HENGXIN TECHNOLOGY LTD

(Stock Code: 1085)

ANNUAL REPORT

2025

CONTENTS

Corporate Profile

Hengxin Technology Ltd. ("**Hengxin Technology**" or the "Company" and together with its subsidiaries, the "**Group**") is one of the leading manufacturers of integrated antennas and feeder cables for mobile communications in the People's Republic of China (the "**PRC**").

During the year ended 31 December 2022, the Company has completed the acquisitions of 51% of equity interest in Nanjing Zhangyu Information Technology Co., Ltd* (南京掌御信息科技有限公司) ("**Nanjing Zhangyu**") and Shanghai Zhangyu Information Technology Co., Ltd.* (上海掌御信息科技有限公司) ("**Shanghai Zhangyu**") (collectively referred to as the "**Zhangyu Companies**"), forming the new digital technology and digital security ("**Digital Technology and Digital Security**") business segment of the Company. During the year ended 31 December 2024, the Company completed the acquisition of the remaining 49% of equity interests in the Zhangyu Companies. To better reflect the Group's business operations and development, the Digital Technology and Digital Security business segment has been renamed to integrated circuits and digital technology ("**Integrated Circuits and Digital Technology**") business segment during the year ended 31 December 2024. The Integrated Circuits and Digital Technology business segment mainly focuses on chips research, design, sales and supply chain services, semiconductor intellectual property authorization business, and digital security products and services.

During the year ended 31 December 2023, the Company has completed the acquisition of the Zhejiang Zhongguang New Energy Technology Co., Ltd. (浙江中光新能源科技有限公司), forming the new energy and services ("**New Energy and Services**") business segment of the Company. The New Energy and Services business segment mainly focuses on 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. Currently, the New Energy and Services business segment owns and operates two tower concentrated solar power ("**CSP**") stations with molten salt energy storage: a 10MW project and a 50MW project, both located in Delingha, Qinghai Province, the PRC.

After the completion of the disposal of the 39% equity interest during the first quarter of 2026, the Company now controls 61% equity interest in Jiangsu Hengxin Technology Co., Ltd. ("**Jiangsu Hengxin**"). Jiangsu Hengxin is based in Yixing City in Jiangsu Province in the PRC, Jiangsu Hengxin now have an aggregate annual production capacity of approximately 168,000 kilometres for RF coaxial cables for mobile communications, 7,860,000 pieces for accessories and 120,000 pieces for antennas.

The Group adopts a strategic regional sales system in the PRC and serves a blue-chip and established customer base comprising major telecommunications operators such as China Mobile, China Tower, China Telecom and China Unicom, as well as major telecommunications equipment manufacturers in the PRC. Outside the PRC, our products are exported to major markets in Europe and Asia. We continue to establish our foothold in the local Indian telecommunication operators through the subsidiary in India since 2010.

Based on the sales volume of RF coaxial cables for the mobile communications sector, we have been one of the leading market players in the PRC in this market segment.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**SEHK**").

PRODUCT PORTFOLIO

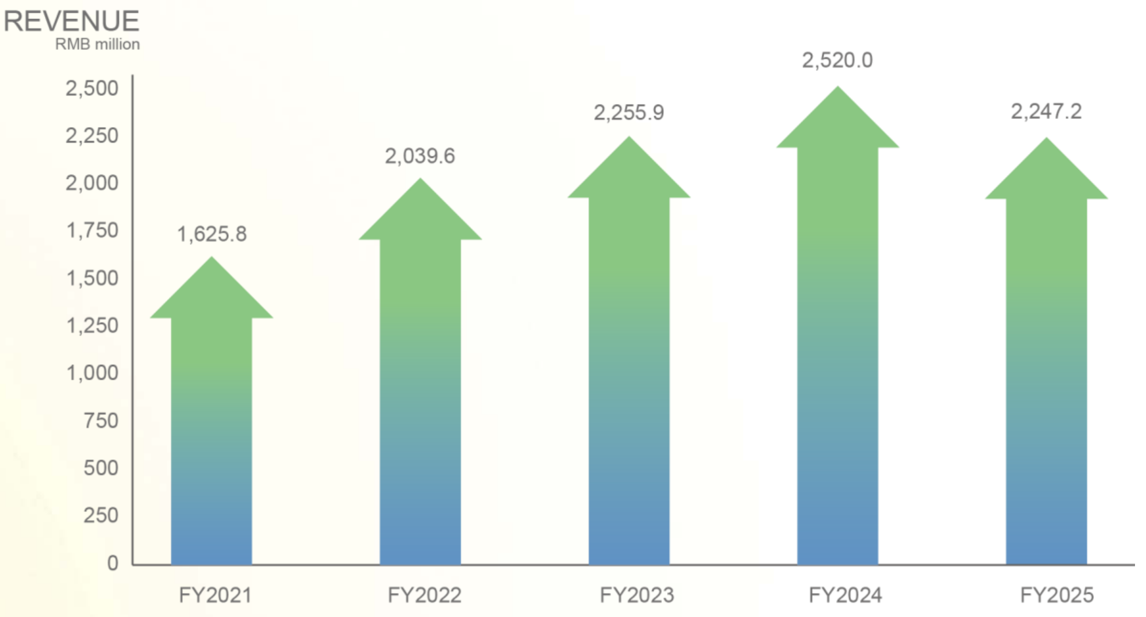
Integrated Circuits and Digital Technology ("**Integrated Circuits and Digital Technology**")	New energy and services ("**New Energy and Services**")	Telecommunications ("**Telecommunications**")
– Chips research, design, sales and supply chain services, semiconductor intellectual property authorization business, and digital security products and services	New energy technology focuses on "CSP", "molten salt energy storage", "operation and maintenance", multi-energy complementarity, and intelligent energy management with specialized "operation and maintenance +" working teams for solar thermal power plants, as well as integrated solutions and devices for molten salt energy storage.	– Transmission of high-frequency signals between antenna and base station equipment in outdoor base station wireless signal coverage system and indoor wireless signal coverage system in buildings – The leaky cables products can be used in radiating high frequency signals to surrounding environment through continuous small antenna elements along the cable in railways, highways, tunnels, underground car parks, elevators and high rise buildings – Transmission of signals within microwave communications systems, radio broadcast wireless systems and air/sea radar systems – Accessories such as connectors and jumper cables for wireless signal coverage systems equipment within base stations – Antennas adopted by telecom operators for use in signal transmission for wireless communications – High temperature resistant cables ("**HTRC**") which are used as part of the raw material components for antennas – Antenna testing services

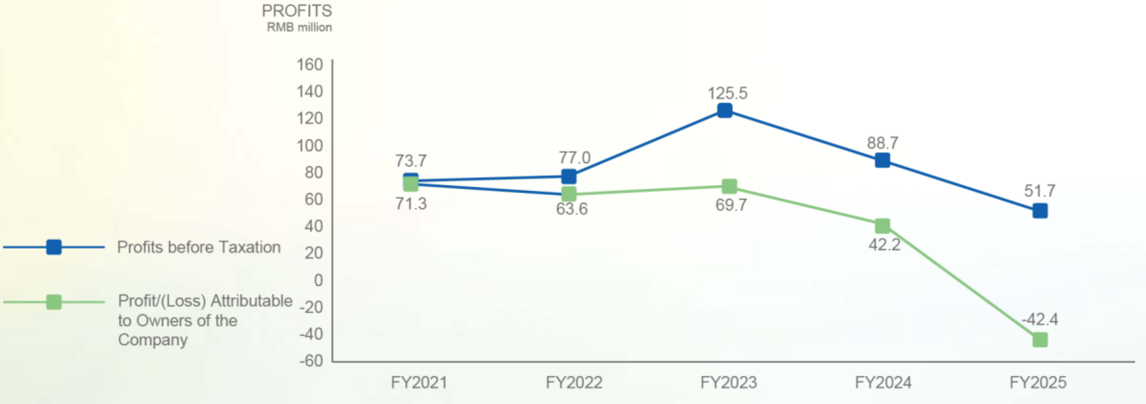
Five-year Financial Summary

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements is set out below.

	Year ended 31 December				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
REVENUE	1,625,775	2,039,583	2,255,903	2,519,987	2,247,199
Cost of sales	(1,329,217)	(1,664,058)	(1,821,205)	(2,052,682)	(1,784,534)
Gross profit	296,558	375,525	434,698	467,305	462,665
Interest income	13,571	14,415	22,510	34,017	25,575
Other operating income	24,356	33,608	31,607	36,048	26,044
Selling and distribution expenses	(103,736)	(118,387)	(107,756)	(131,161)	(122,032)
Administrative expenses	(46,829)	(60,610)	(72,458)	(99,840)	(100,315)
Impairment loss on trade and other receivables	(3,370)	–	(26,615)	(7,042)	(20,366)
Other operating expenses	(99,751)	(155,717)	(125,469)	(159,159)	(162,441)
Interest expense	(7,142)	(11,881)	(30,993)	(51,470)	(57,453)
Share of result of an associate	–	–	8	24	–
Profit before taxation	73,657	76,953	125,532	88,722	51,677
Income tax	(10,733)	(8,871)	(21,357)	(15,399)	(94,180)
Profit/(loss) for the year	62,924	68,082	104,175	73,323	(42,503)
Non-controlling interests	8,379	(4,480)	(34,473)	(31,134)	77
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	71,303	63,602	69,702	42,189	(42,426)
ASSETS AND LIABILITIES					
TOTAL ASSETS	2,477,454	2,542,339	4,247,771	4,666,187	4,926,970
TOTAL LIABILITIES	(690,283)	(653,509)	(1,509,198)	(2,319,095)	(2,619,041)
	1,787,171	1,888,830	2,738,573	2,347,092	2,307,929
NON-CONTROLLING INTERESTS	6,251	(31,716)	(812,864)	(785,215)	(788,750)
NET ASSETS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	1,793,422	1,857,114	1,925,709	1,561,877	1,519,179

Financial Highlights





Financial Ratios and Performance

FINANCIAL PERFORMANCE	UNIT	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	RMB'000	1,625,775	2,039,583	2,255,903	2,519,987	2,247,199
Including: Revenue from regions outside of PRC	*RMB'000*	*194,082*	*167,855*	*115,094*	*166,959*	*83,075*
Proportion of revenue from other regions to total revenue	*%*	*11.9*	*8.2*	*5.1*	*6.6*	*3.7*
Gross profit margin	%	18.2	18.4	19.3	18.5	20.6
Profit before taxation	RMB'000	73,657	76,953	125,532	88,722	51,677
Non-controlling interests	RMB'000	8,379	(4,480)	(34,473)	(31,134)	77
Profit (loss) attributable to equity shareholders of the Company	RMB'000	71,303	63,602	69,702	42,189	(42,426)

FINANCIAL POSITION	UNIT	FY2021	FY2022	FY2023	FY2024	FY2025
Net assets attributable to equity shareholders of the Company	RMB'000	1,793,422	1,857,114	1,925,709	1,561,877	1,519,179

FINANCIAL RATIOS	NOTES	UNIT	FY2021	FY2022	FY2023	FY2024	FY2025
Earnings/(loss) per share (basic)		RMB	0.184	0.164	0.180	0.097	(0.097)
Net asset per share attributable to equity shareholders of the Company		RMB	4.62	4.79	4.96	3.35	3.26
Return on total equity		%	3.5	3.6	3.8	3.1	(1.8)
Debt-to-assets ratio	a	%	28	26	36	50	53
Interest cover ratio	b	times	11.3	7.5	5.1	2.7	1.9
Current ratio	c	times	3.4	3.3	3.9	2.4	2.0

a Debt-to-assets ratio = Total liabilities/total assets
b Interest cover ratio = EBIT/Interest expense
c Current ratio = Current assets/Current liabilities

Chairman's Message

I. ECONOMIC REVIEW FOR 2025

In 2025, the global economy continued its recovery amid multiple uncertainties. Monetary policies in major economies gradually shifted from tightening to stabilization, while adjustments to global supply chains continued to advance. Emerging technologies such as Artificial Intelligence (AI), computing power, advanced communication technologies, and green energy emerged as core drivers of growth. However, geopolitical tensions remained volatile, and trade barriers alongside technological restrictions also had impact on the global industrial landscape, rendering the external environment complex and ever-changing.

Against this backdrop, China's economy maintained a "stable and positive" (穩中向好) development trend. New quality productive forces were taken shape at an accelerated pace, with significant advancements in scientific and technological innovation alongside the green and low-carbon transition, while the resilience of the manufacturing sector continued to strengthen. Policy support in areas such as 5G-A, AI applications, intelligent connectivity, industrial internet, and new energy technologies was steadily increased, creating broader development opportunities for enterprises. 2025 also marked a year of comprehensive deepening for China's "dual carbon" initiatives, with robust growth in new energy installations and high prosperity in areas such as solar thermal, energy storage, and green manufacturing. According to the preliminary data from China's National Bureau of Statistics, China's GDP growth rate reached 5.0% in 2025, and national fixed-asset investment decreased by 3.8% compared to the previous year, of which investments in computer, communication and other electronic equipment manufacturing industries decreased by 3.2% compared to the previous year. The added value of industrial enterprises above the designated size witnessed a growth of 5.9% compared to the previous year, surpassing the growth rate of 5.8% in the previous year by 0.1 percentage point, maintaining a steady growth trend.

Adhere to business transformation and speed up products mix adjustment to enhance market competitiveness

Under this backdrop, the Company adhered to its established strategy, focusing on three core businesses: Integrated Circuits and Digital Technology, New Energy and Services, and Telecommunications. By strengthening innovation-driven development, enhancing operational efficiency, and promoting business synergies, the Company maintained a steady and upward trajectory in overall development. The Chinese government has injected strong impetus into economic growth by enhancing fixed-asset investment, and fostering technological innovation and industrial upgrading. Especially in emerging fields such as 5G, artificial intelligence, and the Internet of Things, the implementation of supportive national policies has opened up vast and promising development horizons for technology enterprises. According to the statistics of the preliminary calculation by the Ministry of Industry and Information Technology of the PRC, the revenue of the telecommunications industry increased by 0.7% in 2025 as compared with that of the previous year, and the total volume of telecommunications services calculated at the price of previous year increased by 9.1% year-on-year. Meanwhile, the Chinese government has continued to promote the "dual carbon" targets, while bolstering its support for strategic emerging industries such as new energy, intelligent manufacturing, and 5G communications, which has brought about broad space for products development under the Company's three core businesses including Integrated Circuits and Digital Technology, New Energy and Services (especially those related to solar thermal power generation), and Telecommunications.

II. BUSINESS REVIEW FOR 2025

In 2025, despite persistent challenges in the external environment, the Company leveraged its stable industrial footprint, robust supply chain system, and continuously enhanced R&D capabilities to further consolidate its industry position of its three core businesses: Integrated Circuits and Digital Technology, New Energy, and Telecommunications, and achieved phased milestones in key areas. The Company continued to actively address various challenges by focusing on its strategic objectives of "innovation-driven and green development" (創新驅動、綠色發展). In 2025, the Company maintained revenue growth. Against the backdrop of business adjustments, the profitability of each business segment was further improved, and the quality of operations continued to enhance, demonstrating strong momentum for sustainable development. Throughout 2025, the Company realized a revenue of approximately RMB2,247.2 million, representing a year-on-year decrease of approximately 10.8%, and a loss attributable to equity shareholders of the Company for the year of approximately RMB42.4 million, compared to a profit of approximately RMB42.2 million in the same period last year. The loss for the year was primarily due to withholding tax paid for the intra-group dividend payment made in the PRC. This was a one-off tax impact and did not affect the operational performance of the core businesses.

Chairman's Message

In July 2024, the Group completed the acquisition of the remaining 49% equity interests in each of Nanjing Zhangyu Information Technology Co., Ltd* (南京掌御信息科技有限公司) ("**Nanjing Zhangyu**"), which mainly engages in chips customization services, semiconductor IP authorization services and supply chain services as well as research and development, production and sales of Internet of Things security chips, and Shanghai Zhangyu Information Technology Co., Ltd.* (上海掌御信息科技有限公司) ("**Shanghai Zhangyu**"), which mainly provides security solutions in the fields of blockchain security applications, digital security services, data security governance and digital asset trading platforms. Prior to the completion of the equity acquisition, Nanjing Zhangyu and Shanghai Zhangyu were subsidiaries of the Company indirectly owned as to 51%. As the decision-making process related to management and operations have been streamlined, the operational efficiency of Nanjing Zhangyu and Shanghai Zhangyu continued to improve in 2025, enabling the Company to more effectively implement its business adjustment objectives and laying a solid foundation for the Company's long-term development.

1. Integrated Circuits and Digital Technology

Data released by the Semiconductor Industry Association (SIA) of the United States of America on 6 February 2026 indicated that the sales of the global semiconductor reached US$791.7 billion in 2025, representing a year-on-year increase of 25.6% compared to US$630.5 billion in 2024. From a regional perspective, annual sales in 2025 showed differentiated performance: Asia Pacific and other regions grew by 45.0%, the Americas by 30.5%, China by 17.3%, Europe by 6.3%, while Japan saw a decline of 4.7%. This round of growth was not a broad-based industry-wide increase but was driven by strong structural trends. Major global cloud providers are making large-scale investments in AI computing infrastructure to train and run large models, which has directly fueled demand for high-end logic chips (such as GPUs) and high-bandwidth memory. After a prolonged downturn, the memory chip market has entered a "super cycle", driven by demand from AI servers. Benefiting from the industry recovery, the Company's revenue from the Integrated Circuits and Digital Technology segment achieved a growth of approximately 8.8%.

For Marketing and Customer Service

The Company deepened collaborative innovation with strategic customers, offering more competitive customized solutions and achieving breakthrough progress in core areas such as intelligent modules, AI terminals, and IoT security. By successfully integrating into the core supply chains of multiple leading customers, the Company continuously optimized its customer concentration and significantly enhanced its brand influence. Concurrently, the Company actively expanded into emerging markets, establishing a presence in fields like edge computing and the consumer economy to lay a foundation for future growth.

For Production and Supply

The Company specializes in the design, development and sales of integrated circuits, while entrusting wafer manufacturing, packaging and testing and other processes to professional wafer manufacturers and packaging and testing manufacturers. By establishing long-term partnerships with global mainstream wafer foundries, the Company ensures a stable supply of raw materials and production capacity. It has developed comprehensive delivery capabilities spanning both mature and advanced processes, enabling in-depth customization of product solutions across multiple processes from 12nm to 0.5μm. The diversified supply chain layout effectively mitigated geopolitical risks, safeguarding the resilience and stability of the supply chain, thereby providing solid support for the Company's results growth.

For Research and Development

The core members of the Company's R&D system are composed of experts with senior semiconductor professional background and extensive industrial experience, which focuses on the development of new products, technologies and processes, as well as the improvement of yield and efficiency. Meanwhile, on the basis of independent innovation, the Company actively strengthens cooperation with external organizations such as scientific research institutes, universities or downstream industry giants to foster a sound mechanism of complementary advantages and synergistic development. During the Reporting Period, the Company has established a Joint Laboratory for Intelligent Security Cryptographic Chips with East China Normal University, for collaborating on applying for national-level research programs, including the National Key Research and Development Program and key projects under the National Natural Science Foundation, as well as major and key research projects issued by Shanghai. As of the end of 2025, the Company had 6 authorized invention patents, 2 integrated circuits layout designs, 67 computer software copyrights, 1 national standard, 1 industry standard, 6 group standards, 4 trademarks and 1 commercial password certificate.

2. ***New Energy and Services***

In 2025, the new energy industry continued to thrive. Solar thermal power plants leveraged their advantages of being "dispatchable and energy-storables" to gain increasing prominence within the new power system. The application scenarios for molten salt energy storage technology expanded rapidly to include industrial steam supply, zero-carbon industrial parks, flexible peak shaving for thermal power plants, and distributed heat storage. In 2025, the national power generation from the industrial enterprises above designated size reached 9,715.9 billion kWh, representing an increase of 2.2% compared to the previous year, with the share of clean energy supply continuously increasing. In 2025, clean electricity from hydropower, nuclear power, wind power and solar power in the industrial enterprises above designated size reached 3,421.3 billion kWh, representing an increase of 8.8% compared to the previous year. This accounted for 35.2% of total power generation from industrial enterprises above the designated size, representing an increase of 2.1 percentage points compared to the previous year. Driven by the “dual carbon” targets, China continued to actively advance the green and low-carbon transformation of its energy sector. The share of coal consumption continued to decline, while the proportion of clean energy consumption steadily climbed, further optimizing the consumption structure. As a vital component of clean energy, solar thermal power generation serves the dual functions of peaking power sources and energy storage. It is an indispensable technology for China in building a new type pf power system and achieving its energy transformation goals, offering vast market potential for the future.

Solar thermal power generation, possessing the dual functions of peak shaving sources and long-duration energy storage, can effectively smooth out the fluctuations in output from renewable energy sources such as wind power and photovoltaic power, making it a crucial pillar for accelerating the development of a new type of power system. At this critical juncture of accelerating China's energy structure toward green and low-carbon energy transition, to bolster the building of a leading energy nation and expedite the development of a new type of power system and promote the large-scale development of solar thermal power generation, the National Development and Reform Commission and the National Energy Administration issued the "Several Opinions on Promoting the Large-scale Development of Concentrated Solar Power" (the "**Opinions**") in December 2025. The Opinions propose that by 2030, China's total installed capacity of solar thermal power generation will strive to reach about 15 million kilowatts. The Opinions also propose measures to cultivate development space, including rationally allocating solar thermal power generation capacity within large-scale energy bases based on demand, constructing a batch of solar thermal power generation-based supporting and regulating new energy power stations, and exploring the establishment of source-grid-load-storage integrated systems with solar thermal power generation as the base power source. These initiatives are expected to drive an average annual growth of nearly 3 million kilowatts for solar thermal power generation, promoting the maturation of the industrial chain and the release of economies of scale through large-scale development, thereby achieving rapid cost reduction.

For Marketing

As a pioneer in the construction, operations and maintenance of domestic molten salt field in China, Zhejiang Zhongguang New Energy Technology Co., Ltd., a subsidiary of the Company, continued to consolidate its industry leading position during the Reporting Period, with the cumulative installed capacity of solar thermal power plant projects undertaken and participated in the operations and maintenance thereof exceeding 1.1GW, making it an important service provider in the global operation and maintenance sector for solar thermal power stations. The Delingha 350MW solar thermal project officially commenced construction in December 2025 and is expected to be put into operation by the end of 2027, which will inject strong growth momentum into the Company. During the year, the operation and maintenance business added benchmark projects such as the Guoneng Gonghe (國能共和) 100MW and Xinjiang Xinhua Bozhou (新疆新華博州) 100MW solar thermal operation and maintenance projects, with its service network continuing to expand.

Leveraging its expertise in molten salt heat storage and exchange technology, while vigorously developing the construction and operations of solar thermal power plants, it also focused on the provision of overall solutions and related products for molten salt energy storage scenarios, such as zero-carbon parks, flexible peak-shaving for thermal power plants, energy-saving and peak-valley arbitrage in steel plants, as well as distributed heat storage. During the Reporting Period, the distributed thermal storage product "Thermal Storage Unit (蓄熱寶)" successfully expanded into the South China market, with the signing of the Guangdong Sanfeng Poultry (廣東三豐禽業) Green Steam Project, which validated the product's applicability in diverse industrial scenarios.

The Company has made significant breakthroughs in its strategic deployment in the new energy storage sector. Its 800MW/1600MWh grid-side independent energy storage project in Binzhou City, Shandong Province has been successfully included in the 2025 list of new energy storage projects of Shandong Province, becoming the largest single project in that batch. Its 200MW/400MWh independent energy storage project in Chengmai City, Hainan Province has obtained approval for its grid connection system plan from Hainan Power Grid, marking a crucial step towards its grid connection and operational commissioning. These projects signify critical policy recognition for the Company's investment strategy in the new energy storage sector, providing initial validation of its strategic direction. In collaboration with the Shouning County government in Fujian Province, the Company has jointly established an "asset-based" digital energy industry platform to explore new models for integrated energy services at the county level. Furthermore, the Company is actively preparing for electricity sales qualifications to be ready for participation in the power trading market.

For Project Construction and Operation and Maintenance

The Company owns two tower-type solar thermal molten salt energy storage power generation projects in Delingha, Qinghai, with capacities of 10MW and 50MW respectively. Qinghai Zhongkong's Delingha 50MW solar thermal power station reached a cumulative power generation of 143 million kWh in 2025, completing its power generation targets in a steady manner for four consecutive years. The 10MW project operated stably after technical upgrades during the Reporting Period, with an annual power generation of 9.76 million kWh, representing a year-on-year increase of 158%.

For Research and Development

The Company adhered to innovation-driven development and continuously improved its R&D system. During the Reporting Period, the Company jointly established a distributed thermal storage joint R&D center with Zhejiang University and successfully incubated Zhejiang Yanrong Energy Storage Technology Co., Ltd. (浙江焱熔儲能技術有限公司). As of 31 December 2025, the Company had 22 authorized invention patents, 29 utility model patents, 5 computer software copyrights and 14 industry standards.

3. *Telecommunications*

In 2025, China's 5G-A (5.5G) construction was in full swing, driving robust growth in demand for high-performance antennas, leaky cables, and high-frequency transmission modules. Smart cities, railway communications, industrial internet, and emerging overseas markets further bolstered industry demand. With the deepening coverage of 5G network construction, the total number of 5G base stations nationwide amounted to approximately 4.838 million in 2025, representing an increase of over 580,000 stations from the approximately 4.251 million stations at the end of 2024.

In 2025, the Company further consolidated its market position in the fields such as telecommunications, radio and television and safety monitoring by continuously leveraging its leading technological advantages and stable product quality. At the same time, the Company has increased its R&D investment in high frequency and high-speed transmission technology, and launched a variety of innovative products, which garnered high recognition from customers.

For Marketing

The Company achieved further outstanding results in centralized procurement projects of China Mobile, China Tower, and major telecommunications equipment suppliers, continuing to solidify the leading position of its core products in the centralized procurement market. Specifically, in terms of radio frequency ("**RF**") products centralized procurement, the Company successfully won the bid for China Tower's 2025-2026 centralized procurement project for leaky cables and accessories, securing the top position. In terms of antenna products centralized procurement, the Company won the bid with the excellent result of ranking first in its inaugural participation in China Mobile's 2025-2026 lens antenna products centralized procurement project. Additionally, it won the bid with the excellent result of ranking second in China Telecom's inaugural green base station antenna (2025) centralized procurement project. The cumulative bid amount of centralized procurement projects in 2025 reached approximately RMB1,310.55 million in total. This series of successful bids effectively ensured the Company's efficient production and operations at near full capacity for a considerable period of time, laying a solid foundation for the smooth achievement of annual results targets.

In 2025, the global mobile communications market exhibited the overall characteristics of "deepening technology, slowing growth, and structural divergence" (技術深化、增長放緩、結構分化). Against a backdrop of overall market pressure and sluggish demand in certain regions, the Company's overseas business demonstrated strong resilience and strategic steadfastness. Despite challenges including geopolitical volatility, fiscal tightening in some countries, and operators' cautious capital expenditure, the Company's overseas revenue for the full year basically remained flat as compared with the last year by deepening its presence in key markets, optimizing product portfolios, and enhancing localized services. Overseas business achieved sustained breakthroughs in emerging markets like the Middle East and Southeast Asia, with comprehensive solutions for wireless signal transmission products including base stations and indoor distribution systems successfully delivered for multiple national-level projects. Moving forward, the Company will leverage its established global customer base and certification systems to further advance the transition from "product export" (產品出海) to "capability export" (能力出海), laying a solid foundation for the high-quality and sustainable growth of its overseas business.

For Research and Development

In 2025, the Company continued to advance R&D in new products and technologies. The Company continuously expanded pilot deployments and enhanced the product portfolio of its HPLAS low-loss flexible series products, securing multiple pilot application cases. The components and modules achieved automated assembly line switching, and the automated production line for U-shaped jumpers was established and put into operation. The product series for high-end test-grade products was continuously enriched. Cable-free solutions adopted in green antenna products for China Telecom and China Unicom, as well as in China Mobile's high-speed railway green antennas, established technical advantages, effectively enhancing product manufacturability and stability. In 2025, the Company secured 22 invention patent authorizations and 3 international patents, and was honored with the second prize of Science and Technology Award of China Institute of Communications. Throughout the year, the Company undertook 20 R&D projects, with the sales revenue of new products amounted to more than RMB705 million.

III. CHINA'S ECONOMIC SITUATION AND INDUSTRY OPPORTUNITIES

The year 2025 marks a year of profound global economic adjustments and accelerated evolution in the geopolitical landscape, while also serving as a pivotal year of planning for the "15th Five-Year" Plan of China. In the face of a complex macroeconomic environment, the Chinese government has led the development of a modern industrial system through technological innovation, placing the "development of new quality productive forces" at the core of its strategic agenda. Continued policy support and resource allocation toward strategic emerging industries and future-oriented sectors delivered historic opportunities for the transformation and upgrading of high-end manufacturing industry. The industries in which the Company operates, namely integrated circuits and digital technology, new energy and services, and telecommunications, etc., are not only national strategic priorities but also quintessential examples of new quality productive forces (新質生產力). Amidst both opportunities and challenges, these sectors are entering a new phase of structural growth.

1. Integrated Circuits and Digital Technology

In 2025, the global semiconductor market entered a new round of expansion cycle driven by the strong support of generative artificial intelligence. According to the latest global semiconductor market forecast released by the World Semiconductor Trade Statistics (WSTS) on 2 December 2025, global semiconductor revenue is expected to increase by 22.5% year-on-year to US$772 billion in 2025, and will further grow by 26.3% in 2026, approaching the US$1 trillion mark, reaching US$975 billion. Artificial intelligence (AI) is fully penetrating from the cloud to edge and terminals, driving explosive growth in demand for chips supporting intelligent computing, high-speed interconnection, advanced storage, etc. Meanwhile, the urgency of global supply chain security and technological self-reliance and control has been further highlighted, with China ramping up policy support and industrial investment in this field. The accelerated commercialization of 5G-A, the surge in Internet of Things (IoT) device connections, and the innovation of intelligent vehicle electronic architectures together constitute the core growth drivers of the integrated circuit industry in the next twelve months.

Chairman's Message

In response to this situation, the Group will adopt a strategy that balances both offense and defense, with autonomy and coordination. On the one hand, the Group will steadfastly uphold technological R&D as its lifeline and extend its advanced packaging production capabilities downstream based on the large-scale demand for high-computing power chips from its computing power centers business. The Group have initiated the self-built planning for our FCBGA (Flip-Chip Ball Grid Array) packaging production line, possessing the capability to independently complete the implementation and operation of the production line setup, thereby achieving a synergistic closed-loop of "chip design + packaging manufacturing" (芯片設計+封裝製造). On the other hand, the Group will strive to build a more resilient and efficient domestic supply chain system by ensuring the stable supply of critical materials and equipment through strategic investments, long-term agreements, and technical collaborations. The Group will deepen joint R&D efforts with leading research institutions and key clients both domestically and internationally, aiming to achieve mass production and market introduction of several critical self-developed chips by 2026, and positioning the integrated circuits and digital technology business as the primary driver of the Group's high-quality growth.

2. *New Energy and Services*

Energy security and green transition have become a global consensus. In December 2025, the National Development and Reform Commission and the National Energy Administration issued the "Several Opinions on Promoting the Large-Scale Development of Concentrated Solar Power (CSP)" (《關於促進光熱發電規模化發展的若干意見》), proposing that by 2030, the total installed capacity of CSP will strive to reach about 15 million kilowatts, and the levelized cost of electricity (LCOE) will be basically equivalent to that of coal-fired power; technologies will achieve international leadership and complete independent controllability, and the industry will realize independent marketization and industrialization development. This systematic and programmatic new industrial policy marks a new era for the development of CSP industry during the "15th Five-Year" Plan period. Unlike the intermittent nature of photovoltaic and wind power, CSP leverages its built-in energy storage (molten salt heat storage) system to deliver stable, dispatchable electricity output, serving as a "ballast stone" in building the new power system. According to industry analysis, the compound annual growth rate of global CSP installed capacity is expected to exceed 20% by 2026. Large-scale integrated energy base projects in the western areas of China and countries along the Belt and Road Initiative, such as those in Middle East and North Africa, are set to enter a phase of intensive development.

The Group will seize this strategic high ground through a dual-drive strategy of "technological leadership + system integration" (技術領先+系統集成). The Group will not only continuously optimize the efficiency of tower-mounted collectors and innovate low-melting-point, high-heat-storage-density molten salt formulations, but also focus on breakthroughs in "CSP+" coupling technologies. These include multi-energy complementarity with photovoltaic and wind power, as well as system integration with long-duration energy storage (such as compressed air energy storage), delivering round-the-clock clean energy solutions to customers. On the service front, the Group will fully deploy an smart energy operation platform powered by AI predictive maintenance and digital twin technology, achieving optimized energy efficiency and minimized operation and maintenance costs throughout the entire lifecycle of power plants. The Group anticipates that its new energy and services business will contribute a more significant share of revenue and profit by 2026, serving as a vital carrier of the Group's green brand value.

3. *Telecommunications*

The year 2025 marks a pivotal phase in the generational evolution of communication technology. 5G network construction has entered the "second half" characterized by deep coverage and application incubation, while the commercial deployment of 5G-Advanced (5G-A) and the comprehensive advancement in 6G standard research were redefining industry boundaries and growth trajectories. Market demand was polarized: on one hand, there was a demand for upgrades driven by 4G/5G converged network optimization and coverage in specialized scenarios such as oceans, mines, and high-speed railways; on the other hand, emerging scenarios like the low-altitude economy (UAV communications), satellite internet, holographic communications, and the industrial internet generated incremental revolutionary demand for high-frequency, high-bandwidth, low-latency, and highly reliable connectivity.

In response, the Group has initiated a strategic transformation centered on "Ground Deepening, Space-Air Breakthrough". In our traditional areas of strength, the Group will continue to solidify our leadership in the high-performance RF coaxial cable and integrated base station antenna markets through product intelligence and materials innovation, while vigorously expanding into non-operator private network markets. In future-oriented tracks, the Group will strategically increase investment to accelerate the productization of key technologies for space–air–ground integrated communications. This includes intelligent beamforming antennas for low-altitude communication networks, Ka/Q/V-band millimeter-wave phased array antenna modules for satellite internet, and preliminary research on terahertz communication technologies aligned with the 6G vision. Our goal is to cultivate emerging businesses into a major growth driver for the telecommunications segment by 2026 and complete a pivotal leap from a communications equipment supplier to a "provider of all-domain connectivity solutions".

For Production and Supply

In 2025, the Company deeply advanced its automation upgrades and transformations in alignment with its "Intelligent Manufacturing + Digitalization" (智能製造+數字化) strategy. Through production line automation and system integration, the Company achieved a significant leap in production efficiency. Refined management based on data collection and analysis effectively reduced energy consumption costs, with key quality indicators steadily improving. In 2026, the Company will implement a "strategy-driven, lean and efficient" (戰略導向、精益高效) approach, focusing on the "Intelligent, Information-based and Lean" (智能化、信息化、精益化) strategy. By standardizing core processes and upgrading digital platforms, the Company will introduce AI technology to enhance data analysis, facilitating a transition from experience-based to data-driven decision-making. Concurrently, the Company will deepen the integration of manufacturing and R&D to comprehensively elevate efficiency, quality and competitiveness, with lean operations system serving as a powerful support for the Company's high-quality development and business growth.

IV. OUTLOOK AND STRATEGIC FOCUS FOR 2026

Looking ahead to 2026, global technological competition and industrial chain restructuring will continue to intensify, with uncertainties persisting. However, the logic of growth driven by technological innovation has become even clearer. The Group remains confident in the resilience of China's economy and in its own strategic positioning. The Group will focus on the following core priorities to secure the initiative in the new round of industrial transformation:

1. Strategic Focus and Resource Allocation: The Group will strictly adhere to the principle of "Dos and Don'ts", prioritizing R&D resources and capital expenditure toward three strategically decisive areas, i.e. AI computing power chips, CSP coupling systems, and space–air–ground integrated communications, so as to ensure the establishment of differentiated technical barriers.

2. Global Operations and Risk Hedging: While deepening our presence in the domestic market, the Group will accelerate the implementation of the "Overseas Localization 2.0" strategy. In key regions, the Group will establish integrated bases for R&D, production, sales, and services to mitigate geopolitical risks and stay closer to end markets.

3. Organizational Agility and Talent Advancement: The Group will initiate organizational restructuring to build future-ready, flat, platform-based, and project-driven agile teams. Through the implementation of "Future Leadership Talent Program", the Group will recruit and cultivate scientists and engineers with cross-disciplinary innovation capabilities on a global scale, thereby building a sustainable core talent advantage.

4. ESG and Sustainable Value Creation: The Group will embed the principles of Environmental, Social, and Governance (ESG) deeply into business decision-making and operations. Beyond pursuing green operations ourselves, the Group aims to empower our customers and society to achieve low-carbon transformation through our products and technologies, creating lasting social value.

In summary, 2026 will be a critical year for testing the Group's strategic resolve and execution efficiency. The Group will maintain strategic clarity, uphold long-termism, and leverage technological innovation as our spear and risk management as our shield. Amid turbulent market conditions, the Group will seize structural opportunities and go all out to deliver steadily growing long-term value for our shareholders, customers and society, advancing toward a new stage of higher-quality development.

V. ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to extend my heartfelt thanks to all employees, shareholders, customers, partners and friends from all walks of life! It is your trust and support that have enabled the Company to move forward in a challenging environment. In 2026, the Company will continue to seize opportunities and meet challenges with unwavering determination and a pragmatic attitude to create greater value for its shareholders and contribute more integrated circuits and digital technology, green energy, and telecommunications solutions to the society.

RESEARCH AND DEVELOPMENT


5G

Management Discussion and Analysis

(I) MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated Statement of Profit or Loss

Material fluctuations of the consolidated statement of profit or loss items are explained below:

Revenue

The Group's revenue for the financial year ended 31 December 2025 ("FY2025" or the "Reporting Period") decreased by approximately RMB272.8 million, or approximately 10.8% from approximately RMB2,520.0 million in the previous financial year ended 31 December 2024 ("FY2024") to approximately RMB2,247.2 million in FY2025.

The reason for the decrease in revenue for FY2025 comparing FY2024 is due to the fierce market competition of the Telecommunications business segment. The revenue of the Telecommunications business segment decreased by approximately RMB320.8 million or 15.3% from FY2024's approximately RMB2,095.7 million to approximately RMB1,774.9 million for FY2025. On the other hand, revenue generated from the New Energy and Services business segment in FY2025 was approximately RMB205.2 million, representing an increase of approximately RMB19.2 million or 10.3% from previous year's approximately RMB186.0 million. Such increase is mainly attributed to the increase in revenue from solar thermal power generation and provision of operations and maintenance services from Zhejiang Zhongguang New Energy Technology Co., Ltd. and its subsidiaries ("Zhongguang New Energy"). The revenue from the Integrated Circuits and Digital Technology business segment increased by approximately RMB28.8 million or 12.1% from FY2024's approximately RMB238.3 million to FY2025's approximately RMB267.1 million.

Integrated Circuits and Digital Technology

During FY2025, Nanjing Zhangyu Information Technology Co., Ltd. ("Nanjing Zhangyu") and Shanghai Zhangyu Information Technology Co., Ltd. ("Shanghai Zhangyu") (collectively, the "Zhangyu Companies") have recorded revenue of approximately RMB267.1 million (representing an increase of approximately RMB28.8 million or 12.1% from approximately RMB238.3 million during FY2024), of which revenue from (i) design services was approximately RMB84.6 million (FY2024: approximately RMB58.7 million); (ii) tape-out service was approximately RMB92.4 million (FY2024: approximately RMB102.1 million); and (iii) digital technology, cloud computing and services were approximately RMB90.1 million (FY2024: approximately RMB77.5 million).

New Energy and Services

In FY2025, Zhongguang New Energy have recorded revenue of approximately RMB151.6 million (FY2024: RMB144.2 million) from the sales of solar power from the business segment's 50MW and 10MW power generating facilities. In FY2025, the 50MW power plant has operated 4,973 hours (representing an increase of approximately 1.2% year-on-year) and generated 143.04 MkWh of electricity (representing an increase of approximately 2.1% year-on-year), of which the grid-connected power generated was 140.24 MkWh (representing a decrease of approximately 1.4% year-on-year). The revenue in FY2025 also included revenue from the operation and maintenance ("O&M") and others of approximately RMB53.6 million (FY2024: RMB41.8 million). The development of the O&M business will not only enrich the income base of the New Energy and Services business segment, but also create a sustainable and stable stream of revenue to the Group. The New Energy and Services business segment has witnessed a steady growth, with the increased effort of the Group to deepen its development in O&M and provision of other services, the New Energy and Services business segment will provide the Group with solid and stable income to fuel its future development plan.

Telecommunications

As mentioned above, the market competition faced by the Telecommunications business segment in FY2025 was unprecedented. Revenue decreased by approximately RMB320.8 million or 15.3% from FY2024's approximately RMB2,095.7 million to approximately RMB1,774.9 million for FY2025. Despite the Group's increased effort on market exploration with more competitive pricing strategy and broadening its products mix width, all products have recorded significant decrease in revenue, of which RC coaxial cables and antennas were the most affected products in FY2025.

Gross profit margin

The Group achieved an overall gross profit margin of approximately 20.6% for FY2025 compared to approximately 18.5% for FY2024, representing an increase of approximately 2.1 percentage points year-on-year. By separating the Integrated Circuits and Digital Technology business segment and New Energy and Service business segment, the rest of the Telecommunications business segment achieved a combined gross profit margin of approximately 16.0% during FY2025, representing an increase of approximately 1.7 percentage points from the previous year's gross profit margin of approximately 14.3%. The enhancement in Telecommunications business segment's gross profit margin is mainly due to the Company's continued effort on implementing efficient production materials usage and stringent costs control measures.

Although gross profit margin has recorded a slight year-on-year increase, the decrease in revenue has offset the effect from the increase in gross profit margin. The Group's gross profit for FY2025 was approximately RMB462.7 million, representing a slight decrease of approximately RMB4.6 million or 1.0% from FY2024's approximately RMB467.3 million.

Gross profit contribution for the Telecommunications business segment in FY2025 has recorded a year-on-year slight decrease of approximately RMB16.4 million or 5.5% from FY2024's RMB300.1 million to FY2025's RMB283.7 million.

The Integrated Circuits and Digital Technology business segment has achieved a gross profit margin of approximately 32.2% during FY2025 (approximately 31.8% during FY2024), representing an increase of approximately 0.4 percentage point year-on-year. Due to the nature of digital technology, cloud computing and services businesses, gross profit margins are generally higher than the Telecommunications business segment. Because of the change in products mix in FY2025 comparing FY2024, the Integrated Circuits and Digital Technology business segment has recorded an increase in gross profit margin and gross profit contribution in FY2025 was approximately RMB85.4 million, representing an increase of approximately RMB9.7 million or approximately 12.8% from FY2024's approximately RMB75.7 million.

During FY2025, the New Energy and Service business segment has achieved a gross profit margin of 45.2% (approximately 49.2% for FY2024), representing a decrease of approximately 4.0 percentage points year-on-year. The decrease in the gross profit margin for the New Energy and Services business segment is because during FY2025, additional costs were incurred to develop the O&M business, therefore lowering the overall gross profit margin of the business segment. As the Telecommunications business segment has recorded an increase in gross profit margin year-on-year, such increase together with the year-on-year increase in gross profit margin of the Integrated Circuits and Digital Technology and New Energy and Services business segments, the Group recorded a slight increase in the combined gross profit margin year-on-year.

In order to further improve the Group's gross profit margin, the Group will enhance product profitability by increasing investment in new product research and development and the application of new technologies and the development of high value-added services. On the other hand, the Group will continue to promote intelligent, information-based and lean development. In addition to micro-innovation and micro operating activities, the Group will also continue to improve output efficiency, reduce labor and materials consumption, control procurement costs and strengthen inventory management, thereby breaking through the bottleneck of costs improvement and maintaining an appropriate gross profit margin to cope with market competition pressure. With the growing importance of using low cost, safe, green and renewable energy in the Chinese mainland market and the growing demand on integrated circuits and digital technology with the intense competition among international industry players in advancing artificial intelligence and related frontier technologies, the Group envisages that the further development of the two new business segments, the Integrated Circuits and Digital Technology and New Energy and Services business segments will further contribute to the sustainable long term development and profitability of the Group.

Other operating income

Other operating income decreased by approximately RMB10.0 million or approximately 27.8% from approximately RMB36.0 million in FY2024 to approximately RMB26.0 million in FY2025. The decrease is primarily due to:

(i) a decrease in government grants and subsidies of approximately RMB5.0 million;

(ii) an increase in net gain on financial assets measured at FVPL of approximately RMB2.2 million; and

(iii) a decrease in net gain on commodity future contracts relating to the purchase of raw materials of the Telecommunications business segment of approximately RMB4.2 million.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB9.1 million or approximately 7.0% from approximately RMB131.2 million in FY2024 to approximately RMB122.0 million in FY2025. The decrease is due to the decrease in revenue of the Group and in particular, the significant decrease in transportation costs of the Telecommunications business segment.

Administrative expenses

Administrative expenses increased slightly by approximately RMB0.5 million or approximately 0.5% from approximately RMB99.8 million in FY2024 to approximately RMB100.3 million in FY2025. No significant fluctuation was noted.

Impairment loss on trade and other receivables

The impairment loss on trade and other receivables for FY2025 is approximately RMB20.4 million (FY2024: impairment loss of approximately RMB7.0 million). The increase in the impairment loss on trade and other receivables is mainly due to the additional impairment loss made for the long outstanding trade receivables relating to the state-owned telecommunication enterprises in the PRC of the Telecommunications business segment.

Other operating expenses

Other operating expenses increased by approximately RMB3.2 million or approximately 2.0% from approximately RMB159.2 million in FY2024 to approximately RMB162.4 million in FY2025. Such change is mainly due to:

(i) the increase in research and development ("R&D") expenses by approximately RMB10.8 million or approximately 7.3% year-on-year from FY2024's approximately RMB148.3 million to approximately RMB159.1 million in FY2025. During FY2025, approximately RMB135.2 million (representing an increase of approximately RMB16.3 million or 13.7% year-on-year) of R&D is attributable to the continuing R&D activities undertaken for the modifications and improvements to the Group's telecommunications products during FY2025; approximately RMB18.5 million is due to the R&D undertaken by the Zhangyu Companies during FY2025; and approximately RMB5.4 million is due to the R&D undertaken by Zhongguang New Energy during the FY2025; and

(ii) the decrease in the loss on write-off/disposals of property, plant and equipment from last year's approximately RMB9.1 million to approximately RMB0.2 million in FY2025, representing a decrease of approximately RMB8.9 million.

Interest expense

Interest expense increased by approximately RMB6.0 million or approximately 11.7% from approximately RMB51.5 million in FY2024 to approximately RMB57.5 million in FY2025, which is mainly due to the year-on-year increase in average outstanding interest-bearing borrowings in FY2025.

Profit before taxation

Profit before taxation decreased by approximately RMB37.0 million or approximately 41.7% from approximately RMB88.7 million in FY2024 to approximately RMB51.7 million in FY2025.

Income tax

The Group's main subsidiaries, Jiangsu Hengxin Technology Co., Ltd. ("Jiangsu Hengxin"), Zhangyu Companies and the subsidiary of Zhongguang New Energy, Qinghai Zhongkong Solar Power Co., Ltd., have been subject to an incentive tax rate of 15% in FY2025 as they qualify as a high-tech enterprise in the PRC. Income tax expense increased by approximately RMB78.8 million or approximately 511.6% from approximately RMB15.4 million in FY2024 to approximately RMB94.2 million in FY2025. The increase is mainly due to the increase in withholding tax paid for the intra-group dividend payment made in the PRC during the first half of FY2025.

Profit Attributable to Owners of the Company

In view of the above, after taking into account of the effect of non-controlling interests, the Group recorded a loss attributable to owners of the Company of approximately RMB42.4 million comparing the profit attributable to owners of the Company of approximately RMB42.2 million for FY2024.

Consolidated Statement of Financial Position

Material fluctuations of the consolidated statement of financial position items are explained below:

Intangible assets

Intangible assets amounted to approximately RMB209.6 million as at 31 December 2025 (as at 31 December 2024: RMB227.5 million), representing a decrease of approximately RMB17.9 million or approximately 7.9% and mainly represent customer relationship, patents, intellectual property resources and licence. The decrease is mainly due to the amortisation during FY2025.

Goodwill

As at 31 December 2025, goodwill amounted to approximately RMB201.6 million (as at 31 December 2024: RMB201.6 million), of which RMB155.1 million was due to the acquisition of the Zhangyu Companies during the year ended 31 December 2022 and RMB46.5 million was due to the acquisition of Zhongguang New Energy during the year ended 31 December 2023 Based on the independent valuation performed by an external valuation firm engaged by the Group, no impairment on goodwill was required for FY2025.

Inventories and other contract costs

Inventories and other contract costs (comprising raw materials, work-in-progress, finished goods and other contract costs) decreased by approximately RMB29.0 million or approximately 12.8% from approximately RMB227.2 million as at 31 December 2024 to approximately RMB198.2 million as at 31 December 2025. The decrease was mainly due to the decrease in finished goods for the Telecommunications business segment because during the year ended 31 December 2024, there were significant amounts of goods-in-transit close to the year end date.

Trade and other receivables

(i) Net trade and bills receivables decreased by approximately RMB350.8 million or approximately 27.1% from approximately RMB1,295.8 million as at 31 December 2024 to approximately RMB945.0 million as at 31 December 2025. The decrease is mainly due to the decrease in the revenue during FY2025.

As at 31 December 2025, based on the invoice date and net of allowance for impairment, approximately 70.6% of the net trade and bills receivables are within 6 months as compared with that of approximately 73.9% as at 31 December 2024. For long aged net trade and bills receivables, as at 31 December 2025, approximately 8.1% were over two years (as compared with 5.8% as at 31 December 2024).

(ii) Net other receivables increased by approximately RMB530.4 million or approximately 521.0% from approximately RMB101.8 million as at 31 December 2024 to approximately RMB632.2 million as at 31 December 2025. The increase was mainly due to the prepayments made by the Company to certain purchasing agents in the Chinese Mainland in connection with the proposed acquisition of property, plant and equipment for the new energy and services business segment of the Company and related agency services (the “Proposed Transaction”) for an energy storage project in Chinese Mainland. The prepaid amounts are refundable in full should the Proposed Transaction not proceed. If the Proposed Transaction is completed, the prepaid amounts will be applied by the purchasing agents towards the property, plant and equipment purchase price and agency service fees, with the service fees portion to be finalized upon completion of the Proposed Transaction.

Trade and other payables

(i) Trade payables decreased by approximately RMB165.9 million or approximately 26.2% from approximately RMB634.0 million as at 31 December 2024 to approximately RMB468.1 million as at 31 December 2025.

The decrease in trade payables is mainly due to the decrease in the Group's purchases for the Telecommunications business segment amid the decrease in revenue during FY2025 comparing the previous year.

(ii) Other payables recorded an increase of approximately RMB12.1 million or approximately 11.4% from approximately RMB106.1 million as at 31 December 2024 to approximately RMB118.2 million as at 31 December 2025. The increase is mainly due to (i) the increase in tender deposits of approximately RMB16.4 million; and (ii) the decrease in VAT and other taxes payable by approximately RMB2.7 million.

Current bank loans and non-current bank loans

The current and non-current bank loans as at 31 December 2025 amounted to approximately RMB1,895.1 million (as at 31 December 2024: approximately RMB1,498.0 million). The increase in total current and non-current bank loans is mainly due to the new unsecured bank loans in FY2025 to support the business development of the Company's New Energy and Services business segment.

(II) MAJOR OPERATING SUBSIDIARIES

The major operating subsidiaries of the Company are Jiangsu Hengxin, Jiangsu Hengxin Wireless Technology Co., Ltd, Hengxin Technology (India) Pvt Ltd, Hengxin Technology International Co., Limited, HODL PCC Limited, Jiangsu Hengxin Zhonglian Communication Technology Co., Ltd., Hengxin Metaverse Limited, Xin Ke Xin (Suzhou) Technology Co., Ltd., Yixing Tianyue Enterprise Management Consulting Partnership (Limited Partnership), Nanjing Zhangyu Information Technology Co., Ltd., Shanghai Zhangyu Information Technology Co., Ltd., Wuxi Sihai Technology Co., Ltd., Shanghai Zhangyu Semiconductor Co., Ltd., Hangzhou Longkong Zhongguang Enterprise Holding Enterprise Partnership (Limited Partnership), Zhejiang Zhongguang New Energy Technology Co., Ltd., Zhongguang (Qinghai) New Energy Science Technology Co. Ltd., Heli (Qinghai) Operation And Maintenance Technology Co., Ltd., Qinghai Zhongkong Solar Power Co., Ltd., (青海中控太陽能發電有限公司) and Qinghai Zhongkong Solar Power Co., Ltd. (青海眾控太陽能發電有限公司).

(III) FOREIGN CURRENCY EXPOSURE

Renminbi ("RMB") is the functional currency of the Group. Currencies other than RMB expose the Group to foreign currency risk. The Group has foreign currency sales and its revenue and costs are denominated in RMB, India Rupees ("INR") and United States dollars ("USD"). Some of the Group's bank balances are denominated in USD, Singapore dollars ("SGD"), Hong Kong dollars ("HKD") and INR, whilst some costs may be denominated in HKD, SGD and INR. The Group has implemented a hedging policy to strike a balance between the uncertainty and the risk of opportunity loss in light of the growing significance of its exposure to the fluctuations in foreign currency, under which policy foreign exchange forward contracts may be used to eliminate the currency exposure. The Group has entered into certain forward contracts as at the end of the Reporting Period on hedging the expected fluctuations of the exchange rate of USD and will continue to monitor foreign exchange exposure and consider hedging other significant foreign currency exposure should the need arise.

(IV) DONATION AND CAPITAL COMMITMENTS

As at 31 December 2025, the capital commitments of the Group in respect of the purchase of property, plant and equipment were nil (31 December 2024: approximately RMB914,000).

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 organization in the PRC when making profit in the year. As at 31 December 2025, the donation commitment was nil (31 December 2024: approximately RMB1,000,000).

(V) CHARGE OR PLEDGE OF ASSETS

As at 31 December 2025, deposits amounting to approximately RMB576,757,000 (2024: RMB403,659,000) were 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 1.2% (2024: 1.46%) per annum and for a tenure of approximately 4 to 60 months (2024: 4 to 60 months). Remaining pledged deposits is pertaining to the security deposit for the commodity future contracts entered to hedge the purchase of raw materials during the year.

As at 31 December 2025, certain deposits amounting to approximately RMB335,000,000 (2024: RMB35,000,000), electric generating facilities amounting to approximately RMB756,607,000 (2024: RMB790,562,000) and certain trade and bills receivables relating to income receipts right from the sales of electricity amounting to approximately RMB286,228,000 (2024: RMB277,050,000) were pledged to banks for secured bank loans and banking facilities at an interest rate of 2.6% - 3.65% (2024: 2.40% - 4.25%) per annum. Pledged bank deposits bear interest at an average effective interest rates at 3.00% (2024: 3.00%) per annum and for 25 to 48 months (2024: 25 months). The pledged deposits will be released by the expiry of relevant banking facilities.

(VI) LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group's total assets were approximately RMB4,926,970,000 (2024: RMB4,666,187,000) (of which current assets were approximately RMB2,798,547,000 (2024: approximately RMB2,928,291,000) and non-current assets were approximately RMB2,128,423,000 (2024: approximately RMB1,737,896,000)), the total liabilities were approximately RMB2,619,041,000 (2024: approximately RMB2,319,095,000) (of which current liabilities were approximately RMB1,419,907,000 (2024: approximately RMB1,229,692,000) and non-current liabilities were approximately RMB1,199,134,000 (2024: approximately RMB1,089,403,000)), and shareholder's equity attributable to owners of the Company reached approximately RMB1,519,179,000 (2024: approximately RMB1,561,877,000). As at 31 December 2025, the Group's total cash, time deposits and pledged deposits were approximately RMB1,444,308,000 (31 December 2024: approximately RMB1,455,212,000). As at 31 December 2025, the Group has current bank loans due within one year of approximately RMB759,233,000 (2024: approximately RMB424,602,000) carrying fixed interest rates and non-current bank loans of approximately RMB1,135,883,000 (31 December 2024: approximately RMB1,073,417,000) carrying fixed interest rates.

The Group generally finances its operations from cash flows generated internally and short-term and long-term bank borrowings.

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimization of debt and equity balance.

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 (total liabilities divided by total assets) at the end of the Reporting Period is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Total liabilities	**2,619,041**	2,319,095
Total assets	**4,926,970**	4,666,187
Debt-to-assets ratio	**53%**	50%

(VII) PROSPECTS (A COMMENTARY AT THE DATE OF THIS ANNOUNCEMENT OF THE COMPETITIVE CONDITIONS OF THE INDUSTRY IN WHICH THE GROUP OPERATES AND ANY KNOWN FACTORS OR EVENTS THAT MAY AFFECT THE GROUP IN THE NEXT REPORTING PERIOD AND THE NEXT 12 MONTHS)

The year 2025 marks a year of profound global economic adjustments and accelerated evolution in the geopolitical landscape, while also serving as a pivotal year of planning for the "15th Five-Year" Plan of China. In the face of a complex macroeconomic environment, the Chinese government has led the development of a modern industrial system through technological innovation, placing the "development of new quality productive forces" at the core of its strategic agenda. Continued policy support and resource allocation toward strategic emerging industries and future-oriented sectors delivered historic opportunities for the transformation and upgrading of high-end manufacturing industry. The industries in which the Company operates, namely integrated circuits and digital technology, new energy and services, and telecommunications, etc., are not only national strategic priorities but also quintessential examples of new quality productive forces (新質生產力). Amidst both opportunities and challenges, these sectors are entering a new phase of structural growth.

1. Integrated Circuits and Digital Technology

In 2025, the global semiconductor market entered a new round of expansion cycle driven by the strong support of generative artificial intelligence. According to the latest global semiconductor market forecast released by the World Semiconductor Trade Statistics (WSTS) on 2 December 2025, global semiconductor revenue is expected to increase by 22.5% year-on-year to US$772 billion in 2025, and will further grow by 26.3% in 2026, approaching the US$1 trillion mark, reaching US$975 billion. Artificial intelligence (AI) is fully penetrating from the cloud to edge and terminals, driving explosive growth in demand for chips supporting intelligent computing, high-speed interconnection, advanced storage, etc. Meanwhile, the urgency of global supply chain security and technological self-reliance and control has been further highlighted, with China ramping up policy support and industrial investment in this field. The accelerated commercialization of 5G-A, the surge in Internet of Things (IoT) device connections, and the innovation of intelligent vehicle electronic architectures together constitute the core growth drivers of the integrated circuit industry in the next twelve months.

In response to this situation, the Group will adopt a strategy that balances both offense and defense, with autonomy and coordination. On the one hand, the Group will steadfastly uphold technological R&D as its lifeline and extend its advanced packaging production capabilities downstream based on the large-scale demand for high-computing power chips from its computing power centers business. The Group have initiated the self-built planning for our FCBGA (Flip-Chip Ball Grid Array) packaging production line, possessing the capability to independently complete the implementation and operation of the production line setup, thereby achieving a synergistic closed-loop of "chip design + packaging manufacturing"(芯片設計+封裝製造). On the other hand, the Group will strive to build a more resilient and efficient domestic supply chain system by ensuring the stable supply of critical materials and equipment through strategic investments, long-term agreements, and technical collaborations. The Group will deepen joint R&D efforts with leading research institutions and key clients both domestically and internationally, aiming to achieve mass production and market introduction of several critical self-developed chips by 2026, and positioning the integrated circuits and digital technology business as the primary driver of the Group's high-quality growth.

2. *New Energy and Services*

Energy security and green transition have become a global consensus. In December 2025, the National Development and Reform Commission and the National Energy Administration issued the "Several Opinions on Promoting the Large-Scale Development of Concentrated Solar Power (CSP)"(《關於促進光熱發電規模化發展的若干意見》), proposing that by 2030, the total installed capacity of CSP will strive to reach about 15 million kilowatts, and the levelized cost of electricity (LCOE) will be basically equivalent to that of coal-fired power; technologies will achieve international leadership and complete independent controllability, and the industry will realize independent marketization and industrialization development. This systematic and programmatic new industrial policy marks a new era for the development of CSP industry during the "15th Five-Year" Plan period. Unlike the intermittent nature of photovoltaic and wind power, CSP leverages its built-in energy storage (molten salt heat storage) system to deliver stable, dispatchable electricity output, serving as a "ballast stone" in building the new power system. According to industry analysis, the compound annual growth rate of global CSP installed capacity is expected to exceed 20% by 2026. Large-scale integrated energy base projects in the western areas of China and countries along the Belt and Road Initiative, such as those in Middle East and North Africa, are set to enter a phase of intensive development.

The Group will seize this strategic high ground through a dual-drive strategy of "technological leadership + system integration" (技術領先+系統集成). The Group will not only continuously optimize the efficiency of tower-mounted collectors and innovate low-melting-point, high-heat-storage-density molten salt formulations, but also focus on breakthroughs in "CSP +" coupling technologies. These include multi-energy complementarity with photovoltaic and wind power, as well as system integration with long-duration energy storage (such as compressed air energy storage), delivering round-the-clock clean energy solutions to customers. On the service front, the Group will fully deploy an smart energy operation platform powered by AI predictive maintenance and digital twin technology, achieving optimized energy efficiency and minimized operation and maintenance costs throughout the entire lifecycle of power plants. The Group anticipates that its new energy and services business will contribute a more significant share of revenue and profit by 2026, serving as a vital carrier of the Group's green brand value.

3. Telecommunications

The year 2025 marks a pivotal phase in the generational evolution of communication technology. 5G network construction has entered the “second half” characterized by deep coverage and application incubation, while the commercial deployment of 5G-Advanced (5G-A) and the comprehensive advancement in 6G standard research were redefining industry boundaries and growth trajectories. Market demand was polarized: on one hand, there was a demand for upgrades driven by 4G/5G converged network optimization and coverage in specialized scenarios such as oceans, mines, and high-speed railways; on the other hand, emerging scenarios like the low-altitude economy (UAV communications), satellite internet, holographic communications, and the industrial internet generated incremental revolutionary demand for high-frequency, high-bandwidth, low-latency, and highly reliable connectivity.

In response, the Group has initiated a strategic transformation centered on “Ground Deepening, Space-Air Breakthrough”. In our traditional areas of strength, the Group will continue to solidify our leadership in the high-performance RF coaxial cable and integrated base station antenna markets through product intelligence and materials innovation, while vigorously expanding into non-operator private network markets. In future-oriented tracks, the Group will strategically increase investment to accelerate the productization of key technologies for space–air–ground integrated communications. This includes intelligent beamforming antennas for low-altitude communication networks, Ka/Q/V-band millimeter-wave phased array antenna modules for satellite internet, and preliminary research on terahertz communication technologies aligned with the 6G vision. Our goal is to cultivate emerging businesses into a major growth driver for the telecommunications segment by 2026 and complete a pivotal leap from a communications equipment supplier to a “provider of all-domain connectivity solutions”.

OUTLOOK AND STRATEGIC FOCUS FOR 2026

Looking ahead to 2026, global technological competition and industrial chain restructuring will continue to intensify, with uncertainties persisting. However, the logic of growth driven by technological innovation has become even clearer. The Group remains confident in the resilience of China’s economy and in its own strategic positioning. The Group will focus on the following core priorities to secure the initiative in the new round of industrial transformation:

1. Strategic Focus and Resource Allocation: The Group will strictly adhere to the principle of “Dos and Don’ts”, prioritizing R&D resources and capital expenditure toward three strategically decisive areas, i.e. AI computing power chips, CSP coupling systems, and space–air–ground integrated communications, so as to ensure the establishment of differentiated technical barriers.

2. Global Operations and Risk Hedging: While deepening our presence in the domestic market, the Group will accelerate the implementation of the “Overseas Localization 2.0” strategy. In key regions, the Group will establish integrated bases for R&D, production, sales, and services to mitigate geopolitical risks and stay closer to end markets.

3. Organizational Agility and Talent Advancement: The Group will initiate organizational restructuring to build future-ready, flat, platform-based, and project-driven agile teams. Through the implementation of “Future Leadership Talent Program”, the Group will recruit and cultivate scientists and engineers with cross-disciplinary innovation capabilities on a global scale, thereby building a sustainable core talent advantage.

4. ESG and Sustainable Value Creation: The Group will embed the principles of Environmental, Social, and Governance (ESG) deeply into business decision-making and operations. Beyond pursuing green operations ourselves, the Group aims to empower our customers and society to achieve low-carbon transformation through our products and technologies, creating lasting social value.

In summary, 2026 will be a critical year for testing the Group's strategic resolve and execution efficiency. The Group will maintain strategic clarity, uphold long-termism, and leverage technological innovation as our spear and risk management as our shield. Amid turbulent market conditions, the Group will seize structural opportunities and go all out to deliver steadily growing long-term value for our shareholders, customers and society, advancing toward a new stage of higher-quality development.

(VIII) DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and chief executives of the Company in shares and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which are required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which are required to be entered into, as recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, were as follows:

Long position in the Company:

Name of Director	Capacity and nature of interests	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Mr. Cui Wei(Note)	Deemed interest and interest in controlled corporation	108,868,662	23.38%

Note: Mr. Cui Wei beneficially owns the entire issued share capital of Kingever Enterprises Limited ("Kingever"), and Kingever in turn holds approximately 23.38% of the total issued share capital in the Company.

(IX) SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, in so far as is known to the Directors, the following shareholders having interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long positions in the Company:

Name of substantial shareholders	Capacity and nature of interests	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Kingever (Note)	Beneficial owner	108,868,662	23.38%
Mr. Cui Wei (Note)	Deemed interest and interest in controlled corporation	108,868,662	23.38%

Note: Mr. Cui Wei beneficially owns the entire issued share capital of Kingever, and Kingever in turn holds approximately 23.38% of the total issued share capital in the Company.

(X) ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the Reporting Period nor at any time during the Reporting Period did there subsist any arrangement which enable the Directors of the Company to acquire benefits by means of acquisition of shares or debentures in the Company or any other body corporate, except for (i) the employee equity incentive scheme (the "Incentive Scheme") adopted by the Company at its extraordinary general meeting held on 26 April 2019; and (ii) the share award scheme (the "Share Award Scheme") adopted by the Company on 21 October 2024. For details of the Incentive Scheme, please refer to the previous announcements of the Company dated 29 March 2019, 12 November 2019 and 28 February 2020 and the circular of the Company dated 29 March 2019. For details of the Share Award Scheme, please refer to the announcement of the Company dated 21 October 2024. No Shares have been acquired during the Reporting Period under the Share Award Scheme. During the Reporting Period, no Shares acquired previously during the year ended 31 December 2024 according to the Share Award Scheme have been awarded to any Directors of the Company.

(XI) CHANGE IN THE COMPOSITION OF THE BOARD

Ms. Zhang Zhong has tendered her resignation as a non-executive Director and a member of the audit committee of the Company with effect from 11 July 2025 as she wants to devote more time to pursue her other commitments. Mr. Pu Hong has tendered his resignation as an independent non-executive Director, and a member of each of the audit committee, remuneration committee and nominating committee of the Company with effect from 11 July 2025 as he wants to devote more time to his other business commitments. Dr. Li Jun has tendered his resignation as an independent non-executive Director, the chairman of the remuneration committee, a member of the audit committee and a member of the nominating committee of the Company with effect from 31 July 2025 as he wants to devote more time to pursue his other commitments.

On 11 July 2025, Mr. Lau Fai Lawrence ("Mr. Lau") was appointed as an executive Director of the Company with effect from 11 July 2025 and Ms. Lin Ting ("Ms. Lin") was appointed as an independent non-executive Director of the Company and a member of each of the audit committee, remuneration committee and nominating committee of the Company with effect from 11 July 2025. On 31 July 2025, Mr. Chan Hon Chung Johnny ("Mr. Chan") was appointed as an independent non-executive Director, the chairman of the remuneration committee, a member of the audit committee and a member of the nominating committee of the Company with effect from 31 July 2025.

In accordance with Articles 88 of the Constitution of the Company, Mr. Lau, Ms. Lin and Mr. Chan shall hold office only until the next annual general meeting and shall then be eligible for re-election. Therefore, Mr. Lau, Ms. Lin and Mr. Chan shall retire at the forthcoming annual general meeting and shall offer themselves for re-election.

(XII) SUPPLEMENTARY INFORMATION

1. *Operational and Financial Risk Management*

(i) Market risk

The major market risks that the Group is exposed to include business risks relating to the global state of economy, industry risks relating to certain policies and its product adoption approaches, technology risks relating to changes in technology and credit risks relating to the non-payment by the Group's customers.

(ii) Commodity price risk

The Group is also exposed to commodity price risk arising from fluctuations in costs of raw materials.

(iii) Interest rate risk

The major interest rate risk that the Group is exposed to includes the Group's short-term debt obligations, if any, which may be subject to variable interest rates.

(iv) Foreign currency risk

The Group's revenue and costs are denominated in Renminbi, Indian Rupees ("INR") and United States Dollars. Some costs may be denominated in Hong Kong Dollars, INR and Singapore Dollars.

2. *Contingent liabilities*

There were no material contingent liabilities as at 31 December 2025.

3. *Employees and Remuneration Policies*

As at 31 December 2025, there were 1,276 (31 December 2024: 1,209) employees in the Group. Staff remuneration packages are determined in consideration of the market conditions and the performance of the individual concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

The Group has also adopted the Share Award Scheme on 21 October 2024 to (i) provide incentives to 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 (collectively, the "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.

4. Material Litigation and Arbitration

As at 31 December 2025, the Group was not involved in any material litigation or arbitration.

5. Discloseable Transactions and Connected Transaction During the Reporting Period

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO CONSTRUCTION CONSULTATION SERVICE CONTRACT FOR QINGHAI PROJECT

On 24 December 2025, Qinghai Zhongkong Solar Power Limited (青海眾控太陽能發電有限公司) ("Qinghai Zhongkong"), an indirect non-wholly-owned subsidiary of the Company, entered into the construction consultation service contract (the "Consultation Service Contract") with Cosin Solar Technology Co., Ltd (浙江可勝技術股份有限公司) ("Cosin Solar") in relation to the provision of construction consultation services by Cosin Solar to Qinghai Zhongkong in respect of the the Delingha 350 megawatts solar thermal project (the "Qinghai Project") participated by Zhejiang Zhongguang New Energy Technology Co., Ltd. ("Zhongguang New Energy") and its subsidiaries. The construction consultation services to be provided by Cosin Solar covers the following aspects: (1) preliminary preparatory technical support, (2) contract management; (3) progress management; (4) survey management; (5) design management; (6) expense control management; (7) tender and procurement management; (8) organizational coordination management; (9) quality management; (10) safety, environment and occupation health management; (11) commissioning management; (12) information management and (13) project close-out management. The total service fee under the Consultation Service Contract is RMB120,000,000 (tax inclusive). The term of the Consultation Service Contract is 42 months from the date of the Consultation Service Contract or the date of completion and acceptance of the Qinghai Project, whichever is the earlier.

Cosin Solar is a company established under the PRC laws with limited liability and principally engaged in technology research, equipment sales, and engineering applications related to tower-type concentrated solar power and molten salt energy storage, and it possesses comprehensive service capabilities ranging from project development and construction consulting to operation and maintenance support. As at the date of entering into the Consultation Service Contract, Jin Jianxiang directly holds approximately 3.33% of the equity interest in Cosin Solar and 99% interests in Hangzhou Jingjiu Investment Consulting Co., Ltd. (杭州晶久投資咨詢有限公司) (the general partner of Huzhou Yuri Enterprise Management Partnership (Limited Partnership) (湖州煜日企業管理合夥企業(有限合夥) and Jin Jianxiang is a limited partner holding approximately 93.34% interests in Huzhou Yuri Enterprise Management Partnership (Limited Partnership) (湖州煜日企業管理合夥企業(有限合夥). Huzhou Yuri Enterprise Management Partnership (Limited Partnership) (湖州煜日企業管理合夥企業(有限合夥) holds approximately 21.77% equity interest in Cosin Solar, therefore, Jin Jianxiang, together with Huzhou Yuri Enterprise Management Partnership (Limited Partnership) (湖州煜日企業管理合夥企業(有限合夥) are entitled to exercise in aggregate 25.1% of the total voting rights of Cosin Solar. Accordingly, Jin Jianxiang, Huzhou Yuri Enterprise Management Partnership (Limited Partnership) (湖州煜日企業管理合夥企業(有限合夥) and Hangzhou Jingjiu Investment Consulting Co., Ltd. (杭州晶久投資咨詢有限公司) together are considered the single largest group of shareholders of Cosin Solar and Jin Jianxiang is a director of Zhongguang New Energy. The rest of the total issued shares of Cosin Solar are owned as to 7.92%, 0.66% and 66.32% by the general partner of Hangzhou Yizhida Enterprise Management Consulting Partnership Enterprise (Limited Partnership) (杭州意知達企業管理諮詢合夥企業(有限合夥)), the general partner of Hangzhou Jingxi Enterprise Management Consulting Partnership (Limited Partnership) (杭州晶希企業管理諮詢合夥企業(有限合夥)) and 44 other shareholders respectively and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the general partner of Hangzhou Yizhida Enterprise Management Consulting Partnership Enterprise (Limited Partnership) (杭州意知達企業管理諮詢合夥企業(有限合夥)), the general partner of Hangzhou Jingxi Enterprise Management Consulting Partnership (Limited Partnership) (杭州晶希企業管理諮詢合夥企業(有限合夥)) and the 44 other shareholders mentioned above and their respective ultimate beneficial owners are Independent Third Parties as at the date of entering into the Consultation Service Contract. As Cosin Solar also holds 12.33% equity interest of Hangzhou Longkong Zhongguang Enterprise Holding Enterprise Partnership (Limited Partnership) (杭州龍控中光企業控股合夥企業（有限合夥） ("Hangzhou Longkong") (a non-wholly owned subsidiary of the Company and the holding company of Zhongguang New Energy). In light of the above, Cosin Solar is connected person of the Company at the subsidiary level.

As the highest applicable percentage ratio in respect of the Consultation Service Contract is more than 5% but is less than 25%, the transactions contemplated under the Consultation Service Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

In addition to the above, the transactions contemplated under the Consultation Service Contract also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As (i) Cosin Solar is a connected person at the subsidiary level of the Company and the Consultation Service Contract was entered into on normal commercial terms and has been approved by the Board, and (ii) the independent non-executive Directors are of the view that the transactions contemplated under the Consultation Service Contract were conducted in the ordinary and usual course of business of the Group, on normal commercial terms, the terms of which are fair and reasonable and in the interest of the Company and its shareholders as a whole, the connected transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent financial advice and independent shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

The Qinghai Project is the 350 MW tower type molten salt concentrated solar power project adopting a three-tower–one-turbine (三塔一機) configuration based on tower type molten salt CSP technology. It includes a 3.15 million square meter heliostat field and is equipped with one 350 MW steam turbine generator unit. The project is expected to commence construction in December 2025 and achieve grid connection in December 2027. The Qinghai Project has been successfully designated as a 2024 solar thermal power demonstration (pilot) project in Qinghai Province. Notably, Qinghai Project is currently the largest tower-type solar thermal project in terms of installed capacity among the completed, planned and under-construction projects in the world. The Board considers that the Qinghai Project will generate stable long-term revenue and enhance the Group's market reputation and competitiveness in the solar thermal power generation sector. The Qinghai Project is an important project under the New Energy and Services business segment. The construction consultation services are necessary for the construction of the Qinghai Project. The engagement of Cosin Solar was concluded after a tendering process with comparison with independent third parties (within the meaning of the Listing Rules).

The Directors (including the independent non-executive Directors) consider that the Consultation Service Contract was entered into in the ordinary and usual course of business of the Group and its terms are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the shareholders as a whole.

For details of the Consultation Service Contract, please refer to the announcement of the Company dated 24 December 2025.

(2) DISCLOSEABLE TRANSACTION IN RELATION TO LAND USE COMPENSATION AGREEMENTS AND THE CHARGING OF GRASSLAND VEGETATION RESTORATION FEE

On 29 December 2025, Qinghai Zhongkong (as "Lessee") entered into two land use compensation agreements ("Land Use Compensation Agreements") with (i) Village Committee of Chahansha Village, Keluke Town, Delingha City, Qinghai Province, the People's Republic of China (中華人民共和國青海省德令哈市柯魯柯鎮茶漢沙村) (an Independent Third Party) (as "Lessor I") and (ii) Village Committee of Taositu Village, Xuji Township, Delingha City, Qinghai Province, the People's Republic of China (中華人民共和國青海省德令哈市蓄集鄉陶斯圖村) (as "Lessor II") (Lessor I and Lessor II collectively as "Lessors") for a lease term not exceeding twenty years (renewable for an additional twenty years at the Lessee's discretion) regarding the operation of the power supply for the Qinghai Project. To the best of the Directors' knowledge, information and belief, the Lessors and the land use rights owners are independent third parties (within the meaning of the Listing Rules).

According to the land use compensation agreement between the Lessee and Lessor I, the land area is 9,450.9376 mu and the lease amount is RMB17,200,706.432 to be paid in one lump sum to Lessor I on signing the land use compensation agreement.

According to the land use compensation agreement between the Lessee and Lessor II, the land area is 11,413.1448 mu and the lease amount is RMB20,771,923.536 to be paid in one lump sum to Lessor II on signing the land use compensation agreement.

The terms of the Land Use Compensation Agreements were determined after arm's length negotiations between the parties. Of which , the lease amounts stipulated in the Land Use Compensation Agreements were determined among all contracting parties in accordance with the compensation standard for the relevant land location area of RMB 1,820 per mu in the Notice of the People's Government of Qinghai Province on the Publication of the Comprehensive Land Price for Expropriated Agricultural Land Areas in Qinghai Province (Qing Zheng [2020] No. 64) (中華人民共和國青海省人民政府《關於公佈青海省徵收農用地區片綜合地價的通知》(青政〔2020〕64號)) and in accordance with the guidelines set forth in the Notice on Supporting the Standardized Land Management for the Development of Photovoltaic Power Generation Industry (Zi Ran Zi Ban Fa [2023] No. 12) (關於支持光伏發電產業發展規範用地管理有關工作的通知》(自然資辦發〔2023〕12 號)) issued by the Office of the State Forestry and Grassland Administration of the People's Republic of China (中華人民共和國國家林業和草原局辦公室) and the General Office of the National Energy Administration of the People's Republic of China (中華人民共和國國家能源局綜合司), and with reference to the Notice of the People's Government of Qinghai Province on Re-publicizing the Comprehensive Land Price for Expropriated Agricultural Land Across the Province (Qing Zheng [2023] No. 42) (《青海省人民政府關於重新公佈全省徵收農用地區片綜合地價的通知》(青政〔2023〕42 號)).

Also, pursuant to Article 705 of Chapter XIV of the Civil Code of the People's Republic of China (《中華人民共和國民法典》), the maximum lease term for the Land Use Compensation Agreements shall not exceed twenty years. Upon expiration of the lease term, the lease shall be automatically renewed without additional compensation, provided that the renewed term shall not exceed twenty years from the date of renewal.

Pursuant to the Notice of the Qinghai Provincial Development and Reform Commission and Department of Finance of the People's Republic of China on the Charging Standards and Related Matters for Grassland Vegetation Restoration Fee in Qinghai Province (中華人民共和國青海省發展和改革委員會及財政廳關於我省草原植被恢復費收費標準及有關事項的通知) (QHFSO2-2018-0009), units undertaking construction projects that requisition or utilize grasslands within the territory of Qinghai Province, the People's Republic of China, shall pay grassland vegetation restoration fee to the grassland administrative department or its authorized grassland supervision stations (offices). Accordingly, the Lessee shall concurrently be charged grassland vegetation restoration fee to the Delingha Municipal Government. Pursuant to the application submitted by Qinghai Zhongkong to the National Forestry and Grassland Administration of the People's Republic of China (中華人民共和國國家林業和草原局), the Qinghai Project site is subject to a grassland vegetation restoration fee of RMB37,555,334.10 which is based on the vegetation restoration standard for the relevant vegetation category of temperate desert (溫性荒漠) of RMB 1,800 per mu as stated in the Notice of the Qinghai Provincial Development and Reform Commission and Department of Finance of the People's Republic of China on the Charging Standards and Related Matters for Grassland Vegetation Restoration Fee in Qinghai Province (中華人民共和國青海省發展和改革委員會及財政廳關於我省草原植被恢復費收費標準及有關事項的通知) (QHFSO2-2018-0009). As the application for grassland use at the Qinghai Project location was approved by the National Forestry and Grassland Administration of the People's Republic of China (中華人民共和國國家林業和草原局), Qinghai Zhongkong was charged the aforementioned grassland vegetation restoration fee by the Delingha Municipal Government concurrently upon signing of the Land Use Compensation Agreements on 29 December 2025.

Pursuant to International Financial Reporting Standard 16, by virtue of entering into the Land Use Compensation Agreements, the Group is required to recognize the right-of-use assets in the consolidated financial statements of the Company, and the transactions contemplated thereunder will be regarded as an acquisition of assets by the Group under Rule 14.04(1)(a) of the Listing Rules. The grassland vegetation restoration fee will be recognized as an asset in the consolidated financial statements of the Company and will be regarded as an acquisition of asset by the Group under Rule 14.04(1)(a) of the Listing Rules.

As one of the applicable percentage ratios for the aggregated amount of the transactions contemplated under the Land Use Compensation Agreements and the charging of the grassland vegetation restoration fee to the Delingha Municipal Government exceeds 5% but less than 25%, the entering into of the Land Use Compensation Agreements and the charging of the grassland vegetation restoration fee to the Delingha Municipal Government constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Directors are of the view that the transactions contemplated under the Land Use Compensation Agreements and the charging of the grassland vegetation restoration fee were entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations between the parties, and the terms of the Land Use Compensation Agreements and the charging of the grassland vegetation restoration fee were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For details of the Land Use Compensation Agreements and the charging of the grassland vegetation restoration fee to the Delingha Municipal Government, please refer to the announcement of the Company dated 29 December 2025.

6. Discloseable Transaction After the Reporting Period

On 26 March 2026, Nanjing Zhangyu Information Technology Co., Ltd. ("Nanjing Zhangyu"), an indirect wholly owned subsidiary of the Company, entered into a contract in relation to procurement of equipment for advanced packaging facility (the "Procurement Contract") with Suzhou Honghuiheng Metal Industrial Co., Ltd. (蘇州鴻輝恒金屬實業有限公司) ("Suzhou Honghuiheng"), an independent third party and a company mainly engages in the business of sourcing different kinds of production equipment, among others, for its customers. According to the Procurement Contract, Suzhou Honghuiheng will supply to Nanjing Zhangyu equipment for the development of the advanced packaging facility to be established by Nanjing Zhangyu. The total contract price of the Procurement Contract is RMB92,000,000 (inclusive of 13% tax). As the highest percentage ratio as set out in the Listing Rules in respect of the transactions contemplated under the Procurement Contract is more than 5% but less than 25%, the Procurement Contract and the transaction as contemplated thereunder constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements. For details of the discloseable transaction in relation to the Procurement Contract, please refer to the announcement of the Company dated 26 March 2026.

7. ***Connected** Transactions*

(a) During the year ended 31 December 2025, the Group had the following continuing connected transactions with Hengtong Group Co., Ltd. ("Hengtong Group") and Hengtong Optic-Electric Co., Ltd. ("Hengtong Optic-Electric"):

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Sale of products	**78,276**	56,139
Purchase of materials	**220,076**	246,381

Jiangsu Hengxin has been selling the Group's products to and purchasing materials from Suzhou Hengli Telecommunications Materials Co., Ltd. ("Suzhou Hengli") since December 2008 under relevant sales master agreements or purchases master agreements. The term of the sales master agreement and the purchases master agreement entered into between Jiangsu Hengxin and Suzhou Hengli on 10 October 2019 has expired on 31 December 2022.

On 3 January 2023, Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric (the holding company of Suzhou Hengli) (together and collectively with their respective associates, the "Connected Parties") entered into (i) the sales master agreement ("Existing Sales Master Agreement") to govern the terms of the sales of products ("Sales") by Jiangsu Hengxin to the Connected Parties; and (ii) the purchases master agreement ("Existing Purchases Master Agreement") to govern the terms of the purchases of materials ("Purchases") by Jiangsu Hengxin from the Connected Parties, for the periods up to 31 December 2025.

On 31 May 2023, Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric entered into a supplemental agreement to the Existing Purchases Master Agreement to amend the entity of the purchaser from Jiangsu Hengxin to Jiangsu Hengxin and its subsidiaries. Other terms of the Existing Purchases Master Agreement remain unchanged.

Given the growing amount of the Sales and Purchases, the Company anticipated that the annual caps ("Existing Annual Caps") in relation to the Existing Sales Master Agreement and Existing Purchases Master Agreement would not be sufficient. Accordingly, Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric entered into the new sales master agreement ("New Sales Master Agreement") and the new purchases master agreement ("New Purchases Master Agreement") on 31 October 2025 for the purpose of revision of the Existing Annual Caps for the year ended 31 December 2025 and setting the annual caps ("New Annual Caps") for the year ending 31 December 2026 to facilitate the continuance of the Purchases and the Sales.

Suzhou Hengli is wholly-owned by Hengtong Optic-Electric. Hengtong Optic-Electric is held as to approximately 23.77% by Hengtong Group, which is beneficially owned by Mr. Cui Genliang and Mr. Cui Wei as to 27% and 73% respectively. Mr. Cui Genliang is the father of Mr. Cui Wei (the chairman of the Board, a non-executive Director and a substantial shareholder of the Company via his wholly-owned entity, Kingever Enterprises Limited). Separately, Mr. Cui Genliang directly owns approximately 3.86% of the share capital of Hengtong Optic-Electric and can control the composition of a majority of the board of directors of Hengtong Optic-Electric. In this regard, each of Mr. Cui Wei, Mr. Cui Genliang, Hengtong Group, Hengtong Optic-Electric and their associates are considered as connected persons of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the transactions contemplated under the New Sales Master Agreement and New Purchases Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the New Sales Master Agreement calculated on an annual basis by reference to the highest New Annual Caps is more than 5% and the highest New Annual Caps exceeds HK$10,000,000, the New Sales Master Agreement is subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The annual sales caps for each of the the two years ended 31 December 2025 and 31 December 2026 are RMB127,000,000 and RMB150,000,000 respectively.

As the highest applicable percentage ratio for the New Purchases Master Agreement calculated on an annual basis by reference to the highest New Annual Caps is more than 5% and the highest New Annual Caps exceeds HK$10,000,000, the New Purchases Master Agreement is subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The annual purchases caps for each of the the two years ended 31 December 2025 and 31 December 2026 is RMB560,000,000.

At the extraordinary general meeting of the Company held on 30 December 2025 (the "2025 December EGM"), the ordinary resolutions for passing and confirming the New Sales Master Agreement and New Purchases Master Agreement have been duly approved by the independent shareholders of the Company.

For details of the New Sales Master Agreement and the New Purchases Master Agreement, please refer to the announcement of the Company dated 31 October 2025, the circular of the Company dated 12 December 2025, and the poll results announcement of the Company for the 2025 December EGM dated 30 December 2025.

(b) During the Reporting Period, the Group had the following continuing connected transaction with Cosin Solar Technology Co., Ltd. (浙江可勝技術股份有限公司) ("Cosin Solar"):

On 22 April 2024, Zhejiang Zhongguang New Energy Technology Co., Ltd. (浙江中光新能源科技有限公司) ("Zhongguang New Energy"), an indirect non-wholly-owned subsidiary of the Company, entered into the operation and maintenance technical service contract ("Technical Service Contract") with Cosin Solar for a duration of (i) six months before the date of grid-connected power generation ("Grid-connected Power Generation") of the Jinta Zhong Guang Solar Power "100MW CSP + 600MW PV" project – 100MW CSP project, being a 100MW tower-type molten salt solar thermal power station supporting 8 hours of heat storage, located in the Baishuiquan Photovoltaic Industrial Zone, Jinta County, Jiuquan City, Gansu Province, China, with an expected operation period of 25 years (the "Jinta Photo-thermal Project") and (ii) five consecutive years after the date of Grid-connected Power Generation.

Pursuant to the Technical Service Contract, Cosin Solar agrees to entrust Zhongguang New Energy and Zhongguang New Energy agrees to provide the following services to Cosin Solar: (i) be responsible for assisting the Jinta Photo-thermal Project in accomplishing the production tasks and carrying out the daily operations related to the production tasks under the supervision and management of Cosin Solar during the production and operation period of the Jinta Photo-thermal Project; and (ii) provide services related to the overhaul and maintenance of the equipment and systems of the Jinta Photo-thermal Project, responsible for carrying out the necessary monitoring, repair and maintenance of the equipment and systems, and keeping the equipment in good condition through daily maintenance to ensure safe and stable operation.

The services are divided into two phases: (i) six (6) months before the Grid-connected Power Generation of the Jinta Photo-thermal Project (subject to the notice of Cosin Solar), Zhongguang New Energy shall enter into the site in advance according to the requirements of Cosin Solar to prepare for the project and familiarize itself with the equipment and systems; and (ii) after the date of Grid-connected Power Generation of the Jinta Photo-thermal Project, Zhongguang New Energy shall provide the operation and maintenance services to Cosin Solar for a period of five (5) consecutive years.

The total service price is RMB90,200,000 (inclusive of VAT at the rate of 6% and subject to adjustment according to the actual number of service personnel for on-site preparation, actual power generation and satisfaction of safety production indicators), which consists of two parts: (i) a service fee for the preparation period for entry into the site of RMB5,200,000 (inclusive of VAT at the rate of 6% and subject to adjustment according to the actual number of service personnel for on-site preparation), which will be paid by Cosin Solar in installments in accordance with the contract from the month when Cosin Solar notifies Zhongguang New Energy to enter the site for preparation; and (ii) an annual normal operation and maintenance service fee of RMB17,000,000 (inclusive of VAT at the rate of 6%, the installments are payable in each operation and maintenance quarter, of which the amount of ten percent (10%) of the annual normal operation and maintenance service fee shall be the assessment fee and will be settled based on the results of the annual appraisal and be paid by Cosin Solar to Zhongguang New Energy within one (1) month after the settlement). The annual caps on the maximum amounts of fees receivable from Cosin Solar for the year ended 31 December 2025 is RMB18,000,000. During the Reporting Period, the revenue recognized from the operation and maintenance service under the Technical Service Contract was approximately RMB10,665,000 (for the year ended 31 December 2024: RMB1,635,000).

Zhongguang New Energy is an indirect non-wholly-owned subsidiary of the Company. As the date of signing the Technical Service Contract, (i) Hangzhou Longkong Zhongguang Enterprise Holding Enterprise Partnership (Limited Partnership) (杭州龍控中光企業控股合夥企業（有限合夥）) ("Hangzhou Longkong") was the holding company of Zhongguang New Energy, while approximately 12.33% equity interest of Hangzhou Longkong was held by Cosin Solar, and therefore Cosin Solar was a substantial shareholder of Hangzhou Longkong; and (ii) Cosin Solar also held 28.25% equity interest in Ningbo Fuju Zhongguang Venture Capital Enterprise Partnership (Limited Partnership) (寧波復聚中光創業投資合夥企業(有限合夥)) ("Fuju Zhongguang"), while approximately 28.86% equity interest of Zhongguang New Energy was held by Fuju Zhongguang, and therefore Fuju Zhongguang was a substantial shareholder of Zhongguang New Energy. Therefore, Cosin Solar was regarded as a connected person at the subsidiary level of the Company. Accordingly, the transactions contemplated under the Technical Service Contract constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) Cosin Solar is a connected person at the subsidiary level of the Company and the Technical Service Contract was entered into on normal commercial terms and has been approved by the Board, and (ii) the independent non-executive Directors are of the view that the transactions contemplated under the Technical Service Contract were in the course of business of Zhongguang New Energy, on normal commercial terms, the terms of which are fair and reasonable and in the interest of the Company and its Shareholders as a whole, the continuing connected transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements but exempt from the independent financial advice and independent shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

In addition, as the duration of the Technical Service Contract exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed an independent financial adviser to explain why the Technical Service Contract requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration.

For details of the Technical Service Contract, please refer to the announcement of the Company dated 22 April 2024.

(c) During the Reporting Period, the Group had the following continuing connected transaction with Jiangsu Hengtong International Logistics Company Limited* (江蘇亨通國際物流有限公司) ("Hengtong Logistics"):

Due to Jiangsu Hengxin's operational needs under its ordinary and usual course of business, on 1 August 2024, Jiangsu Hengxin and Hengtong Logistics entered into the conditional framework agreement (the "Framework Agreement") which governs the procurement of the transportation services in relation to Jiangsu Hengxin's raw materials purchased and/or products sold in the PRC (the "Logistic Services") by Jiangsu Hengxin from Hengtong Logistics for the three years ending 31 December 2026, subject to Independent Shareholders' approval. According to the Framework Agreement, Jiangsu Hengxin and Hengtong Logistics will enter into individual contract for provision of specific Logistic Services. The service fee payable by Jiangsu Hengxin to Hengtong Logistics will be set out in the individual contract and will be determined based on service content, including but not limited to, distance and weight of cargo to be transported. Prior to entering into an individual contract, purchasing department of Jiangsu Hengxin will obtain quotations from at least 3 suppliers who provide the Logistic Services (which may include Hengtong Logistics). The service fee payable by Jiangsu Hengxin to Hengtong Logistics shall be no less favourable to Jiangsu Hengxin than those payable to/quoted by independent third party suppliers. The annual caps for each of the three years ending 31 December 2026 are RMB30,000,000, RMB39,300,000 and RMB43,300,000 and were determined based on Jiangsu Hengxin's historical annual demand for the Logistics Services and its growing trend. During the Reporting Period, the Logistics Services provided by Hengtong Logistics to Jiangsu Hengxin amounted to approximately RMB24,549,000.

As at 1 August 2024, (i) Hengtong Logistics is beneficially owned by Hengtong Group, Suzhou Hengtong Yongsheng Venture Capital Enterprise (Limited Partnership)* (蘇州亨通永盛創業投資企業(有限合夥)) and Mr. Cui Wei (chairman and non-executive Director of the Company and a substantial Shareholder) as to 51%, 30% and 19% respectively; (ii) Suzhou Hengtong Yongsheng Venture Capital Enterprise (Limited Partnership)* (蘇州亨通永盛創業投資企業(有限合夥)) is owned as to 99% by Suzhou Hengtong Investment Management Partnership (Limited Partnership)* (蘇州亨通投資管理合夥企業(有限合夥)) and 1% by Mr. Cui Wei respectively; (iii) Suzhou Hengtong Investment Management Partnership (Limited Partnership)* (蘇州亨通投資管理合夥企業(有限合夥)) is in turn owned by Hengtong Group, Mr. Cui Wei and Jiangsu Hengtong Venture Capital Co., Ltd.* (江蘇亨通創業投資有限公司) as to approximately 59.03%, 40.16% and 0.81% respectively; and (iv) Hengtong Group is beneficially owned by Mr. Cui Genliang and Mr. Cui Wei as to 27% and 73% respectively. Mr. Cui Genliang is the father of Mr. Cui Wei. Accordingly, the aforesaid transactions constituted continuing connected transaction of the Company.

As the highest applicable percentage ratio for the Framework Agreement calculated on an annual basis by reference to the highest Annual Cap is more than 5% and the highest Annual Cap exceeds HK$10,000,000, the Framework Agreement is subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the extraordinary general meeting of the Company held on 9 September 2024, the ordinary resolution for approving and confirming the Framework Agreement was duly approved by the independent shareholders of the Company.

For details of the above continuing connected transaction contemplated under the Framework Agreement, please refer to the announcements of the Company dated 1 August 2024 and 5 September 2024, the circular of the Company dated 22 August 2024 and the extraordinary general meeting poll results announcement of the Company dated 9 September 2024.

8. *Major Transaction During the Reporting Period*

On 7 December 2025, the Company, Hengtong Group (the "Purchaser") and Jiangsu Hengxin (the "Target Company") entered into the equity transfer agreement (the "Equity Transfer Agreement") pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the sale equity, representing the 39% equity interest (the "Sale Equity") in the Target Company (the "Disposal") at the consideration of RMB500,000,000 in cash (the "Consideration"). On 30 December 2025, the Company, the Purchaser and Jiangsu Hengxin entered into the supplemental agreement to the Equity Transfer Agreement in relation to the amendment of the payment arrangement of the Consideration (the "Supplemental Agreement").

The Target Company together with is subsidiaries (the "Disposal Group") is principally engaged in the 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 (the "Telecommunication Business"). Upon completion of the Disposal, the Target Company is owned as to 61% and 39% by the Company and the Purchaser, respectively. Accordingly, members of the Disposal Group will remain as subsidiaries of the Company, and their results, assets and liabilities will continue to be consolidated into the consolidated financial statements of the Company.

The Consideration was determined after arm's length negotiations between the parties to the Equity Transfer Agreement by taking into consideration various factors, including but not limited to (i) the historical financial performance of the Disposal Group as well as the market capitalisation of the ordinary shares of the Company in the past years; (ii) a valuation prepared by an independent valuer engaged by the Company in respect of the 39% equity interest of the Target Company with market value of approximately RMB491.0 million as at 30 September 2025 under market approach, which is mainly based on the enterprise value-to-earnings before interest, taxes, depreciation and amortization multiples of the comparable companies; and (iii) the various reasons and beneficial factors as disclosed under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" in the Letter From the Board of the circular of the Company dated 31 December 2025.

The Directors consider the strategic divestment of the Sale Equity for the Telecommunication Business will enhance the overall cash position of the Group in preparation of further development of the other two business segments of the Group, namely, integrated circuits and digital technology business and new energy and services business. The net proceeds from the Disposal of approximately RMB478.7 million (after deducting expenses and related taxes) is intended to be used as follows:

(i) approximately RMB300.0 million, representing approximately 62.7% of the net proceeds, will be used in the development of Qinghai Project, which is expected to be fully utilized by the end of 2027;

(ii) approximately RMB140.0 million, representing approximately 29.2% of the net proceeds, will be used for the establishment of the advanced packaging facility (including (a) the procurement of production equipment, testing equipment, and factory IT systems; and (b) general working capital) to support the integrated circuits and digital technology business segment, which is expected to be fully utilized by the end of 2027;

(iii) approximately RMB20.0 million, representing approximately 4.2% of the net proceeds, will be used for the repayment of loans, which is expected to be fully utilized by the end of 2026; and

(iv) approximately RMB18.7 million, representing approximately 3.9% of the net proceeds will be used for the general working capital of the Group, which is expected to be fully utilized by the end of 2026.

Hengtong Group is beneficially owned by Mr. Cui Genliang and Mr. Cui Wei as to 27% and 73% respectively. Mr Cui Genliang is the father of Mr. Cui Wei (the chairman of the Board, a non-executive Director and a substantial shareholder of the Company via his wholly-owned entity, Kingever). In this regard, each of Mr. Cui Wei, Mr. Cui Genliang and Hengtong Group is a connected person of the Company under Rule 14A.07 of the Listing Rules. The Disposal therefore also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement, circular and shareholder's approval requirements under Chapter 14 of the Listing Rules.

The Equity Transfer Agreement and the Supplemental Agreement were approved, confirmed and ratified at the extraordinary general meeting of the Company held on 20 January 2026 (the "2026 January EGM") by an ordinary resolution.

For details of the Equity Transfer Agreement the Supplemental Agreement, please refer to the announcements of the Company dated 8 December 2025 and 30 December 2025, the circular of the Company dated 31 December 2025 and the 2026 January EGM poll results announcement of the Company dated 20 January 2026.

9. *Use of Proceeds Raised by Placing of New Shares Under the General Mandate During the Year Ended 31 December 2024*

During the year ended 31 December 2024, the Company issued and allotted 77,600,000 new placing Shares pursuant to the general mandate granted to the Board by the shareholders of the Company at the annual general meeting of the Company held on 28 April 2023 (the "Placing").

For details of the Placing, please refer to the announcements of the Company dated 23 April 2024 and 13 May 2024 and the next day disclosure return of the Company submitted on 13 May 2024.

The net proceeds, after deducting related Placing commission, professional fees and all related expenses, arising from the Placing were approximately HK$72.6 million ("Net Proceeds") and Net Proceeds in the amount of approximately HK$31.9 million were brought forward to the year 2025.

During the Reporting Period, the brought forward Net Proceeds were fully utilized (in accordance with the intention previously disclosed by the Company) as follows:

Usage	Allocation of Net Proceeds HK$ million	Net Proceeds Utilized During the Year Ended 31 December 2024 HK$ million	Unutilised Net Proceeds as at 31 December 2024 HK$ million	Net Proceeds Utilized During the Year Ended 31 December 2025 HK$ million	Unutilised Net Proceeds as at 31 December 2025 HK$ million
Research and development of technological products and solutions adopting artificial intelligence module	36.3	7.3	29.0	29.0	-
Development and expansion of the integrated circuits and digital technology business and new energy and services business	21.8	21.8	–	-	-
General working capital of the Group	14.5	11.6	2.9	2.9	-
Total	72.6	40.7	31.9	31.9	-

10. *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 authorized 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.

The purposes of the Share Award Scheme are (1) to 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 (3) to attract suitable professional and experienced talents for further development of the Group.

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 and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. However, it does not constitute a scheme involving the issue of new Shares as referred to in Chapter 17 of the Listing Rules. Therefore, no Shareholders' approval is required to adopt the Share Award Scheme.

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 Board has the authority and is responsible for the administration of the Share Award Scheme in accordance with the Rules and, where applicable, the trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the appointment of the Trustee for the administration of the Share Award Scheme (the "Trust Deed"). The trust constituted under the Trust Deed or other trust(s) from which the Award Shares may be granted to a Selected Participant pursuant to the Share Award Scheme (the "Trust") is established to serve the Share Award Scheme and subject to the relevant provisions of the Trust Deed and the instructions from the Company, the Trustee shall utilize funds transferred by the Company for the purpose of acquiring existing Shares through on-market transactions. 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 (the "Scheme Cap"). 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). 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.

Subsequent to the Adoption Date and up to 31 December 2024, the Trustee has acquired 2,326,000 Shares through on-market transactions. The Trustee had not acquired any Shares during the Reporting Period.

Since the Adoption Date and during the years ended 31 December 2024 and 2025, no Shares have been awarded to any Eligible Participants or Service Providers.

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, and 46,560,000 Shares as at 1 January 2025 and 31 December 2025. 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 Reporting Period and as at 31 December 2025, 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 schemes of the Company during the Reporting Period was: nil.

For details regarding administration, scheme limit, grant of award, dealing in Shares by the Trustee, vesting of Award Shares, unvested Shares and returned Award Shares, restrictions, voting rights of the Share Award Scheme, please refer to the announcement of the Company dated 21 October 2024.

11. Change of Auditors in the preceding 3 years before FY 2025

KPMG and Messrs KPMG LLP were re-appointed as the external auditors of the Company for Hong Kong reporting and Singapore statutory reporting respectively at the annual general meeting of the Company held on 29 April 2024 (“2023 AGM”). KPMG and Messrs KPMG LLP would hold office until the conclusion of the annual general meeting for FY2024.

Upon the resignation tendered by KPMG and Messrs KPMG LLP on 8 October 2024, the Audit Committee has recommended to the Board the appointment of CL Partners CPA Limited and Nexia Singapore PAC (“Nexia Singapore”) as the external auditors of the Company for Hong Kong reporting and Singapore statutory reporting respectively and the proposed appointments were duly passed at the extraordinary general meeting held on 25 November 2024.

For details of the change of auditors during FY2024, please refer to the announcements of the Company dated 8 October 2024, 24 October 2024 and 8 November 2024, the circulars of the Company dated 14 October 2024 and 8 November 2024 and the extraordinary general meeting poll results announcement dated 25 November 2024.

12. Change of Name of Hong Kong Auditor during FY 2025

The Company's Hong Kong auditor has changed its name in English from "CL Partners CPA Limited" to "Rongcheng (Hong Kong) CPA Limited" with effect from 30 June 2025, while its Chinese name has also changed from "先機會計師行有限公司" to "容誠(香港)會計師事務所有限公司" with effect from 30 June 2025.

13. Change of Singapore Auditor during and after FY2025

As considered and approved by the shareholders of the Company (the "Shareholders") at the annual general meeting for the year 2024 held on 24 June 2025, the Company re-appointed Nexia Singapore as the Singapore auditor of the Company, who would hold office until the conclusion of the annual general meeting for the year ended 31 December 2025.

On 21 January 2026, Nexia Singapore notified the Company in relation to their resignation as the Singapore auditor of the Company with effect from 20 January 2026. On the extraordinary general meeting held on 10 February 2026 (the "2026 February EGM"), the ordinary resolution on appointing RSM SG Assurance LLP ("RSM") as the Singapore auditor of the Company, to fill the casual vacancy created by the resignation of Nexia Singapore was duly passed. Following the passing of the above ordinary resolution, RSM was appointed as the auditor of the Company for Singapore with effect from 10 February 2026 and RSM would hold office until the conclusion of the next annual general meeting of the Company for the year ended 31 December 2025.

Therefore, the Group's Hong Kong and Singapore consolidated financial statements for the year ended 31 December 2025 were audited by Rongcheng (Hong Kong) CPA Limited and RSM respectively.

For details of the above change of Singapore auditor after 31 December 2025, please refer to the announcements of the Company dated 21 January 2026, the circular of the Company dated 21 January 2026 and the 2026 February EGM poll result announcement dated 10 February 2026.

Management Discussion and Analysis

The following table sets out the principal risks which the Group faces, and the mitigating actions being done by the Group to manage and/or reduce such risks during FY2025:

No.	RISK	BUSINESS SEGMENT	DESCRIPTION	MITIGATING ACTIONS/MEASURES
1	Business and industry risk	Integrated Circuits and Digital Technology	(a) The integrated circuits industry is a strongly cyclical industry, with weakening demand, falling prices and increased competition during its downward cycle.	(i) Diversify product lines; and sources for suppliers channel; (ii) Develop platform-based integrated circuit business systems; (iii) Build close relationships with major customers; and (iv) Increase coverage of downstream industries.
			(b) Under the support of industrial policies in the PRC and stimulated by market demand, the number of domestic chip design companies has grown with increasingly sophisticated technologies, resulting in intensified homogeneous competition among some chip products. The industry in which the Company operates has been confronted with the risk of falling product prices and shrinking profit margins.	(i) Strengthen the promotion and application of self-developed chips; (ii) Increase new application scenarios of industrial grade products, new energy, the IoT and Internet of Vehicles, etc.; (iii) Increase technology investment and micro-innovation; and (iv) Product differentiation.
		New Energy and Services	(a) Reputational risk Risk of production accidents due to operation errors in production operation and maintenance, violation of operating procedures or related requirements.	Strengthen the training and cultivation of professional operation and maintenance personnel to avoid frequent replacement of personnel in key positions; optimize the production operation with relevant interlocking protection to improve automatic operation capability, reduce human operation risks and avoid accidents.
			(b) Market competition risk As more and more solar thermal energy storage power plants are constructed and operated, the market competitiveness will increase significantly, while the competitors' operation level continues to improve, the market competitiveness will be gradually narrowed.	Strengthen long-term cooperation with partners to improve service quality; maximize the market share of services.
		Telecommunications	(a) The overall economic development and the scale of network construction by telecom operators have a significant impact on the Group's operations. The construction scale and investment progress of telecom operators determine the strength and speed of their equipment procurement, which is the most significant business and industry risk to the Group's operations.	(i) Continue to build on the Group's momentum in overseas expansion; (ii) Introduce new product offerings to reduce reliance on a few product models; (iii) The Group has also strengthened the development with enterprise level customers; (iv) Focus on product quality checks to ensure no defective products are sent to customers to maintain the Group's reputation; (v) Build and extend close relationships with large customers to understand their purchasing trends; (vi) Continue to build relationships with local and overseas partners in tendering for projects; and (vii) Actively seek appropriate acquisition targets to form positive synergies or to complement the Group's growth.
			(b) The internal competition in the telecommunications sector is fierce, especially the price competition.	(i) Strengthen the effort on research and development and market exploration for high profit margin products like 5G antennas, leaky cables and accessories and by securing more approvals as a qualified supplier for the Group's major customers and entering into new geographic markets; and (ii) Continue to improve production and logistical efficiencies with continuous internal micro-innovation and gradually achieve the replacement of self-produced raw materials for outsourcing to lower costs and to stay competitive.

Management Discussion and Analysis

No.	RISK	BUSINESS SEGMENT	DESCRIPTION	MITIGATING ACTIONS/MEASURES
2	Technology risk	Integrated Circuits and Digital Technology	The integrated circuit design industry in which the Company operates is a typical technology-intensive industry with technology upgrades and product iterations at a high speed. Meanwhile, chip products have higher technical barriers, and first-mover companies enjoy significant advantages. If the Company makes mistakes in its judgment of market demand or slow development progress in the follow-up Research and development process, it will face the risk of being grabbed for market share by competitors.	(i) Adhere to independent research and development, and continue to invest in the advantageous fields of the IoT to maintain a leading position; and (ii) Adopt cooperative research and development and commissioned development to reduce development risks.
		New Energy and Services	(a) Proprietary technology providers will no longer provide technical services (control system or control software related technical services). Professional technology providers will no longer provide free technical services, and will charge higher operation and maintenance service fees, or discontinue technical services.	According to the operation of the equipment, properly purchase corresponding spare parts for post-maintenance; develop the replacement equipment for the corresponding proprietary equipment and calculate the engineering application in advance; evaluate and inspect other updated proprietary equipment.
			(b) Proprietary equipment suppliers will no longer manufacture relevant equipment and spare parts, and the corresponding equipment needs to be upgraded or new replacement equipment needs to be developed.	Maintain the technical service contracts of specialized equipment suppliers and negotiate and sign corresponding cooperation agreements with them to ensure that the operational requirements can be met during the life cycle of the equipment.
		Telecommunications	In the development of 5G technology, the leaders and technology route for investment and construction are different from before. In the process of commercialization of 5G technology, product forms and 5G application models are constantly being explored, and there are many uncertainties, which may increase the risk of research and development and large-scale production.	(i) In order to maintain the leading position and market share of our Group, we develop new technologies and products independently through our Research and development team and, on the other hand, staying close to our customers (mainly telecom operators and equipment manufacturers) to understand the changing trends and their needs, so as to enhance the direction of our Research and development; (ii) We also actively introduce our 4G smart antennas and other ancillary accessories to overseas customers as there is still demand for 4G technology in overseas markets; and (iii) At present, the Company has stopped the research and development of micro base stations and turned to the research and development of repeaters (直放站), because the current market capacity of this business is much larger than that of micro base stations.
3	Credit risk	Integrated Circuits and Digital Technology	Bad debt risk generating from untimely collection of customer receivables.	(i) Establish customer files and strict credit approval; and (ii) Improve the management system for collection of customer receivables, and incorporate the collection index into the performance assessment.
		New Energy and Services	Bad debt risk generating from untimely collection of customer receivables.	The single customer for new energy and services is the State Grid Corporation, which also enjoys special subsidy funds for renewable energy from the Ministry of Finance, and has a strong guarantee of payment ability. The Company will complete all pre-requisite procedures for customers payback in a timely manner after each billing cycle to shorten the cycle.
		Telecommunications	Credit risk is the risk arising from the possibility of an obligor's inability to perform its contractual obligations. Credit risk may stem from both on-balance and off-balance sheet transactions. The potential risk associated with the non- performance of the contractual obligations by the borrower or transaction counter-party will increase the credit risk.	(i) Adopt the policy of only dealing with credit worthy counterparties and where appropriate, obtain sufficient collateral as a means of mitigating the risk of financial loss from defaults; (ii) Regularly review the publicly available financial information of the Group's largest customers, who are mainly telecom operators and major equipment manufacturers, which are basically large-scale domestic and overseas listed companies with sound reputation; (iii) Set credit limits for all other customers and regularly evaluate the credit limits on the basis of publicly available financial and non-financial information of them, and for existing customers, also their sales orders and repayment records; and (iv) Regularly monitor the Group's exposure and the credit ratings to prevent excessive credit exposure to a single customer.

No.	RISK	BUSINESS SEGMENT	DESCRIPTION	MITIGATING ACTIONS/MEASURES
4	Foreign currency risk	Integrated Circuits and Digital Technology	Increased uncertainty in the international trading environment, further spread of counter-globalisation trade protectionism and exchange risks arising from overseas operations.	(i) Mainly adopt the RMB settlement mode, with the effect of exchange rate fluctuations borne by customers; and (ii) Use the forward exchange settlement to avoid exchange risk for foreign currency settlement businesses.
		New Energy and Services	Overseas operations are expected to further develop in future in other international markets.	(i) Where feasible, the Company will seek to match revenue and cost streams in the same local currency to reduce net exposure; (ii) Utilize foreign exchange forward contracts, options, or other financial derivatives to hedge against adverse currency movements; (iii) Consider denominating investments in stable currencies or using local financing to align liabilities with asset exposures; and (iv) Regular Monitoring and Reporting: a dedicated treasury function will continuously monitor currency exposures and adjust hedging strategies in response to market developments and underlying business needs. These measures are designed to safeguard the value of overseas investments and support the sustainable growth of the New Energy and Service business segment.
		Telecommunications	The drastic changes in China's foreign trade environment have caused significant fluctuations in the RMB exchange rate, which poses significant exchange risks for the Group's expanding overseas business.	(i) Denominate the Group's sales in RMB, except in currency controlled countries such as India, so as to maximise the advantage brought by the internationalisation of RMB; and (ii) Monitor the foreign currency exposure and continue implementing the policy in using foreign exchange forward contracts ("**Forex Forwards**") to strike a balance between the uncertainty and the risk of opportunity loss in light of the growing significance of the Group's exposure to fluctuations in foreign currency. As Forex Forwards also have risks, the Group will only consider hedging the foreign currency risk using Forex Forwards should the need arise.
5	Commodity price risk	Integrated Circuits and Digital Technology	Product prices have faced a certain risk of volatility due to factors such as increased competition in the industry, faster technological iterations and boom cycles in the downstream demand market.	(i) Develop new customers to reduce the risk of heavy dependence on large customers; and (ii) Adopt a sales-based production approach and select suppliers carefully when customer orders are placed.
		New Energy and Services	Risk of tariff uncertainty in the electricity market.	(i) Attention is required to be paid to the uncertain impact of the power market on the on-grid tariffs of new energy and services. (ii) The project of new energy and services is the first batch of demonstration projects of solar thermal power plants in Mainland China, with a fixed on-grid tariff of RMB1.2/kWh for a 10MW unit and a fixed on-grid tariff of RMB1.15/kWh for a 50MW unit. Meanwhile, in the power market, solar thermal power plants have excellent regulation speed and regulation range of power generation output, and are also a type of long-term energy storage power plant with strong grid regulation capability, able to provide the grid with a wide range of auxiliary services such as peak regulation, voltage modulation, backup, black start and momentum of inertia, and therefore are expected to gain stronger bargaining power in the power market in the future.
		Telecommunications	As the main raw material of RF Coaxial Cables, copper accounts for a higher proportion of the costs of production, and its price is high and fluctuating. In addition, the price fluctuations of petrochemical raw materials have a significant impact on costs of production due to their high usage. The price of non-ferrous and petrochemical raw materials fluctuated significantly in 2024, making it more difficult to control costs of production. The framework agreements entered into with the Group's major customers allow for a linkage mechanism between the selling price of RF Coaxial Cables and the price of copper, whereby the selling prices shall be adjusted should copper price movement exceed a certain adjustment level. If copper price increases for a protracted duration but does not reach the adjustment level, the selling price will not be able to trigger the linkage mechanism, resulting in an increase in costs of production and thus lowering the Group's gross profit margin. There is no such linkage mechanism for the Group's other products that require copper as raw material.	(i) Procure appropriate measures to control copper prices based on existing orders and market conditions; and (ii) Continue to explore reduction of costs of materials and manufacturing. We have successfully researched and developed some of our own raw materials to replace purchased products.
6	Interest rate risk	Integrated Circuits and Digital Technology	The external loans and borrowings bear fixed interest rate.	Fixed interest rate liabilities not subject to interest rate risk before maturity.
		New Energy and Services	The business segment has long-term and fixed interest-bearing liabilities, therefore is not sensitive to interest rate fluctuation.	Fixed interest rate liabilities not subject to interest rate risk before maturity.
		Telecommunications	The major interest rate risk that the Group is exposed to includes the Group's short-term debt obligations which may be subject to variable interest rates.	The Group's debt obligation arising from bank borrowings bears fixed interest rate. No variable rate debt obligations were held by the Group at the end of FY2025.


5G
PUMPKIN SOUP

Connected and Continuing Connected Transactions

(a) During the year ended 31 December 2025, the Group had the following continuing connected transactions with Hengtong Group Co., Ltd. ("**Hengtong Group**") and Hengtong Optic-Electric Co., Ltd. ("**Hengtong Optic-Electric**"):

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Sale of products	**78,276**	56,139
Purchase of raw materials	**220,076**	246,381

Jiangsu Hengxin has been selling the Group's products to and purchasing materials from Suzhou Hengli Telecommunications Materials Co., Ltd. ("**Suzhou Hengli**") since December 2008 under relevant sales master agreements or purchases master agreements. The term of the sales master agreement and the purchases master agreement entered into between Jiangsu Hengxin and Suzhou Hengli on 10 October 2019 has expired on 31 December 2022.

On 3 January 2023, Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric (the holding company of Suzhou Hengli) (together and collectively with their respective associates, the "**Connected Parties**") entered into (i) the sales master agreement ("**Existing Sales Master Agreement**") to govern the terms of the sales of products (the "**Sales**") by Jiangsu Hengxin to the Connected Parties; and (ii) the purchases master agreement ("**Existing Purchases Master Agreement**") to govern the terms of the purchases of materials (the "**Purchases**") by Jiangsu Hengxin from the Connected Parties, for the periods up to 31 December 2025.

On 31 May 2023, Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric entered into a supplemental agreement to the Existing Purchases Master Agreement to amend the entity of the purchaser from Jiangsu Hengxin to Jiangsu Hengxin and its subsidiaries. Other terms of the Existing Purchases Master Agreement remain unchanged.

Given the growing amount of the Sales and Purchases, the Company anticipated that the annual caps ("**Existing Annual Caps**") in relation to the Existing Sales Master Agreement and Existing Purchases Master Agreement would not be sufficient. Accordingly, Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric entered into the new sales master agreement ("**New Sales Master Agreement**") and the new purchases master agreement ("**New Purchases Master Agreement**") on 31 October 2025 for the purpose of revision of the Existing Annual Caps for the year ended 31 December 2025 and setting the annual caps ("**New Annual Caps**") for the year ending 31 December 2026 to facilitate the continuance of the Purchases and the Sales.

Suzhou Hengli is wholly-owned by Hengtong Optic-Electric. Hengtong Optic-Electric was held as to approximately 24.07% by Hengtong Group, which was beneficially owned by Mr. Cui Genliang and Mr. Cui Wei as to 27% and 73% respectively. Mr. Cui Genliang is the father of Mr. Cui Wei (the chairman of the Board, a non-executive Director and a substantial shareholder of the Company via his wholly-owned entity, Kingever Enterprises Limited). Separately, Mr. Cui Genliang directly owns approximately 3.86% of the share capital of Hengtong Optic-Electric and can control the composition of a majority of the board of directors of Hengtong Optic-Electric. In this regard, each of Mr. Cui Wei, Mr. Cui Genliang, Hengtong Group, Hengtong Optic-Electric and their associates are considered as connected persons of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the transactions contemplated under the New Sales Master Agreement and New Purchases Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the New Sales Master Agreement calculated on an annual basis by reference to the highest new sales caps is more than 5% and the highest new sales cap exceeds HK$10,000,000, the New Sales Master Agreement is subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The annual sales caps for each of the the two years ended 31 December 2025 and 31 December 2026 are RMB127,000,000 and RMB150,000,000 respectively.

As the highest applicable percentage ratio for the New Purchases Master Agreement calculated on an annual basis by reference to the highest new purchase caps is more than 5% and the highest new purchase cap exceeds HK$10,000,000, the New Purchases Master Agreement is subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The annual purchases caps for each of the the two years ended 31 December 2025 and 31 December 2026 is RMB560,000,000.

At the extraordinary general meeting of the Company held on 30 December 2025 (the "**2025 December EGM"**), the ordinary resolutions for passing and confirming the New Sales Master Agreement and New Purchases Master Agreement have been duly approved by the independent shareholders of the Company.

For details of the New Sales Master Agreement and the New Purchases Master Agreement, please refer to the announcement of the Company dated 31 October 2025, the circular of the Company dated 12 December 2025 and the poll results announcement of the Company for the 2025 December EGM dated 30 December 2025.

(b) During the Reporting Period, the Group had the following continuing connected transaction with Cosin Solar Technology Co., Ltd. (浙江可勝技術股份有限公司) ("**Cosin Solar**"):

On 22 April 2024, Zhejiang Zhongguang New Energy Technology Co., Ltd. (浙江中光新能源科技有限公司) ("**Zhongguang New Energy**"), an indirect non-wholly-owned subsidiary of the Company, entered into the operation and maintenance technical service contract ("**Technical Service Contract**") with Cosin Solar for a duration of (i) six months before the date of grid-connected power generation ("**Grid-connected Power Generation**") of the Jinta Zhong Guang Solar Power "100MW CSP + 600MW PV" project – 100MW CSP project, being a 100MW tower-type molten salt solar thermal power station supporting 8 hours of heat storage, located in the Baishuiquan Photovoltaic Industrial Zone, Jinta County, Jiuquan City, Gansu Province, China, with an expected operation period of 25 years (the "**Jinta Photo-thermal Project**") and (ii) five consecutive years after the date of Grid-connected Power Generation.

Pursuant to the Technical Service Contract, Cosin Solar agrees to entrust Zhongguang New Energy and Zhongguang New Energy agrees to provide the following services to Cosin Solar: (i) assisting the Jinta Photo-thermal Project in accomplishing the production tasks and carrying out the daily operations related to the production tasks under the supervision and management of Cosin Solar during the production and operation period of the Jinta Photo-thermal Project; and (ii) services related to the overhaul and maintenance of the equipment and systems of the Jinta Photo-thermal Project, responsible for carrying out the necessary monitoring, repair and maintenance of the equipment and systems, and keeping the equipment in good condition through daily maintenance to ensure safe and stable operation.

The services are divided into two phases: (i) six (6) months before the Grid-connected Power Generation of the Jinta Photo-thermal Project (subject to the notice of Cosin Solar), Zhongguang New Energy shall enter into the site in advance according to the requirements of Cosin Solar to prepare for the project and familiarize itself with the equipment and systems; and (ii) after the date of Grid-connected Power Generation of the Jinta Photo-thermal Project, Zhongguang New Energy shall provide the operation and maintenance services to Cosin Solar for a period of five (5) consecutive years.

The total service price is RMB90,200,000 (inclusive of VAT at the rate of 6% and subject to adjustment according to the actual number of service personnel for on-site preparation, actual power generation and satisfaction of safety production indicators), which consists of two parts: (i) a service fee for the preparation period for entry into the site of RMB5,200,000 (inclusive of VAT at the rate of 6% and subject to adjustment according to the actual number of service personnel for on-site preparation), which will be paid by Cosin Solar in installments in accordance with the contract from the month when Cosin Solar notifies Zhongguang New Energy to enter the site for preparation; and (ii) an annual normal operation and maintenance service fee of RMB17,000,000 (inclusive of VAT at the rate of 6%, the installments are payable in each operation and maintenance quarter, of which the amount of ten percent (10%) of the annual normal operation and maintenance service fee shall be the assessment fee and will be settled based on the results of the annual appraisal and be paid by Cosin Solar to Zhongguang New Energy within one (1) month after the settlement). The annual caps on the maximum amounts of fees receivable from Cosin Solar for the year ended 31 December 2025 is RMB18,000,000. During the Reporting Period, the revenue recognized from the operation and maintenance service under the Technical Service Contract was approximately RMB10,665,000 (for the year ended 31 December 2024: RMB1,635,000).

Zhongguang New Energy is an indirect non-wholly-owned subsidiary of the Company. As the date of signing the Technical Service Contract, (i) Hangzhou Longkong Zhongguang Enterprise Holding Enterprise Partnership (Limited Partnership) (杭州龍控中光企業控股合夥企業(有限合夥) (“**Hangzhou Longkong**”) was the holding company of Zhongguang New Energy, while approximately 12.33% equity interest of Hangzhou Longkong was held by Cosin Solar, and therefore Cosin Solar was a substantial shareholder of Hangzhou Longkong; and (ii) Cosin Solar also held 28.25% equity interest in Ningbo Fuju Zhongguang Venture Capital Enterprise Partnership (Limited Partnership) (寧波復聚中光創業投資合夥企業(有限合夥) (“**Fuju Zhongguang**”), while approximately 28.86% equity interest of Zhongguang New Energy was held by Fuju Zhongguang, and therefore Fuju Zhongguang was a substantial shareholder of Zhongguang New Energy. Therefore, Cosin Solar was regarded as a connected person at the subsidiary level of the Company. Accordingly, the transactions contemplated under the Technical Service Contract constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) Cosin Solar is a connected person at the subsidiary level of the Company and the Technical Service Contract was entered into on normal commercial terms and has been approved by the Board, and (ii) the independent non-executive Directors are of the view that the transactions contemplated under the Technical Service Contract were in the course of business of Zhongguang New Energy, and on normal commercial terms, and the terms of the transactions are fair and reasonable and in the interest of the Company and its Shareholders as a whole, the continuing connected transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements but exempt from the independent financial advice and independent shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

In addition, as the duration of the Technical Service Contract exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed an independent financial adviser to explain why the Technical Service Contract requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration.

For details of the Technical Service Contract, please refer to the announcement of the Company dated 22 April 2024.

(c) During the Reporting Period, the Group had the following continuing connected transaction with Jiangsu Hengtong International Logistics Company Limited* (江蘇亨通國際物流有限公司) ("**Hengtong Logistics**"):

Due to Jiangsu Hengxin's operational needs under its ordinary and usual course of business, on 1 August 2024, Jiangsu Hengxin and Hengtong Logistics entered into the conditional framework agreement (the "**Framework Agreement**") which governs the procurement of transportation services in relation to Jiangsu Hengxin's raw materials purchased and/or products sold in the PRC (the "**Logistic Services**") by Jiangsu Hengxin from Hengtong Logistics for the three years ending 31 December 2026, subject to independent shareholders' approval.

According to the Framework Agreement, Jiangsu Hengxin and Hengtong Logistics will enter into individual contract for provision of specific Logistic Services. The service fee payable by Jiangsu Hengxin to Hengtong Logistics will be set out in the individual contract and will be determined based on service content, including but not limited to, distance and weight of cargo to be transported. Prior to entering into an individual contract, purchasing department of Jiangsu Hengxin will obtain quotations from at least 3 suppliers who provide the Logistic Services (which may include Hengtong Logistics). The service fee payable by Jiangsu Hengxin to Hengtong Logistics shall be no less favourable to Jiangsu Hengxin than those payable to/quoted by independent third party suppliers. The annual caps for each of the three years ending 31 December 2026 are RMB30,000,000, RMB39,300,000 and RMB43,300,000 and were determined based on Jiangsu Hengxin's historical annual demand for the Logistics Services and its growing trend. During the Reporting Period, the Logistics Services provided by Hengtong Logistics to Jiangsu Hengxin amounted to approximately RMB24,549,000.

As at 1 August 2024, (i) Hengtong Logistics was beneficially owned by Hengtong Group, Suzhou Hengtong Yongsheng Venture Capital Enterprise (Limited Partnership)* (蘇州亨通永盛創業投資企業(有限合夥)) and Mr. Cui Wei (chairman and non-executive Director of the Company and a substantial shareholder) as to 51%, 30% and 19% respectively; (ii) Suzhou Hengtong Yongsheng Venture Capital Enterprise (Limited Partnership)* (蘇州亨通永盛創業投資企業(有限合夥)) was owned as to 99% by Suzhou Hengtong Investment Management Partnership (Limited Partnership)* (蘇州亨通投資管理合夥企業(有限合夥)) and 1% by Mr. Cui Wei respectively; (iii) Suzhou Hengtong Investment Management Partnership (Limited Partnership)* (蘇州亨通投資管理合夥企業(有限合夥)) was in turn owned by Hengtong Group, Mr. Cui Wei and Jiangsu Hengtong Venture Capital Co., Ltd.* (江蘇亨通創業投資有限公司) as to approximately 59.03%, 40.16% and 0.81% respectively; and (iv) Hengtong Group was beneficially owned by Mr. Cui Genliang and Mr. Cui Wei as to 27% and 73% respectively. Mr. Cui Genliang is the father of Mr. Cui Wei. Accordingly, the aforesaid transactions constituted continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the Framework Agreement calculated on an annual basis by reference to the highest Annual Cap is more than 5% and the highest Annual Cap exceeds HK$10,000,000, the Framework Agreement is subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the extraordinary general meeting of the Company held on 9 September 2024, the ordinary resolution for approving and confirming the Framework Agreement has been duly passed by the independent shareholders of the Company.

For details of the above continuing connected transaction contemplated under the Framework Agreement, please refer to the announcements of the Company dated 1 August 2024 and 5 September 2024, the circular of the Company dated 22 August 2024 and the extraordinary general meeting poll results announcement of the Company dated 9 September 2024.

Connected and Continuing Connected Transactions

The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Annual Review

The Independent Non-Executive Directors have reviewed the above connected and continuing connected transactions and confirmed that such connected and continuing connected transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor, Rongcheng (Hong Kong) CPA Limited, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board has received a letter from the auditors which has confirmed the matters required under Rule 14A.56 of the Listing Rules. The auditors of the Company, Rongcheng (Hong Kong) CPA Limited have confirmed in the letter to the Board that, with respect to the aforesaid continuing connected transactions carried out during the year ended 31 December 2025, nothing has come to their attention which causes them to believe that: (a) the disclosed continuing connected transactions have not been approved by the Board; (b) the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (c) the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (d) the disclosed continuing connected transactions have exceeded their respective caps as set by the Company.

Board of Directors

CUI WEI
Chairman and Non-Executive Director

Mr. Cui Wei (崔巍), born in 1986, is chairman of the Board (the "**Chairman**") of the Company and chairman of Jiangsu Hengxin. He was appointed as a Non-Executive Director on 14 October 2014, and was appointed as the Chairman of the Company on 31 December 2015.

Mr. Cui holds a bachelor's degree in Mechanical Engineering from Saint Louis University and a master degree in Engineering Management from University of Southern California. Mr. Cui has extensive experience in direct investment, management of equity interests and debentures. Currently, Mr. Cui is (i) the chairman and director of Hengtong Optic-Electric Co., Ltd. (江蘇亨通光電股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600487); (ii) the chairman and director of Zhejiang Hengtong Holding Co.,Ltd. (浙江亨通控股股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600226); and (iii) the director of Tianjin Guoan Mengguli New Materials Science & Technology Co., Ltd. (天津國安盟固利新材料科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 301487).

PENG YINAN
Executive Director

Mr. Peng Yinan (彭一楠), born in 1982, was appointed as an Executive Director of the Company since 20 August 2022. Mr. Peng has served as the general manager of both Shanghai Zhangyu and Nanjing Zhangyu since September 2018 and June 2020 respectively, and has served as a director of Zhejiang Zhongguang New Energy Technology Co., Ltd. (a subsidiary of the Company) since May 2023. Mr. Peng participated and played an important role in the network security work for the 2008 Beijing Olympic Games and the Expo 2010 Shanghai. From December 2013 to December 2021, Mr. Peng served as the chairman of the board and general manager of Shanghai Weiling Information Technology Co., Ltd. (上海微令信息科技有限公司). Mr. Peng has served as a member of the Chinese Institute of Electronics Blockchain Branch and the deputy director of the Hengyang Yancheng Blockchain Research Institute since November 2018 and April 2022, respectively. Since September 2025, Mr. Peng has served as the deputy director of the East China Normal University Hengxin Technology Joint Laboratory for Intelligent Security Cryptographic Chips.

Mr. Peng graduated from the Department of Computer Science and Engineering of Shanghai Jiao Tong University in 2003 with a bachelor's degree. Mr. Peng subsequently obtained a master's degree in cryptography from the School of Cyber Science and Engineering of Shanghai Jiao Tong University in 2008. Mr. Peng was the Certified Information System Security Professional (CISSP) and Certified Information System Auditor (CISA).

Board of Directors

LAU FAI LAWRENCE

Executive Director

Mr. Lau Fai Lawrence (劉斐), born in 1971, joined the Company in June 2017 as the financial controller of the Group and was appointed as the Executive Director of the Company on 11 July 2025. Mr. Lau is currently a practising certified public accountant in Hong Kong and graduated from The University of Hong Kong with a bachelor's degree in business administration in 1994 and obtained a master's degree in corporate finance (distinction) from Hong Kong Polytechnic University in 2007. Mr. Lau is currently the company secretary of BBMG Corporation (stock code: 2009.HK) and HM International Holdings Limited (stock code: 8416.HK) since August 2008 and August 2020 respectively, an independent non-executive director of each of Sinopharm Tech Holdings Limited (stock code: 8156.HK) since January 2020 and China Ecotourism Group Limited (stock code: 1371.HK) since June 2025. Mr. Lau was an executive director of Future World Holdings Limited (formerly known as Future World Financial Holdings Limited) (stock code: 572.HK) between January 2014 and July 2022, an Independent Non-Executive Director of each of Renco Holdings Group Limited (stock code: 2323.HK) between March 2016 and July 2025 and China Energine International (Holdings) Limited (delisted, previous stock code: 1185.HK) between March 2020 and September 2025, a non-executive director of Alltronics Holdings Limited (stock code: 833.HK) between March 2017 and December 2018, an Independent Non-Executive Director of Winto Group (Holdings) Limited (stock code: 8238.HK) between April 2019 and November 2019, Tenwow International Holdings Limited (delisted, previous stock code: 1219.HK) between November 2018 and November 2020, and Titan Petrochemicals Group Limited (listing cancelled, previous stock code: 1192.HK) between March 2014 and August 2023 and Artini Holdings Limited (stock code: 789.HK) between April 2008 and November 2023.

TAO SHUNXIAO

Non-Executive Director

Mr. Tao Shunxiao (陶舜曉), born in 1976, was appointed as the Non-Executive Director of the Company on 24 August 2024. Mr. Tao Shunxiao graduated from University of Technology Sydney with a degree of MBA, majoring in finance and international management in 2005. Mr. Tao Shunxiao 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 Shunxiao 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.

Board of Directors

ZENG GUOWEI
Non-Executive Director

Mr. Zeng Guowei (曾國偉), born in 1982, was appointed as the Non-Executive Director of the Company on 24 August 2024. Mr. Zeng Guowei graduated from the Department of Economics of Nankai University, and obtained a doctor of management degree from the global campus of the University of Arizona, the United States on December 2025. Mr. Zeng Guowei 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.* (浙江采雲間茶業有限公司) (wholly state-owned) since 2024. Mr. Zeng Guowei 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.

QIAN ZIYAN
Independent Non-Executive Director

Mr. Qian Ziyan (錢自嚴), born in 1967, was appointed as the Independent Non-Executive Director of the Company on 17 November 2023. Mr. Qian Ziyan is currently the Strategy Advisor of DSBJ Pte. Ltd, a Singapore subsidiary of Suzhou Dongshan Precision Manufacturing Co. Ltd. (a company listed on the Shenzhen Stock Exchange with stock code 002384). Prior to that, Mr. Qian Ziyan had been the Chief Financial Officer of Multi-Fineline Electronix, Inc. (a company listed on NASDAQ with stock code MFLX.US prior to July 2016, a wholly-owned subsidiary of Suzhou Dongshan Precision Manufacturing Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code 002384)) and a part-time teacher of the MBA programme operated by the School of Management of Zhejiang University. From 1999 to 2009, Mr. Qian has served as the Chief Financial Officer and senior finance positions of various technology and multinational corporations in China, Singapore and Europe. Mr. Qian had been an independent director of RIGOL Technologies, Co. Ltd. (a company listed on the Sci-tech Innovation Board of the Shanghai Stock Exchange with stock code 688337) between September 2020 and December 2022. Mr. Qian obtained a Bachelor of Arts degree in English of Science & Technology from Xi'an Jiaotong University in 1989 and obtained a Degree of Master of Business Administration (Accountancy) from Nanyang Technological University in 1999. Mr. Qian is currently a Chartered Accountant of Singapore admitted by the Institute of Singapore Chartered Accountants (ISCA) and a Fellow Charted Management Accountant (FCMA) and Chartered Global Management Accountant (CGMA) of the Chartered Institute of Management Accountants (CIMA).

Board of Directors

LIN TING

Independent Non-Executive Director

Ms. Lin Ting (林霆), born in 1970, was appointed as the Independent Non-Executive Director of the Company on 11 July 2025. Ms. Lin obtained a bachelor's degree in industrial enterprise management from Shanghai University of Engineering Science in 1992 and a master's degree in technology management in information technology from The Hong Kong University of Science and Technology in 2004. Ms. Lin was qualified as a project management professional by the Project Management Institute in 2014 and was awarded the qualification certificate of board secretary by the Shanghai Stock Exchange in 2017. From March 2009 to April 2013, Ms. Lin successively served as the deputy general manager of the business development department and the general manager of the information department of China Cargo Airlines Co., Ltd., and the general manager of the information department of Eastern Air Logistics Co., Ltd. (a company now listed on the Shanghai Stock Exchange (stock code: 601156.SH)). From April 2013 to January 2015, she was the general manager of logistics product department of the information solutions department of China Eastern Airlines Co., Ltd. (whose H shares (stock code: 670.HK), A shares (stock code: 600115.SH) and American depositary shares (stock code: CEA) are listed on The Stock Exchange of Hong Kong Limited, the Shanghai Stock Exchange and the New York Stock Exchange respectively).

Ms. Lin is currently an Independent Non-Executive Director of Tibet Water Resources Ltd. (stock code: 1115.HK) since July 2022. Ms. Lin was an Independent Non-Executive Director of Hang Tai Yue Group Holdings Limited (formerly known as China Mobile Games and Cultural Investment Limited and Interactive Entertainment China Cultural Technology Investments Limited) (a company listed on GEM of The Stock Exchange of Hong Kong Limited (stock code: 8081.HK)) from December 2015 to June 2016 and a director of Shanghai Changxin Technology Corp., Ltd. (a company whose shares are quoted on the National Equities Exchange and Quotations (stock code: 430611)) from March to August 2017. She was an Executive Director of Finsoft Financial Investment Holdings Limited (a company listed on GEM of The Stock Exchange of Hong Kong Limited (stock code: 8018.HK)) from June 2016 to April 2025 and an Independent Non-Executive Director of UJU Holding Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1948.HK)) from October 2021 to October 2024. Ms. Lin was a director of Shanghai Yuefu Investment Management Consulting Co., Ltd.* (上海悅輔投資管理諮詢有限公司), a company incorporated in the People's Republic of China which was engaged in the provision of investment management consultancy services, prior to its deregistration on 7 February 2021.

Board of Directors

CHAN HON CHUNG JOHNNY
Independent Non-Executive Director

Mr. Chan Hon Chung Johnny (陳漢聰), born in 1965, was appointed as an Director of the Company on 31 July 2025. Mr. Chan has extensive working experience in the banking industry including ABN AMRO Bank, Standard Chartered Bank and The Bank of East Asia Limited, respectively. From January 2003 to September 2017, Mr. Chan was the Executive Director and chief financial officer of Swing Media Technology Group Ltd. (a company formerly listed on the SGX-ST before its delisting in December 2023). Mr. Chan was the Independent Non-Executive of CW Group Holdings Limited (a company formerly listed on the main board of the Stock Exchange with stock code 01322.HK before its delisting in October 2020) ("**CW Group**") from March 2012 to 12 July 2017. Mr. Chan was the chief financial officer of Zuse Holdings Pte. Ltd. between October 2019 and July 2023. Mr. Chan obtained a bachelor's degree of science in finance from Brigham Young University, USA in 1988 and a master's degree in professional accounting from the Hong Kong Polytechnic University in 2001.

CW Group was incorporated in the Cayman Islands. As disclosed in the report of directors contained in the Annual Report 2017 of CW Group (being the last annual report published before its delisting), the principal activity of CW Group is investment holding.

As disclosed in the announcements of CW Group dated 12 July 2017, 2 July 2018 and 4 July 2018, (a) Mr. Chan resigned as an Independent Non-Executive Director of CW Group with effect from 12 July 2017; (b) on 29 June 2018 (Cayman Islands time), Brownstone Ventures Limited ("**Brownstone**"), a creditor of CW Group, presented a petition to the Grand Court of the Cayman Islands (the "**Grand Court**") pursuant to section 94 of the Companies Law (2018 Revision) for an order that CW Group be wound up on the grounds that CW Group was unable to pay its debts (the "**Brownstone Winding-Up Petition**"); and (c) on 22 June 2018 (Cayman Islands time), Fubon Bank (Hong Kong) Limited ("**Fubon**") presented a petition to the Grand Court for the winding-up of CW Group (the "**Fubon Winding-Up Petition**", together with Brownstone Winding-Up Petition, the "**Cayman Winding-Up Petitions**") on the grounds that CW Group was unable to pay its debts in relation to certain banking facilities and corporate guarantee in the aggregate amount of approximately US$9,469,025.

The Cayman Winding-Up Petitions were presented within 12 months after Mr. Chan ceased to be a director of CW Group and therefore shall be disclosed pursuant to Rule 13.51(2)(l) of the Listing Rules. Based on the company search index of the e-Search Services and e-Services Portal maintained by the Companies Registry of Hong Kong as at the date of this report, the Company Active Status of CW Group is "live" with remarks stating "Winding Up" and the Winding Up mode being "Compulsory Winding Up". To the best knowledge and belief of the Board after having made all reasonable inquiries, the Company is not related to CW Group and the above Cayman Winding-Up Petitions are not related to the Company. Mr. Chan has confirmed that (a) the Cayman Winding-Up Petitions was not related to him; (b) there was no wrongful act or mis-management on his part leading to the Cayman Winding-Up Petitions; (c) Mr. Chan was not aware of the Cayman Winding-Up Petitions when he resigned as an independent non-executive director of CW Group on 12 July 2017; and (d) Mr. Chan is not aware of any current or potential claim that has been or will be made against him as a result of the Cayman Winding-Up Petitions.

Key Management

WANG SHENZHU

General Manager - Jiangsu Hengxin Technology Co., Ltd.

Mr. Wang Shenzhu (王申竹), born in August 1986, joined the Group in September 2025 as the general manager of Jiangsu Hengxin Technology Co., Ltd. From September 2005 to July 2009, he studied Materials Science at Hunan University of Science and Technology for his undergraduate degree, and from September 2009 to July 2012, he pursued a master's degree in Materials Science at Hefei University of Technology. Mr. Wang Shenzhu served as the CEO of AM Hengtong Africa Telecoms (AMHT) from July 2020 to September 2021. From October 2021 to August 2025, he served as the CEO of Aberdare Cables Pty Ltd in South Africa.

YE JIN

Chairman of the Board - Zhejiang Zhongguang New Energy Technology Co., Ltd.

Mr. Ye Jin (葉進), born in 1984, serves as the chairman of the board of Zhejiang Zhongguang New Energy Technology Co., Ltd. (a subsidiary of the Company), a position he has held since May 2023. He is responsible for overseeing the strategic development and overall management of the Group's new energy and services business segment. Prior to joining the Company, he served as general manager of the Asset Management Department at Yuekai Securities Co., Ltd. (粵開證券股份有限公司) from October 2010 to April 2023, where he was responsible for investment management, product development and portfolio strategy. Mr. Ye holds a bachelor's degree in Management and Information Systems from Liverpool John Moores University in the United Kingdom and a master's degree in Digital Media Technology from Technological University Dublin in Ireland.

CHENG JIANZHU

Deputy General Manager - Nanjing Zhangyu Information Technology Co., Ltd. and Shanghai Zhangyu Information Technology Co., Ltd.

Mr. Cheng Jianzhu (程建築), born in 1981, serves as the deputy general manager of Nanjing Zhangyu Information Technology Co., Ltd. and Shanghai Zhangyu Information Technology Co., Ltd. (both are the subsidiaries of the Company), a position he has held since 2020. He is responsible for assisting in the overall management and business operations of the Group's integrated circuit and digital technology segment. Mr. Cheng has taken the lead in establishing a full-chain standardized operating system for the Group's Integrated Circuit and Digital Technology segment, optimizing cross-functional team governance mechanisms, and driving steady revenue growth in these businesses. By strictly adhering to corporate governance standards and regulatory guidelines while actively engaging in customer relationship management and brand value building, he has helped the Group to elevate its market competitiveness in the relevant fields. Mr. Cheng holds a bachelor's degree.

Corporate Information

REGISTERED OFFICE
460 Alexandra Road
#28-01 mTower
Singapore 119963

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE
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Singapore 119963

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
6th Floor
The Chinese Club Building
21-22 Connaught Road Central
Hong Kong

BOARD OF DIRECTOR
Executive directors
Mr. Peng Yinan
Mr. Lau Fai Lawrence

Non-executive directors
Mr. Cui Wei (Chairman)
Mr. Tao Shunxiao
Mr. Zeng Guowei

Independent non-executive directors
Mr. Qian Ziyan
Ms. Lin Ting
Mr. Chan Hon Chung Johnny

AUDIT COMMITTEE
Mr. Qian Ziyan (Chairman)
Mr. Cui Wei
Ms. Lin Ting
Mr. Chan Hon Chung Johnny

REMUNERATION COMMITTEE
Mr. Chan Hon Chung Johnny (Chairman)
Mr. Cui Wei
Mr. Tao Shunxiao
Mr. Qian Ziyan
Ms. Lin Ting

NOMINATING COMMITTEE
Mr. Cui Wei (Chairman)
Mr. Zeng Guowei
Mr. Qian Ziyan
Ms. Lin Ting
Mr. Chan Hon Chung Johnny

AUTHORISED REPRESENTATIVES
Mr. Peng Yinan
Mr. Chan Ting

JOINT COMPANY SECRETARIES
Ms. Lin Yubin, Esther (Singapore)
Mr. Chan Ting (Hong Kong)

LEGAL ADVISORS
Keith Lam Lau & Chan
6th Floor
The Chinese Club Building
21-22 Connaught Road Central Hong Kong

AUDITORS
As for Singapore Statutory Reporting
RSM SG Assurance LLP
8 Wilkie Road, #03-08, Wilkie Edge
Singapore 228095
(Appointed since 10 February 2026)

As for Hong Kong Reporting
Rongcheng (Hong Kong) CPA Limited
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
4301-07, Cosco Tower, 183 Queen's Road Central, Hong Kong
(Appointed since 25 November 2024)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
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PRINCIPAL BANKERS
China Construction Bank Corporation, Yixing Branch
No. 158 Renminzhong Road
Yicheng Town, Yixing City
Jiangsu Province, The PRC

Agricultural Bank of China, Yixing Branch
No. 160 Renminzhong Road
Yicheng Town, Yixing City
Jiangsu Province, The PRC

SEHK STOCK CODE
1085

WEBSITE OF THE COMPANY
www.hengxin.com.sg

Corporate Governance Report

The Company is committed to setting in place corporate governance practices to provide the structure through which the objectives of protection of shareholders' interests and enhancement of long term shareholder value are met.

The Company was listed on the Main Board of the SEHK. Throughout the year ended 31 December 2025 (the "**Reporting Period**" or "**FY2025**"), the Company had adopted, for corporate governance purposes, the code provisions as set out in the Corporate Governance Code in Appendix C1 of the Listing Rules (the "**Hong Kong Code**"), and has complied with the code provisions as set out in the Hong Kong Code.

(A) BOARD MATTERS

The Board's Conduct of Affairs

As at 31 December 2025, the Board comprises of two (2) Executive Directors, three (3) Non-Executive Directors, and three (3) Independent Non-Executive Directors. During FY2025, all the Executive Directors, Non-Executive Directors and Independent Non-Executive Directors displayed diversity and competency in their skill sets, knowledge, experience and perspectives which enabled them to contribute effectively to the Company.

The Board's primary role is to safeguard shareholders' interests and enhance long-term shareholders' value. It sets the overall strategy for the Group and supervises the performance of the executive management of the Company (the "**Management**"). To fulfil this role, the Board is responsible for implementing effective internal controls and for the overall corporate governance of the Group, including setting its strategic direction, establishing goals for the Management and monitoring the Management's performance towards achieving these goals.

The Group has set in place an approval matrix which sets out the matters requiring the Board's approval and the extent of delegation assigned to the Management. In this manner, the Management can effectively carry out its business activities with a clear understanding of its operational limits.

Board Processes

To assist in the execution of its responsibilities, the Board has established a number of Board committees, including the Nominating Committee, the Remuneration Committee and the Audit Committee (the "**Board Committees**"). The effectiveness of each committee is constantly monitored. The Board has also established a framework for the Management to establish an internal control system and appropriate ethical standards.

Board meetings are conducted regularly on a quarterly basis, and ad-hoc meetings are convened whenever they are deemed necessary to address any specific issue of significance that may arise. The Group has established mechanism to ensure independent views and input are available to the Board. Some important matters concerning the Group are also put to the Board for its decision by way of written resolutions. Board meetings may be conducted by way of tele-conference and video conference.

The meeting agenda for Board meetings are prepared in consultation with the Chairman. Agenda items include the management report, financial reports, strategic matters, corporate governance, business risk issues and compliance. Executives of the Group are regularly invited to attend Board meetings to provide updates on operational matters.

The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

Corporate Governance Report

During FY2025, the number of general meetings (including the annual general meeting held on 25 June 2025 (the "**2024 AGM**") and the extraordinary general meeting held on 30 December 2025 (the "**2025 December EGM**")), Board meetings and Board Committee meetings held, and the attendance by each member of the Board at these meetings are set out below:

Name of Director	2024 AGM		2025 December EGM		Board meetings		Audit Committee meetings		Remuneration Committee meetings		Nominating Committee meetings	
	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Mr. Cui Wei	1/1	1/1	1/1	1/1	4/4	4/4	4/4	4/4	1/1	1/1	1/1	1/1
Mr. Peng Yinan	1/1	1/1	1/1	1/1	4/4	4/4	NA	NA	NA	NA	NA	NA
Mr. Lau Fai Lawrence (appointed on 11 July 2025)	NA	NA	1/1	1/1	2/2	2/2	NA	NA	NA	NA	NA	NA
Mr. Tao Shunxiao	1/1	1/1	1/1	1/1	4/4	4/4	NA	NA	1/1	1/1	NA	NA
Mr. Zeng Guowei	1/1	1/1	1/1	1/1	4/4	4/4	NA	NA	NA	NA	1/1	1/1
Mr. Qian Ziyan	1/1	1/1	1/1	1/1	4/4	4/4	4/4	4/4	1/1	1/1	1/1	1/1
Ms. Lin Ting (appointed on 11 July 2025)	NA	NA	1/1	1/1	2/2	2/2	2/2	2/2	NA	NA	NA	NA
Mr. Chan Hon Chung Johnny (appointed on 31 July 2025)	NA	NA	1/1	1/1	2/2	2/2	2/2	2/2	NA	NA	NA	NA
Ms. Zhang Zhong (resigned on 11 July 2025)	1/1	1/1	NA	NA	2/2	2/2	2/2	2/2	NA	NA	NA	NA
Dr. Li Jun (resigned on 31 July 2025)	1/1	1/1	NA	NA	2/2	2/2	2/2	2/2	1/1	1/1	1/1	1/1
Mr. Pu Hong (resigned on 11 July 2025)	1/1	1/1	NA	NA	2/2	2/2	2/2	2/2	1/1	1/1	1/1	1/1

(NA: Not applicable)

Matters Reserved for Board Approval

Board approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, release of the Group's half-yearly results, full-year results, interim report and annual report, preparation of the Environmental, Social and Governance report, review of the annual budget, connected transactions, declaration of interim dividends and proposal of final dividends.

All other matters are delegated to the committees whose actions are reported to, and monitored by, the Board.

Training of Directors

The Directors are responsible for their own training needs. Each newly appointed Director shall receive appropriate induction, training and coaching in order to develop individual skills as required for the discharge of their duties and responsibilities as Directors of the Company. During FY2025, the Directors have participated in continuous professional development to develop and refresh their knowledge and skills, including the training course provided by the legal advisors of the Company. Some of the Directors have also attended external trainings during FY2025 covering topics on Corporate Governance Code on risk management and internal controls under the Listing Rules, the Companies Ordinance of Hong Kong and new Hong Kong Financial Reporting Standards and legal framework update.

Corporate Governance Report

The individual training record of each Director received for FY2025 is summarized below:

Names of Directors	Attending or participating in seminars/training courses relevant to the business/directors' duties
Mr. Peng Yinan	✓
Mr. Cui Wei	✓
Mr. Lau Fai Lawrence (appointed on 11 July 2025)	✓
Mr. Tao Shunxiao	✓
Mr. Zeng Guowei	✓
Mr. Qian Ziyan	✓
Ms. Lin Ting (appointed on 11 July 2025)	✓
Mr. Chan Hon Chung Johnny (appointed on 31 July 2025)	✓
Ms. Zhang Zhong (resigned on 11 July 2025)	✓
Dr. Li Jun (resigned on 31 July 2025)	✓
Mr. Pu Hong (resigned on 11 July 2025)	✓

Board Composition and Guidance

During FY2025, the Board comprised the following Directors:

Name of Director	Designation	Date of first appointment	Date of last re-election	Due for re-election at forthcoming annual general meeting ("AGM")
Mr. Cui Wei	Chairman and Non-Executive Director	14 October 2014	28 April 2023	Yes
Mr. Peng Yinan	Executive Director	20 August 2022	28 April 2023	Yes
Mr. Lau Fai Lawrence (appointed on 11 July 2025)	Executive Director	11 July 2025	NA	Yes
Mr. Tao Shunxiao	Non-Executive Director	24 August 2024	24 June 2025	NA
Mr. Zeng Guowei	Non-Executive Director	24 August 2024	24 June 2025	NA
Mr. Qian Ziyan	Independent Non-Executive Director	17 November 2023	29 April 2024	NA
Ms. Lin Ting (appointed on 11 July 2025)	Independent Non-Executive Director	11 July 2025	NA	Yes
Mr. Chan Hon Chung Johnny (appointed on 31 July 2025)	Independent Non-Executive Director	31 July 2025	NA	Yes
Ms. Zhang Zhong (resigned on 11 July 2025)	Non-Executive Director	23 June 2005	24 June 2025	NA
Mr. Pu Hong (resigned on 11 July 2025)	Independent Non-Executive Director	6 March 2015	29 April 2024	NA
Dr. Li Jun (resigned on 31 July 2025)	Independent Non-Executive Director	6 March 2015	24 June 2025	NA

(NA: Not applicable)

The criteria for assessing independence of the Independent Non-Executive Directors are based on the guidelines set out in the Listing Rules. The Board considers an independent director is a director who has no relationship with the Company, its related companies, its shareholders who have 10% or more interest in the issued share capital of the Company or its officers that could interfere, or be reasonably perceived to be likely to interfere, with the exercise of the director's independent judgment in the conduct of the Group's affairs. The independence of the Company's Independent Non-Executive Directors meets the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules.

The composition of the Board is determined in accordance with the following principles:

- The Board should comprise a sufficient number of Directors to fulfil its responsibilities. This number of Directors may be increased when the Board considers that additional expertise is required in specific areas, or when an outstanding candidate has been identified;

- the Board should have sufficient number of Directors to serve on various committees of the Board without encumbering the Directors or making it difficult for them to fully discharge their responsibilities; and

- the Board should consider its diversity from various aspects including but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All appointments to the Board will be based on merits, and candidates will be considered against certain objective criteria, having regard to the benefits of diversity on the Board.

The Nominating Committee conducts an annual review of the Independent Non-Executive Directors' independence. Based on the guidelines of the Listing Rules for assessing independence, the Nominating Committee is of the view that the Independent Non-Executive Directors, during their respective terms of office with the Company, are deemed independent.

Through the Independent Non-Executive Directors, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on various issues. Furthermore, the Board is able to interact and work with the Management through a robust exchange of ideas and views to help shape the Company's strategic direction.

The composition of the Board will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate size, gender diversity, skills, knowledge, experience and perspectives, and possesses the core competencies necessary for the effective functioning of the Board and making informed decisions. When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new Director with particular expertise in specific areas, the Nominating Committee, in consultation with the Board, will determine the selection criteria and select candidates with the appropriate expertise and experience for the position. Pursuant to the constitution of the Company (the "**Constitution**"), any Director appointed by the Board to fill a casual vacancy shall hold office until the next annual general meeting ("**AGM**") after his appointment and be subject to re-election at such meeting.

Directors' Skills and Experience

The skills matrix below sets out the skills and expertise of the Board that are most relevant to the Company's strategy, governance and business and to enabling the Board to effectively discharge its duties and responsibilities in attaining the Company's strategic objectives and achieving sustainable and balanced development for the Group, particularly in terms of :

- the provision of the Company's three (3) main principal businesses in Chinese Mainland and/or other countries;

- overseeing implementation of the Company's strategic in its core businesses;

Corporate Governance Report

- promoting sustainability and fully compliant governance and corporate responsibility practices across the Company's business and markets;
- overseeing implementation of the risk management framework and internal controls; and
- promoting a positive and progressive culture across the Group, enabling the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen in the core areas where the Group operates.

	Executive leadership & strategy/directorship or senior executive experience with other listed company(ies)	Capital market expertise	International business exposure	Chinese Mainland business exposure	Accounting professionals/ financial management expertise	Legal professionals/ regulatory & compliance/risk management	Digital technology knowledge
Executive Director							
Mr. Peng Yinan	√	√	√	√	√	√	√
Mr. Lau Fai Lawrence	√	√	√	√	√	√	√
Non-Executive Director							
Mr. Cui Wei	√	√	√	√	√	√	√
Mr. Tao Shunxiao	√	√	√	√	√	√	√
Mr. Zeng Guowei	√	√	√	√	√	√	√
Independent Non-Executive Director							
Mr. Qian Ziyan	√	√	√	√	√	√	√
Ms. Lin Ting	√	√	√	√	√	√	√
Mr. Chan Hon Chung Johnny	√	√	√	√	√	√	√
Coverage (% of entire Board)	100%	100%	100%	100%	100%	100%	100%

Change in the Composition of the Board

Ms. Zhang Zhong has tendered her resignation as a Non-Executive Director and a member of the Audit committee of the Company with effect from 11 July 2025 as she wanted to devote more time to pursue her other commitments. Mr. Pu Hong has tendered his resignation as an Independent Non-Executive Director, and a member of each of the Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**") remuneration committee of the Company with effect from 11 July 2025 as he wanted to devote more time to his other business commitments. Dr. Li Jun has tendered his resignation as an Independent Non-Executive Director, the chairman of RC, a member of the AC and a member of the NC of the Company with effect from 31 July 2025 as he wanted to devote more time to pursue his other commitments.

On 11 July 2025, Mr. Lau Fai Lawrence ("**Mr. Lau**") was appointed as an Executive Director of the Company with effect from 11 July 2025 and Ms. Lin Ting ("**Ms. Lin**") was appointed as an Independent Non-Executive Director of the Company and a member of each of the AC, RC and NC of the Company with effect from 11 July 2025. On 31 July 2025, Mr. Chan Hon Chung Johnny ("**Mr. Chan**") was appointed as an Independent Non-Executive Director, the Chairman of the RC a member of the AC and a member of the NC of the Company with effect from 31 July 2025.

Each of Mr. Lau, Ms. Lin and Mr. Chan has obtained the legal advice referred to under Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to them as Directors and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 27 June 2025 and 24 July 2025 respectively. Each of Mr. Lau, Ms. Lin and Mr. Chan has confirmed that he/she understood his/her obligations as a Director.

In accordance with Article 88 of the Constitution, Mr. Lau, Ms. Lin and Mr. Chan shall hold office only until the next AGM and shall then be eligible for re-election. Therefore, Mr. Lau, Ms. Lin and Mr. Chan shall retire at the forthcoming AGM shall offer themselves for re-election.

The NC also reviews the number of years of service of each Independent Non-Executive Directors so as to balance the benefits from the ability of that Independent Non-Executive Director to stay independent and to bring fresh perspectives to the Board and the necessity of board refreshment and succession planning due to the issues arising from the presence of long-serving Independent Non-Executive Directors.

The duties and responsibilities of the Executive Directors are clearly set out in their service agreements, and the duties and responsibilities of the Non-Executive Directors are clearly set out in their letters of appointment.

The Non-Executive Directors and Independent Non-Executive Directors exercise no management functions in the Group. While all the Directors have equal responsibility for the performance of the Group, the respective roles of the Non-Executive Directors and Independent Non-Executive Directors are particularly important in ensuring that the strategies proposed by the Management are discussed fully and rigorously examined, taking into account the long-term interests of not only the shareholders, but also of the employees, customers, suppliers and the many communities in which the Group conducts business.

The Board considers its Non-Executive Directors and Independent Non-Executive Directors to be competent, sufficient in number and that their views hold equal weight such that no individual or groups of Directors can dominate the Board's decision-making processes. The Non-Executive Directors and Independent Non-Executive Directors have no financial or contractual interests in the Group other than their fees and shareholdings as set out in the Report of the Directors in this annual report.

The Board is of the view that its current composition is appropriate taking into account the scope and nature of the operations of the Company and the Group.

As the Board currently has one (1) female director, the Company is in full compliance with Rule 13.92 of the Listing Rules. The Company is committed to promoting gender diversity for its board composition. As at the date of this annual report, the Company has maintained a board gender diversity comprising a mix of 7 males (87.5%) and 1 female (12.5%). The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board. The Board is mindful of the objectives for the factors for assessing the candidacy of the Board members, and will ensure that any successors to the Board shall follow the gender diversity policy. Similar considerations shall also be in place to assess the candidacy of the senior management team from time to time. The Group is determined to maintain gender diversity and equality in terms of the whole workforce, and to procure the senior management team to achieve gender equality in terms of the gender ratio within a medium-term time frame. The Company expects the above is achievable with suitable effort in promoting the gender diversity culture, which the Group has been advocating for so.

Other key information about the Directors is set out in pages 58 to 62 of this annual report. Their shareholdings in the Company are also disclosed in the Report of the Directors in this annual report. None of the Directors hold shares in any of the Company's subsidiaries.

Chairman and Chief Executive Officer

Code Provision C.2.1 of the Hong Kong Code stipulates that the roles of the Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. Mr. Cui Wei has been appointed as the Chairman of the Board since 31 December 2015. The Chairman shall focus on the overall corporate development and strategic direction of the Group and oversee the efficient functioning of the Board. The Chairman will ensure that all Directors are properly briefed on issues arising at Board meetings and will also ensure information flow between the Management and the Board.

The Executive Directors are responsible for the daily operations of the Company while the Non-Executive Directors and Independent Non-Executive Directors exercise no management functions in the Group. Such division of responsibilities helps to reinforce their independence and ensure a balance of power and authority. During FY2025, the Chairman had a meeting with the Independent Non-Executive Directors, without the presence of the other Directors.

The Company did not appoint a CEO in FY2025 and has no intention to appoint a CEO in the near future.

Joint Company Secretaries

The Company's secretarial functions are outsourced to external services provider. Ms. Lin Yubin , Esther ("**Ms. Esther Lin**") (appointed on 21 October 2024) and Mr. Chan Ting ("**Mr. Chan Ting**") (appointed on 10 November 2021) are the joint company secretaries of the Company (the "**Joint Company Secretaries**") during FY2025. Ms. Esther Lin has extensive experience in advising and assisting public companies listed on the Singapore Exchange Securities Trading Limited and private companies on their corporate secretarial matters. Ms. Esther Lin has over ten (10) years of experience in taking up senior roles in established corporate secretarial service firms in Singapore. Mr. Chan Ting is qualified to practise as solicitor in Hong Kong. Ms. Esther Lin and Mr. Chan Ting have complied with the requirement under Rule 3.29 of the Listing Rules during the year.

Their primary corporate contact person at the Company is Mr. Lau Fai Lawrence, the Executive Director and financial controller of the Company.

(B) NOMINATING COMMITTEE

Board Membership

The Company adopts a formal and transparent process of appointing new Directors to the Board and ensures that all Directors submit themselves for re-nomination and re-election at regular intervals, and the NC oversees this aspect of corporate governance.

As at the date of this annual report, the NC comprises the following members:

Mr. Cui Wei	Chairman, Non-Executive Director
Mr. Zeng Guowei	Member, Non-Executive Director
Mr. Qian Ziyan	Member, Independent Non-Executive Director
Ms. Lin Ting	Member, Independent Non-Executive Director
Mr. Chan Hon Chung Johnny	Member, Independent Non-Executive Director

The NC holds at least one meeting each year. The NC has convened one (1) meeting during FY2025 to review the independence of the Independent Non-Executive Directors as well as the composition of the Board. During FY2025, two (2) written resolutions were passed on the proposed appointments of Mr. Lau as the Executive Director and Ms. Lin and Mr. Chan as the Independent Non-Executive Directors.

The key functions of the NC under its Terms of Reference are, amongst others:

(a) to establish procedures for, and make recommendations to the Board on all appointments to the Board, including re-nominations, having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation and candour);

(b) to determine annually whether or not an Independent Non-Executive Director is independent, bearing in mind the requirements set forth in the Listing Rules and any other relevant factors;

(c) in respect of a Director who holds multiple board representations on various companies, to decide whether or not such Director is able to, and has been adequately, carrying out his/her duties as Director, having regard to the competing time commitments that are faced by such Director when serving on multiple boards;

(d) to decide how the Board's performance may be evaluated and propose an objective performance criterion, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value; and

(e) to review the board succession plans for the Directors.

The Terms of Reference of the NC are posted on the websites of the Company and the SEHK. During FY2025, the Terms of Reference of the NC was revised to incorporate the code provision requirement of the Hong Kong Code of requiring listed issuers to have at least one director of a different gender on the NC.

The Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. The Non-Executive Directors are appointed for a term of three (3) years, subject to retirement by rotation at the AGM and may, if eligible, offer themselves for re-election.

Pursuant to the Constitution, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM. Each Director shall abstain from voting on any resolutions in respect of his or her re-appointment as a Director.

Pursuant to Article 88 of the Constitution, Mr. Lau and Ms. Lin were appointed by the Directors on 11 July 2025 and Mr. Chan was appointed by Directors on 31 July 2025 and therefore all of them shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the numbers of Directors who are to retire by rotation at such meeting. Therefore, Mr. Lau, Ms. Lin and Mr. Chan shall retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election at the forthcoming AGM. The profiles of Mr. Lau, Ms. Lin and Mr. Chan are shown on pages 59, 61 and 62, respectively, of this annual report.

Pursuant to Article 89 of the Constitution, Mr. Cui Wei and Mr. Peng Yinan shall retire at the forthcoming AGM and, being eligible, will offer themselves for re-election at the forthcoming AGM. Their profiles are shown on page 58 of this annual report.

The NC has considered the level of commitment of each Director serving on multiple boards. For FY2025, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company during their term of office with the Company.

The NC will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the Director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its shareholders. The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Board Diversity

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

When determining the composition of the Board, the Company will consider Board diversity in terms of, among other things, gender, age, cultural, educational background, professional experience, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, cultural, educational background, professional experience, skills and know-how.

The NC will review its board diversity policy, as appropriate, to ensure the effectiveness of the policy. The NC will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

As the Board currently has one (1) female director, the Company is in compliance with Rule 13.92 of the Listing Rules on promoting board gender diversity.

The Company is committed to promoting gender diversity for its board composition. As at the date of this Annual Report, the Company has maintained a board gender diversity comprising a mix of seven (7) males (87.5%) and one (1) female (12.5%). The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board.

Board Performance

The NC, when considering the re-appointment of a Director, will evaluate such Director's contribution and performance, such as his or her attendance at meetings of the Board and Board Committees, and, where applicable, his or her participation, candour and any special contributions.

The NC is tasked with the assessment of the Board's performance and will adopt certain performance criteria taking into consideration quantitative and qualitative factors such as the success of the strategic and long-term objectives set by the Board.

The NC has formulated a set of evaluation procedures and performance criteria for the assessment of the Board's performance as a whole. It had conducted an assessment of the performance of the Board for FY2025.

The NC has established a set of procedures for assessing the effectiveness of the performance of the Board as a whole. Such performance criteria includes an evaluation of the Board's size, composition, governance practice, culture, access to information, risk management, accountability, processes and performance, stakeholder engagement in relation to discharging its principal responsibilities in terms of the financial indicators. The factors taken into consideration for the re-nomination of the Directors for FY2025 are based on the Directors' attendance at meetings held during FY2025 and the contributions made by the Directors at the meetings.

During FY2025, the NC and the Board have conducted an annual comprehensive review of its performance and effectiveness, the review results are as follows:

Board Composition and Skills

The Board evaluated whether its mix of skills, experience, industry expertise and diversity remains appropriate for supporting the Group's current strategic direction. The review confirmed that the Board continues to maintain a balanced and diverse composition (including but not limited to the diversity in terms of gender, age, cultural and educational background, race, skills, professional experience, the number of listed company directorships held and the length of service, and diversity of knowledge), with directors possessing relevant professional qualifications and experience to guide the Group through a rapidly evolving business and regulatory landscape. The Board also reviewed its succession planning and refreshment needs, taking into account potential future changes in the Group's business focus and emerging market developments. According to the Directors' skills matrix on page 69, the Board considers that its composition has the required skills mix that are essential to promote the sustainable development of the Group.

Board Culture and Dynamics

The review considered the Board's culture, values and working dynamics. Directors agreed that the Board fosters open dialogue, constructive challenge and a culture of mutual respect. The Board also noted effective communication between directors and management, and affirmed that the relationship between the Chairman and senior management supports robust and well informed decision making.

Board Practices and Processes

The Board assessed its governance framework, agenda setting processes, delegation arrangements and the effectiveness of its various board committees. The review concluded that existing practices remain fit for purpose and support the efficient functioning of the Board. Continued enhancement, reflecting evolving regulatory expectations and best governance standards, are identified for implementation from time to time.

Quality and Timeliness of Information

The Board reviewed the adequacy and timeliness of information provided by the Management. Directors confirmed that they received accurate, relevant and sufficiently detailed information to support their oversight responsibilities. Board papers were generally circulated in advance of meetings, enabling directors to prepare thoroughly and engage meaningfully in discussions.

Conduct of Board Meetings

The Board evaluated its meeting arrangements and noted that four (4) regular meetings during the Reporting Period were conducted effectively, with appropriate time devoted to strategic matters and key business issues. The frequency and duration of meetings were considered adequate for the Board to fulfil its duties.

Compliance and Training

The Board reviewed its compliance with applicable legal and regulatory requirements, including those under the Listing Rules. Directors also confirmed that the Company had provided them with appropriate and ongoing training to ensure they remain up to date with regulatory developments, industry trends and emerging governance topics.

Risk Management and Internal Controls

The Board assessed its oversight of risk management and internal controls. It concluded that it had allocated sufficient time to reviewing the Group's risk profile and assessing the effectiveness of its internal control environment. The Board is satisfied that the Group has maintained adequate and effective systems and processes for identifying, evaluating and managing material risks, consistent with the Hong Kong Code.

Stakeholder Engagement

The Board reviewed its approach to stakeholder engagement and how stakeholder views were integrated into decision making. Directors acknowledged the importance of maintaining transparent and constructive dialogue with shareholders and other stakeholders. Feedback from various stakeholders once received were taken into account in the Board's discussions of strategic and governance matters.

Access to Information

The Directors receive regular updates of information from the Management about the Group so that they are well appraised to fully execute their role in Board meetings. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from the Management on financial, business and corporate issues to enable the Directors to be properly briefed on the issues to be considered in Board meetings. The information provided includes background or explanatory information relating to matters to be considered by the Board, copies of disclosure documents, budgets, forecasts and internal financial statements.

All Directors have unrestricted access to the Company's records and information, and received regular detailed financial and operational reports from the senior management during FY2025 to enable them to carry out their duties. The Board also liaises with the Management as required, and may consult with other employees and seek additional information on request.

All Directors have separate and independent access to the Joint Company Secretaries at all times. The Joint Company Secretaries (or their representatives) administer, attend and prepare minutes of Board meetings, and assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the rules and regulations applicable to the Company, including requirements under the Companies Act 1967 of Singapore (the "**Companies Act**") and under the Listing Rules, are complied with.

The Board also has separate and independent access to the Management and the Joint Company Secretaries at all times.

Should the Directors, whether as a group or individually, need independent professional advice in furtherance of their duties, the costs of such professional advice will be borne by the Company.

Pursuant to the Constitution, the decision to appoint or to remove the Joint Company Secretaries can only be taken by the Board as a whole.

Overall Conclusion

Based on the above, the Board concluded that it continues to operate effectively and in the best interests of the Company and its shareholders. The Board remains committed to ongoing enhancement of its governance practices to support the Group's sustainable development and long term value creation.

The Board and the NC will monitor to ensure that the Directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business, so as to enable the Board to make sound and well-informed decisions.

(C) REMUNERATION MATTERS

Remuneration Committee

Procedures for Developing Remuneration Policies

As at the date of this annual report, the RC comprises the following members:

Mr. Chan Hon Chung Johnny	Chairman, Independent Non-Executive Director
Mr. Cui Wei	Member, Non-Executive Director
Mr. Tao Shunxiao	Member, Non-Executive Director
Mr. Qian Ziyan	Member, Independent Non-Executive Director
Ms. Lin Ting	Member, Independent Non-Executive Director

The RC holds at least one (1) meeting each year.

The key functions of the RC under its Terms of Reference are, amongst others:

- to recommend to the Board on the remuneration packages of the Executive Directors and senior management, to assess performance of the Executive Directors, and to determine specific remuneration packages for each Executive Director; such recommendations are to be submitted for endorsement by the Board and should cover all aspects of remuneration, including but not limited to the Director's fees, salaries, allowances, bonuses, options, and other benefits in kind;

- in the case of service contracts, to consider what compensation commitments, if any, would entail under the Directors' contracts of service in the event of early termination with a view to be fair and avoid the rewarding of poor performance; and

- in respect of any share option schemes, to consider whether the Directors should be eligible for any benefits under such incentive schemes.

The Terms of Reference of the RC are posted on the websites of the Company and the SEHK.

The members of the RC shall not participate in any decision concerning their own remuneration. No Director will be involved in determining his or her own remuneration. During FY2025, the RC has convened one meeting to review and recommend to the Board on the remuneration packages of the Executive Directors and senior management. During FY2025, two (2) written resolutions were passed by the RC on the remuneration of Mr. Lau, Ms. Lin and Mr. Chan upon their appointment as the Directors.

Level and Mix of Remuneration

In setting the remuneration packages, the Company will take into account the pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual Directors.

All the Non-Executive Directors and Independent Non-Executive Directors receive directors' fees in accordance with their contributions, having taken into account factors such as effort and time spent and their responsibilities. The Directors' fees will be subject to approval at the forthcoming AGM.

The Executive Directors do not receive directors' fees. The remuneration for the Executive Directors and key senior management comprise a basic salary component and a variable annual bonus component which is based on the performance of the Group as a whole and their individual performance.

The annual review of the remuneration packages of the Directors and the senior management will be carried out by the RC to ensure that the remuneration of the Executive Directors and the senior management is commensurate with their performance, giving due regard to the financial, commercial and business needs of the Group. The performance of the Executive Directors (together with other senior management) will be reviewed periodically by the RC and the Board.

Please refer to the financial statements for further details on the remuneration disclosure.

Share Award Scheme

On 21 October 2024, a share award scheme ("**Share Award Scheme**") was adopted by the Company. Pursuant to the Share Award Scheme, existing shares of the Company may be purchased from the market by the designated trustee out of cash contributed by the Company, and would be held on trust by the designated trustee for the relevant selected persons until such shares are vested with the relevant selected persons in accordance with the rules of the Share Award Scheme. No share award has been granted under the Share Award Scheme since its adoption during the two years ended 31 December 2024 and 2025.

Please refer to the announcement of the Company dated 21 October 2024 and "Summary of Share Award Scheme" in the Directors' Report for further details on the Share Award Scheme.

(D) ACCOUNTABILITY AND AUDIT

Accountability

In presenting the annual financial statements and half-yearly announcements to the shareholders, it is the aim of the Board to provide the shareholders with a balanced, clear and comprehensive analysis, explanation and assessment of the Group's performance, financial position and prospects.

The Management provides the Board, on a monthly basis, the management accounts of the Group to enable the Board to undertake informed, balanced and understandable assessment of the Group's financial and other information, and also its performance, financial position and prospects from time to time.

Risk Management and Internal Control

The Board recognises that it is responsible for the evaluation and management of risk and setting the tone and direction for the Group in such a way that risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the internal control process of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of operational, financial and compliance risks. The Board approves the key management policies and ensures a sound risk management framework and internal control system. In addition to determining the approach to risk management, the Board sets and establishes an appropriate risk culture throughout the Group for effective risk management. The Board has received a confirmation from the senior management that the risk management and internal control has remained effective and there is no significant area of concern.

The Group has a risk management framework and internal control system in place to assist the Board, including but not limited to, the following aspects:

- assessment of the Group's overall risk tolerance and strategies;
- oversight of the Group's current risk exposures and future risk strategies; and
- review of the new businesses or corporate actions that the Group may undertake.

In terms of discharging the Board's duties, the AC assists the Board in its oversight of the risk management framework and internal control system. The AC in turn is assisted by the Management in the management of risks and execution of the internal controls.

The Board acknowledges that it is responsible for the Group's risk management framework and overall internal control system, but recognises that no risk management framework and internal control system will preclude all errors and irregularities because the system is designed to manage, rather than to eliminate, the risk of failure to achieve business objectives, and can therefore provide reasonable but not absolute assurance against material misstatement or loss. During FY2025, the Board has reviewed the effectiveness of the Group's internal control system and risk management framework and is satisfied with such system and framework and has adopted the recommendations suggested by its internal auditor for further improvements of the internal control system and risk management framework.

The AC has assisted the Board in conducting periodic reviews on the adequacy of the risk management framework and internal control system of the Group, which covers the areas of financial, operational and compliance risks.

In order to ensure that the Group's internal control system and risk management framework are managed adequately and effectively, during FY2025, the AC:

- reviewed the risks which the Group is exposed to, as well as the risk management framework and internal control system in place to mitigate such risks; and
- reviewed the results of various assurance activities performed such as internal audit and external audit performed during the year.

Based on the above, the Board is of the opinion that the Group's internal control system and risk management framework are effective and adequate to address the Group's operational, financial and compliance risks.

Audit Committee

As at the date of this annual report, the AC comprises the following members:

Mr. Qian Ziyan	Chairman, Independent Non-Executive Director
Mr. Cui Wei	Member, Non-Executive Director
Ms. Lin Ting	Member, Independent Non-Executive Director
Mr. Chan Hon Chung Johnny	Member, Independent Non-Executive Director

The Board is of the view that the members of the AC are appropriately qualified as they have sufficient accounting or related financial management expertise and experience to discharge the AC's functions.

The AC will assist the Board in discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, and develop and maintain effective internal control system with an overall objective of ensuring that the Management has created and maintained an effective control environment within the Group, and that the Management demonstrates the necessary aspect of the Group's internal control structure among all parties.

The AC holds regular meetings at quarterly intervals each year. The AC has convened four (4) regular meetings during FY2025 to discuss and review the following where applicable:

- to monitor the work conducted by Rongcheng (Hong Kong) CPA Limited (formerly known as CL Partners CPA Limited) and Nexia Singapore PAC as the external Hong Kong and Singapore auditors of the Company respectively, and in connection with the external audit of the financial statements of the Group for the year ended 31 December 2024, Rongcheng (Hong Kong) CPA Limited and Nexia Singapore PAC have not noted any material weaknesses in the Company's internal control system after reviewing aspects of the books and records and internal accounting controls of the Group;

- to recommend on the proposed appointment of Rongcheng (Hong Kong) CPA Limited as the auditor of the Company in Hong Kong for FY2025 and the proposed appointment of Nexia Singapore PAC as the auditor of the Company in Singapore for FY2025;

- to discuss with Rongcheng (Hong Kong) CPA Limited and Nexia Singapore PAC on the audit planning for FY2025;

- to review the quarterly, interim and annual financial statements, statement of financial position, statement of profit or loss and other comprehensive income before submitting to the Board for approval focusing, in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with the Listing Rules, the SEHK and other statutory/regulatory requirements;

- to review the clarity and completeness of disclosures in the financial statements, interim and annual reports, preliminary announcements and related formal statements and press releases;

- to implement and review the risk management framework and internal control system (including the establishment of internal audit function (the "**IA Function**")) and ensure co-ordination between the external auditors and the Management, to assess the independence of the IA Function by reviewing the effectiveness of the IA Function and continuously reviewing its reporting and remuneration arrangements, to review the assistance given by the Management to the auditors, and to discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss, and where necessary, in the absence of the Management;

- to review and discuss with the external auditors (or such other parties) any suspected fraud, irregularity or suspected infringement of any relevant laws, rules or regulations, which has, or is likely to have, a material impact on the Group's operating results or financial position, and the Management's response;

- to identify, develop and review the effectiveness of the Group's policies, practices and performance in respect of environmental, social and governance issues;

- to consider the selection, appointment, re-appointment, resignation or dismissal of the external auditors of the Company;

- to review notifiable transactions and/or connected transactions of the Company falling respectively within the scope of Chapters 14 and 14A of the Listing Rules (if any);

- to undertake such other reviews and projects as may be requested by the Board from time to time, and to report its findings to the Board on matters arising and requiring the attention of the Audit Committee; and

- to undertake such other functions and duties as may be required by the Listing Rules.

The Terms of Reference of the AC are posted on the websites of the Company and the SEHK.

The AC meets with the Group's external and internal auditors and the Management to review the accounting, auditing and financial reporting matters to ensure that an effective control environment is maintained within the Group.

The AC is primarily responsible for the selection, appointment and removal of the internal auditors. The internal auditors' primary line of reporting is to the Chairman of the AC.

Apart from the responsibilities set out above, the AC also reviews, implements and administers the Group's Fraud and Whistle-Blowing Policy which sets out the mechanism by which the employees of the Company and other persons may, in confidence, raise serious concerns and complaints about possible incorrect financial reporting and/or other matters that could have a large impact on the Company. The AC is authorised by the Company to do all such acts as are necessary to ensure, amongst others, that:

- independent investigations are carried out in an appropriate and timely manner;
- appropriate action is taken to correct any such weaknesses in the internal control system to prevent the recurrence of similar events in the future; and
- any administrative, disciplinary, civil or other actions initiated upon completion of the investigations are appropriately balanced and fair.

In addition, all future transactions with connected persons shall comply with the requirements of the Listing Rules. The Directors shall abstain from voting in any contract or arrangement, or proposed contract or arrangement in which he or she has a material interest.

The AC is authorised to investigate any matter within its Terms of Reference, and has full access to the Management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any Executive Director or senior management to attend its meetings.

The AC also meets with the external auditors, without the presence of the Management, and reviews the adequacy of audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors.

The external auditors provide regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and their corresponding impact on the financial statements, if any.

The Company has appointed a suitable auditing firm to meet its audit obligations, having regard to the adequacy of the resources and experience of the auditing firm appointed and the audit engagement partner assigned to the audit.

On the meeting of the AC held on 25 March 2025, the AC is satisfied with the independence and objectivity of Rongcheng (Hong Kong) CPA Limited (formerly known as CL Partners CPA Limited) and Nexia Singapore PAC as the external auditors of the Company for the audit of the financial statements of the Group of FY2025 and has recommended to the Board the re-appointment of Rongcheng (Hong Kong) CPA Limited and Nexia Singapore PAC. Rongcheng (Hong Kong) CPA Limited and Nexia Singapore PAC have been re-appointed as the external auditors of the Company for Hong Kong reporting and Singapore statutory reporting respectively at the 2024 AGM held on 24 June 2025.

Upon the resignation tendered by Nexia Singapore PAC on 20 January 2026, the AC has resolved and recommended to the Board the appointment of RSM SG Assurance LLP as the external auditors of the Company for Singapore statutory reporting and the proposed appointment were duly passed at the extraordinary general meeting of the Company held on 10 February 2026 (the "**Feb EGM**").

For details of the change of auditor for Singapore statutory reporting after 31 December 2025, please refer to the announcement of the Company dated 21 January 2026, the circular of the Company dated 21 January 2026 and the Feb EGM poll result announcement dated 10 February 2026.

The financial statements of the Company to be audited by RSM SG Assurance LLP are prepared in accordance with the Singapore Financial Reporting Standards (International) issued by the Accounting Standards Council and International Financial Reporting Standards issued by the International Accounting Standards Board while the financial statements of the Company to be audited by Rongcheng (Hong Kong) CPA Limited are prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Such audit arrangement therefore fulfils the relevant requirements under the Companies Act and the Listing Rules.

During FY2025, the AC has convened four regular meetings and has performed its functions in accordance with its Terms of Reference and the Hong Kong Code.

Directors' and Auditors' Responsibilities for Financial Statements

The Directors acknowledge that they are responsible for the preparation of the financial statements of the Company for each financial period which give a true and fair view of the financial position, financial performance, and state of affairs of the Group.

In preparing the financial statements for FY2025, the Directors have selected appropriate accounting policies and applied them consistently. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue its business as a going concern, and therefore the Directors have prepared the financial statements on a going concern basis.

The responsibilities of the external auditors are set out in the Independent Auditor's Report as set out in pages 97 to 102 of this annual report.

Auditors' Remuneration

Rongcheng (Hong Kong) CPA Limited and RSM SG Assurance LLP (appointed as the Singapore auditor of the Company on 10 February 2026), the external auditors of the Company for Hong Kong reporting and Singapore statutory reporting respectively, are responsible for providing services in connection with the audit of the financial statements of the Group for FY2025.

The total remuneration in respect of the audit services to be provided by Rongcheng (Hong Kong) CPA Limited and RSM SG Assurance LLP to the Group relating to FY2025 amounts to approximately RMB2,867,000.

During FY2025, other than the provision of services in connection to the audit of the financial statements of the Group and the report on the Group's continuing connected transactions, Rongcheng (Hong Kong) CPA Limited was involved in the provision of non-audit services to the Group amounting to approximately RMB680,000. The AC is satisfied that the independence of the external auditors was uphold.

Internal Audit

The Company has appointed Yang Lee & Associates as the internal auditors to carry out internal audit of the Company covering the review of key internal controls in selected areas based on key operational, financial and compliance risks as identified under the risk management framework and as advised by the AC and the Management. The internal auditors report directly and primarily to the AC and assist the Board in monitoring and managing the risks and internal controls of the Group.

The internal auditors will plan their internal audit schedules in consultation with, but independently of the Management. The internal auditors will submit their internal audit plan to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditors on a regular basis, including the overseeing and monitoring of the implementation of improvements on the weaknesses of the system of internal controls in the Company.

In accordance with their audit plan, the internal auditors have conducted an annual review of the effectiveness of the Company's system of internal controls. Weaknesses in internal controls and recommendations for areas of improvements (if any) have been reported to the AC. Following the receipt of such recommendations, the Company has fully implemented the recommendations to further strengthen the risk management framework and internal control system during FY2025.

The AC has also reviewed the effectiveness and adequacy of the IA Function and the AC is satisfied that the IA Function is adequately resourced and has appropriate standing within the Group.

(E) SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Shareholders' Rights, Communication with Shareholders and Conduct of Shareholders' Meetings

In line with the Hong Kong Code, the following information would be communicated to the shareholders of the Company from time to time:

- any significant changes in the Constitution;
- details of shareholders by type and their aggregate shareholding;
- details of the last shareholders' meeting, including the time and venue, major items discussed and voting particulars;
- indication of important shareholders' dates such as record dates and book closure dates in the coming financial years; and
- public float capitalisation as at the end of the financial year.

In response to the relevant requirements of the Hong Kong Code, the Company has formulated a dividend policy. Accordingly, the Company will work towards maintaining a balance between meeting shareholders' expectations and prudent capital management in accordance with the dividend policy.

In line with continuous disclosure obligations of the Company, the Board's shareholder's communication policy is that shareholders are informed of all major developments that impact the Group in compliance with the Companies Act and the Listing Rules. The Board will review the shareholders' communication policy from time to time as appropriate.

Information is disseminated to the shareholders of the Company on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

- annual reports that are prepared and issued to all shareholders;
- half-yearly financial statements containing a summary of the financial information and affairs of the Group for the period;
- notices of and explanatory memoranda for annual general meeting and extraordinary general meetings;
- press and analyst briefings for the Group's interim and annual results as well as other briefings, as appropriate;
- press releases on major developments of the Group;
- corporate announcements published on the website of the SEHK;
- the Company's website at http://www.hengxin.com.sg at which shareholders can access information on the Group. The website provides, amongst others, annual reports, interim reports, corporate announcements, press releases, contact details and profiles of the Group;
- shareholders may refer to the Constitution in relation to their rights together with the detailed requirements and procedures for requesting the Board to convene an extraordinary general meeting or putting forward proposals at general meetings by way of convening an extraordinary general meeting. The Constitution is posted on the websites of the Company and the SEHK. Pursuant to Section 177 of the Companies Act, two or more shareholders holding not less than 10% of the total number of issued shares of the Company (excluding treasury shares) or, if the Company has not a share capital, not less than 5% in number of the shareholders of the Company or such lesser number as is provided by the Constitution may call a general meeting. Section 177(4) of the Companies Act provides that, even if the Constitution does not have such provisions, notice of such meeting shall be served to members having a right to attend; and

- shareholders may also direct their questions and proposals to the Company by writing to the Executive Director and financial controller of the Company at lfl@hengxin.com (by email).

In addition, shareholders are encouraged to attend the annual general meetings and other general meetings to ensure that the Company is held to a high level of accountability, and to stay informed of the Group's strategy and goals. AGM and extraordinary general meetings are the principal forum for dialogue with shareholders where the Board and the Company can solicit and understand the views of stakeholders and shareholders.

Notices of the AGM and extraordinary general meetings are despatched to shareholders, together with explanatory notes or a circular on items of special business before the AGM and extraordinary general meetings. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at any general meetings. The chairmen of the AC, RC, NC and the external auditors of the Company will usually be available at general meetings of the Company to answer questions relating to the work of the Board Committees and the external auditors.

Each item of special business included in the notice of the meeting will be accompanied, where appropriate, by an explanation of the proposed resolution. Separate resolutions will be proposed for substantially separate issues at the meeting.

All resolutions in the 2024 AGM and 2025 December EGM held during FY2025 have been decided on a poll demanded and the detailed results showing the number of votes cast for and against each resolution and the respective percentages have been communicated to the shareholders accordingly.

The Board has reviewed the implementation and effectiveness of the shareholders' communication policy, and having considered the multiple channels of communication and engagement in place, it is satisfied that the shareholders' communication policy has been implemented during the Reporting Period and is effective.

(F) DIVIDEND POLICY

The objective of the dividend policy of the Company is to reward its shareholders by sharing a portion of profits/earning, while also ensuring that enough funds are retained for the future growth and prospects of the Company.

The Company will distribute dividends subject to the distributable profits in the financial statements prepared in accordance with the Companies Act of Singapore, International Financial Reporting Standards and the provisions of the Constitution, as well as all applicable laws.

The Board will take into account of the following factors when considering the payment of any dividends:

- financial results;
- shareholders' interests;
- general business conditions and strategies;
- capital requirements;
- contractual restrictions on the payment of dividends by the Company to its shareholders or by its subsidiaries to the Company;
- taxation consideration;
- possible effects on the Company's creditworthiness;
- statutory and regulatory restrictions; and

- any other factors the Board may deem relevant.

The Board may, from time to time, declare and pay to the shareholders such interim dividends as appear to the Board to be justified by the profits of the Company.

The Board may recommend final dividend to the shareholders for their approval in the general meeting of the Company and any final dividend recommended by the Board will be subject to the shareholders' approval, at the ensuing annual general meeting of the Company. The Board may additionally declare and pay special dividends in special circumstances including but not limited to one-off profits, non-recurring incomes and disposal of assets. Dividend may be paid in cash or in stock.

(G) DEALING IN SECURITIES

The Company has adopted its own code of best practices on securities transactions by the Company and its officers with respect to dealings in securities by the Directors and the senior management of the Group (the "**Best Practices Code**"). The Best Practices Code is no less exacting than the required standard in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules. Having made specific enquiries on all the Directors and the senior management of the Group, all Directors and the senior management of the Group have complied with the required standard set out in the Model Code and the Best Practices Code during FY2025.

Under the Best Practices Code, the Directors, the Management and other officers of the Group who are subject to the Best Practices Code or the Model Code are not permitted to deal in any of the Company's securities during the period set out below:

- commencing thirty (30) days before the announcement of Company's half-yearly results, or if shorter, the period from the end of the relevant half-year period up to the announcement of the Company's half-yearly results; and

- commencing sixty (60) days before the announcement of the Company's full year results, or if shorter, the period from the end of the relevant full year period up to the announcement of the Company's full year results.

The Directors and officers of the Group are also prohibited from dealing in the Company's securities when they are in possession of any unpublished price sensitive and/or inside information concerning the Group. The Directors and officers are also advised not to deal in the Company's securities for short term considerations and are expected at all times to observe all the applicable laws regarding insider-trading.

The Company issues regular internal memoranda to the Directors and officers of the Group to remind them of the prohibitions set out above.

(H) CONNECTED TRANSACTIONS

The Company has entered into connected and continuing connected transactions during FY2025.

Details of the connected and continuing connected transactions for FY2025 which fall under Chapter 14A of the Listing Rules are set out in the section headed "Connected and Continuing Connected Transactions" in this annual report.

(I) THE CONSTITUTION

There was no change in the Constitution of the Company during FY2025. The most updated version of the Constitution (in both English and Chinese) are available on both the website of SEHK (http://www.hkexnews.hk) and on the Company's website (http://www.hengxin.com.sg).

(J) DIVERSITY AT WORKFORCE

The Company believes creating a culture of diversity and inclusion helps the employees to unleash their potentials. The Company values staff diversity in the workplace, and therefore provide equal opportunities for all applicants and employees regardless of race, colour, national origin, religion, gender, marital status, age, sexual orientation, and disability. The Company is committed to treating all employees with fairness and respect. Employees are hired based on their abilities and merits. The Company treats everyone the same regardless of their background, religions, races and gender etc. The promotion within the Company is completely based on the performance of the individual but nothing else.

As at 31 December 2025, the gender ratio of the Group's workforce (including directors, senior management and other staff) was 79.23% male to 20.77% female (as at 31 December 2024: 78.33% male to 21.67% female). Similar to the previous years, there were more male workforce than female workforce. The Company will strive to maintain a balance between the number of male and female employees to narrow the gap between the workforce of the two genders. Due to the manufacturing nature of the telecommunications and new energy industries of the Company, the Company tends to hire more male employees than female employees. To cope with the male-tilted workforce, the Company will provide more training to attract female employees to work in the manufacturing industry in order to narrow the gap between the workforce of the two (2) genders, taking into account the Group's overall development plan and strategies, and need of the Group's customers.

(K) ANTI-CORRUPTION AND WHISTLEBLOWING POLICIES

The Group has established the Anti-Bribery and Corruption Policy and Whistleblowing System for the Board members, management, employees and third parties who represent the Group, such as suppliers, contractors and business partners, to ensure the Group and the relevant stakeholders will uphold the highest standards of professional integrity. The Whistleblowing System not only can further strengthen the internal control environment of the Group, it also acts as a channel for the staff of the Group to report any illegal behaviours, and is dedicated to external stakeholders to report any suspected misconduct, malpractice or illegal acts.

FINANCIAL CONTENTS

Directors' Report

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2025.

PRINCIPAL PLACE OF BUSINESS

Hengxin Technology Ltd. (the "**Company**") is a company incorporated and domiciled in the Republic of Singapore ("**Singapore**") and has its registered office and principal place of business at 460 Alexandra Road, #28-01 mTower, Singapore 119963.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company and its subsidiaries (the "**Group**") are engaged in the (i) chips research, design, sales and supply chain services, semiconductor, intellectual property authorization business, and digital security products and services; (ii) 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 (iii) 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. Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Chairman's Message and Management Discussion and Analysis set out on pages 6 to 15 and pages 18 to 49 respectively of this annual report. This discussion forms part of this directors' report.

Major customers and suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	30%	
Five largest customers in aggregate	45%	
The largest supplier		12%
Five largest suppliers in aggregate		19%

Save as disclosed set out in Note 37 to the financial statements, at no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the number of issued shares of the Company) had any interest in these major customers and suppliers.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income on pages 103 and 104 of this annual report.

The financial position of the Group as at 31 December 2025 is set out in the consolidated statement of financial position of the Group on pages 105 to 107 of this annual report. The financial position of the Company as at 31 December 2025 is set out in Note 38 to the financial statement on pages 190 to 191 of this annual report.

The cash flows of the Group for the year ended 31 December 2025 are set out in the consolidated statement of cash flows on pages 109 to 110 of this annual report.

RECOMMENDED DIVIDEND

No final dividend has been recommended in respect of the year ended 31 December 2025 (2024: Nil).

CHARITABLE DONATIONS

The Group had made donations amounting approximately RMB334,000 during the year ended 31 December 2025 (2024: approximately RMB603,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in Note 15 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in Note 33(c) to the financial statements.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 33 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABILITY OF RESERVES

At 31 December 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB740,862,000 (2024: RMB159,745,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Constitution or the laws of Singapore, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of the Shares. If Shareholders are uncertain about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult an expert.

DIRECTORS

The directors of the Company (the "**Directors**") during the financial year ended 31 December 2025 and up to the date of this annual report were:

Non-executive directors

Mr. Cui Wei (Chairman)
Mr. Tao Shunxiao
Mr. Zeng Guowei
Ms. Zhang Zhong (resigned on 11 July 2025)

Executive directors

Mr. Peng Yinan
Mr. Lau Fai Lawrence (appointed on 11 July 2025)

Independent non-executive directors

Mr. Qian Ziyan
Ms. Lin Ting (appointed on 11 July 2025)
Mr. Chan Hon Chung Johnny (appointed on 31 July 2025)
Dr. Li Jun (resigned on 31 July 2025)
Mr. Pu Hong (resigned on 11 July 2025)

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and considers all the independent non-executive directors to be independent.

In accordance with Articles 89 and 90 of the Constitution, Mr. Cui Wei and Mr. Peng Yinan shall retire from the board by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

In accordance with Article 88 of the Constitution, as (1) Mr. Lau Fai Lawrence was appointed by the Board as executive Director on 11 July 2025 and (2) Ms. Lin Ting and Mr. Chan Hon Chung Johnny were appointed by the Board as independent non-executive Directors on 11 July 2025 and 31 July 2025 respectively, Mr. Lau Fai Lawrence, Ms. Lin Ting and Mr. Chan Hon Chung Johnny shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Thus, Mr. Lau Fai Lawrence, Ms. Lin Ting and Mr. Chan Hon Chung Johnny shall retire at the forthcoming annual general meeting and, being eligible will offer themselves for re-election.

Directors and chief executives' interests in shares, underlying shares and debentures

As at 31 December 2025, the interests and short positions of the Directors and chief executives of the Company in shares and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which are required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which are required to be entered into, as recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, were as follows:

Long positions in the Company:

Name of Directors	Capacity and nature of interests	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Mr. Cui Wei (Note)	Deemed interest and interest in controlled corporation	108,868,662	23.38%

Note: Mr. Cui Wei beneficially owns the entire issued share capital of Kingever Enterprises Limited ("**Kingever**"), and Kingever in turn holds approximately 23.38% of the total issued share capital in the Company.

Save as disclosed above, as at 31 December 2025, none of the directors and chief executives of the Company nor their associates had or were deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which have been recorded in the register maintained by the Company pursuant to Section 352 of Part XV of the SFO or which have been notified to the Company and the SEHK pursuant to the Model Code.

Substantial shareholders' interests in shares and underlying shares and debentures

As at 31 December 2025, in so far as is known to the Directors, the following shareholders having interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long positions in the Company:

Name of substantial shareholders	Capacity and nature of interests	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Kingever (Note)	Beneficial owner	108,868,662	23.38%
Mr. Cui Wei (Note)	Deemed interest and interest in controlled corporation	108,868,662	23.38%

Note: Mr. Cui Wei beneficially owns the entire issued share capital of Kingever, and Kingever in turn holds approximately 23.38% of the total issued share capital in the Company.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the Reporting Period nor at any time during the Reporting Period did there subsist any arrangement which enable the Directors of the Company to acquire benefits by means of acquisition of shares or debentures in the Company or any other body corporate, except for (i) the employee equity incentive scheme (the "**Incentive Scheme**") adopted by the Company at its extraordinary general meeting held on 26 April 2019; and (ii) the share award scheme (the "**Share Award Scheme**") adopted by the Company on 21 October 2024. For details of the Incentive Scheme, please refer to the previous announcements of the Company dated 29 March 2019, 12 November 2019 and 28 February 2020 and the circular of the Company dated 29 March 2019. For details of the Share Award Scheme, please refer to the announcement of the Company dated 21 October 2024. During the Reporting Period, no Shares acquired during the year ended 31 December 2024 according to the Share Award Scheme have been awarded to any Directors of the Company.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Details of the connected transactions and material related party transactions are set out in the "Corporate Governance Report" and Note 37 to the financial statements respectively.

Save as disclosed above, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

The executive Director, Mr. Peng Yinan, has entered into a service contract with the Company for an initial term of three years commencing on 20 August 2022, renewable automatically for any successive terms upon the date of expiry of each three-year period, unless terminated in accordance with the provisions of the service contract by either contractual party giving to the other not less than three months' prior notice in writing at the end of the initial term or at any time thereafter. On 23 August 2024, a revised service contract was signed between Mr. Peng Yinan and the Company to supplement the salary payable to Mr. Peng Yinan during his term of service as an executive Director of the Company.

The executive Director, Mr. Lau Fai Lawrence, has entered into a service contract with the Company for an initial term of three years commencing on 11 July 2025, renewable automatically for any successive terms upon the date of expiry of each three-year period, unless terminated in accordance with the provisions of the service contract by either contractual party giving to the other not less than three months' prior notice in writing at the end of the initial term or at any time thereafter. Mr. Lau will retire at the next annual general meeting of the Company to be held in 2026 and will be eligible for re-election at such annual general meeting in accordance with Article 88 of the Constitution.

Each of Mr. Tao Shunxiao and Mr. Zeng Guowei has entered into a letter of appointment with the Company in respect of their appointment as the non-executive director of the Company commencing on 24 August 2024. Each of Mr. Tao Shunxiao's and Mr. Zeng Guowei's appointment is for a term of three years subject to retirement and re-election in accordance with the provision of the Constitution.

Mr. Qian Ziyan has entered into a letter of appointment with the Company in respect of his appointment as an independent non-executive director of the Company commencing on 17 November 2023. Mr. Qian Ziyan's appointment is for a term of three years subject to retirement and re-election in accordance with the provision of the Company's Constitution.

Ms. Lin Ting has entered into a letter of appointment with the Company in respect of her appointment as an independent non-executive director of the Company commencing on 11 July 2025. Ms. Lin Ting's appointment is for a term of three years subject to retirement and re-election in accordance with the provision of the Company's Constitution.

Mr. Chan Hon Chung Johnny has entered into a letter of appointment with the Company in respect of his appointment as an independent non-executive director of the Company commencing on 31 July 2025. Mr. Chan Hon Chung Johnny's appointment is for a term of three years subject to retirement and re-election in accordance with the provision of the Company's Constitution.

Ms. Lin Ting and Mr. Chan Hon Chung Johny will retire at the next annual general meeting of the Company to be held in 2026 and will be eligible for re-election at such annual general meeting in accordance with Article 88 of the Constitution.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Directors' remuneration is subject to approval by the Remuneration Committee of the Company with reference to the directors' duties, responsibilities and performance and the results of the Group. Details of the directors' remuneration are set out in Note 11 of the financial statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or their respective close associates has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Listing Rules of SEHK.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year or subsisted at the end of the year.

BANK LOANS

Particulars of bank loans of the Group as at 31 December 2025 are set out in Note 29 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the public float of the Company's issued shares is not less than 25% as required by Rule 13.32B, representing 76.62% of the issued shares of the Company.

RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

The Group's sales are usually made through winning tender. For the Group's major customers such as the 3 telecom operators in the People's Republic of China ("**PRC**"), a centralised purchasing approach is adopted in which all purchases are tendered out by the central purchasing office annually or once every two years. Larger institutional customers such as telecom operators, equipment manufacturers and system integrators assess the Group regularly as to whether the Group fulfils their criteria to continue being included as their approved supplier. The Group has regular communications with its customers through which the Group can anticipate the development in the telecoms industry and coming tenders, and help the Group to keep abreast of its customers' product and demand trends, which enable the Group to continuously improve its product offerings.

The Group also adopts tender process for selection of qualified suppliers for all its purchases. Admission as a qualified supplier can only be made when all relevant requirements, including but not limited to background, validity of its licenses/permits, production capacity, equipment, product quality assessment, etc., have been met. The Group does not give preference to any particular supplier, nor does the Group place all its purchase orders with only one supplier. Tender documents are issued to qualified suppliers every year. Generally, if qualified suppliers obtain similar scores in an overall assessment, the supplier with the most favourable price gets the highest allocation of purchase quantity. The tendered quantity of purchase will be allocated in descending amount to subsequent ranking suppliers. Evaluation of suppliers is also carried out quarterly, half-yearly or annually with respect to different materials. These evaluation results will be taken into account for consideration for the next annual tender. For major suppliers, on-site visits will be conducted at the supplier's facilities with inspections and testing being made on the required raw materials. The Group believes that these measures can help the Group in sourcing quality raw materials at competitive prices on one hand and can avoid heavy reliance on one particular supplier on the other.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its directors and officers.

USE OF PROCEEDS FROM PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 23 April 2024 (after trading hours), the placing agreement ("**Placing Agreement**") was entered into between the Company and SBI China Capital Financial Services Limited (the "**Placing Agent**"), pursuant to which the Company has appointed the Placing Agent to procure altogether not less than six placees (the "**Placees**"), on a best effort basis, for subscribing up to an aggregate of 77,600,000 shares of the Company (the "**Placing Shares**") at HK$0.96 per Placing Share (the "**Placing Price**"). The Placing Price is exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable. The Placing Shares were intended to be allotted and issued pursuant to the general mandate granted ("**General Mandate**") to the Board by the shareholders of the Company at the annual general meeting of the Company held on 28 April 2023 to allot, issue and deal with up to 77,600,000 new Shares (the "**Placing**").

On 13 May 2024, the conditions of the Placing had been fulfilled and the Placing was completed. A total of 77,600,000 Placing Shares was placed by the Placing Agent and were allotted and issued to not less than six placees at the Placing Price of HK$0.96 per Placing Share pursuant to the terms and conditions of the Placing Agreement. The Company received net proceeds of approximately HK$72.6 million which are intended to be used for further research and development of technological products and solutions adopting artificial intelligence module, development and expansion of digital technology and digital security business and new energy and services business and business operation and general working capital of the Group.

For details of the Placing, please refer to the Company's announcements dated 23 April 2024 and 13 May 2024.

Approximately HK$31.9 million net proceeds was brought forward to FY2025. As at the end of the Reporting Period, the brought-forward net proceeds were fully utilized as follows:

	Allocation of Net Proceeds HK$ million	Net Proceeds Utilized During the Year Ended 31 December 2024 HK$ million	Unutilized Net Proceeds as at 31 December 2024 HK$ million	Net Proceeds Utilized During the Year Ended 31 December 2025 HK$ million	Unutilized Net Proceeds as at 31 December 2025 HK$ million
Research and development of technological products and solutions adopting artificial intelligence module	36.3	7.3	29.0	29.0	–
Development and expansion of the integrated circuits and digital technology business and new energy and services business	21.8	21.8	–	–	–
General working capital of the Group	14.5	11.6	2.9	2.9	–
Total	72.6	40.7	31.9	31.9	–

PURCHASE, SALES OR REDEMPTION OF SHARES

Save for the acquisition of the Shares pursuant to the Share Award Scheme (as further explained below under the section headed "SUMMARY OF THE SHARE AWARD SCHEME") previously during the year ended 31 December 2024 and the Shares held as at 31 December 2025 by the Trustee of the Share Award Scheme, during the year ended 31 December 2025 neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

EMPLOYEES

As at 31 December 2025, the Group employed 1,276 (2024: 1,209) people on a full-time basis.

Hiring, growing and retaining talented, experienced and innovative individuals are vital to the Company's success.

Salaries of employees are maintained at a competitive level and are reviewed on a continuing basis with close reference to individual performance, working experience, qualification and the current relevant industry practices. The Group regularly invests in developing the Group's people with ongoing training. Retention strategies are in place to minimise employee turnover including talent and performance management, competitive remuneration, recognition and reward programmes of high-performance employees. Human resource policies are also in place to support, attract, retain and grow talent, as well as to create a conducive work environment.

The Group has not experienced any material dispute with its employees or disruption to its operations due to employee dispute and has not experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel. The Group maintains a good relationship with its employees.

RETIREMENT SCHEMES

Details of retirement schemes of the Group during the year set out in Note 9 to the financial statements.

SUMMARY OF THE SHARE AWARD SCHEME

On 21 October 2024 (the "**Adoption Date**"), the Board has adopted 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 authorized 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.

(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 (3) 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 and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. However, it does not constitute a scheme involving the issue of new Shares as referred to in Chapter 17 of the Listing Rules. 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.

(f) ***Vesting period of Award***

The Board or Authorized 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.

The Trustee has not acquired any Shares during the Reporting Period. During the period from the Adoption Date and up to 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 since the Adoption Date and up to 31 December 2025.

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 46,560,000 Shares as at 1 January 2025, and 46,560,000 Shares as at 31 December 2025. 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 Reporting Period and as at 31 December 2025, 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 schemes of the Company during the Reporting Period divided by the weighted average number of shares of the relevant class in issue was: zero.

For details regarding administration, scheme limit, grant of award, dealing in Shares by the Trustee, vesting of Award Shares, unvested Shares and returned Award Shares, restrictions, voting rights of the Share Award Scheme, please refer to the announcement of the Company dated 21 October 2024.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group strives to operate in compliance with applicable environmental laws as well as to protect the environment by minimising the negative impact of the Group's existing business activities on the environment and supporting natural and environmental protection schemes.

The Company obtained the certification of Occupational Health and Safety Assessment Series ("**OHSAS**") 18000 for assessment of environment system by effectively controlling the usage of water and electricity and raw materials, formulating assessment procedures on water and electricity consumption by equipment department and assessment system of utilization rate of raw materials by production department. Besides, the Group's key operating subsidiary, Jiangsu Hengxin Technology Co., Ltd., has obtained the ISO 14001:2004 certification for Environmental Management Systems since 2007, and has always been in compliance with the national environmental policies of PRC.

COMPLIANCE WITH LAWS AND REGULATIONS

Throughout the year, to the best knowledge, information and belief, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Company.

AUDIT COMMITTEE

The Board has adopted the principles of corporate governance as described in the Code of Corporate Governance formulated by the SEHK with regards to the Audit Committee of the Company (the "**Audit Committee**").

During the Reporting Period and up to the date of this annual report, the Audit Committee comprises the following members:

Mr. Qian Ziyan	Chairman, Independent Non-executive Director
Mr. Cui Wei	Member, Non-executive Director
Ms. Lin Ting	Member, Independent Non-executive Director (appointed on 11 July 2025)
Mr. Chan Hon Chung Johnny	Member, Independent Non-executive Director (appointed on 31 July 2025)
Ms. Zhang Zhong	Former member and non-executive Director (resigned on 11 July 2025)
Dr. Li Jun	Former member and Independent Non-executive Director (resigned on 31 July 2025)
Mr. Pu Hong	Former member and Independent Non-executive Director (resigned on 11 July 2025)

During the financial year ended 31 December 2025, the Audit Committee has reviewed the following, where relevant, with the executive Directors and/or the external and internal auditors of the Company:

- the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- the Group's financial and operating results and accounting policies;
- the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the Directors of the Company and the external auditors' report on those financial statements;
- the interim and annual announcements as well as the related press release on the results and financial position of the Company and the Group;
- the co-operation and assistance given by the management to the Group's external auditors;
- the appointment and re-appointment of the external auditors of the Company;
- the proposed appointments of the Singapore auditor to fill the casual vacancies on the resignation of the former Singapore auditor of the Company;
- connected (interested person) transactions according to the Listing Rules;
- all non-audit services provided by the Group's external auditors; and
- the financial reporting system, risk management and internal control systems of the Company.

The Audit Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Directors the nomination of Rongcheng (Hong Kong) CPA Limited and RSM SG Assurance LLP for the re-appointment as the external auditors of the Company for fulfilling the reporting and legal requirements of Hong Kong and Singapore respectively at the forthcoming annual general meeting of the Company.

AUDITORS

Rongcheng (Hong Kong) CPA Limited and RSM SG Assurance LLP will retire and, being eligible, offer themselves for re-appointment. Separate resolutions for the re-appointment of Rongcheng (Hong Kong) CPA Limited and RSM SG Assurance LLP as auditors of the Company are to be proposed at the forthcoming annual general meeting.

By order of the board

Mr. Cui Wei
Chairman and Non-executive Director

Date: 31 March 2026

Independent Auditor's Report

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To the shareholders of Hengxin Technology Ltd.
(Incorporated in Republic of Singapore with limited liability)

OPINION

We have audited the consolidated financial statements of Hengxin Technology Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 103 to 192, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**") as issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("**IESBA Code**"), as applicable to audits of financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the IESBA 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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of goodwill and other Intangible Assets

Refer to Note 17 to the consolidated financial statements and the accounting policies on pages 114 to 116.

The Key Audit Matter

At 31 December 2025, the Group held goodwill of approximately RMB155 million and RMB46 million, which arose from business combination of Nanjing Zhangyu Information Technology Co., Ltd. ("**Nanjing Zhangyu**") and Shanghai Zhangyu Information Technology Co., Ltd. ("**Shanghai Zhangyu**") in July 2022 and business combination of Zhejiang Zhongguang New Energy Technology Co., Ltd. ("Zhejiang Zhongguang") in July 2023, respectively. The Group allocated the goodwill to cash generating units ("**CGU"**s) in integrated circuits and digital technology segment and CGU in new energy and service segment. The CGUs in integrated circuits and digital technology segment and new energy and service segment also include the intangible assets arising from the respective acquisitions including customer relationships and licenses (collectively "**other intangible assets**").

The Group engaged an independent professional valuer to assist in performing the impairment assessments of the goodwill and other intangible assets by comparing the carrying values of CGUs and the other CGU with their respective recoverable amounts using discounted cash flow forecasts. No impairment losses of goodwill were recognized during the year ended 31 December 2025.

The preparation of discounted cash flow forecasts for the purpose of assessing recoverable amount of goodwill and other intangible assets involves significant estimation, including future revenue growth rates, future profit margins and the discount rates applied.

We identified the assessments of potential impairment of goodwill and other intangible assets as a key audit matter because the impairment assessments performed by management is complicated and contain certain judgmental assumptions, which could be subject to management bias.

How our audit addressed the key audit matter

Our audit procedures in relation to impairment assessment of goodwill and other intangible assets included the following:

- obtaining understanding of the management's process, basis and key controls adopted in impairment assessment of goodwill and other intangible assets;
- evaluating the expertise and independence of the independent professional valuer involved and obtaining understanding of its scope of work and terms of engagement;
- performing a retrospective review by comparing the prior year's cash flow forecast with the actual performance of the businesses for the current year to assess whether the judgement made by management in the preparation of the cash flow forecast indicated possible management bias;
- evaluating the reasonableness of management's identification of CGUs, the allocation of assets to each CGU with reference to the requirements of the prevailing accounting standards;
- involving our valuation specialists to evaluate the appropriateness of the methodology adopted by management in its impairment assessments and challenge the reasonableness of the discount rates adopted by comparing them with comparable companies;
- challenging, with the assistance of our valuation specialists, the reasonableness of forecast revenue growth rates and forecast gross profit margins adopted by comparing with historical performance and market data; and
- considering the reasonableness of the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Based on the procedures performed, we found that the methods and assumptions applied by management in the impairment assessment of goodwill and other intangible assets were supported by the evidence obtained.

Expected credit loss allowance for trade receivables from customers other than provincial grid companies

Refer to Note 23 to the consolidated financial statements and the accounting policies on pages 117 to 120.

The Key Audit Matter

As at 31 December 2025, the Group's gross carrying amount of trade receivables from customers other than provincial grid companies amounted to approximately RMB634 million, against which an allowance of approximately RMB60 million for expected credit losses ("**ECL**") was recorded.

Management, with the involvement of an independent professional valuer; measures the ECL for trade receivables at an amount equal to lifetime ECL based on estimated loss rates for each category of trade receivables grouped according to the shared credit risk characteristics. The estimated loss rates take into account the ageing of trade receivables balances, the repayment history of the Group's customers and available forward - looking Information. Such assessment involves significant management judgement.

We identified the ECL allowance for trade receivables as a key audit matter because determining the level of the ECL allowance requires the exercise of significant management judgement which is inherently subjective.

How our audit addressed the key audit matter

Our audit procedures in relation to the ECL allowance for trade receivables from customers other than provincial grid companies included the following:

- obtaining an understanding of the process and the management's key controls relating to credit control, segmentation of trade receivables, estimation and recording of the ECL allowance, with the involvement of an independent professional valuer;
- evaluating the expertise and independence of the independent professional valuer and obtaining understanding of its scope of work and terms of engagement;
- evaluating the Group's policy and method for estimating the ECL allowance with reference to the requirements of the applicable accounting standard;
- obtaining an understanding of the key data and assumptions of the ECL model adopted by management, including the basis of segmentation of the trade receivables based on shared credit risk characteristics and the historical credit loss;
- assessing the appropriateness of management's estimates of the ECL allowance by examining the information used by management to derive such estimates, including testing the accuracy of the historical credit loss data;
- assessing, on a sample basis, whether items in the trade receivables ageing report were classified within the appropriate ageing category by comparing individual items with underlying sales invoices and other supporting documents; and
- recalculating the ECL allowance as at 31 December 2025 based on the Group's ECL policy and method.

Based on the procedures performed, we found that the methods and assumptions applied by management in the impairment assessment of trade receivables from customers other than provincial grid companies were supported by the evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are 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 the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 control.

- Obtain an understanding of internal control 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.

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

- Conclude on the appropriateness of the directors' 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 auditor's report to the related disclosures in the consolidated 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 auditor's 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 control that we identify during our audit.

Independent Auditor's Report (cont'd)

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 consolidated 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.

Rongcheng (Hong Kong) CPA Limited
Certified Public Accountants

Lo Chi Kin
Practising Certificate Number: P08415
Hong Kong

31 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025
(Expressed in Renminbi ("RMB"))

	Notes	2025 RMB'000	2024 RMB'000
Revenue	6	**2,247,199**	2,519,987
Cost of sales		**(1,784,534)**	(2,052,682)
Gross profit		**462,665**	467,305
Interest income		**25,575**	34,017
Other operating income	7	**26,044**	36,048
Selling and distribution expenses		**(122,032)**	(131,161)
Administrative expenses		**(100,315)**	(99,840)
Impairment loss on trade and other receivables		**(20,366)**	(7,042)
Other operating expenses		**(162,441)**	(159,159)
Profit from operations		**109,130**	140,168
Interest expense	8	**(57,453)**	(51,470)
Share of result of an associate		**-**	24
Profit before taxation	9	**51,677**	88,722
Income tax	10	**(94,180)**	(15,399)
(Loss)/profit for the year		**(42,503)**	73,323
Attributable to:			
Owners of the Company		**(42,426)**	42,189
Non-controlling interests		**(77)**	31,134
(Loss)/profit for the year		**(42,503)**	73,323
(Loss)/earnings per share (RMB)	14		
Basic		**(0.097)**	0.097
Diluted		**(0.097)**	0.097

The notes on pages 111 to 192 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025
(Expressed in Renminbi ("RMB"))

	Notes	2025 RMB'000	2024 RMB'000
(Loss)/profit for the year		**(42,503)**	73,323
Other comprehensive income/(expense) for the year			
Item 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), net of tax	13	**25**	165
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of entities with functional currencies other than RMB	13	**(297)**	752
Other comprehensive (expense)/income for the year		**(272)**	917
Total comprehensive (expense)/income for the year		**(42,775)**	74,240
Attributable to:			
Owners of the Company		**(42,698)**	43,106
Non-controlling interests		**(77)**	31,134
Total comprehensive (expense)/income for the year		**(42,775)**	74,240

The notes on pages 111 to 192 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2025
(Expressed in Renminbi ("RMB"))

	Notes	**31 December 2025 RMB'000**	31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	15	**1,217,919**	1,095,044
Intangible assets	16	**209,590**	227,487
Goodwill	17	**201,589**	201,589
Interests in associates	19	**152**	152
Equity securities designated at fair value through other comprehensive income ("FVOCI")	20(a)	**5,760**	3,730
Financial assets measured at fair value through profit or loss ("FVPL")	20(b)	**44,605**	33,312
Time deposits	24	**100,000**	125,000
Pledged deposit	26	**335,000**	35,000
Deferred tax assets	32(b)	**13,808**	16,582
		2,128,423	1,737,896
Current assets			
Inventories and other contract costs	21	**198,237**	227,182
Digital assets	22	**13,875**	8,311
Trade and other receivables	23	**1,577,127**	1,397,586
Time deposits	24	**29,908**	29,649
Bank balances and cash	25	**402,643**	861,904
Pledged deposits	26	**576,757**	403,659
		2,798,547	2,928,291

The notes on pages 111 to 192 form part of these financial statements.

Consolidated Statement of Financial Position (cont'd)

At 31 December 2025
(Expressed in Renminbi ("RMB"))

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
Current liabilities			
Trade and other payables	27	**586,225**	740,065
Contract liabilities	28	**63,211**	55,946
Bank loans	29	**759,233**	424,602
Lease liabilities	31	**3,940**	2,757
Income tax payable	32(a)	**7,298**	6,322
		1,419,907	1,229,692
Net current assets		**1,378,640**	1,698,599
Total assets less current liabilities		**3,507,063**	3,436,495
Non-current liabilities			
Bank loans	29	**1,135,883**	1,073,417
Deferred income	30	**1,629**	909
Lease liabilities	31	**46,227**	934
Deferred tax liabilities	32(b)	**15,395**	14,143
		1,199,134	1,089,403
NET ASSETS		**2,307,929**	2,347,092

The notes on pages 111 to 192 form part of these financial statements.

Consolidated Statement of Financial Position (cont'd)

At 31 December 2025
(Expressed in Renminbi ("RMB"))

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
CAPITAL AND RESERVES			
Share capital	33(c)	**362,849**	362,849
General reserves	33(d)	**352,310**	327,378
Share award scheme reserve	33(d)	**(2,778)**	(2,778)
Special reserve	33(d)	**(478,026)**	(478,026)
Fair value reserve	33(d)	**(5,304)**	(5,329)
Translation reserves	33(d)	**(1,100)**	(803)
Retained profits		**1,291,228**	1,358,586
Total equity attributable to owners of the Company		**1,519,179**	1,561,877
Non-controlling interests		**788,750**	785,215
TOTAL EQUITY		**2,307,929**	2,347,092

The consolidated financial statements on pages 103 to 192 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Mr. Cui Wei
Director

Mr. Peng Yinan
Director

The notes on pages 111 to 192 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

(Expressed in Renminbi ("RMB"))

	Notes	Share capital RMB'000	General reserves RMB'000	Share award scheme reserve RMB'000	Special reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Translation reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000 (Note 18)	Total RMB'000
		Attributable to equity shareholders of the Company									
Balance 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
Changes in equity for 2024											
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		–	–	–	–	165	752	42,189	43,106	31,134	74,240
Transfer to general reserves		–	12,229	–	–	–	–	(12,229)	–	–	–
Acquisition of subsidiaries without change of control	18	–	–	–	(472,009)	–	–	–	(472,009)	(58,028)	(530,037)
Deregistration of subsidiaries	18	–	–	–	–	–	–	–	–	(755)	(755)
Allotment of shares	33(c)	67,849	–	–	–	–	–	–	67,849	–	67,849
Purchase of the Company's shares for share award scheme	33(d)	–	–	(2,778)	–	–	–	–	(2,778)	–	(2,778)
Balance 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

	Notes	Share capital RMB'000	General reserves RMB'000	Share award scheme reserve RMB'000	Special reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Translation reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000 (Note 18)	Total RMB'000
		Attributable to equity shareholders of the Company									
Balance at 1 January 2025		**362,849**	**327,378**	**(2,778)**	**(478,026)**	**(5,329)**	**(803)**	**1,358,586**	**1,561,877**	**785,215**	**2,347,092**
Changes in equity for 2025											
Loss for the year		–	–	–	–	–	–	**(42,426)**	**(42,426)**	**(77)**	**(42,503)**
Other comprehensive income/(expense) for the year	13	–	–	–	–	**25**	**(297)**	–	**(272)**	–	**(272)**
Total comprehensive income/(expense)		–	–	–	–	**25**	**(297)**	**(42,426)**	**(42,698)**	**(77)**	**(42,775)**
Transfer to general reserves		–	**24,932**	–	–	–	–	**(24,932)**	–	–	–
Acquisition of a subsidiary		–	–	–	–	–	–	–	–	**3,612**	**3,612**
Balance at 31 December 2025		**362,849**	**352,310**	**(2,778)**	**(478,026)**	**(5,304)**	**(1,100)**	**1,291,228**	**1,519,179**	**788,750**	**2,307,929**

Consolidated Statement of Cash Flows

For the year ended 31 December 2025
(Expressed in Renminbi ("RMB"))

	Notes	2025 RMB'000	2024 RMB'000
Operating activities			
Profit before taxation		**51,677**	88,722
Adjustments for:			
Impairment loss on trade and other receivables		**20,366**	7,042
Loss on deregistration of subsidiaries	9	**-**	720
Amortisation of deferred income	7	**(580)**	(882)
Depreciation of property, plant and equipment	9	**72,168**	68,966
Amortisation of intangible assets	9	**19,931**	20,492
Interest expense	8	**57,453**	51,470
Interest income		**(25,575)**	(34,017)
Share of result of an associate		**-**	(24)
Write-off of deposits		**-**	2,075
Net gain on derivative financial instruments	7	**-**	(4,204)
Net gain on financial assets measured at FVPL	7	**(3,002)**	(825)
Net loss on write-off/disposals of property, plant and equipment	9	**184**	9,116
(Reversal of)/provision for stock obsolescence	21(b)	**(5,285)**	7,146
		187,337	215,797
Changes in working capital:			
Decrease/(increase) in inventories		**34,230**	(39,474)
Increase/(decrease) in contract liabilities		**7,265**	(6,273)
(Increase)/decrease in digital assets		**(5,564)**	1,705
Increase in trade and other receivables		**(199,907)**	(480,447)
(Decrease)/increase in trade and other payables		**(153,752)**	349,330
Cash (used in)/generated from operations		**(130,391)**	40,638
Interest received		**25,575**	1,990
Income taxes paid	32(a)	**(89,183)**	(21,402)
Net cash (used in)/generated from operating activities		**(193,999)**	21,226

The notes on pages 111 to 192 form part of these financial statements.

Consolidated Statement of Cash Flows (cont'd)

For the year ended 31 December 2025
(Expressed in Renminbi ("RMB"))

	Notes	2025 RMB'000	2024 RMB'000
Investing activities			
Acquisition of a subsidiary	18	**(10,647)**	-
Payment for acquisition of property, plant and equipment		**(93,054)**	(16,952)
Payment for acquisition of intangible assets		**(2,034)**	(6,509)
Payment for acquisition of financial assets measured at FVPL		**(8,291)**	(7,719)
Payment for acquisition of financial assets measured at FVOCI		**(2,000)**	-
Proceeds from financial assets measured at FVPL		**-**	2,950
Proceeds from disposal of property, plant and equipment		-	95
Proceeds from derivative financial instruments		-	83,591
Return of capital of an associate		**-**	4,050
Placement for time deposits		**(20,351)**	(71,249)
Withdrawal of time deposits		**23,735**	225,725
Interest received from time deposits		**21,357**	32,027
Increase in pledged bank deposits		**(473,098)**	(311,826)
Net cash used in investing activities		**(564,383)**	(65,817)
Financing activities			
Capital element of lease rentals paid	25(b)	**(42,278)**	(7,069)
Acquisition of subsidiaries without change of control	18	–	(530,037)
Issue of shares		–	67,849
Purchase of the Company's shares for share award scheme		–	(2,778)
Interest element of lease rentals paid	25(b)	**(230)**	(470)
Interest expense paid	25(b)	**(51,332)**	(44,971)
Other interest expense paid	25(b)	**(5,891)**	(6,029)
Proceeds from bank loans	25(b)	**1,126,840**	1,227,629
Repayment of bank loans	25(b)	**(729,743)**	(742,519)
Cash received from government grants		**1,300**	909
Net cash generated from/(used in) financing activities		**298,666**	(37,486)
Net decrease in cash and cash equivalents		**(459,716)**	(82,077)
Bank balances and cash at 1 January		**861,094**	944,863
Effect of foreign exchange rate changes		**455**	(882)
Bank balances and cash at 31 December	25	**402,643**	861,904

The notes on pages 111 to 192 form part of these financial statements.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi ("RMB") unless otherwise indicated)

1 GENERAL INFORMATION

Hengxin Technology Ltd. (the "**Company**") was incorporated in Republic of Singapore. The address of the Company's registered office is 460 Alexandra Road, #28-01 mTower, Singapore 119963. The principal place of business of the Group is located in the the People's Republic of China (the "**PRC**"). The Company is listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**SEHK**").

The consolidated financial statements of the Group as at and for the year ended 31 December 2025 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.

2 BASIS OF PREPARATION

(a) *Statement of compliance*

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) *Basis of preparation of the financial statements*

The consolidated financial statements for the year ended 31 December 2025 comprise the Group and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investments in debt and equity securities (see Note 3(d));

– derivative financial instruments (see Note 3(e)); and

– digital asset (see Note 3(k)).

The preparation of financial statements in conformity with IFRS 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.

2 BASIS OF PREPARATION (cont'd)

(b) *Basis of preparation of the financial statements (cont'd)*

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 IFRS 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.

(a) *Subsidiaries and non-controlling interests*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, 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.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(a) Subsidiaries and non-controlling interests (Cont'd)

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.

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 using the equity method, unless it is classified as held for sale (or included in a disposal group 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 gains arising from transactions with equity-accounted investees are eliminated against the investment 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).

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(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 and associates, 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 FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments. 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:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, 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.

– 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 OCI. 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 retained profits and 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(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 accumulated 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 values, 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 periods are as follows:

– Right-of-use asset	Over the term of the lease
– Building and leasehold improvement	20 – 30 years
– Plant and machinery	10 – 30 years
– Electric generating facilities	10 – 30 years
– Office equipment	3 – 10 years
– Motor vehicles	5 years
– Construction in progress	Not depreciated until the asset is ready for intended use

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(g) Intangible assets (other than goodwill) (cont'd)

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

– Customer relationship	1.5 – 5.5 years
– Patents	5 years
– IP resources	10 years
– License	20 – 25 years

Both the period and method of amortisation are reviewed annually.

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 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 (cont'd)

(h) Leased assets (Cont'd)

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, plus 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, if 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

The Group recognises a loss allowance for expected credit losses ("**ECLs**") on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including loans to an associate that are held for the collection of contractual cash flows which represent solely payments of principal and interest);

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, 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 and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

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

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(i) Credit losses and impairment of assets (cont'd)

(i) Credit losses from financial instruments (cont'd)

Measurement of ECLs (cont'd)

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.

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 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(i) Credit losses and impairment of assets (cont'd)

(i) Credit losses from financial instruments (cont'd)

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset (excluded a receivable from State-owned enterprises) is more than 540 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. Trade receivables from provincial grid companies that were neither past due nor impaired mainly represented the electricity sales receivable and tariff receivables from local grid companies for whom there was no recent history of default.

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 non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI 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 debtor will enter 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 (cont'd)

(i) Credit losses and impairment of assets (cont'd)

(i) Credit losses from financial instruments (cont'd)

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 other contract costs 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(j) Inventories and other contract costs

(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.

Net realisable value represents the estimated selling price less any estimated costs of completion and costs to be incurred in selling the property.

(ii) Other 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(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 assets and contract liabilities

A contract asset represent 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(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 in OCI.

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.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(s) 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.

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

(i) Revenue from contracts with customers

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.

(a) Sale 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, but the Group generally provides credit terms to customers within 90 to 180 days upon customer acceptance. The Group takes advantage 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.

(b) Sale of electricity and tariff income

Revenue from the sale of electricity or steam and tariff income are recognized 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.

(c) 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(s) Revenue and other income (cont'd)

(ii) Revenue from other sources and other income

(a) 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.

(b) 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.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of 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 (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss) is recognised in OCI.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(u) 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.

(v) Asset acquisition

Groups 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.

(W) 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(w) Related parties (cont'd)

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

(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.

(x) 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 most senior executive management 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.

4 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

The Group has applied the following standard amendments for the first time for its annual reporting period commencing 1 January 2025:

Amendments to IAS 21 and IFRS 1	**Lack of Exchangeability**

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

4 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (cont'd)

(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:

		Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 – Presentation and Disclosure in Financial Statements

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 ACCOUNTING JUDGEMENT AND ESTIMATES

Sources of estimation uncertainty

Notes 20 and 34 contain information about the assumptions and their risk factors relating to financial instruments. Other significant sources of estimation uncertainty are as follows:

5 ACCOUNTING JUDGEMENT AND ESTIMATES (cont'd)

Sources of estimation uncertainty (cont'd)

(a) 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.

(b) Impairment of 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 as 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.

(c) Impairment of goodwill:

As described in Note 3(i)(ii), the carrying amount of goodwill and intangible assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. 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. In determining the value in use, expected cash flows generated by the asset or cash-generating units are discounted to their present value, which requires significant judgement relating to the level of revenue, the amount of operating costs, and timing of cash flows. The Group uses readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions with respect to customer demand, market conditions, projections of revenue and the amount of operating costs. Any change in the assumptions adopted in the cash flow forecast would increase or decrease the provision of impairment loss and affect the Group's net asset value.

6 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are engaged in (i) 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; (ii) chips research, design, sales and supply chain services, semiconductor, intellectual property authorization business, and digital security products and services; and (iii) 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. Further details regarding the Group's principal activities are disclosed in Note 6(b).

6 REVENUE AND SEGMENT REPORTING (cont'd)

(a) *Revenue (cont'd)*

Disaggregation of revenue

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

	2025 RMB'000	2024 RMB'000
New energy and services	**205,195**	185,971
Integrated circuits and digital technology	**267,059**	238,345
Telecommunications	**1,774,945**	2,095,671
	2,247,199	2,519,987

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:

	2025 RMB'000	2024 RMB'000
Customer A*	**468,847**	773,088
Customer B*	**434,017**	452,723

* 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 29).

(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.

– Integrated circuits and digital technology: chips research, design, sales and supply chain services, semiconductor, intellectual property authorization 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.

– 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.

6 REVENUE AND SEGMENT REPORTING (cont'd)

(b) Segment reporting (cont'd)

(i) Information about reportable segments

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitor 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 before taxation, 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. Segment profit before taxation 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 results, management is provided with segment information concerning interest income, interest expense, depreciation and amortization expenses, written-off of deposits, asset impairment losses and related reversals and share of result 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.

6 REVENUE AND SEGMENT REPORTING (cont'd)

(b) Segment reporting (cont'd)

(i) Information about reportable segments (cont'd)

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 2025 and 2024 is set out below.

	Reportable segments			
	Integrated circuits and digital technology RMB'000	New energy and services RMB'000	Telecom-munications RMB'000	Total reportable segments RMB'000
2025				
Disaggregated by timing of revenue recognition				
Point in time	243,450	205,195	1,774,945	2,223,590
Over time	23,609	–	–	23,609
Revenue from external customers	267,059	205,195	1,774,945	2,247,199
Segment profit before taxation	17,574	12,823	42,051	72,448
Interest income	2,211	88	23,253	25,552
Interest expense	(26,185)	(17,702)	(13,555)	(57,442)
Depreciation and amortisation expenses	(19,026)	(57,257)	(15,472)	(91,755)
Impairment loss on trade and other receivables	(1,968)	(6,663)	(11,735)	(20,366)
Reversal of stock obsolescence	-	-	5,285	5,285

6 REVENUE AND SEGMENT REPORTING (cont'd)

(b) *Segment reporting (cont'd)*

(i) Information about reportable segments (cont'd)

	Reportable segments			
	Integrated circuits and digital technology RMB'000	New energy and services RMB'000	Telecom-munications RMB'000	Total reportable segments RMB'000
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)

(ii) Reconciliations of information on reportable segments

	2025 RMB'000	2024 RMB'000
Profit before taxation		
Total profit before taxation for reportable segments	**72,448**	105,881
Unallocated amounts:		
– Other income	**23**	2,238
– Other expense	**(20,794)**	(19,397)
Consolidated profit before taxation	**51,677**	88,722

6 REVENUE AND SEGMENT REPORTING (cont'd)

(b) Segment reporting (cont'd)

(iii) Other material items

	Reportable and all other segment totals RMB'000	Unallocated amounts RMB'000	Consolidated totals RMB'000
For the year ended 31 December 2025			
Depreciation and amortisation expense	**(91,755)**	**(344)**	**(92,099)**
For the year ended 31 December 2024			
Depreciation and amortisation expense	(89,122)	(336)	(89,458)

(iv) Geographic 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 have been based on the geographic location of the assets.

	Revenue from external customers		**Specified non-current assets**	
	2025 RMB'000	2024 RMB'000	**2025 RMB'000**	2024 RMB'000
PRC	**2,084,619**	**2,397,163**	**1,598,759**	**1,473,739**
Other countries	**162,580**	**122,824**	**30,491**	**50,533**
	2,247,199	**2,519,987**	**1,629,250**	**1,524,272**

7 OTHER OPERATING INCOME

	2025 RMB'000	2024 RMB'000
Government grants		
– Amortisation of deferred income for the year	**580**	882
– Government grants (Note)	**18,937**	23,914
Net foreign exchange gain	–	2,812
Net gain on commodity future contracts	–	4,204
Net gain on financial assets measured at FVPL	**3,002**	825
Compensation claims received	**1,019**	868
Others	**2,506**	2,543
	26,044	36,048

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

8 INTEREST EXPENSE

	2025 RMB'000	2024 RMB'000
Interest expense on bank loans	**51,332**	44,971
Interest on lease liabilities	**230**	470
Other interest expense	**5,891**	6,029
	57,453	51,470

9 PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging/(crediting) the following during the year:

	Notes	2025 RMB'000	2024 RMB'000
Research and development expenses (Note i)		**159,058**	148,317
Net gain on financial assets measured at FVPL		**(3,002)**	(825)
Loss on deregistration of a subsidiary		–	720
Net foreign exchange losses		**6,839**	–
Net loss on write-off/disposals of property, plant and equipment		**184**	9,116
Write-off of deposits		–	2,075
Cost of inventories (Note ii)	21(b)	**1,784,534**	2,052,682
Amortisation of intangible assets	16	**19,931**	20,492
Depreciation charge:	15		
– owned property, plant and equipment		**63,516**	61,332
– right-of-use assets		**8,652**	7,634
		72,168	68,966

9 PROFIT BEFORE TAXATION (cont'd)

	2025 RMB'000	2024 RMB'000
Audit and related services fees paid to:		
– Rongcheng (Hong Kong) CPA Limited	**2,333**	2,215
– RSM SG Assurance LLP	**534**	-
– other auditors	**222**	1,087
	3,089	3,302
Other non-audit services fee paid to:		
– Rongcheng (Hong Kong) CPA Limited	**680**	1,078
– member firms of KPMG International	**–**	1,180
– other auditors	**257**	25
	937	2,283
Staff costs:		
Salaries and bonus	**171,774**	201,873
Contributions to defined contribution plans (Note iii)	**15,775**	28,969
Executive directors' remuneration	**2,014**	973
Non-executive directors' fees	**2,144**	2,048
	191,707	233,863

Notes:

i 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.

ii Cost of inventories includes RMB118,693,000 (2024: RMB136,773,000) relating to staff costs, depreciation and amortisation expenses which amount is also included in the respective total amounts disclosed separately above.

iii 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.

10 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Notes	2025 RMB'000	2024 RMB'000
Income tax			
Current year			
– PRC Corporate Income Tax		**14,889**	12,671
– PRC withholding Tax		**67,961**	5,859
		82,850	18,530
Under/(over)-provision in prior years			
– PRC Corporate Income Tax		**7,309**	(1,261)
		90,159	17,269
Deferred tax			
Origination of temporary differences	32(b)(i)	**4,021**	(1,870)
Income tax expense		**94,180**	15,399

Notes:

i Singapore and India income tax 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 made in the consolidated financial statements since the Group do not have assessable profits subject to Singapore and India income tax for the years ended 31 December 2025 and 2024.

ii The provision for PRC Corporate 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% (2024: 25%) except for Jiangsu Hengxin Technology Co., Ltd., Jiangsu Hengxin Wireless Technology Co., Ltd., 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 for 2025 and 2024 available to enterprises which qualify as a High and New Technology Enterprise.

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 rates 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 made in the consolidated financial statements since the Group do not have assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2025 and 2024.

10 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (cont'd)

(b) Reconciliation between income tax expense and profit before taxation per the consolidated statement of profit or loss:

	2025 RMB'000	2024 RMB'000
Profit before taxation	**51,677**	88,722
Tax using the PRC statutory tax rate of 25% (2024: 25%)	**12,919**	22,180
Effect of concessionary tax rate	**(12,809)**	(16,072)
Effect of tax rates in other jurisdictions	**(1,481)**	1,027
Tax effect of non-deductible expenses	**9,664**	4,686
Tax effect of tax losses not recognised	**20,718**	16,293
Additional deduction for qualified research and development costs (Note)	**(6,935)**	(14,209)
Utilisation of tax losses previously not recognised	**(3,166)**	(3,098)
Under-provision/(over) in prior years	**7,309**	(1,261)
Tax effect of share of result of an associate	**-**	(6)
Effect of withholding tax on income from PRC subsidiaries	**1,084**	5,859
Effect of withholding tax on dividend income from a PRC subsidiary	**66,877**	-
Income tax expense	**94,180**	15,399

Note: 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 qualified research and development costs incurred as tax deductible expenses when determining their assessable profits for that year.

11 DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
2025					
Executive directors					
Mr. Peng Yinan	–	910	122	39	1,071
Mr.Lawrence Lau Fai (appointed on 11 July 2025)	–	550	–	8	558
Non-executive directors					
Mr. Cui Wei	440	–	–	–	440
Mr. Tao Shunxiao	330	–	–	–	330
Mr. Zeng Guowei	330	–	–	–	330
Ms. Zhang Zhong (resigned on 11 July 2025)	203	–	–	–	203
Independent non-executive directors					
Dr. Li Jun (resigned on 31 July 2025)	161	–	–	–	161
Mr. Pu Hong (resigned on 11 July 2025)	161	–	–	–	161
Mr. Qian Ziyan	275	–	–	–	275
Ms.Lin Ting (appointed on 11 July 2025)	129	–	–	–	129
Mr.Chan Hon Chung Johnny (appointed on 31 July 2025)	115	–	–	–	115
	2,144	1,460	122	47	3,773

11 DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (cont'd)

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
2024					
Executive directors					
Dr. Song Haiyan (resigned on 24 August 2024)	–	305	174	40	519
Mr. Peng Yinan	–	363	46	45	454
Non-executive directors					
Mr. Cui Wei	438	–	–	–	438
Mr. Du Xiping (resigned on 24 August 2024)	209	–	–	–	209
Mr. Tao Shunxiao (appointed on 24 August 2024)	117	–	–	–	117
Mr. Zeng Guowei (appointed on 24 August 2024)	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

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 year (2024: Nil).

12 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2024: none) of them are directors whose emolument is disclosed in Note 11. The aggregate of the emoluments in respect of the remaining two (2024:five) non director individuals with highest emoluments are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	**720**	3,808
Performance related bonuses	**1,285**	320
Retirement benefit scheme contributions	**147**	614
	2,152	4,742

The remaining two (2024: five) individuals with the highest emoluments are within the following bands:

	2025	2024
Nil to HKD1,000,000	**1**	3
HKD1,000,001 to HKD1,500,000	**1**	2
	2	5

No remuneration was paid by the Group to the directors, chief executives and the five 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 individuals with highest emoluments has waived any emoluments during both years.

13 OTHER COMPREHENSIVE INCOME/(EXPENSE)

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

	2025			2024		
	Before tax RMB'000	**Tax expense RMB'000**	**Net of tax RMB'000**	Before tax RMB'000	Tax expense RMB'000	Net of tax RMB'000
Equity investments at FVOCI – net change in fair value reserve (non-recycling)	**30**	**(5)**	**25**	194	(29)	165
Exchange differences on translation of financial statements of entities with functional currencies other than RMB	**(297)**	**-**	**(297)**	752	–	752
Other comprehensive (expense)/income	**(267)**	**(5)**	**(272)**	946	(29)	917

(b) *Net movement in the fair value reserve (non-recycling) during the year recognised in other comprehensive income/(expense) and reclassification adjustments*

	2025 RMB'000	2024 RMB'000
Equity investments measured at FVOCI		
Other comprehensive income/(expense)		
– Changes in fair value	**30**	194
– Deferred tax	**(5)**	(29)
	25	165

14 (LOSS)/EARNINGS PER SHARE

(a) *Basic (loss)/earnings per share*

	2025	2024
(Loss)/profit attributable to owners of the Company (RMB'000)	**(42,426)**	42,189
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme ('000)	**436,833**	436,833
Basic (loss)/earnings per share (RMB)	**(0.097)**	0.097

(b) *Diluted (loss)/earnings per share*

For the purpose of calculating diluted (loss)/earnings per share, (loss)/profit attributable to owners 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 years ended 31 December 2025 and 2024. Accordingly, the diluted (loss)/earnings per share is computed to be the same as the basic (loss)/earnings per share for the years ended 31 December 2025 and 2024.

15 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Right-of-use assets RMB'000	Building and leasehold improvement RMB'000	Plant and machinery RMB'000	Electric generating facilities RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:								
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	—	—	3,501	—	6,643	—	(10,144)	—
Disposals/written-off	—	—	(2,362)	—	(9,895)	(500)	—	(12,757)
Exchange adjustments	—	—	1,060	—	—	—	—	1,060
At 31 December 2024 and 1 January 2025	142,892	143,416	240,353	838,665	97,605	5,720	21,156	1,489,807
Acquisition of a subsidiary which does not constitute business	—	—	—	—	—	—	14,259	14,259
Additions	88,754	8,750	987	—	2,325	884	80,108	181,808
Transfers	—	—	6,850	—	15,664	—	(22,514)	—
Written-off	(7,005)	—	(1,125)	—	(1,662)	(4)	—	(9,796)
Exchange adjustments	—	(32)	(1,311)	—	(17)	—	—	(1,360)
At 31 December 2025	224,641	152,134	245,754	838,665	113,915	6,600	93,009	1,674,718
Accumulated depreciation:								
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/written-off	—	—	1,758	—	1,511	277	—	3,546
Exchange adjustments	—	—	(263)	—	—	—	—	(263)
At 31 December 2024 and 1 January 2025	(22,915)	(65,770)	(189,495)	(48,103)	(65,674)	(2,806)	—	(394,763)
Charge for the year	(8,652)	(5,608)	(15,445)	(33,955)	(7,692)	(816)	—	(72,168)
Written-off	6,924	—	1,125	—	1,559	4	—	9,612
Exchange adjustments	—	32	471	—	17	—	—	520
At 31 December 2025	(24,643)	(71,346)	(203,344)	(82,058)	(71,790)	(3,618)	—	(456,799)
Net book value:								
At 31 December 2025	199,998	80,788	42,410	756,607	42,125	2,982	93,009	1,217,919
At 31 December 2024	119,977	77,646	50,858	790,562	31,931	2,914	21,156	1,095,044

As at 31 December 2025, property, plant and equipment with carrying amounts of RMB756,607,000 (2024: RMB790,562,000) were pledged as securities for the Group's bank loans (see Note 29).

15 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(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:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Ownership interests in leasehold land held for own use, carried at depreciated cost (Note)	**192,534**	116,122
Other properties leased for own use, carried at depreciated cost	**7,464**	3,855
	199,998	119,977

Note:

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 year. 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.

During the year ended 31 December 2025, addition of leasehold land in Kyrgyz Republic. The leases run for 49 year.

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.

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.

15 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) Right-of-use assets (cont'd)

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

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land	**4,724**	2,109
Other properties leased for own use	**3,928**	5,525
	8,652	7,634
Expense relating to short-term leases	**4,445**	694

During the year ended 31 December 2025, additions to right-of-use assets were RMB88,754,000 (2024: RMB706,000). This amount is related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 25(c), 31 and 34(b), respectively.

16 INTANGIBLE ASSETS

	Customer relationship (Note i) RMB'000	Patents (Note i) RMB'000	IP resources (Note ii) RMB'000	License (Note iii) RMB'000	Total RMB'000
Cost:					
At 1 January 2024	50,864	29,769	33,127	173,366	287,126
Addition	–	–	6,509	–	6,509
At 31 December 2024	50,864	29,769	39,636	173,366	293,635
Addition	–	184	1,850	–	2,034
At 31 December 2025	50,864	29,953	41,486	173,366	295,669
Accumulated amortisation:					
At 1 January 2024	(35,603)	(5,094)	(2,117)	(2,842)	(45,656)
Charge for the year	(4,534)	(5,676)	(3,461)	(6,821)	(20,492)
At 31 December 2024	(40,137)	(10,770)	(5,578)	(9,663)	(66,148)
Charge for the year	(4,050)	(4,664)	(4,396)	(6,821)	(19,931)
At 31 December 2025	(44,187)	(15,434)	(9,974)	(16,484)	(86,079)
Net book value:					
At 31 December 2025	6,677	14,519	31,512	156,882	209,590
At 31 December 2024	10,727	18,999	34,058	163,703	227,487

Note:

i All of the Group's customer relationship and patents were purchased as part of a business combination in prior years .

ii IP resources was acquired from third parties.

iii The license 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.

The amortisation charge for the year is included in "cost of sales" and "other operating expense" in the consolidated statement of profit or loss. No impairment loss was recognised during the year (2024: Nil).

17 GOODWILL

	RMB'000
Cost:	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	201,589
Accumulated impairment losses:	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	201,589
Carrying amount:	
At 31 December 2024 and 2025	201,589

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGUs identified according to operating segments as follows:

	Notes	2025 RMB'000	2024 RMB'000
Integrated circuits and digital technology business	i	**155,116**	155,116
New energy and services business	ii	**46,473**	46,473
		201,589	201,589

Notes:

i Integrated circuits and digital technology business

The recoverable amount of the CGU is determined based on value-in-use calculation. 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 calculation. These calculations use cash flow projections based on financial budgets approved by management covering 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.

As at 31 December 2025 and 2024, the recoverable amount of the CGU was higher than the carrying amount and no impairment loss was recognised in 2025 and 2024.

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

	2025	2024
Average revenue growth rates	**7.89%-19.39%**	7.00%-18.00%
Average operating profit margin	**24.23%-26.85%**	23.90%-48.70%
Pre-tax discount rates	**23.71%-26.15%**	18.91%-22.41%

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:

	2025	2024
Decrease in average revenue growth rate	**2.11%-3.81%**	0.65%-2.30%
Decrease in average operating profit margin	**0.85%-4.32%**	0.46%-3.13%
Increase in pre-tax discount rate	**0.26%-4.03%**	0.42%-1.60%

17 GOODWILL (cont'd)

Impairment tests for cash-generating units containing goodwill (cont'd)

Notes: (cont'd)

ii New energy and services business

The recoverable amount of the CGU has been determined from 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 calculation. The cash flow projections cover the estimated useful lives of each respective completed solar power plant is in line with normal practice in the solar power industry. Therefore, the projections cover periods will be in excess of five years.

As at 31 December 2025 and 2024, the recoverable amount of the CGU was higher than the carrying amount and no impairment loss was recognised in 2025 and 2024.

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

	2025	2024
Average revenue growth rate	**8.28%**	4.30%
Average operating profit margin	**17.59%**	29.30%
Pre-tax discount rate	**10.14%**	9.81%

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:

	2025	2024
Decrease in average revenue growth rate	**4.74%**	0.10%
Decrease in average operating profit margin	**12.69%**	0.15%
Increase in pre-tax discount rate	**1.52%**	0.29%

18 INVESTMENTS IN SUBSIDIARIES

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

				2025 Proportion of ownership interest			2024 Proportion of ownership interest		
Name of company	**Principal activities**	**Place of incorporation and business**	**Particulars of registered and paid-up capital**	**Group's effective interest**	**Held by the company**	**Held by a subsidiary**	Group's effective interest	Held by the company	Held by a subsidiary
Jiangsu Hengxin Technology Co., Ltd.* (江蘇亨鑫科技有限公司)	Research, design, development and manufacture of telecommunications and technological products, production of radio frequency coaxial cable for mobile communications and mobile communications systems exchange equipment	PRC	USD138,000,000/ USD138,000,000	**100%**	**100%**	–	100%	100%	–
Hengxin Technology (India) Pvt Ltd.	Marketing and trading of the group's product to telecommunication operators in India	India	INR59,500,000/ INR59,500,000	100%	100%	-	100%	100%	-
Hengxin Metaverse Co., Ltd.	Investment holding	Hong Kong	HKD5,000,000/ HKD5,000,000	100%	100%	-	100%	100%	-
Hengxin Technology International Co.,Ltd.	Trading and investment holding	Hong Kong	HKD1,170,000/ HKD1,170,000	**100%**	**-**	**100%**	100%	-	100%

18 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025 Proportion of ownership interest Group's effective interest	2025 Held by the company	2025 Held by a subsidiary	2024 Proportion of ownership interest Group's effective interest	2024 Held by the company	2024 Held by a subsidiary
Jiangsu Hengxin Wireless Technology Co., Ltd.* (江蘇亨鑫無線技術有限公司)	Research, design, development and manufacture sale and technical services of antennas and related telecommunication products for mobile communications systems	PRC	RMB30,000,000/ RMB5,000,000	**100%**	**-**	**100%**	100%	-	100%
Jiangsu Hengxin Zhonglian Communication Technology Co., Ltd.* ("Zhonglian Technology") (江蘇亨鑫眾聯通信技術有限公司) (Note iv)	Research, design, development and manufacture sale and technical services of telecommunication products for mobile communications systems	PRC	RMB10,000,000/ RMB10,000,000	**100%**	**-**	**100%**	100%	-	100%
Yixing Tianyue Enterprise Management Consulting Partnership (Limited Partnership)* (宜興市天躍企業管理諮詢合夥企業)	Research, design, development and manufacture sale and technical services of telecommunication products for mobile communications systems	PRC	RMB3,000,400/ Nil	**100%**	**-**	**100%**	100%	-	100%
HODL PCC Ltd.	Investment holding	Isle of Man	GBP1,000/ GBP1,000	**80%**	**-**	**80%**	80%	-	80%
Xinkexin (Suzhou) Technology Co., Ltd.* (鑫科芯(蘇州)科技有限公司)	Enterprise management consulting	PRC	RMB1,220,500,000/ RMB 666,888,000 (2024:RMB65,000,000/ RMB65,000,000)	**100%**	**-**	**100%**	100%	-	100%
Nanjing Zhangyu Information Technology Co., Ltd.* ("NanjingZhangyu") (南京掌御信息科技有限公司) (Note i)	Development, design, and sale of integrated circuits, digital products, computer hardware, computer technology application and software; technology consultation and technology services	PRC	RMB805,000,00/ RMB30,000,000 (2024: RMB45,000,000/ RMB45,000,000)	**100%**	**-**	**100%**	100%	-	100%
Zhangyu Energy Storage (Zanhuang) Co., Ltd.* (掌御儲能(贊皇)有限公司)	Inactive	PRC	RMB10,000,000/ RMB10,000,000 (2024: RMB10,000,000/ Nil)	**100%**	**-**	**100%**	100% (incorporated on 20 November 2024)	-	100%
Hengxin Mining company Limited	Inactive	Hong Kong	HKD5,000,000/ HKD5,000,000	**100%**	**-**	**100%**	100% (incorporated on 20 December 2024)	-	100%
Hengxin New Energy company Limited	Inactive	Hong Kong	HKD5,000,000/ HKD5,000,000	**100%**	**-**	**100%**	100% (incorporated on 23 December 2024)	-	100%
Zhangyu Energy Storage Technology (Huanghua) Co., Ltd.* (掌御儲能技術(黃驊)有限公司)	Inactive	PRC	RMB10,000,000/ RMB10,000,000 (2024: RMB10,000,000/ RMB10,000,000)	**- (disposed on 22 December 2025)**	**-**	**-**	100% (incorporated on 5 December 2024)	-	100%

18 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025 Proportion of ownership interest Group's effective interest	2025 Held by the company	2025 Held by a subsidiary	2024 Proportion of ownership interest Group's effective interest	2024 Held by the company	2024 Held by a subsidiary
Shanghai Zhangyu Information Technology Co., Ltd.* ("Shanghai Zhangyu") (上海掌御信息科技有限公司) (Note ii)	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	RMB10,000,000/ RMB10,000,000	100%	-	100%	100%	-	100%
Wuxi Sihai Technology Co., Ltd.* ("WuxiSihai") (無錫思海科技有限公司) (Note iii)	Development, design and sale of integrated circuits, digital products, computer hardware, computer technology application and software; technology consultation and technology services	PRC	RMB5,000,000/ RMB5,000,000	90%	-	90%	90%	-	90%
Shanghai Zhangyu Semiconductor Technology Co., Ltd.* ("Shanghai Zhangyu Semiconductor") (上海掌御半導體有限公司) (Note v)	Inactive	PRC	Nil/Nil (2024:RMB10,0 00,000 /Nil)	-	-	-	- (deregistered on 28 August 2024)	-	-
Zhejiang Zhongguang New Energy Technology Co., Ltd. *("Zhejiang Zhongguang") (浙江中光新能源科技有限公司)	Provision of related technical and consultancy services	PRC	RMB 1,124,513,500/ RMB 1,124,513,500	45%	-	51%	45%	-	51%
Qinghai Zhongkong Solar Power Co., Ltd. * (青海中控太陽能發電有限公司)	Generation of electricity and operation of solar thermal power stations	PRC	RMB370,000,00/ RMB370,000,000	45%	-	100%	45%	-	100%
Gansu Yumen Zhongkong Solar Power Co., Ltd.* ("Gansu Yumen") (甘肅玉門眾控太陽能發電有限公司) (Note v)	Generation of electricity and operation of solar thermal power stations	PRC	Nil/Nil (2024: RMB4,000,000/ RMB4,000,000)	-	-	-	- (deregistered on 28 May 2024)	-	-
Zhongguang (Qinghai) New Energy Science Technology Co. Ltd.* (formerly known as: Qinghai Cosin Solar Power Co., Ltd.) (中光(青海)新能源技術有限公司)	Generation of electricity and operation of solar thermal power stations	PRC	RMB580,580,000/ RMB8,140,000 (2024:RMB100,000,00/ RMB8,140,000)	45%	-	100%	45%	-	100%

18 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025 Proportion of ownership interest			2024 Proportion of ownership interest		
				Group's effective interest	Held by the company	Held by a subsidiary	Group's effective interest	Held by the company	Held by a subsidiary
Qinghai Zhongkong Solar Power Co., Ltd. *(青海眾控太陽能發電有限公司)(Note i)	Generation of electricity and operation of solar thermal power stations	PRC	RMB100,000,000/ RMB8,090,000	**45%**	**-**	**100%**	45%	-	100%
Heli (Qinghai) Operation And Maintenance Technology Co., Ltd.* (formerly known as: Zhongguang (Qinghai) New Energy Science Technology Co. Ltd.) (和力(青海)運維技術有限公司) (Note i)	Generation of electricity and operation of solar thermal power stations	PRC	RMB10,000,000/ RMB10,000,000 (2024:RMB10,000,000 /RMB3,000,000)	**45%**	**-**	**100%**	45%	-	100%
Hangzhou Longkong Zhongguang Enterprise Holding Partnership (Limited partnership)* (杭州龍控中光企業控股合夥企業(有限合夥))	Enterprise management consulting	PRC	RMB730,000,000/ RMB409,175,643	**88%**	**-**	**88%**	88%	-	88%
Shanghai Longkong Tuofeng Mining Technology Co., Ltd.* (上海龍控拓豐礦業科技有限公司)	Inactive	PRC	RMB50,000,000/ RMB50,000,000 (2024: RMB50,000,000/ Nil)	**66%**	**-**	**75%**	66%	-	75%
Hainan Wei Yi Da Investment Partnership (Limited Partnership)* (海南維億達投資合夥企業(有限合夥))	Inactive	PRC	RMB20,000,000/ Nil	**51% (acquired on 25 December 2025)**	**-**	**51%**	N/A	N/A	N/A
Xin Ke Xin Energy Storage Development (Heze) Co., Ltd.* (鑫科芯儲能發展(菏澤)有限公司)	Inactive	PRC	RMB10,000,000/ Nil	**100% (incorporated on 17 April 2025)**	**-**	**100%**	N/A	N/A	N/A
Xin Ke Xin Energy Storage Technology (Zhoukou) Co., Ltd.* (鑫科芯儲能技術(周口)有限公司)	Inactive	PRC	RMB10,000,000/Nil	**100% (incorporated on 1 September 2025)**	-	100%	N/A	N/A	N/A
Xin Ke Xin Energy Storage New Materials Technology (Dongying) Co., Ltd.* (鑫科芯儲能新材料技術(東營) 有限公司)	Inactive	PRC	RMB10,000,000/Nil	**100% (incorporated on 17 April 2025)**	-	100%	N/A	N/A	N/A
Xin Ke Xin New Energy Technology (Wuxi) Co., Ltd.* (鑫科芯新能源技術(無錫)有限公司)	Inactive	PRC	RMB10,000,000/Nil	**100% (incorporated on 23 May 2025)**	-	100%	N/A	N/A	N/A

18 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025 Proportion of ownership interest Group's effective interest	2025 Held by the company	2025 Held by a subsidiary	2024 Proportion of ownership interest Group's effective interest	2024 Held by the company	2024 Held by a subsidiary
Hengxin New Energy Technology (Yixing) Co., Ltd.* (亨鑫新能源技術(宜興)有限公司)	Inactive	PRC	HKD10,000,000/Nil	100% (incorporated on 11 February 2025)	-	100%	N/A	N/A	N/A
Xin Xiang Xin Ke Xin Energy Storage Technology Co., Ltd.* (新鄉鑫科芯儲能技術有限公司)	Inactive	PRC	RMB500,000/Nil	100% (incorporated on 25 July 2025)	-	100%	N/A	N/A	N/A
Wanning Jingchen New Energy Co., Ltd.* (萬寧景晨新能源有限公司)	Inactive	PRC	RMB10,000,000/Nil	100% (acquired on 30 September 2025)	-	100%	N/A	N/A	N/A
Anhui Longkong Tuofeng Mining Co. Ltd.* (安徽龍控拓豐礦業有限公司)	Inactive	PRC	RMB100,000,000/Nil	53% (incorporated on 12 June 2025)	-	80%	N/A	N/A	N/A
Zhejiang Yanrong Energy Storage Technology Co., Ltd.* (浙江焱熔儲能技術有限責任公司)	Inactive	PRC	RMB30,000,000 Nil	22% (incorporated on 8 December 2025)	-	79%	N/A	N/A	N/A
Zhongkong New Energy (Fujian) Co., Ltd.* (中光新能源(福建)有限公司)	Inactive	PRC	RMB50,000,000/ Nil	45% (incorporated on 9 September 2025)	-	100%	N/A	N/A	N/A
Ningde Guangxin Green Energy Investment Co., Ltd.* (寧德光鑫綠能投資有限公司)	Inactive	PRC	RMB10,000,000/ Nil	45% (incorporated on 11 November 2025)	-	100%	N/A	N/A	N/A
Fujian Zhiguang Energy Operation and Management Co., Ltd.* (福建智光能源營運管理有限公司)	Inactive	PRC	RMB20,000,000/ Nil	45% (incorporated on 18 December 2025)	-	100%	N/A	N/A	N/A
Shouning Guangcheng Green Building & Energy Conservation Technology Co., Ltd.* (壽寧光成綠建節能科技有限公司)	Inactive	PRC	RMB10,000,000/ Nil	45% (incorporated on 11 November 2025)	-	100%	N/A	N/A	N/A
Zhongguang New Energy Technology (Xinjiang) Co., Ltd.* (中光新能源科技(新疆)有限公司)	Inactive	PRC	RMB5,000,000/ Nil	45% (incorporated on 15 August 2025)	-	100%	N/A	N/A	N/A
Zhangyu Energy Storage Development (Dongying) Co., Ltd.* (掌御儲能發展(東營)有限公司)	Inactive	PRC	RMB10,000,000/ Nil	100% (incorporated on 23 January 2025)	-	100%	N/A	N/A	N/A

18 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025 Proportion of ownership interest Group's effective interest	2025 Held by the company	2025 Held by a subsidiary	2024 Proportion of ownership interest Group's effective interest	2024 Held by the company	2024 Held by a subsidiary
Zhangyu Energy Storage Technology (Longyao) Co., Ltd.* (掌御儲能技術(隆堯)有限公司)	Inactive	PRC	RMB10,000,000/ Nil	100% (incorporated on 29 March 2025)	-	100%	N/A	N/A	N/A
Zhi Hong Xinneng Energy Storage Technology (Pingdingshan) Co., Ltd.* (智宏新能儲能技術(平頂山)有限公司)	Inactive	PRC	RMB10,000,000/ Nil	100% (incorporated on 12 November 2025)	-	100%	N/A	N/A	N/A
Zhangyu Energy Storage New Materials Technology (Binzhou) Co., Ltd.* (掌御儲能新材料技術(濱州)有限公司)	Inactive	PRC	RMB10,000,000/ Nil	100% (incorporated on 11 April 2025)	-	100%	N/A	N/A	N/A
Zhangyu Energy Storage Development (Zaozhuang) Co., Ltd.* (掌御儲能發展(棗莊)有限公 司)	Inactive	PRC	RMB10,000,000/ Nil	100% (incorporated on 9 January 2025)	-	100%	N/A	N/A	N/A
Zhangyu Energy Storage (Chengmai) Co., Ltd.* (掌御儲能(澄邁)有限公司)	Inactive	PRC	RMB2,000,000/ Nil	100% (incorporated on 15 April 2025)	-	100%	N/A	N/A	N/A
Zhangyu Energy Storage (Qionghai) Co., Ltd.* (掌御儲能(瓊海)有限公司)	Inactive	PRC	RMB1,010,000/ Nil	100% (incorporated on 8 April 2025)	-	100%	N/A	N/A	N/A
Shanghai Zhangyu Caobao Business Co., Ltd.* (上海掌御漕寶商業有限公司)	Inactive	PRC	RMB1,000,000/ Nil	100% (incorporated on 26 September 2025)	-	100%	N/A	N/A	N/A
Shanghai Zhangyu Juxin Information Technology Co., Ltd.* (上海掌御聚芯信息科技有限公司)	Inactive	PRC	RMB1,000,000/ Nil	100% (incorporated on 28 July 2025)	-	100%	N/A	N/A	N/A
Hengxin Zhicheng (Jiangsu) Energy Technology Co., Ltd.* (亨鑫致誠(江蘇)能源科技有限公司)	Inactive	PRC	RMB20,000,000/ Nil	51% (incorporated on 21 October 2025)	-	51%	N/A	N/A	N/A
Hengxin Solar Energy Company Limited	Inactive	Hong Kong	HKD5,000,000/ HKD5,000,000	100% (incorporated on 11 August 2025)	100%	-	N/A	N/A	N/A

18 INVESTMENTS IN SUBSIDIARIES (cont'd)

				2025 Proportion of ownership interest			2024 Proportion of ownership interest		
Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	Group's effective interest	Held by the company	Held by a subsidiary	Group's effective interest	Held by the company	Held by a subsidiary
Hengxin Energy Storage Company Limited	Inactive	Hong Kong	HKD5,000,000/ HKD5,000,000	100% (incorporated on 25 July 2025)	100%	-	N/A	N/A	N/A
Shanghai Zhi Hong Yu Energy Storage Technology Co. Ltd.* (上海智宏御儲能技術有限公司)	Inactive	PRC	RMB50,000,000/ Nil	100% (incorporated on 30 September 2025)	-	100%	N/A	N/A	N/A
Changzhi Zhi Hong Yu Energy Storage Technology Co., Ltd.* (長治智宏御儲能科技有限公司)	Inactive	PRC	RMB10,000,000/ Nil	100% (incorporated on 20 November 2025)	-	100%	N/A	N/A	N/A
Zhi Hong Yu Energy Storage (Datong) Co., Ltd.* (智宏御儲能(大同)有限公司)	Inactive	PRC	RMB10,000,000/ Nil	100% (incorporated on 26 November 2025)	-	100%	N/A	N/A	N/A
Zhi HongYu (Xinzhou City Xinzhou Economic Development Zone) Electric Power Energy Storage Technology Co., Ltd.* (智宏御(忻州市忻州經濟開發區)電力儲能技術有限公司)	Inactive	PRC	RMB10,000,000/ Nil	100% (incorporated on 25 November 2025)	-	100%	N/A	N/A	N/A
Shanxi Zhi Hong Yu Green Energy Technology Co., Ltd.* (山西智宏御綠色能源科技有限公司)	Inactive	PRC	RMB10,000,000/ Nil	100% (incorporated on 27 November 2025)	-	100%	N/A	N/A	N/A
Yuncheng Zhi Hong Yu Energy Storage Technology Co., Ltd.* (運城智宏御儲能技術有限公司)	Inactive	PRC	RMB10,000,000/ Nil	100% (incorporated on 24 November 2025)	-	100%	N/A	N/A	N/A
Zhengzhou Zhi Hong Yu Energy Storage Technology Co., Ltd.*(鄭州智宏御儲能技術有限公司)	Inactive	PRC	RMB10,000,000/ Nil	100% (incorporated on 18 November 2025)	-	100%	N/A	N/A	N/A

18 INVESTMENTS IN SUBSIDIARIES (cont'd)

				2025 Proportion of ownership interest			2024 Proportion of ownership interest		
Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	Group's effective interest	Held by the company	Held by a subsidiary	Group's effective interest	Held by the company	Held by a subsidiary
Dingshan City Zhi Hong Yu Energy Storage Technology Co., Ltd.* (平頂山市智宏御儲能技術有限公司)	Inactive	PRC	RMB10,000,000/ Nil	100% (incorporated on 11 November 2025)	-	100%	N/A	N/A	N/A
Hengxin Green Energy LLC	Inactive	Kyrgyz Republic	KGS8,740,000/ KGS8,740,000	99% (incorporated on 25 September 2025)	-	99%	N/A	N/A	N/A
Balykchy Green Energy LLC (Note vi)	Inactive	Kyrgyz Republic	KGS1,000/ KGS1,000	94% (acquired on 21 November 2025)	-	95%	N/A	N/A	N/A

* These subsidiaries in the PRC are established as limited liability companies.

Notes:

i During the year ended 31 December 2024, the Group acquired remaining 49% equity interest of Nanjing Zhangyu at a cash consideration of RMB395,000,000. The proportion of ownership interest in Nanjing Zhangyu held by the Group increased from 51% to 100% and Nanjing Zhangyu became a wholly-owned subsidiary of the Group.

ii During the year ended 31 December 2024, the Group acquired remaining 49% equity interest of Shanghai Zhangyu at a cash consideration of RMB127,000,000. The proportion of ownership interest in Shanghai Zhangyu held by the Group increased from 51% to 100% and Shanghai Zhangyu became a wholly-owned subsidiary of the Group.

iii During the year ended 31 December 2024, the Group further acquired 10% equity interest of Wuxi Shihai, a direct subsidiary of Nanjing Zhangyu, at a cash consideration of RMB8,037,000. The Group's effective interest in Wuxi Shihai increased from 41% to 90%.

iv During the year ended 31 December 2024, the Group acquired remaining 30% equity interest of Zhonglian Technology at zero consideration. The Group's effective interest in Zhonglian Technology increased from 70% to 100% and became a wholly-owned subsidiary of the Group.

v During the year ended 31 December 2024, Shanghai Zhangyu Semiconductor and Gansu Yumen, subsidiaries of the Group, have been deregistered. At date of deregistration, the aggregate net assets and non-controlling interest of the subsidiaries are RMB1,475,000 and RMB755,000 respectively. Upon the deregistration, a loss on deregistration of subsidiaries of RMB720,000 was recognised. There was no net inflow/outflow of cash and cash equivalents in respect of the deregistration of subsidiaries.

vi During the year ended 31 December 2025, the Group acquired 95% of the issued share capital of Balykchy Green Energy LLC for consideration of RMB10,675,000 and its identifiable assets are mainly property, plant and equipment. The Group elected to apply the optional concentration test in accordance with IFRS 3 Business Combinations. This acquisition has been accounted for as an acquisition of assets rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets (property, plant and equipment).

During the year ended 31 December 2024, the Group acquired the shares in subsidiaries as disclosed in notes i, ii, iii and iv above. The difference between the cash consideration of totalling RMB530,037,000 and the proportion interests of the subsidiaries' net assets being acquired of RMB58,028,000 attributable to the owners of the Company of RMB472,009,000 was recognised in special reserve.

18 INVESTMENTS IN SUBSIDIARIES (cont'd)

The following table lists out the information relating to the subsidiaries of the Company which has material NCI.

Name of company	Place of incorporation and business	Operating segment	Proportion of effective interest held by NCI 2025	2024
Zhejiang Zhongguang (浙江中光新能源科技有限公司)	PRC	New energy and services	55%	55%
Qinghai Zhongkong (青海中控太陽能發電有限公司)	PRC	New energy and services	55%	55%

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

2025	Zhejiang Zhongguang RMB'000	Qinghai Zhongkong RMB'000	Other individually immaterial subsidiaries RMB'000	Intra-group elimination RMB'000	Total RMB'000
NCI percentage	55%	55%			
Current assets	743,303	422,783			
Non-current assets	749,448	908,864			
Current liabilities	(53,577)	(379,838)			
Non-current liabilities	(180,720)	(500,641)			
Net assets	1,258,454	451,168			
Identified intangible assets acquired	3,530	187,101			
	1,261,984	638,269			
Carrying amount of NCI	694,091	351,048	6,916	(263,305)	788,750
Revenue	52,719	156,201			
Profit for the year	1,776	42,054			
Total comprehensive (expense)/income	1,776	42,054			
Net effect on amortisation of identified intangible assets acquired	(474)	(12,730)			
	1,302	29,324			
Profit/(loss) and total comprehensive income/(expense) allocated to NCI	716	16,128	(317)	(16,604)	(77)
Dividend paid to NCI	-	-	-	-	-
Cash flows from operating activities	(27,701)	148,689			
Cash flows from investing activities	(283,560)	(18,251)			
Cash flows from financing activities	243,111	(69,413)			

18 INVESTMENTS IN SUBSIDIARIES (cont'd)

2024	Zhejiang Zhongguang RMB'000	Qinghai Zhongkong RMB'000	Other individually immaterial subsidiaries RMB'000	Intra-group elimination RMB'000	Total RMB'000
NCI percentage	55%	55%			
Current assets	816,732	396,152			
Non-current assets	458,009	946,983			
Current liabilities	(17,269)	(370,340)			
Non-current liabilities	(794)	(563,682)			
Net assets	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 for the year	(4,469)	39,854			
Total comprehensive (expense)/income	(4,469)	39,854			
Net effect on amortisation of identified intangible assets acquired	(474)	(12,730)			
	(4,943)	27,124			
(Loss)/profit and total comprehensive (expense)/income allocated to NCI	(2,719)	14,918	(1,697)	20,632	31,134
Dividend paid to NCI	–	–	–	–	–
Cash flows from operating activities	(17,698)	27,607			
Cash flows from investing activities	90,305	(16,902)			
Cash flows from financing activities	(76,649)	(251,045)			

19 INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Cost of investment in associates	**25,978**	25,978
Share of post-acquisition losses	**(25,826)**	(25,826)
	152	152

19 INTERESTS IN ASSOCIATES (cont'd)

Details of the associates are as follows:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of registered and paid-up capital	2025 Proportion of ownership interest Held by the Company	2025 Proportion of ownership interest Held by a subsidiary	2024 Proportion of ownership interest Held by the Company	2024 Proportion of ownership interest Held by a subsidiary	Principal activities
Mianyang Xin Tong Industrial Co., Ltd. ("**Mianyang**") (綿陽鑫通實業有限公司)	Limited liability company	PRC	RMB106 million/RMB106 million	–	**24%**	–	24%	Inactive
Hangzhou Zhongguang Electric Power Engineering Co., Ltd. (杭州中光電力工程有限公司) ("**Zhongguang Electric**") (formerly known as: Zhejiang Zhongguang Electric Power Engineering Co., Ltd.) (杭州中光電力工程有限公司) (前稱：浙江中光電力工程有限公司)	Limited liability company	PRC	RMB300 million/RMB300 million	–	**15%**	–	15%	Inactive

The above associate is accounted for using the equity method in the consolidated financial statements.

In the opinion of the directors of the company, Mianyang is not material to the Group and no disclosure of Mianyang's financial information is considered necessary.

The summarised financial information in respect of each of the associates that is material to the Group and are accounted for using equity method are disclosed below:

Zhongguang Electric

	2025 RMB'000	2024 RMB'000
Current assets	**1,015**	1,015
Non-current assets	**–**	–
Current liabilities	**–**	–
Net assets	**1,015**	1,015
Revenue	**–**	–
Gain from continuing operations	**–**	162
Total comprehensive income	**–**	162
The reconciliation of the summarised financial information presented above to the carrying amount of the interest in the associate is set out below:		
Net assets of the associate	**1,015**	1,015
Group's effective interest	**15%**	15%
Group's share of net assets of the associate	**152**	152
Carrying amount of the Group's interests in Zhongguang Electric	**152**	152

19 INTERESTS IN ASSOCIATES (cont'd)

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 RMB4,500,000 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 significant influence over Zhongguang Electric.

During the year ended 31 December 2024, issued ordinary shares of Zhongguang Electric amounting to RMB27,000,000 had been cancelled and return of capital in cash of RMB4,050,000 was received by the Group.

There were no contingent liability recognised by the Group in respect of the associates.

The Group has stopped recognising its share of losses of an associate when applying the equity method. The unrecognised share of the associate, both for the year and cumulatively, are set out below:

	2025 **RMB'000**	2024 RMB'000
Unrecognised share of losses of an associate for the year	**–**	–
Accumulated unrecognised share of losses of an associate	**(10,702)**	(10,702)

20 EQUITY AND DEBT INVESTMENTS

(a) Equity securities designated at FVOCI

	2025 RMB'000	2024 RMB'000
Equity securities designated at FVOCI (non-recycling)		
– Unlisted equity securities	**5,760**	3,730

The Group designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for the long-term strategic purposes.

	Fair value at 31 December RMB'000	**Dividend income recognised RMB'000**
2025		
Investment in Suzhou Haidi Equipment Technology Co., Ltd.	**2,000**	–
Investment in Anosi Telecom Technologies Co., Ltd.	**3,760**	–
2024		
Investment in Anosi Telecom Technologies Co., Ltd.	3,730	–

(b) Financial assets measured at FVPL

	2025 RMB'000	2024 RMB'000
Non-current assets		
Equity securities at FVPL		
– Unlisted unit in investment funds	**44,605**	33,312

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

21 INVENTORIES AND OTHER CONTRACT COSTS

(a) Inventories and other contract costs in the consolidated statement of financial position comprise:

	2025 RMB'000	2024 RMB'000
Inventories		
Raw materials	**59,907**	58,327
Work-in-progress	**19,366**	9,670
Finished goods	**120,962**	165,946
	200,235	233,943
Provision for obsolescence	**(2,324)**	(7,609)
	197,911	226,334
Other contract costs	**326**	848
	198,237	227,182

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

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	**1,789,819**	2,045,536
(Reversal of)/provision of provision of stock obsolescence	**(5,285)**	7,146
	1,784,534	2,052,682

All of the inventories and other contract costs are expected to be recovered within one year.

22 DIGITAL ASSETS

	2025 RMB'000	2024 RMB'000
Proprietary digital assets	**13,875**	8,311
Less: Provision	**–**	–
	13,875	8,311

The digital assets amounting to approximately USD1,974,000 (equivalent to approximately RMB13,875,000) (2024: USD1,156,000 (equivalent to approximately RMB8,311,000)) held on the 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.

23 TRADE AND OTHER RECEIVABLES

	Notes	2025 RMB'000	2024 RMB'000
Trade receivables		**919,942**	1,255,487
Bills receivables		**84,646**	86,650
Trade and bills receivables		**1,004,588**	1,342,137
Less: Loss allowance		**(59,633)**	(46,369)
Net trade and bills receivables		**944,955**	1,295,768
Loans to the associate	i	**21,191**	21,191
Non-trade amount due from the associate	ii	**1,680**	1,680
		22,871	22,871
Less: Loss allowance		**(22,871)**	(22,871)
		–	–
Advances to staff	iii	**2,418**	1,308
Refundable deposits	iv	**6,508**	13,103
Tax recoverable	v	**16,019**	16,090
Other receivables	vi	**591,825**	15,347
		616,770	45,848
Less: Loss allowance		**(7,465)**	(363)
		609,305	45,485
Prepayments		**22,867**	56,333
Net other receivables		**632,172**	101,818
Total trade and other receivables		**1,577,127**	1,397,586

Notes:

i The Group's loans to the 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.

ii The non-trade amount due from the 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.

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

iv 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.

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

vi As at 31 December 2025, included in other receivables of approximately RMB591,825,000, the Company advanced approximately RMB523,075,000 to certain agents (the "Agents") in connection with the proposed acquisition of property, plant and equipment for the new energy and services business segment of the Company and related agency services (the "Proposed Transaction"). The prepaid amounts are refundable in full should the Proposed Transaction not proceed. If the Proposed Transaction is completed, the prepaid amounts will be applied towards the property, plant and equipment purchase price and agency service fees, with the service fees portion to be finalized upon finalization of the Proposed Transaction. The remaining other receivables related to recoverable project costs are interest-free, repayable on demand, and pledged against shares of a private company.

23 TRADE AND OTHER RECEIVABLES (cont'd)

All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

The Group's exposure to credit risk and foreign currency risks related to trade and other receivables are disclosed in Note 34(a).

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:

	2025 RMB'000	2024 RMB'000
Within 6 months	**667,434**	958,010
7 – 12 months	**143,419**	124,060
1 – 2 years	**57,705**	139,072
Over 2 years	**76,397**	74,626
	944,955	1,295,768

As at 31 December 2024 and 2025, bill receivables are aged within one year.

As at 31 December 2025, among the trade and other receivables balance, the trade receivables amounting to RMB286,228,000 (2024: RMB277,050,000), which includes solar energy electricity sales receivables amounting to RMB3,244,000 (2024: RMB14,208,000) and tariff premium receivables amounting to RMB282,984,000 (2024: RMB262,842,000), respectively, from provincial grid companies. Generally, the receivables are due within 30 days to 60 days from the date of billing, except for the tariff premium. 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.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	**46,369**	39,690
Net impairment loss recognised during the year	**13,264**	6,679
Balance at 31 December	**59,633**	46,369

23 TRADE AND OTHER RECEIVABLES (cont'd)

Ageing analysis (Cont'd)

Pursuant to CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) 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 31 December 2025, all of the Group's operating projects have been approved for the tariff premium.

As at 31 December 2025, the trade receivables from provincial grid companies amounting to RMB286,228,000 (2024: RMB277,050,000) were pledged as securities for the Group's bank loans (see Note 29).

24 TIME DEPOSITS

	2025 **RMB'000**	2024 RMB'000
Non-current		
Time deposits with original maturity more than 12 months	**100,000**	125,000
Current		
Time deposits with original maturity more than 3 months	**29,908**	29,649

Time deposits carried interest at 0.1% – 3.0% (2024: 0.1% – 4.1%) per annum.

25 BANK BALANCES AND CASH AND OTHER CASH FLOW INFORMATION

(a) Bank balances and cash comprise:

	2025 **RMB'000**	2024 RMB'000
Cash at bank and on hand	**402,643**	861,904
Cash in the consolidated statements of financial position and consolidated statements of cash flows	**402,643**	861,904

25 BANK BALANCES AND CASH AND OTHER CASH FLOW INFORMATION (cont'd)

(b) Reconciliation of liabilities arising from financing activities:

	Bank loans RMB'000 (Note 29)	Interest payable RMB'000	Lease liabilities RMB'000 (Note 31)	Total RMB'000
At 1 January 2025	**1,498,019**	**–**	**3,691**	**1,501,710**
Changes from financing cash flows:				
Proceeds from bank loans	**1,126,840**	**–**	**–**	**1,126,840**
Repayment of bank loans	**(729,743)**	**–**	**–**	**(729,743)**
Capital element of lease rentals paid	**–**	**–**	**(42,278)**	**(42,278)**
Interest element of lease rentals paid	**–**	**–**	**(230)**	**(230)**
Interest expense paid	**–**	**(51,332)**	**–**	**(51,332)**
Other interest expense paid	**–**	**(5,891)**	**–**	**(5,891)**
Total changes from financing cash flows	**397,097**	**(57,223)**	**(42,508)**	**297,366**
Other changes:				
New lease entered	**–**	**–**	**88,754**	**88,754**
Interest expense	**–**	**57,223**	**230**	**57,453**
Total other changes	**–**	**57,223**	**88,984**	**146,207**
At 31 December 2025	**1,895,116**	**–**	**50,167**	**1,945,283**

	Bank loans RMB'000 (Note 29)	Interest payable RMB'000	Lease liabilities RMB'000 (Note 31)	Total RMB'000
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)
Interest expense paid	–	(44,971)	–	(44,971)
Other interest expense paid	–	(6,029)	–	(6,029)
Total changes from financing cash flows	485,110	(51,000)	(7,539)	426,571
Other changes:				
New lease entered	–	–	706	706
Interest expense	–	51,000	470	51,470
Total other changes	–	51,000	1,176	52,176
At 31 December 2024	1,498,019	–	3,691	1,501,710

25 BANK BALANCES AND CASH AND OTHER CASH FLOW INFORMATION (cont'd)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025 **RMB'000**	2024 RMB'000
Within operating cash flows	**4,445**	694
Within financing cash flows	**42,508**	7,539
	46,953	8,233

These amounts relate to the following:

	2025 **RMB'000**	2024 RMB'000
Lease rentals paid	**46,953**	8,233

26 PLEDGED DEPOSITS

	Notes	**2025** **RMB'000**	2024 RMB'000
Non-current			
Pledged deposit for bank facilities	i	**335,000**	35,000
Current			
Pledged deposits for bank facilities	ii	**576,757**	403,659

Notes:

i Non-current pledged deposit was pledged to banks as guarantees for issuance of banking facilities (see Note 29). Pledged bank deposits carried interest at an average effective interest rates at 3.00% (2024: 3.00%) per annum and for 25 to 48 months (2024: 25 months). The pledged deposits will be released by the expiry of relevant banking facilities.

ii Current portion of pledged deposits amounting to RMB576,757,000 (2024: RMB403,659,000) were pledged to banks as guarantees for bidding of customer contracts and issuing letter of guarantee. Pledged bank deposits carried interest at an average effective interest rates at 1.2% (2024: 1.46%) per annum and for a tenure of approximately 4 to 60 months (2024: 4 to 60 months).

27 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables		
– third parties	459,569	629,226
– affiliated corporation*	8,502	4,740
	468,071	633,966
Accrued operating expenses	76,317	77,302
Tender deposits	29,161	12,785
Value added tax and other taxes payable	11,648	14,343
Other payables		
– third parties	228	869
– affiliated corporation*	800	800
	118,154	106,099
Total trade and other payables	586,225	740,065

* 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 of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
0 – 90 days	404,394	531,889
91 – 180 days	18,555	63,244
181 – 360 days	21,852	15,675
Over 360 days	23,270	23,158
	468,071	633,966

28 CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Telecommunication	7,365	5,383
New energy and services	4,009	867
Integrated circuits and digital technology	51,837	49,696
	63,211	55,946

28 CONTRACT LIABILITIES (cont'd)

Movements in contract liabilities during the year are as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	**55,946**	62,219
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	**(55,946)**	(62,219)
Additions of contract liabilities due to receipts of customers' deposits during the year	**63,211**	55,946
Balance at 31 December	**63,211**	55,946

During the year ended 31 December 2025, the increase (2024: decrease) in contract liabilities resulted from less (2024: more) utilisation of customers' deposits than the amounts received during the year.

29 BANK LOANS

	Notes	2025 RMB'000	2024 RMB'000
Current			
Secured bank loans	i	**97,553**	376,838
Unsecured bank loans	ii	**661,680**	47,764
		759,233	424,602
Non-current			
Secured bank loans	i	**1,085,588**	1,073,417
Unsecured bank loans	ii	**50,295**	–
		1,135,883	1,073,417
		1,895,116	1,498,019

Carrying amounts repayable (based on scheduled repayment dates set out in the loan agreements):

	2025 RMB'000	2024 RMB'000
Within 1 year	**759,233**	424,602
More than 1 year but not more than 2 years	**67,568**	34,077
More than 2 years but not more than 5 years	**314,087**	–
More than 5 years	**754,228**	1,039,340
	1,895,116	1,498,019

29 BANK LOANS (cont'd)

Notes:

i The secured bank loans were secured by the income receipts right in relation to the sales of electricity and property, certain plant and equipment and certain pledged deposits of the Group at an interest rate of 2.6% – 3.65% (2024: 2.40% – 4.25%) 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, if any, related to drawn down facilities were breached or no covenants are required. An analysis of the carrying value of these pledged assets is as follows:

	2025 RMB'000	2024 RMB'000
Electric generating facilities (Note 15)	**756,607**	790,562
Trade and bills receivables (Note 23)	**286,228**	277,050
Pledged deposits (Note 26)	**911,757**	438,659
	1,954,592	1,506,271

ii The unsecured bank loans carried interest at 2.34% – 4.9% (2024: 2.90% – 3.65%) per annum.

30 DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Deferred income	**1,629**	909

During the year ended 31 December 2025, 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 PRC. 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 (2024: 5 to 10 years).

31 LEASE LIABILITIES

At the end of the reporting periods, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Current		
Within 1 year	**3,940**	2,757
Non-current		
After 1 year but within 2 years	**4,074**	934
After 2 years but within 5 years	**6,959**	–
More than 5 years	**35,194**	–
	46,227	934
	50,167	3,691

The weighted average incremental borrowing rates applied to lease liabilities range from 4.25% to 4.9% (2024: from 4.25% to 4.75%) per annum.

32 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2025 **RMB'000**	2024 RMB'000
At the beginning of the year	**6,322**	10,455
PRC Corporate Income Tax for the year	**22,198**	11,410
PRC withholding tax for the year	**67,961**	5,859
Income taxes paid	**(21,222)**	(15,397)
PRC withholding tax paid	**(67,961)**	(6,005)
At the end of the year	**7,298**	6,322

(b) *Deferred tax assets and liabilities recognised:*

(i) 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:

	At 1 January 2025 RMB'000	Recognised in OCI RMB'000	Recognised in profit or loss RMB'000	At 31 December 2025 RMB'000
Impairment loss for trade and other receivables	11,072	–	(1,410)	9,662
Equity investments at FVOCI	941	(5)	–	936
Deferred income	6,586	–	(831)	5,755
Right-of-use assets	723	–	(202)	521
Impairment loss on an associate	2,365	–	–	2,365
Accumulated loss	2,606	–	(2,606)	–
Unrealised profits	761	–	(1)	760
Accrued expenses	2,617	–	–	2,617
Write down of inventories	104	–	(58)	46
Lease Liabilities	(748)	–	225	(523)
Equity investments at FVPL	(241)	–	(450)	(691)
Amortisation and depreciation on intangible assets and property, plant and equipment identified in business combination	(24,347)	–	1,312	(23,035)
Total	2,439	(5)	(4,021)	(1,587)

32 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

(b) *Deferred tax assets and liabilities recognised: (cont'd)*

(i) Movement of each component of deferred tax assets and liabilities (cont'd)

	At 1 January 2024 RMB'000	Recognised in OCI RMB'000	Recognised in profit or loss RMB'000	At 31 December 2024 RMB'000
Impairment loss for trade and other receivables	9,062	–	2,010	11,072
Equity investments at FVOCI	970	(29)	–	941
Deferred income	–	–	6,586	6,586
Right-of-use assets	998	–	(275)	723
Impairment loss on an associate	2,365	–	–	2,365
Accumulated loss	3,747	–	(1,141)	2,606
Unrealised exchange loss	14	–	(14)	–
Unrealised profits	836	–	(75)	761
Accrued expenses	2,617	–	–	2,617
Write down of inventories	70	–	34	104
Derivative financial liability	398	–	(398)	–
Dividend from subsidiaries	(2,921)	–	2,921	–
Depreciation on property, plant and equipment	(502)	–	502	–
Accumulated share of loss on an associate	82	–	(82)	–
Lease Liabilities	(984)	–	236	(748)
Equity investments at FVPL	(115)	–	(126)	(241)
Amortisation and depreciation on intangible assets and property, plant and equipment identified in business combination	(16,039)	–	(8,308)	(24,347)
Total	598	(29)	1,870	2,439

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

(ii) Reconciliation to the consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	13,808	16,582
Net deferred tax liabilities recognised in the consolidated statement of financial position	(15,395)	(14,143)
	(1,587)	2,439

32 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

(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 RMB271,189,000 (2024: RMB250,078,000) mainly incurred by subsidiaries in the 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 entity. The tax losses incurred by subsidiaries in the PRC and the subsidiary in India will expire within 5-10 years from the year when such losses were incurred under current tax legislation.

(d) *Deferred tax liability not recognised:*

The total undistributed profits of the PRC subsidiaries are RMB556,583,000 (2024: RMB1,314,203,000). No deferred tax liability has been recognised for undistributed profits of the PRC subsidiaries because the Group controls the dividend policy of its subsidiaries and is of the opinion that no material reserves will be remitted back to the holding company in the foreseeable future.

33 CAPITAL, RESERVES AND DIVIDENDS

(a) *Movements 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 2025 (2024: Nil).

(c) *Share Capital*

	2025		2024	
	Number of shares '000	**RMB'000**	Number of shares '000	RMB'000
Ordinary shares, issued and fully paid:				
At the beginning of year	**465,600**	**362,849**	388,000	295,000
Allotment of shares	–	–	77,600	67,849
At the end of year	**465,600**	**362,849**	465,600	362,849

During the year ended 31 December 2024, a total of 77,600,000 new ordinary shares amounting to RMB67,849,000 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.

33 CAPITAL, RESERVES AND DIVIDENDS (cont'd)

(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.

(ii) 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 note 39.

When any entity within the Group purchases the treasury shares, the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as 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 in the capital reserve.

(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.

(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.

33 CAPITAL, RESERVES AND DIVIDENDS (cont'd)

(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 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:

	2025 **RMB'000**	2024 RMB'000
Total liabilities	**2,619,041**	2,319,095
Total assets	**4,926,970**	4,666,187
Debt-to-assets ratio	**53%**	50%

34 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.

The Group does not provide any guarantees which would expose the Group to credit risk.

34 FINANCIAL INSTRUMENTS (cont'd)

(a) *Credit risk (cont'd)*

(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% (2024: 30%) and 45% (2024: 42%) 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. Trade receivables are due within 90 days to 270 days from the date of billing. Normally, the Group does not obtain collateral from customers.

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

	2025 RMB'000	2024 RMB'000
PRC	**810,340**	1,178,348
Other countries	**49,969**	30,770
	860,309	1,209,118

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

	2025 RMB'000	2024 RMB'000
State-owned telecommunication enterprises in the PRC	**238,419**	623,506
Provincial power grid companies in the PRC	**286,228**	277,050
Other customers	**335,662**	308,562
	860,309	1,209,118

At 31 December 2025, 5 largest customers accounted for 45% (2024: 44%) of gross trade receivables. There are no other individual customers who represent more than 5% of the total balance of trade receivables.

The Group measures loss allowance for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. ECLs are based on actual loss experience over the past 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.

34 FINANCIAL INSTRUMENTS (cont'd)

(a) *Credit risk (cont'd)*

(i) Trade receivables (cont'd)

As at 31 December 2025 and 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 are no loss experienced with the grid companies in the past and the tariff premium is funded by the PRC government.

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 the end of reporting periods:

	2025		
	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
State-owned telecommunication enterprises in the PRC			
Not past due	0.27%	155,173	(423)
Past due 1 – 180 days	3.22%	44,321	(1,426)
Past due 181 – 360 days	9.53%	13,936	(1,328)
Past due 361 – 540 days	20.46%	6,974	(1,427)
Past due over 540 days	43.54%	40,064	(17,445)
		260,468	(22,049)

	2025		
	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Other customers			
Not past due	1.86%	246,288	(4,583)
Past due 1 – 180 days	9.32%	49,038	(4,572)
Past due 181 – 360 days	19.32%	57,302	(10,272)
Past due 361 – 540 days	58.65%	5,951	(3,490)
Past due over 540 days	100.00%	14,667	(14,667)
		373,246	(37,584)

34 FINANCIAL INSTRUMENTS (cont'd)

(a) Credit risk (cont'd)

(i) Trade receivables (cont'd)

	2024		
	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
State-owned telecommunication enterprises in the PRC			
Not past due	0.13%	541,133	(713)
Past due 1 – 180 days	2.20%	70,976	(1,280)
Past due 181 – 360 days	10.04%	7,222	(725)
Past due 361 – 540 days	22.13%	4,352	(963)
Past due over 540 days	50.30%	7,050	(3,546)
		630,733	(7,227)

	2024		
	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Other customers			
Not past due	1.61%	260,945	(4,194)
Past due 1 – 180 days	13.05%	40,244	(5,251)
Past due 181 – 360 days	33.08%	24,817	(8,210)
Past due 361 – 540 days	78.07%	963	(752)
Past due over 540 days	100.00%	20,735	(20,735)
		347,704	(39,142)

34 FINANCIAL INSTRUMENTS (cont'd)

(a) Credit risk (cont'd)

(ii) Loans to associate and non-trade amount due from the associate

The Group adopted the ECL approach to estimate credit losses over the expected life of these receivables. As the amounts are assessed to be not probable of recovery, the Group has fully impaired the loans to associate and non-trade receivables due from the associate as at 31 December 2025 and 2024.

(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 non-derivative financial liabilities and derivative financial instruments, 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:

		Contractual cash flows					
	Notes	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
2025							
Non-derivative financial liabilities							
Bank loans	29	**849,250**	**121,522**	**364,832**	**791,186**	**2,126,790**	**1,895,116**
Trade and other payables#	27	**574,577**	**-**	**-**	**-**	**574,577**	**574,577**
Lease liabilities	31	**4,127**	**6,270**	**8,961**	**36,918**	**56,276**	**50,167**
At 31 December 2025		**1,427,954**	**127,792**	**373,793**	**828,104**	**2,757,643**	**2,519,860**
2024							
Non-derivative financial liabilities							
Bank loans	29	467,449	70,258	35,338	1,125,092	1,698,137	1,498,019
Trade and other payables#	27	725,722	–	–	–	725,722	725,722
Lease liabilities	31	2,892	929	–	–	3,821	3,691
At 31 December 2024		1,196,063	71,187	35,338	1,125,092	2,427,680	2,227,432

Exclude contract liabilities and value added tax and other taxes payable.

34 FINANCIAL INSTRUMENTS (cont'd)

(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 bank loans.

(i) 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:

	2025 RMB'000	2024 RMB'000
Fixed-rate financial instruments		
Time deposits	**129,908**	154,649
Pledged bank deposits	**911,757**	438,659
Short-term deposits	**–**	1,873
Bank loans	**(1,895,116)**	(1,498,019)
	(853,451)	(902,838)

(ii) Sensitivity analysis

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

The Group does not have significant variable-rate financial assets or liabilities that are exposed to cash flow interest rate risk as at the end of reporting periods.

(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**"), Australian dollars ("**AUD**"), Kyrgyzstani Som ("**KGS**") and Euro ("**EUR**").

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.

34 FINANCIAL INSTRUMENTS (cont'd)

(d) Currency risk (cont'd)

(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	KGS RMB'000
2025						
Bank balances and cash	**145,494**	**815**	**3,740**	**1,132**	**11,003**	**-**
Trade and other receivables	**23,202**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**(4,017)**	**-**	**-**	**-**	**-**	**-**
Lease liabilities	**-**	**(54)**	**-**	**-**	**-**	**(4,332)**
Net exposure	**164,679**	**761**	**3,740**	**1,132**	**11,003**	**(4,332)**

	USD RMB'000	SGD RMB'000	HKD RMB'000	EUR RMB'000	AUD RMB'000	KGS RMB'000
2024						
Bank balances and cash	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	36,052	320	2,725	1,678	2,693	–

34 FINANCIAL INSTRUMENTS (cont'd)

(d) Currency risk (cont'd)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss (2024: profit) before taxation (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had increased at that date, assuming all other risk variables remained constant.

	2025		2024	
	Increase in foreign exchange rates	**(Decrease)/ increase in profit before tax and increase/ (decrease) retained profits RMB'000**	Increase in foreign exchange rates	Increase/ (decrease) in profit before tax and retained profits RMB'000
USD	**10%**	**10,468**	10%	3,605
SGD	**10%**	**76**	10%	32
HKD	**10%**	**374**	10%	273
EUR	**10%**	**113**	10%	168
AUD	**10%**	**1,100**	10%	269
KGS	**10%**	**433**	10%	-

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 2024.

(e) Equity price risk

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

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.

34 FINANCIAL INSTRUMENTS (cont'd)

(e) *Equity price risk (cont'd)*

At 31 December 2025, it is estimated that an increase of 5% (2024: 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:

	2025		2024	
	Changes in the relevant equity price risk variable	**Effect on equity RMB'000**	Changes in the relevant equity price risk variable	Effect on equity RMB'000
Increase	**5%**	**245**	5%	159
Decrease	**5%**	**(245)**	5%	(159)

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 2024.

(f) *Fair value measurement*

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

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.

34 FINANCIAL INSTRUMENTS (cont'd)

(f) Fair value measurement (cont'd)

(i) Financial assets measured at fair value (Cont'd)

Fair value hierarchy (cont'd)

		Carrying amount					Fair value			
	Notes	FVOCI RMB'000	FVPL RMB'000	Amortised cost RMB'000	Other financial liabilities RMB'000	Total carrying amount RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
31 December 2025										
Financial assets measured at fair value										
Equity securities designated at FVOCI										
– Unlisted equity securities	20(a)	5,760	-	-	-	5,760	-	-	5,760	5,760
Financial assets measured at FVPL										
– Unlisted unit in investment funds	20(b)	-	44,605	-	-	44,605	-	-	44,605	44,605
		5,760	44,605	-	-	50,365	-	-	50,365	50,365
Financial assets not measured at fair value										
Trade and other receivables#	23	-	-	1,453,595	-	1,453,595				
Bill receivables	23	-	-	84,646	-	84,646				
Time deposits	24	-	-	129,908	-	129,908				
Bank balances and cash	25	-	-	402,643	-	402,643				
Pledged deposits	26	-	-	911,757	-	911,757				
		-	-	2,982,549	-	2,982,549				
Financial liability measured at fair value										
Financial liabilities not measured at fair value										
Trade and other payables##	27	-	-	-	574,577	574,577				
Bank loans	29	-	-	-	1,895,116	1,895,116				
Lease liabilities	31	-	-	-	50,167	50,167				
		-	-	-	2,519,860	2,519,860				

34 FINANCIAL INSTRUMENTS (cont'd)

(f) Fair value measurement (cont'd)

(i) Financial assets measured at fair value (cont'd)

Fair value hierarchy (cont'd)

		Carrying amount					Fair value			
	Notes	FVOCI RMB'000	FVPL RMB'000	Amortised cost RMB'000	Other financial liabilities RMB'000	Total carrying amount RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
31 December 2024										
Financial assets measured at fair value										
Equity securities designated at FVOCI										
– Unlisted equity securities	20(a)	3,730	–	–	–	3,730	–	–	3,730	3,730
Financial assets measured at FVPL										
– Unlisted unit in investment funds	20(b)	–	33,312	–	–	33,312	–	–	33,312	33,312
		90,380	33,312	–	–	123,692	–	–	37,042	37,042
Financial assets not measured at fair value										
Trade and other receivables#	23	–	–	1,238,513	–	1,238,513				
Bill receivables	23	–	–	86,650	–	86,650				
Time deposits	24	–	–	154,649	–	154,649				
Bank balances and cash	25	–	–	861,904	–	861,904				
Pledged deposits	26	–	–	438,659	–	438,659				
		–	–	2,780,375	–	2,780,375				
Financial liability measured at fair value										
Financial liabilities not measured at fair value										
Trade and other payables##	27	–	–	–	725,722	725,722				
Bank loans	29	–	–	–	1,498,019	1,498,019				
Lease liabilities	31	–	–	–	3,691	3,691				
		–	–	–	2,227,432	2,780,375				

\# Exclude bills receivables, prepayments and tax recoverable.

\## Exclude contract liabilities and value added tax and other taxes payable.

34 FINANCIAL INSTRUMENTS (cont'd)

(f) Fair value measurement (cont'd)

(i) Financial assets measured at fair value (cont'd)

Fair value hierarchy (cont'd)

The Group enters into commodity derivative contracts with a financial institution with good credit ratings. 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 commodity derivative financial instruments was nil as the Group settled all commodity derivative financial instruments as at 31 December 2025 and 2024.

During the years ended 31 December 2025 and 2024, 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.

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.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range	Relationship of significant unobservable inputs to fair value
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% (2024: 23% to 28%)	The higher the revenue growth rate, the higher the fair value
		Discount rate	18% (2024: 17%)	The higher the discount rate, the lower the fair value
Unlisted unit in investment funds (Note ii)	Net asset value	Net asset value of underlying investments	–	The higher the net asset value of underlying investments, the higher the fair value

34 FINANCIAL INSTRUMENTS (cont'd)

(f) Fair value measurement (cont'd)

(i) Financial assets measured at fair value (cont'd)

Information about Level 3 fair value measurements (cont'd)

Notes:

(i) The fair value of unlisted equity securities is determined using the discounted cash flow model. The fair value measurement is positively correlated to the growth rate and negatively correlated to the discount rate. The following table summarises how the impact on the Group's other comprehensive income 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.

	2025		2024	
	Effect on equity RMB'000	**Effect on equity RMB'000**	Effect on equity RMB'000	Effect on equity RMB'000
Revenue growth rate (increase or decrease by 1%)	**80**	**(160)**	281	(269)
Discount rate (increase or decrease by 1%)	**(320)**	**320**	(221)	233

(ii) The fair value of unlisted units in investment funds is determined with reference to fair value of underlying investments. The fair value measurement is positively correlated to net asset value of underlying investments. As at 31 December 2025, it is estimated that with all other variables held constant, an increase/decrease in net asset value of underlying investments by 1% would have decreased/increased (2024: increased/decreased) the Group's loss (2024: profit) for the year by RMB247,000 (2024: RMB333,000).

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	Financial assets at FVOCI RMB'000	**Financial assets at FVPL** RMB'000	**Total** RMB'000
Balance at 1 January 2024	3,536	24,768	28,304
Net unrealised gain recognised in other comprehensive income during the year	194	–	194
Purchase	–	7,719	7,719
Net realised and unrealised gain recognised in net profit during the year	–	825	825
Balance at 31 December 2024 and 1 January 2025	3,730	33,312	37,042
Net unrealised gain recognised in other comprehensive income during the year	30	–	30
Purchase	2,000	8,291	10,291
Net realised and unrealised gain recognised in net loss during the year	–	3,002	3,002
Balance at 31 December 2025	5,760	44,605	50,365

34 FINANCIAL INSTRUMENTS (cont'd)

(f) Fair value measurement (cont'd)

(i) Financial assets measured at fair value (cont'd)

Information about Level 3 fair value measurements (cont'd)

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 retained profits.

(ii) Financial assets and liabilities carried at other than fair value

All financial instruments measured at other than fair value are carried at cost or amortised cost that were not materially different from their fair values as at 31 December 2025 and 2024.

35 COMMITMENTS

Commitments outstanding at 31 December 2025 and 2024 not provided for in the consolidated financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Acquisition of property, plant and equipment	**–**	914
Donation (Note)	**–**	1,000
	–	1,914

Note: 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 organization in the PRC when making profit in the year. Such commitment has expired during the year end 31 December 2025.

36 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

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:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	**14,204**	9,614
Retirement benefit scheme contributions	**3,438**	1,253
	17,642	10,867
Key management personnel compensation comprised amounts paid to:		
– directors of the Company	**3,773**	3,021
– other key management personnel	**13,869**	7,846
	17,642	10,867

Total remuneration is included in "staff costs" (see Note 9).

37 MATERIAL RELATED PARTY TRANSACTIONS (cont'd)

(b) Names and relationships of the related parties that had other material transactions with the Group

Name of related party	Relationship
Jiangsu Hengtong Digital Intelligent Technology Co., Ltd. (江蘇亨通數位智能科技有限公司)	Controlled by a substantial shareholder of the Company
Suzhou Hengli Telecommunications Materials Co., Ltd. (蘇州亨利通信材料有限公司)	Controlled by a substantial shareholder of the Company
Guangde Hengtong Copper Co., Ltd. (廣德亨通銅業有限公司)	Controlled by a substantial shareholder of the Company
Jiangsu Hengtong Cable Technology Co., Ltd. (江蘇亨通線纜科技有限公司)	Controlled by a substantial shareholder of the Company
Jiangsu Hengtong International Logistics Co., Ltd. (江蘇亨通國際物流有限公司)	Controlled by a substantial shareholder of the Company
Jiangsu Hengtong Precision Copper Co., Ltd. (江蘇亨通精密銅業有限公司)	Controlled by a substantial shareholder of the Company
Hengtong Optic-electric Co., Ltd. (江蘇亨通光電股份有限公司)	Controlled by a substantial shareholder of the Company
Jiangsu Hengtong Precision Metal Material Co., Ltd. (江蘇亨通精工金屬材料有限公司)	Controlled by a substantial shareholder of the Company
Beijing Hengtong Intelligent Technology Co., Ltd. (北京亨通智慧科技有限公司)	Controlled by a substantial shareholder of the Company
Hengtong Optic-Electric Co., Ltd. (江蘇亨通光電股份有限公司)	Controlled by a substantial shareholder of Company
Suzhou Hengtong Kailai Resort Hotel Co., Ltd (蘇州亨通凱萊度假酒店有限公司)	Controlled by a substantial shareholder of Company
Chengdu Hengtong Optic Communication Co., Ltd. (成都亨通光通信有限公司)	Controlled by a substantial shareholder of Company
Furukawa Electric (Xi'an) Optical Communication Co., Ltd. (西安西古光通信有限公司)	Controlled by a substantial shareholder of Company
Jiangsu Hengtong Electronic Cable Technology Co., Ltd. (江蘇亨通電子線纜科技有限公司)	Controlled by a substantial shareholder of Company
Aberdare Technologies Private Limited	Controlled by a substantial shareholder of Company
AM Hengtong Africa Telecoms (PTy) Ltd	Controlled by a substantial shareholder of Company

* These subsidiaries in the PRC are established as limited liability companies.

Note: The related parties are subsidiaries of Hengtong Group Co., Ltd., a company which the father of Mr. Cui Wei, the non-executive Director of the Company, is its substantial shareholder. Mr. 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.

37 MATERIAL RELATED PARTY TRANSACTIONS (cont'd)

(c) Transactions with related companies

(i) Significant related party transactions

	2025 RMB'000	2024 RMB'000
Sales of goods and services to:		
Furukawa Electric (Xi'an) Optical Communication Co., Ltd.	36,708	–
Jiangsu Hengtong Cable Technology Co., Ltd.	19	–
Aberdare Technologies Private Limited	1,335	–
AM Hengtong Africa Telecoms (Pty) Ltd	82	–
Guangde Hengtong Copper Co., Ltd.	22,365	37,743
Jiangsu Hengtong Precision Metal Material Co., Ltd.	17,281	17,139
Hengtong Optic-electric Co., Ltd.	235	1,257
Cosin Solar Technology Co., Ltd.	10,665	1,635
Jiangsu Hengtong Electronic Cable Technology Co., Ltd.	251	–
	88,941	57,774
Purchases of goods and services from:		
Jiangsu Hengtong Precision Copper Co., Ltd.	197,300	224,767
Suzhou Hengli Telecommunications Materials Co., Ltd.	21,834	20,343
Jiangsu Hengtong Cable Technology Co., Ltd.	21	733
Jiangsu Hengtong Digital Intelligent Technology Co., Ltd.	657	537
Jiangsu Hengtong International Logistics Co., Ltd.	24,549	17,561
Hengtong Optic-Electric Co., Ltd.	64	–
Suzhou Hengtong Kailai Resort Hotel Co., Ltd.	26	–
Chengdu Hengtong Optic Communication Co., Ltd.	174	–
	244,625	263,941

(ii) Significant related party balances

	2025 RMB'000	2024 RMB'000
Trade and other payables due to:		
Jiangsu Hengtong Precision Copper Co., Ltd.	205	–
Beijing Hengtong Intelligent Technology Co., Ltd.	263	263
Suzhou Hengli Telecommunications Materials Co., Ltd.	2,404	44
Jiangsu Hengtong International Logistics Co., Ltd.	3,014	5,083
Jiangsu Hengtong Cable Technology Co., Ltd.	–	19
	5,886	5,409

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of sales of finished goods and purchases of goods and services above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

38 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment		**114**	435
Investments in subsidiaries	18	**393,013**	393,013
		393,127	393,448
Current assets			
Trade and other receivables		**709,675**	115,147
Bank balances and cash		**3,748**	14,767
		713,423	129,914
Current liabilities			
Trade and other payables		**5,563**	3,119
Lease liabilities		**54**	335
		5,617	3,454
Net current assets		**712,134**	126,460
Total assets less current liabilities		**1,100,933**	519,908
Non-current liability			
Lease liabilities		**-**	92
NET ASSETS		**1,100,933**	519,816
CAPITAL AND RESERVE			
Share capital	34(c)	**362,849**	362,849
Share award scheme reserve (Note)	34(d)	**(2,778)**	(2,778)
Retained profits (Note)		**740,862**	159,745
TOTAL EQUITY		**1,100,933**	519,816

Approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Mr. Cui Wei *Director*	Mr. Peng Yinan *Director*

38 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (cont'd)

Note: Movement in reserves

	Share award scheme reserve RMB'000	Retained earnings RMB'000	Total reserves RMB'000
Balance at 1 January 2024	-	186,899	186,899
Loss for the year	-	(27,154)	(27,154)
Total comprehensive expense	-	(27,154)	(27,154)
Purchase of the Company's shares for share award scheme	(2,778)	-	(2,778)
Balance at 31 December 2024 and 1 January 2025	(2,778)	159,745	162,523
Profit for the year	-	581,117	581,117
Total comprehensive income	-	581,117	581,117
Balance at 31 December 2025	(2,778)	740,862	738,084

39 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).

39 SHARE-BASED PAYMENT TRANSACTIONS (cont'd)

One-off Share Award Plan (cont'd)

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.

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 consolidated financial statements. Accordingly, during the year ended 31 December 2025, a total amount of 2,326,000 Shares (representing 0.50% of the issued shares as at the date of this annual report) were purchased by the Trustee, at an aggregate price of HKD1.29 on the Stock Exchange. No awards were vested under the Share Award Scheme.

40 MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2025, the Group entered into new lease agreements for use of leasehold land (2024: leased properties) for 49 years (2024: 2 - 3 years). On the lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB43,164,000 (2024: RMB706,000) and RMB43,164,000 (2024: RMB706,000) respectively.

41 EVENTS AFTER THE REPORTING PERIOD

On 12 February 2026, the Group disposed of a 39% equity interest on its immediate subsidiary, Jiangsu Hengxin Technology Co., Ltd., to its related party, Hengtong Group Co., Ltd, for a cash consideration of RMB500 million. After the disposal, the Company's interest in Jiangsu Hengxin Technology Co., Ltd. will decrease from 100% to 61%.

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