration paid in cash	7,895
Less: cash of subsidiary acquired	(2,045)
	5,850

27. Trade and other payables and Contract liabilities

	Group 2024	Group 2023	Company 2024	Company 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables from:				
- third parties	629,226	263,602	–	–
- affiliated corporation *	4,740	21,281	–	–
	633,966	284,883	–	–
Accrued operating expenses	77,302	75,755	2,817	4,423
Tender deposits	12,785	19,715	–	–
Value added tax and other taxes payable	14,343	7,669	121	–
Other payables				
- third parties	869	2,001	181	392
- affiliated corporation *	800	800	–	–
Foreign currency forward contracts – not under hedge accounting	–	2,654	–	–
	740,065	393,477	3,119	4,815
Contract liabilities	55,946	62,219	–	–

Contract liabilities as at 1 January 2023 amounted to RMB 40,431,000.

* An affiliated corporation is defined as one: (a) in which a director of the Company has substantial financial interests or who is in a position to exercise significant influence; and/or (b) which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

All of the other trade and other payables (including amounts due to related parties), are expected to be settled or recognised as income within one year or are repayable on demand.

As at 31 December 2023, the Group entered into several foreign currency forward contracts with certain banks to mitigate the currency risk arising from certain of its bank loans and receivables denominated in USD and EUR. The nominal amount in 2023 amounted to RMB 67,283,000.

The fair value changes of above derivative financial instruments were recognised in profit or loss. The analysis on the fair value measurement of the above financial instruments is disclosed in Note 32(f).

Movements in contract liabilities during the year are as follows:

	Group 2024	Group 2023
	RMB'000	RMB'000
At 1 January	62,219	40,431
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(62,219)	(40,431)
Increase in contract liabilities as a result of billing in advance of manufacturing activities	55,946	62,219
At 31 December	55,946	62,219

28. Bank loans

	Group 2024	2023
	RMB'000	RMB'000
Current liabilities		
Secured bank loans	376,838	125,803
Unsecured bank loans	47,764	50,740
	424,602	176,543
Non-current liabilities		
Secured bank loans	1,073,417	480,350
Unsecured bank loans	–	356,016
	1,073,417	836,366
	1,498,019	1,012,909

The secured bank loans were secured by the income receipts right in relation to the sales of electricity and certain property, plant and equipment and pledged deposits of the Group and carried at an interest rate of 2.40% - 4.25% (2023: 4.35% - 4.90%) per annum. The secured bank loans are subject to the fulfilment of covenants related to certain financial ratios of the Group, as are commonly found in lending arrangements with financial institutions. The Group regularly monitors its compliance with the covenants. None of the covenants related to drawn down facilities were breached or no covenants are required. An analysis of the carrying value of these assets is as follows:

	Group 2024	2023
	RMB'000	RMB'000
Electricity generating facilities (Note 15)	790,562	824,517
Trade receivables (Note 32(a))	277,050	249,294
Pledged deposits (Note 26)	35,000	35,000
	1,102,612	1,108,811

The unsecured bank loans carried fixed interest at 2.90% - 3.65% (2023: 1.26% - 4.00%) per annum, and were all repayable within one year.

29. Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

	Group 2024	2023	Company 2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Within 1 year	2,757	6,137	335	317
Non-Current				
After 1 year but within 2 years	934	3,040	92	365
After 2 years but within 5 years	–	877	–	89
	934	3,917	92	454

The weighted average incremental borrowing rates applied to lease liabilities range from 4.25% to 4.75% (2023: 4.25% to 4.75%).

30. Deferred income

	Group 2024	2023
	RMB'000	RMB'000
Deferred income	909	882

The amount represents deferred revenue arising as a result of the special fund received from local government to support the Group's project of transformation of science and technology achievements in the People's Republic of China. The grants are related to assets and will be recognised as other operating income in profit or loss over a period of 5 to 10 years.

31. Capital, reserves and dividends

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

(b) Dividends

There are no exempt (one-tier) dividends declared and paid by the Company during the year. After the reporting dates, there are no dividends proposed in respect of the year ended 31 December 2024 (2023: Nil).

(c) Share capital

	Group and Company 2024		2023	
	No. of shares '000	RMB'000	No. of shares '000	RMB'000
Ordinary shares, issued and fully paid				
At 1 January	388,000	295,000	388,000	295,000
Issuance of ordinary shares	77,600	67,849	–	–
At 31 December	465,600	362,849	388,000	295,000

During the year ended 31 December 2024, a total of 77,600,000 new ordinary shares amounting to RMB 67,849,000 were issued as part of a placement exercise.

The ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

(d) Nature and purpose of reserves

i. General reserves

General reserves represent the statutory and discretionary reserve arising from the PRC subsidiaries.

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, the subsidiaries are required to make appropriation to a statutory reserve.

In the PRC, at least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the statutory reserve until the cumulative total of the statutory reserves reach 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserves in the PRC are not available for dividend distribution to shareholders.

31. Capital, reserves and dividends (continued)

(d) Nature and purpose of reserves (continued)

i. Share award scheme reserve

Share award scheme reserve represents the Company's ordinary shares purchased by the Group ("treasury shares") pursuant to the share award scheme as set out in Director's statement.

When any entity within the Group purchase the treasury shares, the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented at a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue net of any directly attributable incremental transaction costs and related income tax, is recognised to the capital reserve.

During the year ended 31 December 2024, the Company entered into a Trustee agreement with a third party. A total amount of HKD 3,000,000 (RMB 2,778,000) has been placed with the Trustee and as at reporting date, the Trustee has acquired a total of 2,326,000 shares through on-market transactions and no shares have been awarded to any Eligible Participants or Services Providers up to 31 December 2024.

The total number of (i) awards available for grant under the scheme mandate limit of the Share Award Scheme; and (ii) options available for grant under the scheme mandate limit of the other share option scheme, was 38,800,000 Shares as at 1 January 2024, 46,560,000 Shares as at 31 December 2024. The Company Service Providers sublimit under the Share Award Scheme is 23,280,000 Shares. As the Company has no other share option scheme in force during the financial year ended 31 December 2024 and as at 31 December 2024, therefore, there is no Service Providers sublimit for other share option scheme.

The number of Shares that may be issued in respect of options and awards granted under all share scheme of the Company during the year ended 31 December 2024 was nil.

iii. Special reserve

The special reserve represents the difference between the acquisition cost and carrying amount of net assets of the PRC subsidiary arising from the acquisition of PRC subsidiary in 2004 and 2024.

Iv. Fair value reserve (non-recycling)

The fair value reserve (non-recycling) represents the cumulative change in the fair value arising from equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see Note 3(d)).

v. Translation reserves

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The reserve is dealt with in accordance with the accounting policies set out in Note 3(u).

31. Capital, reserves and dividends (continued)

(e) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance, and to ensure that all externally imposed capital requirements are complied with. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt and equity, which includes equity attributable to equity shareholders of the Company, comprising share capital, reserves and accumulated profits.

The Group's management reviews the capital structure on an on-going basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital and reserves. Based on recommendations of management, the Group will balance its overall capital structure through the payment of dividends, as well as the issue of new debt or the redemption of existing debt.

Management monitors capital based on the Group's debt-to-assets ratio. This ratio is calculated as total liabilities divided by total assets. As at the end of the reporting period, the Group is in compliance with all capital requirements on its external borrowings.

The debt-to-assets ratio at the end of the reporting period is as follows:

		Group
	2024	**2023**
	RMB'000	**RMB'000**
Total liabilities	2,319,095	1,509,198
Total assets	4,666,187	4,247,771
Debt-to-assets ratio	50%	36%

32. Financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, time deposits and bills receivables is limited because the counterparties are mainly reputable financial institutions with high credit standing, for which the Group considers to have low credit risk.

Other than as disclosed in the financial statements, the Group does not provide any guarantees which would expose the Group to credit risk.

i. Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 30% (2023: 33%) and 42% (2023: 73%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

Exposure to credit risk

As at reporting date, the maximum exposure to credit risk for trade receivables (excluding bill receivables), and net of allowance for impairment loss, by geographical region was as follows:

		Group
	2024	2023
	RMB'000	RMB'000
PRC	1,178,348	711,962
Other customers	30,770	51,811
	1,209,118	763,773

The exposure of credit risk for trade receivables (excluding bill receivables) at the reporting date by type of counterparty was:

		Group
	2024	2023
	RMB'000	RMB'000
State-owned telecommunication enterprises in the PRC	336,168	235,451
Provincial power grid companies in the PRC	289,905	249,294
Other customers	583,045	279,028
	1,209,118	763,773

At 31 December 2024, 5 (2023: 5) largest customers accounted for 44% (2023: 42%) of gross trade receivables. There are no other individual customers who represent more than 5% of the total balance of trade receivables.

32. **Financial instruments** (continued)

(a) Credit risk (continued)

i. Trade receivables (continued)

Expected credit loss assessment for trade receivables (excluding bill receivables)

The Group measures loss allowances for trade receivables (excluding bill receivables) at an amount equal to lifetime ECLs, which is calculated using a provision matrix. For the purpose of determining ECLs, the Group has analysed the trade receivables based on different type of counterparty.

The following table provides information about the exposure to credit risk and ECLs for trade receivables (excluding bill receivables) as at 31 December:

Group	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Net carrying amount
	%	RMB'000	RMB'000	RMB'000
2024				
Current (not past due)	0.56	874,262	(4,907)	869,355
Past due 1 – 180 days	3.78	172,582	(6,530)	166,052
Past due 181 – 360 days	7.72	115,771	(8,935)	106,836
Past due 361 – 540 days	6.53	26,250	(1,715)	24,535
Past due over 540 days	36.45	66,622	(24,282)	42,340
		1,255,487	(46,369)	1,209,118
2023				
Current (not past due)	1.32	551,923	(7,305)	544,618
Past due 1 – 180 days	2.09	85,862	(1,794)	84,068
Past due 181 – 360 days	6.55	72,836	(4,772)	68,064
Past due 361 – 540 days	42.05	26,123	(10,986)	15,137
Past due over 540 days	22.23	66,719	(14,833)	51,886
		803,463	(39,690)	763,773

Expected credit loss rates are based on a probability-weighted estimate of credit losses, with reference to actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Credit risk relating to Provincial Power Companies in the PRC

As at 31 December 2024, the trade receivables amounting to RMB 277,050,000 (2023: RMB 249,294,000), which includes solar energy electricity sales receivables amounting to RMB 14,208,000 (2023: RMB 3,455,000) and tariff premium receivables amounting to RMB 262,842,000 (2023: RMB 245,839,000) respectively, from provincial grid companies. The outstanding balances included balances acquired in July 2023 (Note 34).

The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relatively long time for settlement.

Pursuant to CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of standardised procedures for the settlement of the tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at reporting date, all of the Group's operating projects have been approved for the tariff premium.

As at 31 December 2024, the trade receivables from provincial grid companies amounting to RMB 277,050,000 (2023: RMB 249,294,000) respectively were pledged as securities for the Group's bank loans (see Note 28).

32. Financial instruments (continued)

(a) Credit risk (continued)

i. Trade receivables (continued)

Aging for trade receivables (excluding bill receivables)

The following table provides information about the Group's exposure to credit risk and ECLs by type of counterparty for trade receivables excluding the amounts due from provincial power grid companies as at 31 December:

Group	**Weighted average loss rate**	**Gross carrying amount**	**Impairment loss allowance**	**Net carrying amount**
	%	**RMB'000**	**RMB'000**	**RMB'000**
2024				
State-owned telecommunications enterprises in the PRC				
Current (not past due)	0.13	541,133	(713)	540,420
Past due 1 – 180 days	2.20	70,976	(1,280)	69,697
Past due 181 – 360 days	10.04	7,222	(725)	6,496
Past due 361 – 540 days	22.13	4,352	(963)	3,389
Past due over 540 days	50.30	7,050	(3,546)	3,504
		630,733	(7,227)	623,506
Other customers				
Current (not past due)	1.61	260,944	(4,194)	256,750
Past due 1 – 180 days	13.05	40,244	(5,251)	34,993
Past due 181 – 360 days	33.08	24,817	(8,210)	16,608
Past due 361 – 540 days	78.07	963	(752)	211
Past due over 540 days	100	20,735	(20,735)	–
		347,704	(39,142)	308,562
Provincial power grid companies in the PRC [1]				
Current (not past due)	*	72,185	*	72,186
Past due 1 – 180 days	*	61,362	*	61,362
Past due 181 – 360 days	*	83,732	*	83,732
Past due 361 – 540 days	*	20,935	*	20,935
Past due over 540 days	*	38,837	*	38,837
		277,050	*	277,050
Total		1,255,487	(46,369)	1,209,118

[1] As at 31 December 2024, the directors of the Company are of the opinion that the amounts due from provincial power grid companies are fully recoverable considering that there is no loss experienced with the grid companies in the past and the tariff premium is funded by the PRC government. Accordingly, the expected credit loss is assessed not to be significant.

32. Financial instruments (continued)

(a) Credit risk (continued)

i. Trade receivables (continued)

Aging for trade receivables (excluding bill receivables)

Group	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Net carrying amount
	%	RMB'000	RMB'000	RMB'000
2023				
State-owned telecommunications enterprises in the PRC				
Current (not past due)	0.14	198,615	(275)	198,340
Past due 1 – 180 days	1.17	20,536	(241)	20,295
Past due 181 – 360 days	6.43	9,266	(596)	8,670
Past due 361 – 540 days	16.37	9,509	(1,557)	7,952
Past due over 540 days	89.74	1,891	(1,697)	194
		239,817	(4,366)	235,451
Other customers				
Current (not past due)	2.64	266,121	(7,030)	259,091
Past due 1 – 180 days	19.80	7,843	(1,553)	6,290
Past due 181 – 360 days	37.07	11,266	(4,176)	7,090
Past due 361 – 540 days	58.98	15,986	(9,429)	6,557
Past due over 540 days	100.00	13,136	(13,136)	–
		314,352	(35,324)	279,028
Provincial power grid companies in the PRC				
Current (not past due)	–	87,187	–	87,187
Past due 1 – 180 days	–	57,483	–	57,483
Past due 181 – 360 days	–	52,304	–	52,304
Past due 361 – 540 days	–	627	–	627
Past due over 540 days	–	51,693	–	51,693
		249,294	–	249,294
Total		803,463	(39,690)	763,773

ii. Cash and cash equivalents, time deposits, bill receivables and other receivables

The Group's exposure to credit risk arising from cash and cash equivalents, time deposits and bills receivables and other receivables are limited because the counterparties are mainly reputable financial institutions with high credit standing, for which the Group considers to have low credit risk. Impairment on these balances have been measured on the 12-month ECL. During the year ended 31 December 2024, the Group provided loss allowances on these financial assets amounting to RMB 363,000 (2023: Nil).

iii. Loans to an associate and non-trade amount due from an associate

The Group adopted the ECL approach to estimate credit losses over the expected life of these receivables. As at reporting date, the operations of the associate continued to incur operating losses and the amounts are assessed to be not probable of recovery. As a result, the Group has fully impaired the loans to the associate and non-trade receivables due from the associate as at reporting date.

32. Financial instruments (continued)

(a) Credit risk (continued)

iv. Non-trade amounts due from subsidiaries

As at 31 December 2024, the Company held non-trade receivables from its subsidiaries of RMB 119,205,000 (2023: RMB 85,700,000). Impairment on these balances has been measured on the 12-month ECL as the Company has assessed that its subsidiaries have the financial capacity to meet the contractual obligation and are considered to have low credit risks. During the financial year ended 31 December 2024, the Company provided loss allowances on amounts due from subsidiaries amounting to RMB 4,327,000 (2023: Nil).

v. Financial guarantee contracts

The Group and the Company have issued financial guarantees to banks for borrowings of certain subsidiaries amounting to RMB 1,443,772,000 and RMB 290,000,000 respectively. These guarantees are subject to the impairment requirements of IFRS 9. The Group has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees. Accordingly, the expected credit loss are assessed as not significant.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

32. Financial instruments (continued)

(b) Liquidity risk (continued)

		Contractual cash flows				
	Carrying amount	Total	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
2024						
Non-derivative financial liabilities						
Bank loans	1,498,019	(1,698,137)	(467,449)	(70,258)	(35,338)	(1,125,092)
Trade and other payables #	725,722	(725,722)	(725,722)	–	–	–
Lease liabilities	3,691	(3,821)	(2,892)	(929)	–	–
	2,227,432	(2,427,680)	(1,196,063)	(71,187)	(35,338)	(1,125,092)
2023						
Derivative financial liability						
Derivative financial liability	2,654	(2,654)	(2,654)	–	–	–
Non-derivative financial liabilities						
Bank loans	1,012,909	(1,232,149)	(215,645)	(78,942)	(358,114)	(579,448)
Trade and other payables #	383,154	(383,154)	(383,154)	–	–	–
Lease liabilities	10,054	(10,452)	(6,539)	(3,022)	(891)	–
	1,406,117	(1,625,755)	(605,338)	(81,964)	(359,005)	(579,448)

Exclude contract liabilities, value added tax and other taxes payable and foreign currency forward contracts.

32. Financial instruments (continued)

(b) Liquidity risk (continued)

	Carrying amount	Total	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years
		Contractual cash flows			
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Company					
2024					
Non-derivative financial liabilities					
Trade and other payables #	2,998	(2,998)	(2,998)	-	-
Lease liabilities	427	(466)	(373)	(93)	-
	3,425	(3,464)	(3,371)	(93)	-
2023					
Non-derivative financial liabilities					
Trade and other payables	4,461	(4,461)	(4,461)	–	–
Lease liabilities	771	(803)	(357)	(357)	(89)
	5,232	(5,264)	(4,818)	(357)	(89)

Exclude value added tax and other taxes payable

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risks arises primarily from the Group's bank deposits and its debt obligations.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to management was as follows:

	Note	Group Carrying amount 2024	2023
		RMB'000	**RMB'000**
Fixed-rate instruments			
Time deposits	25	154,649	309,125
Pledged bank deposits	26	438,659	126,833
Short-term deposits		1,873	4,125
Bank loans	28	(1,498,019)	(1,012,909)
		(902,838)	(572,826)

Fair value sensitivity analysis for fixed-rate financial instruments

The Group does not account for any fixed-rate financial assets and liabilities at fair value through profit or loss, and the Group does not use derivatives to hedge interest rate risk. Therefore, in respect of the fixed rate instrument, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate financial instruments

As at 31 December 2024 and 31 December 2023, the Group does not have significant financial assets or liabilities that are exposed to cash flow interest rate risk.

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32. **Financial instruments** (continued)

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("USD"), Singapore dollars ("SGD"), Hong Kong dollars ("HKD"), Euro ("EUR") and Australian dollars ("AUD").

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China.

i. Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year-end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	USD RMB'000	SGD RMB'000	HKD RMB'000	EUR RMB'000	AUD RMB'000
Group					
2024					
Cash at bank	29,425	885	8,166	1,614	2,567
Trade and other receivables	6,643	86	-	64	126
Trade and other payables	(16)	(224)	(5,441)	–	–
Lease liabilities	–	(427)	–	–	–
Net exposure	36,053	320	2,725	1,678	2,693
2023					
Cash at bank	90,872	778	2,883	25,755	–
Time deposits	42,496	–	–	–	–
Trade and other receivables	33,378	–	10	1,503	–
Trade and other payables	(320)	(822)	(656)	(3)	–
Lease liabilities	–	(771)	–	–	–
Net exposure	166,426	(815)	2,237	27,255	–
Company					
2024					
Cash at bank	739	885	4,373	–	–
Trade and other receivables	–	87	110,045	–	–
Trade and other payables	–	(224)	(1,180)	–	–
Lease liabilities	–	(427)	–	–	–
Net exposure	739	321	113,238	–	–
2023					
Cash at bank	728	778	819	–	–
Trade and other receivables	–	86	45,331	–	–
Trade and other payables	(16)	(822)	(665)	–	–
Lease liabilities	–	(771)	–	–	–
Net exposure	712	(729)	45,485	–	–

32. Financial instruments (continued)

(d) Currency risk

ii. Sensitivity analysis

A change of 10% strengthening of the RMB, as indicated below, against the USD, SGD, HKD and EUR at 31 December would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2023.

	Group Profit before tax		Company Profit before tax	
	2024	**2023**	**2024**	**2023**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
USD	(3,605)	(16,643)	(74)	(71)
SGD	(32)	82	(32)	73
HKD	(273)	(224)	(11,324)	(4,549)
EUR	(168)	(2,726)	–	–
AUR	(269)	–	–	–
	(4,347)	(19,511)	(11,430)	(4,547)

Decrease in foreign exchange rates would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit before tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2023.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments held for non-trading purposes (see Note 20).

The Group's equity investments are held for long term strategic purposes. The performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

At 31 December 2024, it is estimated that an increase of 5% (2023: 5%) in the relevant equity price as applicable, as applicable, with all other variables held constant, would have increased/(decreased) fair value reserve (non-recycling) of consolidated equity as follows:

				Effect on equity
		2024		**2023**
	%	**RMB'000**	**%**	**RMB'000**
Group				
Changes in the relevant equity price risk variable				
Increase	5%	159	5%	150
Decrease	5%	(159)	5%	(150)

32. Financial instruments (continued)

(e) Equity price risk (continued)

The sensitivity analysis indicates the instantaneous change in the Group's fair value reserve (non-recycling) of consolidated equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2023.

32. Financial instruments (continued)

(f) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount					Fair value			
	Note	FVOCI – equity instruments	Designated at FVPL	Amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Group		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024										
Financial assets measured at fair value										
Other investments	20	3,730	33,312	–	–	37,042	–	–	37,042	37,042
Bill receivables and other receivables	24	86,650	9,468	–	–	96,118	–	96,118	–	96,118
		90,380	42,780	–	–	133,160	–	96,118	37,042	133,160
Financial assets not measured at fair value										
Trade and other receivables#	24	–	–	1,238,513	–	1,238,513				
Time deposits	25	–	–	154,649	–	154,649				
Cash at bank and on hand and pledged deposits	26	–	–	1,300,563	–	1,300,563				
		–	–	2,693,725	–	2,693,725				
Financial liability measured at fair value										
Derivative financial liability	27	–	–	–	–	–				
Financial liabilities not measured at fair value										
Trade and other payables ##	27	–	–	–	725,722	725,722				
Bank loans	28	–	–	–	1,498,019	1,498,019				
Lease liabilities	29	–	–	–	3,691	3,691				
		–	–	–	2,227,432	2,227,432				

\# Exclude advances to suppliers, prepayments and tax recoverable
\## Exclude contract liabilities, advanced receipts, value added tax and other taxes payable

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32. Financial instruments (continued)

(f) Accounting classifications and fair values (continued)

		Carrying amount					Fair value			
	Note	FVOCI – equity instruments	Designated at FVPL	Amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Group		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023										
Financial assets measured at fair value										
Other investments	20	3,536	27,718	–	–	31,254	–	2,950	28,304	31,254
Derivative financial assets	20	–	82,041	–	–	82,041	–	82,041	–	82,041
Trade and other receivables#	24	66,573	–	–	–	66,573	–	66,573	–	66,573
		70,109	109,759	–	–	179,868	–	151,564	28,304	179,868
Financial assets not measured at fair value										
Trade and other receivables#	24	–	–	784,173	–	784,173				
Time deposits	25	–	–	309,125	–	309,125				
Cash at bank and on hand and pledged deposits	26	–	–	1,071,696	–	1,071,696				
		–	–	2,164,994	–	2,164,994				
Financial liability measured at fair value										
Derivative financial liability	27	–	2,654	–	–	2,654	–	2,654	–	2,654
Financial liabilities not measured at fair value										
Trade and other payables ##	27	–	–	–	383,154	383,154				
Bank loans	28	–	–	–	1,012,909	1,012,909				
Lease liabilities	29	–	–	–	10,054	10,054				
		–	–	–	1,406,117	1,406,117				

\# Exclude advances to suppliers, prepayments and tax recoverable
\## Exclude contract liabilities, advanced receipts, value added tax and other taxes payable

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32. Financial instruments (continued)

(f) Accounting classifications and fair values (continued)

		Carrying amount			Fair value			
	Note	Amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Company								
31 December 2024								
Financial assets not measured at fair value								
Non-trade amounts due from subsidiaries	24	119,205	–	119,205				
Refundable deposits	24	183	–	183				
Cash at bank and on hand	26	14,767	–	14,767				
		134,155	–	134,155				
Financial liabilities not measured at fair value								
Trade and other payables #	27	–	2,998	2,998				
Lease liabilities	29	–	427	427				
		–	3,425	3,425				
31 December 2023								
Financial assets not measured at fair value								
Non-trade amounts due from subsidiaries	24	85,700	–	85,700				
Refundable deposits	24	138	–	138				
Cash at bank and on hand	26	7,794	–	7,794				
		93,632	–	93,632				
Financial liabilities not measured at fair value								
Trade and other payables	27	–	4,815	4,815				
Lease liabilities	29	–	771	771				
		–	5,586	5,586				

Exclude value added tax and other taxes payable

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32. **Financial instruments** (continued)

(g) Measurement of fair value of wealth management products, commodity derivative contracts and bills receivables

The Group enters into commodity derivative contracts with a financial institution with good credit rating. The fair value of the commodity derivative contracts represents the difference between the quoted market price of commodity derivative contracts at year end and the quoted price at inception of the contracts. The carrying amount of the commodity derivative financial instruments was RMB nil as the Group settled all commodity derivative financial instruments as at 31 December 2024. Derivatives financial assets and liabilities as at 31 December 2023 are set out in Note 32(f).

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the bills receivables and other receivables in Level 2 have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair value of forward contracts in Level 2 is determined by discounting the difference between the contractual forward price and the current forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

(h) Measurement of fair value of unlisted equity securities and unlisted unit in investment funds

Valuation techniques and inputs used in Level 3 fair value measurements

The following table shows the valuation techniques used in measuring the fair value of unlisted equity securities, and unlisted unit in investment funds, as well as the significant unobservable inputs used.

	Valuation technique	**Key unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Unlisted equity securities (Note i)	*Discounted cash flow method:* The valuation model considers the present value of net cash flows to be generated from the investment. The expected net cash flows are discounted using risk adjusted discount rates.	Revenue growth rate: 23% to 28% (2023: 23% to 28%) Discount rate: 17% (2023: 19%)	An increase in growth rate would result in a higher fair value measurement. Conversely, an increase in discount rate would result in a lower fair value measurement.
Unlisted unit in investment funds (Note ii)	Net asset value	Net asset value of underlying investments ("NAV")	An increase in NAV would result in a higher fair value measurement.

32. Financial instruments (continued)

(g) Measurement of fair value of wealth management products, commodity derivative contracts and bills receivables (continued)

Notes:

(i) As at reporting date, fair value of the unquoted equity security is estimated using the discounted cash flow model. As the unquoted equity security is not listed on any stock exchange, a quoted market price is not available; there were also no recent observable arm's length transactions in the shares. Consequently, significant judgement is involved in determining an appropriate valuation method and the key assumptions to be applied in determining the fair value.

(ii) As at reporting date, fair value of unlisted units in investment funds is estimated by referencing the net asset value of the underlying investments.

Sensitivity analysis

Unlisted equity securities

The calculation of the fair value of the unlisted equity securities is sensitive to the assumptions set out above. The following table summarises how the impact on the fair value of the unlisted equity securities at the end of the reporting period would have increased or decreased as a result of a change in one of the assumptions, holding other assumptions consistent.

		Group
	Increase	**Decrease**
	RMB'000	**RMB'000**
2024		
Revenue growth rate (increase or decrease by 1%)	281	(269)
Discount rate (increase or decrease by 1%)	(221)	233
2023		
Revenue growth rate (increase or decrease by 1%)	326	(315)
Discount rate (increase or decrease by 1%)	(296)	337

Unlisted units in investment funds

The calculation of the fair value of the unlisted units in investment funds is sensitive to the assumptions set out above. The following table summarises how the impact on the fair value of the unquoted equity security at the end of the reporting period would have increased or decreased as a result of a change in one of the assumptions, holding other assumptions consistent.

		Group
	Increase	**Decrease**
	RMB'000	**RMB'000**
2024		
NAV (increase or decrease by 1%)	1,626	(1,626)
2023		
NAV (increase or decrease by 1%)	777	(777)

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32. Financial instruments (continued)

(g) Measurement of fair value of wealth management products, commodity derivative contracts and bills receivables (continued)

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

		Group
	Financial assets at FVOCI	Financial (liabilities)/ assets at FVPL
	RMB'000	RMB'000
At 1 January 2023	4,975	15,664
Net unrealised loss recognised in other comprehensive income during the year	(1,439)	–
Purchase	–	12,000
Net realised and unrealised loss recognised in net profit during the year	–	(2,896)
Transferred into other financial liability		
At 31 December 2023 and 1 January 2024	3,536	24,768
Net unrealised loss recognised in other comprehensive income during the year	194	–
Purchase	–	7,719
Net realised and unrealised loss recognised in net profit during the year	–	825
At 31 December 2024	3,730	33,312

Any gain or loss arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to accumulated profits.

Other non-derivative financial assets and financial liabilities

The carrying amount of financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and bank loans) are assumed to approximate their fair values because of the short period to maturity.

The fair value of non-current interest-bearing borrowings and lease liabilities are calculated based on discounted expected future principal and interest cash flows. The discount rates used are based on market rates for similar instruments at the end of the reporting period. As at 31 December 2024 and 2023, the carrying amounts of the non-current borrowings approximate their fair values.

33. Commitments

Commitments outstanding at reporting dates not provided for in the consolidated financial statements were as follows:

	2024	2023
	RMB'000	RMB'000
Acquisition of property, plant and equipment	914	10,577
Donation [1]	1,000	1,500
	1,914	12,077

[1] The Group's PRC subsidiary has signed an intention letter to donate RMB500,000 per annum from 2007 for a period of 20 years to a charitable organisation in the PRC when making profit in the year.

34. Business combinations - Acquisition of subsidiaries in 2023

On 21 July 2023, the Company's subsidiary, Hangzhou Longkong Zhongguang Enterprise Holding Limited Partnership entered into an equity purchase agreement with shareholders of Zhejiang Zhongguang to acquire 51% equity interest of Zhejiang Zhongguang at a consideration of RMB729,172,000. Zhejiang Zhongguang and its subsidiaries are principally engaged in solar thermal power electricity generation as well as the provision of related technical and consultancy services.

Included in the identifiable assets and liabilities acquired at the date of acquisition are inputs, production processes and an organised workflow. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business.

The acquisition of Zhejiang Zhongguang was aimed at allowing the Group to diversify its customer base and broaden the Group's revenue stream to a high growth segment.

From the date of acquisition to 31 December 2023, Zhejiang Zhongguang contributed revenue of RMB 77,064,000 and net profit of RMB 21,727,000 (including amortisation of identified intangible assets) to the Group's results. If the acquisition had occurred on 1 January 2023, management estimates that Zhejiang Zhongguang's contribution to the Group's revenue and profit for the year would have been RMB 155,748,000 and RMB 55,825,000 respectively. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023.

The Group incurred acquisition-related costs of RMB 3,631,000 on legal fees and due diligence costs. These costs have been included in administrative expenses.

34. Business combinations - Acquisition of subsidiaries in 2023 (continued)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	2023 RMB'000
Property, plant and equipment	15	966,932
Intangible assets	16	188,982
Interest in an associate		4,170
Deferred tax assets		4,711
Financial assets measured at FVPL		2,926
Inventories and other contract costs		998
Trade and other receivables		297,846
Cash		520,513
Pledged deposit		35,000
Trade and other payables		(68,177)
Bank loans		(602,297)
Lease liabilities	26(b)	(1,609)
Deferred tax liabilities	21(b)	(9,926)
Total identifiable net assets		1,340,069

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets required	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique:* The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	*Multi-period excess and relief-from-royalty method*: The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the electric power business licence, by excluding any cash flows related to contributory assets. The relief-from royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned.

The trade receivables comprise gross contractual amounts due of RMB297,846,000, of which RMB nil was expected to be uncollectable at the date of acquisition.

34. Business combinations - Acquisition of subsidiaries in 2023 (continued)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2023
	RMB'000
Consideration paid in cash	726,390
Consideration payable	2,782
Total consideration	729,172
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	657,370
Fair value of identifiable net assets	(1,340,069)
Goodwill	46,473

Effect of the acquisition of subsidiaries on cash flows

Consideration paid in cash	726,390
Less: Cash and cash equivalents of subsidiaries acquired	(520,513)
Cash inflow on acquisition, net of cash and cash equivalents acquired	205,877

The goodwill mainly represents the synergies expected to be achieved from integrating Zhejiang Zhongguang into the Group's existing digital technology and digital security business. None of the goodwill recognised is expected to be deductible for tax purpose.

35. Material related party transactions

(a) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 11 and certain of the highest paid employees as disclosed in Note 12, is as follows:

	2024	2023
	RMB'000	RMB'000
Short-term employee benefits	9,614	8,382
Retirement benefits scheme contributions	1,253	723
	10,867	9,105
Key management personnel compensation Comprised amounts paid to:		
- directors of the Group	3,021	3,232
- other key management personnel	7,846	5,873
	10,867	9,105

Total remuneration is included in "staff costs" (see Note 9(b)).

Transactions with related companies

(i) Significant related party transactions

		Group
	2024	2023
	RMB'000	RMB'000
Transactions with Hengtong Group, Hengtong Optic-Electric and its subsidiaries [1]		
Sale of finished goods	57,774	44,557
Purchases of raw materials	263,941	204,517

35. Material related party transactions (continued)

Transactions with related companies (continued)

(i) Significant related party transactions (continued)

[1] Hengtong Group, Hengtong Optic-Electric and its subsidiaries ("Hengtong Group") is a company which the father of Cui Wei, the non-executive chairman of the Company, is its substantial shareholder. Cui Wei is a substantial shareholder with shareholding of 23.38% of the total issued shares in the Company and has significant influence over the Company.

(ii) Significant related party balances

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Balances with Hengtong Group, Hengtong Optic-Electric and its subsidiaries		
Payments of deposit to	–	800
Trade payables and other payables due to	5,409	22,081

36. Share-based payment transactions

One-off Share Award Plan

The Company adopted the share award scheme ("Share Award Scheme") on 21 October 2024 ("Adoption Date") for the purposes of:

(i) to provide incentives to eligible participants and reward their contributions;

(ii) to retain eligible participants to continuously serve the Group for operation and development of the Group; and

(iii) attract suitable professional and experienced talents for further development of the Group.

The Share Award Scheme is a one-off plan and is funded solely by existing shares of the Company ("Shares") purchased from the market. Eligible participants of the Share Award Scheme include, among others, any person who is a full-time employee of any member of the Group, including but not limited to director, senior management, key operation team member (excluding such person who is (i) resident in a place where the grant, acceptance or vesting of the award pursuant to the Share Award Scheme is not permitted under, or contrary to, the laws and regulations of such place; or (ii) where, in the view of the board of directors of the company or Authorized Person(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person); or (b) Service providers, who are person(s) or entity(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (excluding placing agents, financial advisers, professional service providers such as auditors and valuers).

The Share Award Scheme shall remain valid and effective for the period commencing from the Adoption Date and ending on the trading day immediately before the 10th anniversary of the Adoption Date (the "Scheme Period"). Upon expiration of the Scheme Period or termination of the Share Award Scheme, no further award shares shall be granted. The provision of the Scheme shall in all other respects remain in full force and effect and the awards granted during the Scheme Period but unvested may continue to be valid in accordance with their respective terms of award.

As at the Adoption Date, the Company has 465,600,000 issued Shares.

HENGXIN TECHNOLOGY LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

36. Share-based payment transactions (continued)

Under any circumstances, the maximum number of all award shares, stock options and share awards which may be awarded under the Share Award Scheme or any other share scheme of the Company, shall not exceed 10% of the issued shares of the Company as at the Adoption Date (i.e. 46,560,000 Shares). The maximum number of all award shares, stock options and share awards which may be awarded to service providers shall not in aggregate exceed the sublimit of 5% of the issued Shares as at the Adoption Date (i.e. 23,280,000 Shares). The maximum number of award shares or any share awards or share options which may be granted to a Selected Participant under the Share Award Scheme, or any other share scheme of the Company, in any twelve-month period shall not exceed 1% of the issued share capital of the Company from time to time.

In October 2024, the Company appointed a trustee in connection with the Share Award Scheme (the "Trustee") to assist with the administration and vesting of awards under the Share Award Scheme and the trust deed executed in such connection.

No awards were granted by the Company under the Share Award Scheme since its adoption and up to the date of approval of this set of consolidated financial statements. Accordingly, during the year ended 31 December 2024, based on the Company's instructions, the trustee has purchased a total of 2,326,000 ordinary shares of the Company on the Stock Exchange at prices ranging from HK$1.08 to HK$1.30 per share at a consideration paid by the Company of RMB2,778,000.

aNo awards were vested under the Share Award Scheme.

37. Comparative figures

Certain comparative figures of the consolidated financial statements were re-presented to conform with the current year's presentation.

	Before reclassification RMB'000	Reclassification RMB'000	After reclassification RMB'000	
2023				
Consolidated Statement of Profit or Loss and Other Comprehensive Income				
Interest income	-	22,510	22,510	(i)
Other operating income	54,117	(22,510)	31,607	(i)
Consolidated Statement of Financial Position				
Trade and other payables	455,696	(62,219)	393,477	(ii)
Contract liabilities	-	62,219	62,219	(ii)
2022				
Consolidated Statement of Financial Position				
Trade and other payables	390,741	(40,431)	350,310	(ii)
Contract liabilities	-	40,431	40,431	(ii)

(i) Interest income has been classified separately on the Consolidated Statement of Profit or Loss and Other Comprehensive Income
(ii) Reclassification of contract liabilities from trade and other payables

HENGXIN TECHNOLOGY LTD.
亨鑫科技有限公司*

(carrying on business in Hong Kong as HX Singapore Ltd.)
(incorporated in Republic of Singapore with limited liability)
(Stock Code: 1085)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**AGM**") of Hengxin Technology Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") will be held at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 24 June 2025 (Tuesday) at 11:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report of the Company and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2024 together with the Auditors' Report prepared in accordance to the International Financial Reporting Standards thereon. **(Resolution 1)**

2. To receive and adopt the Directors' Statement of the Company and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2024 together with the Auditors' Report prepared in accordance to the Singapore Financial Reporting Standards (International) and International Financial Reporting Standards thereon. **(Resolution 2)**

3. To re-elect the following Directors of the Company (the "**Directors**") retiring pursuant to the Constitution of the Company:

   Ms. Zhang Zhong (Article 89) **(Resolution 3)**

   Mr. Tao Shunxiao (Article 88) **(Resolution 4)**

   Mr. Zeng Guowei (Article 88) **(Resolution 5)**

   Dr. Li Jun (Article 89) **(Resolution 6)**

   See Explanatory Note (i)

* *For identification purpose only*

4. To approve the payment of Directors' fees and salary of HK3,128,000 for the financial year ending 31 December 2025 (2024: HK$1,758,000 and SGD60,000). **(Resolution 7)**

5. To re-appoint CL Partners CPA Limited as the Hong Kong auditors of the Company to hold office until the next annual general meeting and to authorise the Directors to fix their remuneration. **(Resolution 8)**

6. To re-appoint Nexia Singapore PAC as the Singapore auditors of the Company to hold office until the next annual general meeting and to authorise the Directors to fix their remuneration. **(Resolution 9)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Adoption of the Proposed Share Issue Mandate** **(Resolution 10)**

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**"), the Company's Constitution and the Rules Governing the Listing of Securities (the "**Hong Kong Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**SEHK**"), authority be and is hereby given to the Directors to:

(a) (i) issue or otherwise deal with additional shares (including any sale or transfer of treasury shares in the capital of the Company) in the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

(the "**Proposed Share Issue Mandate**"), provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), otherwise than pursuant to (i) a Rights Issue (as defined in

Explanatory Note (ii) below); or (ii) an issue of Shares upon the exercise of options which may be granted under any share option scheme or under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or any other person of Shares or rights to acquire Shares of the Company; or (iii) any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with the Constitution of the Company; or (iv) a specific authority granted by the Shareholders of the Company in general meeting, shall not exceed the aggregate of twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SEHK) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares and Instruments shall be based on the number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

(c) any subsequent consolidation or subdivision of Shares;

(3) in exercising the Proposed Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Hong Kong Listing Rules for the time being in force (unless such compliance has been waived by the SEHK) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting by ordinary resolution, the Proposed Share Issue Mandate shall continue in force (i) until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier; or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments, whichever is earlier.

See Explanatory Note (ii)

8. **Adoption of the Proposed Share Purchase Mandate** **(Resolution 11)**

That for the purposes of Sections 76C and 76E of the Companies Act, the Directors be and are hereby authorised to make purchases or otherwise acquire issued Shares in the capital of the Company from time to time (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of the AGM) at the price of up to but not exceeding the Maximum Price as defined in paragraph 1.3.4 under Appendix II to the Company's circular dated 2 June 2025 (the "**Circular**"), in accordance with the paragraph entitled "1.3 Authority and limits of the Proposed Share Purchase Mandate" as set out in Appendix II to the Circular, and this mandate shall, unless revoked or varied by the Company in a general meeting by ordinary resolution, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

See Explanatory Note (iii)

By Order of the Board
Hengxin Technology Ltd.
Lin Yubin, Esther/Chan Ting
Joint Company Secretaries

Hong Kong, 2 June 2025

Explanatory Notes:

(i) Ms. Zhang Zhong will, upon re-election, remain as a Non-Executive Director and a member of the Audit Committee of the Company and she will be considered as non-independent.

Mr. Tao Shunxiao will, upon re-election, remain as a Non-Executive Director and a member of the Remuneration Committee of the Company and he will be considered as non-independent.

Mr. Zeng Guowei will, upon re-election, remain as a Non-Executive Director and a member of the Nominating Committee of the Company and he will be considered as non-independent.

Dr. Li Jun will, upon re-election, remain as an Independent Non-Executive Director, the Chairman of the Remuneration Committee of the Company and a member of each of the Audit Committee and Nominating Committee of the Company and he will be considered as independent.

(ii) The Ordinary Resolution 10 above, if passed, will empower the Directors from the date of the AGM until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting by ordinary resolution, whichever is the earlier, to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding the aggregate of twenty per centum (20%) of the issued shares in the capital of the Company as at the date in which the Ordinary Resolution 10 is passed.

For determining the aggregate number of Shares that may be issued, the percentage of issued Shares will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of Shares.

For the purpose of this Resolution,

(a) "**Rights Issue**" means an offer of Shares of the Company or issue of options, warrants or other securities giving the right to subscribe for Shares of the Company, open for a period fixed by the Directors to holders of Shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).

(b) Any reference to a/an issue, grant or offer of, or dealing in, shares of the Company shall include the sale or transfer of treasury shares in the capital of the Company (to, amongst others, satisfy any obligation upon the conversion or exercise of any convertible securities, options, warrants or similar rights to subscribe for shares of the Company) to the extent permitted by, and subject to the provisions of, the Hong Kong Listing Rules and applicable laws and regulations.

Further, in respect of the Resolution 10 above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company or sell or transfer any treasury shares pursuant thereto. Approval is being sought from the shareholders of the Company as a general mandate for the purposes of the Hong Kong Listing Rules.

(iii) The Ordinary Resolution 11 above, if passed, will empower the Directors from the date of the AGM until the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier, to purchase or acquire ordinary Shares of the Company by way of Market Purchases or Off-Market Purchases on an equal access scheme of up to ten per centum (10%) of the total number of issued Shares (excluding treasury shares) at the Maximum Price as defined under paragraph 1.3.4 under Appendix II to the Circular, unless this mandate is varied or revoked by the Company in a general meeting by ordinary resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Proposed Share Purchase Mandate are set out in details in the Circular.

IMPORTANT: Notwithstanding the passing of the Ordinary Resolution Nos. 10 and 11, the Company shall from time to time comply with the relevant requirements under the Hong Kong Listing Rules in relation to issuance of securities, repurchase of Shares and issuance of Shares under the Proposed Share Issue Mandate and/or the Proposed Share Purchase Mandate.

Notes:

1. A member of the Company (the "**Member**") entitled to attend and vote at the AGM is entitled to appoint proxy(ies) to attend and vote in his/her stead. A proxy need not be a Member. Where a Member appoints more than one (1) proxy, the Member shall specify the proportion of his/her Shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

2. In order to be valid, the instrument appointing a proxy, and if the instrument appointing a proxy is signed by an attorney, the letter or power of attorney or a duly certified copy thereof, must be deposited at the Company's Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or at the office of the Company's

Branch Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Shareholders registered in Hong Kong) as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the AGM (or at any adjournment thereof).

3. If the Member is a corporation, the instrument appointing a proxy must be executed under the common seal or the hand of its duly authorised officer or attorney.

4. The Principal Share Registrar and Branch Share Registrar of the Company will be closed from 19 June 2025 (Thursday) to 24 June 2025 (Tuesday) (both days inclusive), during which no transfer of Shares will be registered during the specified period. In order to qualify for attending the AGM, all transfer of Shares accompanied by the relevant share certificate(s) and transfer form(s) must be lodged with the Company's Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or at the office of the Company's Branch Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Shareholders registered in Hong Kong) not later than 4:30 p.m. on 18 June 2025 (Wednesday). Any removal of Shares from the Company's Principal Share Registrar in Singapore to the Branch Share Registrar in Hong Kong for the purpose of attending the AGM shall be made not later than 4:30 p.m. on 11 June 2025 (Wednesday).