
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your Shares in the capital of the Company, you should at once hand this Circular, the notice of the annual general meeting (the “2025 AGM”) and attached proxy form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

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



HENGXIN TECHNOLOGY LTD.
亨鑫科技有限公司*

(carrying on business in Hong Kong as HX Singapore Ltd.)

(incorporated in Republic of Singapore with limited liability)

(Stock Code: 1085)

- (I) RE-ELECTION OF RETIRING DIRECTORS,
(II) THE PROPOSED SHARE ISSUE MANDATE,
(III) THE PROPOSED SHARE PURCHASE MANDATE, AND
(IV) NOTICE OF ANNUAL GENERAL MEETING**
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A letter from the board of directors of the Company is set out from pages 5 to 10 of this Circular.

A notice convening the 2025 AGM of the Company to be held at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 29 May 2026 (Friday) at 11:00 a.m. (or at any adjournment thereof) is set out on pages AGM-1 to AGM-6 of this Circular. If you are unable to attend the 2025 AGM, you are requested to complete and return the proxy form accompanying this Circular in accordance with the instructions printed thereon, to the Company’s Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or to the Company’s Branch Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Shareholders registered in Hong Kong) as soon as possible and in any event not later than forty-eight (48) hours before the time of the 2025 AGM (or at any adjournment thereof).

29 April 2026

* *For identification purpose only*

DEFINITIONS

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

“2024 AGM”	has the meaning ascribed to it in Section 3.1 of Letter from the Board in this Circular
“ACRA”	the Accounting and Corporate Regulatory Authority of Singapore
“2025 AGM”	the annual general meeting of the Company to be convened at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 29 May 2026 (Friday) at 11:00 a.m. (or at any adjournment thereof), the notice of which is set out on pages AGM-1 to AGM-6 of this Circular
“Annual Report”	the annual report of the Company for FY2025
“Board”	the board of Directors
“Circular”	this circular
“Companies Act”	the Companies Act 1967 of Singapore as amended, modified or supplemented from time to time
“Company”	Hengxin Technology Ltd., a company incorporated in Singapore with limited liability and the Shares of which are listed on the Main Board of the SEHK
“Constitution”	the constitution of the Company as amended, modified or supplemented from time to time
“Controlling Shareholder(s)”	has the meaning as ascribed to this term under the Hong Kong Listing Rules
“Core Connected Person(s)”	has the meaning as ascribed to this term under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“EPS”	earnings per Share
“FY2025”	the financial year ended 31 December 2025
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the SEHK, as amended, modified or supplemented from time to time
“Hong Kong Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs as approved by the Securities and Futures Commission of Hong Kong, as amended, modified or supplemented from time to time
“Latest Practicable Date”	27 April 2026, being the latest practicable date prior to the printing of this Circular
“Market Day”	a day on which the SEHK is open for trading of securities
“Market Purchase”	has the meaning ascribed to it in Section 4.1(a) of Letter from the Board in this Circular
“Maximum Price”	has the meaning ascribed to it in Section 1.3.4 of Appendix II to this Circular
“Nominating Committee”	nominating committee of the Company
“NTA”	net tangible assets
“Off-Market Purchase”	has the meaning ascribed to it in Section 4.1(b) of Letter from the Board in this Circular
“Previous Share Issue Mandate”	has the meaning ascribed to it in Section 3.1 of Letter from the Board in this Circular
“Previous Share Purchase Mandate”	has the meaning ascribed to it in Section 4.1 of Letter from the Board in this Circular
“Proposed Share Issue Mandate”	has the meaning ascribed to it in Section 3.2 of Letter from the Board in this Circular
“Proposed Share Purchase Mandate”	has the meaning ascribed to it in Section 4.2 of Letter from the Board in this Circular
“Related Expenses”	has the meaning ascribed to it in Section 1.3.4 of Appendix II to this Circular

DEFINITIONS

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

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

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

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

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

LETTER FROM THE BOARD



HENGXIN TECHNOLOGY LTD. 亨鑫科技有限公司*

(carrying on business in Hong Kong as HX Singapore Ltd.)

(incorporated in Republic of Singapore with limited liability)

(Stock Code: 1085)

Directors:

Mr. Cui Wei *(Chairman and Non-Executive Director)*

Mr. Peng Yinan *(Executive Director)*

Mr. Lau Fai Lawrence *(Executive Director)*

Mr. Tao Shunxiao *(Non-Executive Director)*

Mr. Zeng Guowei *(Non-Executive Director)*

Mr. Qian Ziyang *(Independent Non-Executive Director)*

Ms. Lin Ting *(Independent Non-Executive Director)*

Mr. Chan Hon Chung Johnny *(Independent Non-Executive Director)*

Registered Office:

460 Alexandra Road

#28-01 mTower

Singapore 119963

*Head office and principal place of
business in Singapore:*

460 Alexandra Road

#28-01 mTower

Singapore 119963

29 April 2026

To: The Shareholders of Hengxin Technology Ltd.

Dear Sir/Madam,

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

1. INTRODUCTION

The purpose of this Circular serves to (a) provide you with information on the resolutions to be proposed at the 2025 AGM for (i) the re-election of the retiring Directors; (ii) the proposed re-appointments of Rongcheng (Hong Kong) CPA Limited as the auditor in Hong Kong and RSM SG Assurance LLP as the auditor in Singapore; (iii) the Proposed Share Issue Mandate; (iv) the Proposed Share Purchase Mandate; and (b) to give you notice for convening the 2025 AGM.

2. RE-ELECTION OF RETIRING DIRECTORS

2.1 Pursuant to Article 89 of the Constitution, Mr. Cui Wei and Mr. Peng Yinan shall retire at the forthcoming 2025 AGM and, being eligible, offer themselves for re-election at the forthcoming 2025 AGM. The Nominating Committee has recommended to the Board on the re-election of Mr. Cui Wei and Mr. Peng Yinan.

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In accordance with Article 88 of the Constitution, as Mr. Lau Fai Lawrence was appointed by the Board during FY2025 as an additional Director to the existing Board on 11 July 2025 and Ms. Lin Ting and Mr. Chan Hon Chung Johnny to fill the vacancies in FY2025 arising on the resignation of Mr. Pu Hong and Dr. Li Jun as independent non-executive Directors, 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 2025 AGM and offer themselves for re-election. The Nominating Committee has recommended to the Board on the re-election of Mr. Lau Fai Lawrence, Ms. Lin Ting and Mr. Chan Hon Chung Johnny. The Board believes that Mr. Lau Fai Lawrence can further assist the business development of the Group and Ms. Lin Ting and Mr. Chan Hon Chung Johnny can bring in diversified and independent view to the Group.

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

The Company considers that the re-election of Mr. Cui Wei, Mr. Peng Yinan, Mr. Lau Fai Lawrence, Ms. Lin Ting and Mr. Chan Hon Chung Johnny as the Directors of the Company will ensure continuity in management and save the time and costs in searching for new director candidates.

As each of Mr. Lau Fai Lawrence, Ms. Lin Ting and Mr. Chan Hon Chung Johnny does not hold more than six (6) listed company directorships, the Company believes that they would be able to allocate sufficient time and attention to the Board in carrying out his/her duties as Directors of the Company.

In nominating the independent non-executive Directors, Ms. Lin Ting and Mr. Chan Hon Chung Johnny, for re-election, the Nominating Committee has taken into account, amongst other things, the perspectives, skills and experience that they could bring to the Board, and their contribution to the diversity of the Board. The Nominating Committee has also reviewed their annual written independence confirmations and assessed the independence of Ms. Lin Ting and Mr. Chan Hon Chung Johnny based on the independence guidelines as stipulated under Rule 3.13 of the Hong Kong Listing Rules. Having assessed the independence of Ms. Lin Ting and Mr. Chan Hon Chung Johnny, the Nominating Committee is of the view that Ms. Lin Ting and Mr. Chan Hon Chung Johnny would continue to bring in objective insights and independent judgments to the Board as well as the Board committees they currently serve on.

2.2 Details of the retiring Directors proposed to be re-elected at the 2025 AGM are set forth in Appendix I to this Circular.

3. THE PROPOSED RE-APPOINTMENTS OF RONGCHENG (HONG KONG) CPA LIMITED AS THE AUDITOR IN HONG KONG AND RSM SG ASSURANCE LLP AS THE AUDITOR IN SINGAPORE

In accordance with the provisions of the Constitution and the terms of reference for the audit committee of the Company and the resolutions in relation to (i) the appointment of Rongcheng (Hong Kong) CPA Limited as the auditor of the Company in Hong Kong for the year ended 31 December 2025 passed at the annual general meeting of the Company for the year of 2024 held on 24 June 2025 and (ii) the appointment of RSM SG Assurance LLP as the auditor of the Company in Singapore for the year ended 31 December 2025 passed at the extraordinary general meeting of the Company held on 10 February 2026, the term for the above appointments shall end on the conclusion of the 2025 AGM. Based on the prevailing standards for audit fees

LETTER FROM THE BOARD

in the market and combined with the actual situation of the 2025 financial audit work of the Company, the Board submits resolutions to the 2025 AGM to consider and, if thought fit, to approve the proposed re-appointments of Rongcheng (Hong Kong) CPA Limited as the auditor in Hong Kong and RSM SG Assurance LLP as the auditor in Singapore for a term ending on the conclusion of the annual general meeting of the Company for the year of 2026, and to authorize the Board to fix their remuneration and implement the re-appointments.

The estimated audit fee payable to Rongcheng (Hong Kong) CPA Limited for the audit of the Company in Hong Kong for the year ending 31 December 2026 is expected to be in the range from approximately RMB2.2 million to approximately RMB2.4 million and the estimated audit fee payable to RSM SG Assurance LLP for the audit of the Company in Singapore for the year ending 31 December 2026 is expected to be in the range from approximately SGD0.095 million to approximately SGD0.110 million.

The estimated audit fees for Hong Kong and Singapore have been determined after due consideration and arm's length negotiations between the Company and Rongcheng (Hong Kong) CPA Limited and RSM SG Assurance LLP, taking into account, among other things, the size, nature and complexity of the Group's business operations, the professional capabilities of Rongcheng (Hong Kong) CPA Limited and RSM SG Assurance LLP, the expected scope of the audit, the audit timetable, and the level and mix of professional staff to be deployed. The estimated audit fee also assumes that there will be no material change in the Group's operations, accounting policies or regulatory environment during the financial year, and that the Company will provide timely and adequate assistance and information as reasonably required for the purposes of the audit. The final audit fees will be determined based on factors including but not limited to the Group's actual business operations and market conditions.

4. THE PROPOSED SHARE ISSUE MANDATE

4.1 At the last annual general meeting of the Company held on 24 June 2025 (the “**2024 AGM**”), notice of which was given on 2 June 2025, the Directors were granted a share issue mandate (the “**Previous Share Issue Mandate**”).

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- 4.2 As the Previous Share Issue Mandate granted pursuant to the 2024 AGM will expire at the conclusion of the forthcoming 2025 AGM or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, the Directors would like to propose the adoption of a new share issue mandate (the “**Proposed Share Issue Mandate**”) at the forthcoming 2025 AGM.
- 4.3 The Hong Kong Listing Rules provide that the Proposed Share Issue Mandate shall be subjected to a restriction that the aggregate number of Shares allotted or agreed to be allotted under the Proposed Share Issue Mandate must not exceed twenty per centum (20%) of the issued shares in the capital of the Company as at the date on which the resolution approving the Proposed Share Issue Mandate is passed.
- 4.4 The Proposed Share Issue Mandate, once approved, will continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, unless revoked or varied by the Company in a general meeting by ordinary resolution.

5. THE PROPOSED SHARE PURCHASE MANDATE

- 5.1 At the 2024 AGM, the Directors were granted a share purchase mandate to exercise all the powers of the Company to purchase or acquire Shares (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company as at the date of the 2024 AGM, at the price of up to but not exceeding:
- (a) in the case of a market purchase (the “**Market Purchase**”), one hundred and five per centum (105%) of the average closing price of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company; and
 - (b) in the case of an off-market purchase (the “**Off-Market Purchase**”), one hundred and twenty per centum (120%) of the average closing price of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the Off-Market Purchase by the Company,
- (the “**Previous Share Purchase Mandate**”).
- 5.2 As the Previous Share Purchase Mandate granted pursuant to the 2024 AGM will expire at the conclusion of the forthcoming 2025 AGM or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, the Directors would like to propose the adoption of a new share purchase mandate (the “**Proposed Share Purchase Mandate**”) at the forthcoming 2025 AGM.

LETTER FROM THE BOARD

- 5.3 The Proposed Share Purchase Mandate, once approved, will continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, unless revoked or varied by the Company in a general meeting by ordinary resolution.
- 5.4 As at the Latest Practicable Date, the number of Shares in the issued share capital of the Company was 465,600,000 Shares. Accordingly, assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the date of the 2025 AGM, the exercise of the Proposed Share Purchase Mandate in full of up to the maximum limit of ten per centum (10%) of its issued Shares, once approved, would enable the Company to repurchase a maximum of 46,560,000 Shares. The Proposed Share Purchase Mandate will provide flexibility to the Directors to purchase or acquire Shares as and when it is in the interest of the Company to do so.
- 5.5 An explanatory statement setting out the details of the Proposed Share Purchase Mandate is attached as Appendix II to this Circular.

IMPORTANT: NOTWITHSTANDING THE ADOPTION OF THE PROPOSED SHARE ISSUE MANDATE AND THE PROPOSED SHARE PURCHASE MANDATE, THE COMPANY SHALL AND WILL FROM TIME TO TIME COMPLY WITH THE RELEVANT REQUIREMENTS UNDER THE HONG KONG LISTING RULES IN RELATION TO ISSUANCE OF SECURITIES, IN PARTICULAR RULES 7.19 AND 13.36 THEREOF.

6. DIRECTORS' RECOMMENDATIONS

- 6.1 The Board is pleased to recommend the retiring Directors, whose details are set out in Appendix I to this Circular, for re-election at the 2025 AGM.
- 6.2 The Board considers that the re-election of the retiring Directors, the Proposed Share Issue Mandate and the Proposed Share Purchase Mandate are in the interests of the Company and the Shareholders as a whole.
- 6.3 The Board is also pleased to recommend the proposed re-appointments of Rongcheng (Hong Kong) CPA Limited as the auditor in Hong Kong and RSM SG Assurance LLP as the auditor in Singapore and to hold office until the next annual general meeting and the authorization to the Board to fix their remuneration and implement the re-appointments.
- 6.4 Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions relating to the re-election of the retiring Directors, the proposed re-appointments of Rongcheng (Hong Kong) CPA Limited as the auditor in Hong Kong and RSM SG Assurance LLP as the auditor in Singapore, the Proposed Share Issue Mandate and the Proposed Share Purchase Mandate as set out in the notice of 2025 AGM of the Company which will be proposed for the Shareholders' approval at the forthcoming 2025 AGM.

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7. ANNUAL GENERAL MEETING

The 2025 AGM, the notice of which is circulated together with this Circular, will be held at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 29 May 2026 (Friday) at 11:00 a.m. (or at any adjournment thereof) for the purpose of considering and, if thought fit, passing, with or without any modifications, the resolutions in relation to the re-election of the retiring Directors, the Proposed Share Issue Mandate and the Proposed Share Purchase Mandate.

Pursuant to Article 59 of the Constitution and Rule 13.39(4) of the Hong Kong Listing Rules, all vote of the Shareholders at a general meeting of the Company must be taken by way of poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the 2025 AGM will be voted by way of a poll by the Shareholders.

The Principal Share Registrar and Branch Share Registrar of the Company will be closed from 26 May 2026 (Tuesday) to 29 May 2026 (Friday) (both days inclusive), during which period no transfer of Shares will be registered. The record date for determining the eligibility of the Shareholders for attending and voting at the 2025 AGM is 29 May 2026 (Friday).

As at the Latest Practicable Date, 2,326,000 unvested Shares held by the trustee under the share award scheme of the Company adopted on 21 October 2024 and the trustee will abstain from voting on the resolution at the 2025 AGM pursuant to Rule 17.05A of the Hong Kong Listing Rules.

8. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2025 AGM in person and wish to appoint a proxy/(ies) to attend and vote at the 2025 AGM on their behalf will have to complete a proxy form attached to this Circular, sign and return in accordance with the instructions printed thereon to the Company's Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or to the Company's Branch Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Shareholders registered in Hong Kong) as soon as possible and in any event not later than forty-eight (48) hours before the time fixed for the 2025 AGM (or at any adjournment thereof). Completion and return of a proxy form by a Shareholder will not preclude a Shareholder from attending and voting in person at the 2025 AGM (or at any adjournment thereof) if a Shareholder finds that he/she is able to do so. In such event, the relevant proxy form will be deemed to be revoked.

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9. DIRECTORS' RESPONSIBILITY STATEMENT

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

10. GENERAL INFORMATION

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

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

Set out below are particulars of the Directors proposed to be re-elected at the 2025 AGM.

MR. CUI WEI (“MR. CUI”), 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 Technology Co., Ltd (a subsidiary of the Company, “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).

As at the Latest Practicable Date, Mr. Cui was deemed to be interested in 108,868,662 Shares, representing approximately 23.38% of the Company’s issued share capital, through Kingever Enterprises Limited which is wholly-owned by him, by virtue of Part XV of the SFO. Please refer to paragraph 1.13 of Appendix II to this Circular for further details.

Mr. Cui entered into a letter of appointment with the Company on 14 October 2014, pursuant to which Mr. Cui agreed to act as a non-executive Director for an initial term of three (3) years commencing on 14 October 2014, subject to automatic renewal for successive terms of three years upon expiry, and may be terminated by either party giving not less than three (3) months’ prior notice in writing to the other, or in accordance with other terms thereof. Mr. Cui is subject to retirement by rotation and is eligible for re-election at the AGM in accordance with the Constitution.

Mr. Cui is entitled to an annual director’s fee of HK\$480,000 which was determined by the Board with the recommendation from the Remuneration Committee with reference to his roles and responsibilities and the prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Mr. Cui (i) did not have any relationship with any Directors, senior management, substantial shareholders or Controlling Shareholder of the Company; (ii) did not hold other positions with the Company and other members of the Group; (iii) did not hold any directorship in the last three years preceding the Latest Practicable Date in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (iv) did not have, and was not deemed to have, any interests or short positions in the Shares and underlying shares of the Company within the meaning of Part XV of the SFO; and (v) did not have any other matters that need to be brought to the attention of the Shareholders nor did he have any other information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

MR. PENG YINAN (“MR. PENG”), EXECUTIVE DIRECTOR

Mr. Peng Yinan (彭一楠), born in 1982, has been appointed as an executive Director of the Company since 20 August 2022. Mr. Peng has served as the general manager of both Shanghai Zhangyu Information Technology Co., Ltd. (上海掌御信息科技有限公司)("Shanghai Zhangyu") and Nanjing Zhangyu Information Technology Co., Ltd. (南京掌御信息科技有限公司)("Nanjing Zhangyu") since September 2018 and June 2020 respectively. Shanghai Zhangyu and Nanjing Zhangyu are wholly-owned subsidiaries of the Company (together, the "**Zhangyu Companies**"). Mr Peng has also 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).

Mr. Peng has entered into a service contract with the Company in relation to his appointment as an executive Director for an initial term of three years commencing from 20 August 2022, which is subject to automatic renewal for successive terms of three years upon expiry, and may be terminated by either party giving not less than three months' prior written notice to the other or in accordance with other terms thereof. During his appointment as an executive Director, Mr. Peng will receive from the Company a basic monthly salary of HK\$50,000 and an additional basic monthly salary payable before the end of the calendar year and an one-month basic salary as bonus to be reviewed and approved by the Remuneration Committee of the Company and may be adjusted by the Company with effect from the date of such review by such amount (if any) as the Board deems fit in accordance with the performance of him as an executive Director. Mr Peng will also receive salary from the Zhangyu Companies. His remuneration will be reviewed annually in accordance with the remuneration policy of the Company and his workload and responsibilities.

Save as disclosed above, as at the Latest Practicable Date, Mr. Peng (i) did not have any relationship with any Directors, senior management, substantial shareholders or Controlling Shareholder of the Company; (ii) did not hold other positions with the Company and other members of the Group; (iii) did not hold any directorship in the last three years preceding the Latest Practicable Date in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (iv) did not have, and was not deemed to have, any interests or short positions in the Shares and underlying shares of the Company within the meaning of Part XV of the SFO; and (v) did not have any other matters that need to be brought to the attention of the Shareholders nor did he have any other information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

MR. LAU FAI LAWRENCE (“MR. LAU”), EXECUTIVE DIRECTOR

Mr. Lau Fai Lawrence (劉斐), aged 54, joined the Company in June 2017 as the financial controller of the Group and has been appointed as an executive Director of the Company since 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 Engin 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 (delisted, 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.

In addition to the employment contract entered into between Mr. Lau and the Company in respect of his position as the financial controller of the Group, Mr. Lau has entered into a service contract with the Company in relation to his appointment as an executive Director for an initial term of three years commencing from 11 July 2025, which is subject to automatic renewal for successive terms of three years upon expiry, and may be terminated by either party giving not less than three months’ prior written notice to the other or in accordance with other terms thereof. Mr. Lau is subject to retirement and re-election at the Company’s 2025 AGM in accordance with the article number 88 of the Company’s articles of association. During his appointment as an executive Director, Mr. Lau will not receive any director’s remuneration from the Company, but he will continue to receive salary under his employment contract as the financial controller of the Group. Mr. Lau’s remuneration for acting as an executive Director will be reviewed annually in accordance with the remuneration policy of the Company and his workload and responsibilities.

Save as disclosed above, as at the Latest Practicable Date, Mr. Lau (i) did not have any relationship with any Directors, senior management, substantial shareholders or Controlling Shareholder of the Company; (ii) did not hold other positions with the Company and other members of the Group; (iii) did not hold any directorship in the last three years preceding the Latest Practicable Date in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (iv) did not have, and was not deemed to have, any interests or short positions in the Shares and underlying shares of the Company within the meaning of Part XV of the SFO; and (v) did not have any other matters that need to be brought to the attention of the Shareholders nor did he have any other information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

MS. LIN TING (“MS. LIN”), INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms. Lin Ting (林霆), aged 55, has been appointed as an independent non-executive Director of the Company since 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.

A letter of appointment has been entered into between the Company and Ms. Lin in respect of her appointment as an independent non-executive Director commencing on 11 July 2025. Ms. Lin's appointment is for a term of three years subject to retirement and re-election in accordance with the provision of the Constitution. During her term of office as the independent non-executive Director, Ms. Lin will be entitled to an annual director's fee of HK\$300,000 which is recommended by the Remuneration Committee and determined by the Board with reference to her duties and responsibilities and the prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Ms. Lin (i) did not have any relationship with any Directors, senior management, substantial shareholders or Controlling Shareholder of the Company; (ii) did not hold other positions with the Company and other members of the Group; (iii) did not hold any directorship in the last three years preceding the Latest Practicable Date in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (iv) did not have, and was not deemed to have, any interests or short positions in the Shares and underlying shares of the Company within the meaning of Part XV of the SFO; and (v) did not have any other matters that need to be brought to the attention of the Shareholders nor did she have any other information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

Ms. Lin has confirmed to the Company that (a) her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Hong Kong Listing Rules; (b) she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person (as such term is defined in the Hong Kong Listing Rules) of the Company; and (c) that there are no other factors that may affect her independence.

MR. CHAN HON CHUNG JOHNNY (“MR. CHAN”), INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Chan Hon Chung Johnny, aged 60, has been appointed as an independent non-executive Director of the Company since 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 director 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.

A letter of appointment has been entered into between the Company and Mr. Chan in respect of his appointment as an independent non-executive Director commencing on 31 July 2025. Mr. Chan’s appointment is for a term of three years subject to retirement and re-election in accordance with the provision of the Constitution. During his term of office as the independent non-executive Director, Mr. Chan will be entitled to an annual director’s fee of HK\$300,000 which is recommended by the Remuneration Committee and determined by the Board with reference to his duties and responsibilities and the prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Mr. Chan (i) did not have any relationship with any Directors, senior management, substantial shareholders or Controlling Shareholder of the Company; (ii) did not hold other positions with the Company and other members of the Group; (iii) did not hold any directorship in the last three years preceding the Latest Practicable Date in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; and (iv) did not have, and was not deemed to have, any interests or short positions in the Shares and underlying shares of the Company within the meaning of Part XV of the SFO.

Mr. Chan has confirmed to the Company that (a) he is independent with regard to each of the factors referred to in Rules 3.13(1) to (8) of the Hong Kong Listing Rules; (b) he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person (as such term is defined in the Hong Kong Listing Rules) of the Company; and (c) there are no other factors that may affect his independence.

The Company would like to provide further information about Mr. Chan pursuant to the requirements of Rule 13.51(2) of the Hong Kong Listing Rules.

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 Hong Kong 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 Latest Practicable Date, 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 were 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.

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

THE PROPOSED SHARE PURCHASE MANDATE**1. The Proposed Share Purchase Mandate****1.1 Background**

At the 2024 AGM, the Shareholders had approved the adoption of the Previous Share Purchase Mandate to enable the Company to purchase or to otherwise acquire issued Shares in the capital of the Company. Unless revoked or varied by the Company in a general meeting, the authority contained in the Previous Share Purchase Mandate was expressed to continue in force until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

As the Previous Share Purchase Mandate granted at the 2024 AGM will expire at the conclusion of the forthcoming 2025 AGM, the Directors recommend the adoption of the Proposed Share Purchase Mandate at the forthcoming 2025 AGM for Shareholders' approval.

1.2 Rationale

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

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

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

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

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

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

1.3 Authority and limits of the Proposed Share Purchase Mandate

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

1.3.1 Maximum number of Shares

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

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

For illustration purposes only, on the basis of 465,600,000 Shares in issue (none of which were treasury shares) as at the Latest Practicable Date, being 27 April 2026, not more than 46,560,000 Shares (representing ten per centum (10%) of the Shares in issue as at the Latest Practicable Date) may be purchased or acquired by the Company pursuant to the Proposed Share Purchase Mandate.

1.3.2 Duration of the Proposed Share Purchase Mandate

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

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held; or
- (b) the date on which the purchases or acquisitions of the Shares are carried out to the full extent mandated under the Proposed Share Purchase Mandate; or
- (c) the date on which the authority conferred by the Proposed Share Purchase Mandate is revoked or varied by the Company in a general meeting by ordinary resolution,

whichever is the earliest.

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

1.3.3 Manner of purchases or acquisitions of Shares

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

- (a) Market Purchase, transacted on the SEHK and/or on any other securities exchange on which the Shares are listed and/or quoted, through one (1) or more duly licensed dealers appointed by the Company for that purpose; and/or
- (b) Off-Market Purchase, in accordance with an equal access scheme for the purchase or acquisition of Shares from Shareholders.

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

- (a) the offers under the scheme are to be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons have a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each member is left with a whole number of Shares.

1.3.4 Maximum purchase price

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

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

- (a) in the case of a Market Purchase, one hundred and five per centum (105%) of the Average Closing Price (as defined below) of the Shares; and
- (b) in the case of an Off-Market Purchase, one hundred and twenty per centum (120%) of the Average Closing Price (as defined below) of the Shares,

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

For the above purposes:

“**Average Closing Price**” means:

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

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

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

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

1.4 Source of funds

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

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

For this purpose, a company is “solvent” if:

- (a) the company is able to pay its debts in full at the time of payment for the purchase or acquisition of the Shares and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of the payment; and
- (b) the value of the company’s total assets is not less than the value of its total liabilities (including contingent liabilities) and will not after the proposed purchase, acquisition, variation or release, become less than the value of its liabilities (including contingent liabilities), having regard to the most recent financial statements of the company and all other circumstances that the directors or managers of the company know or ought to know affect, or may affect, such values.

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

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

1.5 Status of purchased Shares

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

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

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

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

The general mandates to issue new Shares and to buy back Shares, if granted at the 2025 AGM, will remain in effect until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Constitution to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

1.6 Reporting requirements

- 1.6.1 Within thirty (30) days of the passing of the Shareholders' ordinary resolution to approve any purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such ordinary resolution with ACRA.
- 1.6.2 The Company shall also notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SEHK or otherwise, in the prescribed form. Such notification shall include details of the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the Company's total issued share capital before the purchase or acquisition of Shares, the Company's total issued share capital after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, whether Shares were purchased or acquired out of profits or capital of the Company, and such other particulars as may be required in the prescribed form.
- 1.6.3 With the amendments to the Hong Kong Listing Rules on 11 June 2024 to introduce flexibility for listed companies to cancel shares bought back, because the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision or there is inside information until the price sensitive or inside information has been publicly announced. In particular, for the purposes of the foregoing, the Company will not purchase or acquire any Shares through Market Purchase during the period commencing one (1) month immediately preceding the earlier of:
- (a) the date of the Board meeting (as such date is first notified to the SEHK) for the approval of the Company's results announcement for the full financial year or half-year; and
 - (b) the deadline for the Company to publish an announcement of its results for any full financial year or half-year (whether or not required under the Hong Kong Listing Rules),
- and ending on the date of the Company's results announcement.

1.7 Financial effects

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

1.7.1 Purchase or acquisition out of profits and/or capital

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

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

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

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

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

- (a) the share capital of the Company where the Shares were purchased out of the capital of the Company;
- (b) the profits of the Company where the Shares were purchased out of the profits of the Company; or
- (c) the share capital and profits of the Company proportionately where the Shares were purchased out of both the capital and profits of the Company.

1.7.2 Number of Shares purchased or acquired

For illustration purposes only, as at the Latest Practicable Date, the number of Shares in issue was 465,600,000 Shares. Accordingly, assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the date of the 2025 AGM, the exercise of the Proposed Share Purchase Mandate in full of up to the maximum limit of ten per centum (10%) of its issued Shares, once approved, would enable the Company to repurchase a maximum of 46,560,000 Shares.

1.7.3 Maximum Price paid for Shares purchased or acquired

In the case of the Market Purchases by the Company, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Proposed Share Purchase Mandate, the Company purchases the maximum number of 46,560,000 Shares at the Maximum Price of HK\$1.4028 per Share (being the price equivalent to five per centum (5%) above the average of the closing market prices of the Shares for the five (5) Market Days on which the Shares were traded on the SEHK immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 46,560,000 Shares is approximately HK\$65,314,368, excluding Related Expenses.

In the case of the Off-Market Purchases by the Company, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Proposed Share Purchase Mandate, the Company purchases the maximum number of 46,560,000 Shares at the Maximum Price of HK\$1.6032 per Share (being the price equivalent to twenty per centum (20%) above the average of the closing market prices of the Shares for the five (5) Market Days on which the Shares were traded on the SEHK immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 46,560,000 Shares is approximately HK\$74,644,992, excluding Related Expenses.

1.8 Taxation

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

1.9 Listing status

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

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

As at the Latest Practicable Date, there were 356,731,338 Shares in the hands of the public, representing approximately seventy-six point sixty-two per centum (76.62%) of the issued Shares of the Company. Assuming that the Company purchases or acquires its Shares through Market Purchases up to the full ten per centum (10%) limit pursuant to the Proposed Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 310,171,338 Shares, representing approximately seventy-four point zero-two per centum (74.02%) of the remaining issued Shares of the Company (on the assumptions that the purchased Shares are cancelled and there is no change in the issued share capital of the Company other than the exercise of the Proposed Share Purchase Mandate).

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

- (a) adversely affect the listing status of the Shares on the SEHK;
- (b) cause market illiquidity; or
- (c) adversely affect the orderly trading of the Shares.

1.10 Suspension of purchase or acquisition

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

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

- (a) the date of the Board meeting (as such date is first notified to the SEHK) for the approval of the Company's results announcement for the financial year or half-year, and
- (b) the deadline for the Company to publish an announcement of its results for any full financial year or half-year (whether or not required under the Hong Kong Listing Rules), and ending on the date of the results announcement.

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

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

1.11(B) Implications under the Hong Kong Takeovers Code

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

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

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

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

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

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

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

Month	Share price	
	Highest HK\$	Lowest HK\$
2025		
March	1.53	1.21
April	1.39	1.20
May	1.44	1.13
June	1.31	1.10
July	1.40	1.15
August	2.60	1.15
September	2.18	1.61
October	1.99	1.64
November	1.79	1.51
December	1.79	1.21
2026		
January	1.77	1.46
February	1.59	1.38
March	1.68	1.22
April	1.45	1.24

1.13 Directors' and substantial shareholders' interests

As at the Latest Practicable Date, the shareholdings of the Directors and the substantial shareholders (within the meaning of the SFO) of the Company before and after the purchase or acquisition of Shares (assuming that the purchased Shares are cancelled and there is no change in the total issued share capital of the Company other than the exercise of the Proposed Share Purchase Mandate) pursuant to the Proposed Share Purchase Mandate, based on the register of director's shareholdings and the register of substantial shareholders of the Company, were as follows:

	Before Share Purchase			After Share Purchase		
	Direct	Deemed	Total	Direct	Deemed	Total
	Interest	Interest	Interest	Interest	Interest	Interest
	<i>(No. of</i>	<i>(No. of</i>	<i>(%)</i>	<i>(No. of</i>	<i>(No. of</i>	<i>(%)</i>
	<i>Shares)</i>	<i>Shares)</i>		<i>Shares)</i>	<i>Shares)</i>	
<i>Directors</i>						
Mr. Cui Wei ^(Note)	-	108,868,662	23.38	-	108,868,662	25.98
Mr. Peng Yinan	-	-	-	-	-	-
Mr. Lau Fai Lawrence	-	-	-	-	-	-
Mr. Tao Shunxiao	-	-	-	-	-	-
Mr. Zeng Guowei	-	-	-	-	-	-
Mr. Qian Ziyang	-	-	-	-	-	-
Ms. Lin Ting	-	-	-	-	-	-
Mr. Chan Hon Chung Johnny	-	-	-	-	-	-
<i>Substantial Shareholder</i>						
Kingever Enterprises Limited ^(Note)	108,868,662	-	23.38	108,868,662	-	25.98

Note:

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

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

1.14 Directors, substantial shareholders, their associates and connected persons

None of the Directors nor substantial shareholders, and to the best of their knowledge having made all reasonable enquiries, none of their close associates, have any present intention, in the event that the Proposed Share Purchase Mandate is approved by the Shareholders at the 2025 AGM, to sell their Shares to the Company under the Proposed Share Purchase Mandate.

No Core Connected Persons of the Company has notified the Company that he or she has a present intention to sell any Shares to the Company, or that he or she has undertaken not to sell any Shares held by him or her to the Company, in the event that the Proposed Share Purchase Mandate is granted by the Shareholders at the 2025 AGM.

1.15 Directors' undertaking

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

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

The 2025 Singapore directors' statement and the audited financial statements of the Company and the Group for the financial year ended 31 December 2025 together with the auditors' report prepared in accordance to the Singapore Financial Reporting Standards (International) thereon are attached in this appendix for Shareholders' approval at the 2025 AGM as Resolution 2.

HENGXIN TECHNOLOGY LTD.

(Registration No: 200414927H)

Statement by Directors and Financial Statements

Year Ended 31 December 2025

Statement by Directors and Financial Statements

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Statement by Directors

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2025.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the company in office at the date of this statement are:

Chairman and non-executive director:

Mr. Cui Wei

Non-executive directors:

Mr. Tao Shunxiao

Mr. Zeng Guowei

Executive directors:

Mr. Peng Yinan

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

Independent non-executive directors:

Mr. Qian Ziyang

Ms. Lin Ting (appointed on 11 July 2025)

Mr. Chan Hon Chung Johnny (appointed on 31 July 2025)

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year had no interests in shares in or debentures of the company or other related body corporate as recorded in the register of directors' interests in shares in or debentures kept by the company under section 164 of the Companies Act 1967, ("the Act") except as follows:

<u>Name of directors in which interests are held</u>	<u>Holdings in which a director is deemed to have an interest</u>	
	<u>At beginning of the reporting year</u>	<u>At end of the reporting year</u>
<u>Ordinary shares of the company:</u>		
Mr. Cui Wei ⁽¹⁾	108,868,662	108,868,662

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

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

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. Share options and Share Award Scheme

Share options:

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

5. Share options and Share Award Scheme

Share Award Scheme:

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

(a) Purpose and Participants

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

(b) Listing Rules Implication

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

(c) Duration and termination

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

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

5. Share options and Share Award Scheme

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

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

(g) Grant price

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

5. Share options and Share Award Scheme

Share Awards Scheme Reserve:

During the previous reporting year ended 31 December 2024, the Trustee had acquired 2,326,000 Shares through on-market transactions and no Shares had been awarded to any Eligible Participants or Service Providers 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, 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 year ended 31 December 2025 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 scheme of the company during the reporting year ended 31 Decembre 2025 was Nil.

6. Independent auditor

RSM SG Assurance LLP has expressed willingness to accept re-appointment.

On behalf of the directors

.....
Mr. Cui Wei
Chairman and Non-executive Director

.....
Mr. Peng Yinan
Executive Director

28 April 2026

**Independent Auditor's Report to the Members of
HENGXIN TECHNOLOGY LTD.****Report on the audit of the financial statements****Opinion**

We have audited the accompanying financial statements of Hengxin Technology Ltd. (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards International ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

**Independent Auditor's Report to the Members of
HENGXIN TECHNOLOGY LTD.****Key audit matters****(1) Impairment assessment of goodwill and other intangible assets**

Refer to note 17 to the consolidated financial statements.

At 31 December 2025, the group recognised goodwill of approximately RMB155 million and RMB46 million, arising from the business combinations with Nanjing Zhangyu Information Technology Co., Ltd. ("Nanjing Zhangyu") and Shanghai Zhangyu Information Technology Co., Ltd. ("Shanghai Zhangyu") in July 2022, and Zhejiang Zhongguang New Energy Technology Co., Ltd. ("Zhejiang Zhongguang") in July 2023, respectively.

The group has allocated the goodwill to cash-generating units ("CGUs") within the integrated circuits and digital technology segment, as well as the new energy and services segment. These CGUs also include intangible assets arising from the respective acquisitions, such as customer relationships and licences (collectively referred to as "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 reporting 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 assessment performed by management is complicated and contain certain judgmental assumptions, which could be subject to management bias.

How we addressed the matter in our audit

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 judgment made by management in the preparation of the cash flow forecast indicated possible management bias;

**Independent Auditor's Report to the Members of
HENGXIN TECHNOLOGY LTD.****Key audit matters****(1) Impairment assessment of goodwill and other intangible assets*****How we addressed the matter in our audit***

- 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 reasonable and supported by the evidence obtained.

(2) Expected credit loss allowance for trade receivables from customers other than provisional grid companies

Refer to note 23 to the consolidated financial statements.

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, forward-looking information of the Group's customers. 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.

**Independent Auditor's Report to the Members of
HENGXIN TECHNOLOGY LTD.****Key audit matters****(2) Expected credit loss allowance for trade receivables from customers other than provisional grid companies*****How the matter was addressed in our audit***

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 reasonable and supported by the evidence obtained.

Other matters

The consolidated financial statements of the group for the reporting year ended 31 December 2024 were audited by another independent auditor who expressed an unmodified opinion on those financial statements on 16 May 2025.

**Independent Auditor's Report to the Members of
HENGXIN TECHNOLOGY LTD.****Other matters**

The group has also issued separate audited financial statements dated 31 March 2026 that are submitted to foreign stock exchanges, namely, the Stock Exchange of Hong Kong Limited ("SEHK") under the symbol "1085" which is audited by Rongcheng (Hong Kong) CPA Limited.

There are no material differences noted between the financial statements and the audited financial statements submitted to SEHK.

Our audit opinion relates only to these audited financial statements issued by us. This matter does not affect our opinion on these financial statements for the reporting year ended 31 December 2025.

Other information

Management is responsible for the other information. The other information comprises the statement by directors but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of management and directors for the financial statements

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

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

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

**Independent Auditor's Report to the Members of
HENGXIN TECHNOLOGY LTD.****Auditor's responsibilities for the audit of the financial statements**

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

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

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) 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.

**Independent Auditor's Report to the Members of
HENGXIN TECHNOLOGY LTD.****Auditor's responsibilities for the audit of the financial statements**

We communicate with the directors 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.

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Poh Chin Beng.

RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

28 April 2026

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 December 2025**

	<u>Notes</u>	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Revenue	6	2,247,199	2,519,987
Cost of sales		<u>(1,784,534)</u>	<u>(2,052,682)</u>
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		<u>(162,441)</u>	<u>(159,159)</u>
Profit from operations		109,130	140,168
Interest expense	8	(57,453)	(51,470)
Share of result of an associate		-	24
Profit before tax from continuing operations	9	<u>51,677</u>	<u>88,722</u>
Income tax expense	10	(94,180)	(15,399)
(Loss) profit from continuing operations for the year		<u>(42,503)</u>	<u>73,323</u>
Other comprehensive (loss) income:			
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Equity investments at fair value through other comprehensive income – net movement in fair value reserves (non-recycling)		25	165
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Foreign operations – foreign currency translation differences		(297)	752
Other comprehensive (loss) income for the year, net of tax		<u>(272)</u>	<u>917</u>
Total comprehensive (loss) income for the year		<u>(42,775)</u>	<u>74,240</u>
(Loss) profit attributable to:			
Owners of the company		(42,426)	42,189
Non-controlling interests		(77)	31,134
		<u>(42,503)</u>	<u>73,323</u>
Total comprehensive (loss) income attributable to:			
Owners of the company		(42,698)	43,106
Non-controlling interests		(77)	31,134
		<u>(42,775)</u>	<u>74,240</u>
Basic and diluted earnings per share ("RMB")	14	<u>(0.097)</u>	<u>0.097</u>

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

Statements of Financial Position
As at 31 December 2025

	Notes	Group		Company	
		2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	15	1,217,919	1,095,044	114	435
Intangible assets	16	209,590	227,487	-	-
Goodwill	17	201,589	201,589	-	-
Investments in subsidiaries	18	-	-	393,013	393,013
Interest in associates	19	152	152	-	-
Equity securities designated at fair value through other comprehensive income ("FVOCI")	20A	5,760	3,730	-	-
Financial assets measured at fair value through profit or loss ("FVPL")	20B	44,605	33,312	-	-
Time deposits	24	100,000	125,000	-	-
Pledged bank deposits	26	335,000	35,000	-	-
Deferred tax assets	32	13,808	16,582	-	-
Total non-current assets		2,128,423	1,737,896	393,127	393,448
<u>Current assets</u>					
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	709,675	115,147
Time deposits	24	29,908	29,649	-	-
Bank balances and cash	25	402,643	861,904	3,748	14,767
Pledged deposits	26	576,757	403,659	-	-
Total current assets		2,798,547	2,928,291	713,423	129,914
Total assets		4,926,970	4,666,187	1,106,550	523,362

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

Statements of Financial Position
As at 31 December 2025

	Notes	Group		Company	
		2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
EQUITY AND LIABILITIES					
Equity					
Share capital	33	362,849	362,849	362,849	362,849
General reserves		352,310	327,378	-	-
Share award scheme reserve		(2,778)	(2,778)	(2,778)	(2,778)
Special reserve		(478,026)	(478,026)	-	-
Fair value reserve		(5,304)	(5,329)	-	-
Translation reserves		(1,100)	(803)	-	-
Retained profits		1,291,228	1,358,586	740,862	159,745
Equity, attributable to owners of the parent		1,519,179	1,561,877	1,100,933	519,816
Non-controlling interest		788,750	785,215	-	-
Total equity		2,307,929	2,347,092	1,100,933	519,816
Non-current liabilities					
Bank loans	29	1,135,883	1,073,417	-	-
Deferred income	30	1,629	909	-	-
Lease liabilities	31	46,227	934	-	92
Deferred tax liabilities	32	15,395	14,143	-	-
Total non-current liabilities		1,199,134	1,089,403	-	92
Current liabilities					
Trade and other payables	27	586,225	740,065	5,563	3,119
Contract liabilities	28	63,211	55,946	-	-
Bank loans	29	759,233	424,602	-	-
Lease liabilities	31	3,940	2,757	54	335
Income tax payable	32	7,298	6,322	-	-
Total current liabilities		1,419,907	1,229,692	5,617	3,454
Total liabilities		2,619,041	2,319,095	5,617	3,546
Total equity and liabilities		4,926,970	4,666,187	1,106,550	523,362

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

HENGXIN TECHNOLOGY LTD.

Statements of Changes in Equity
Year Ended 31 December 2025

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

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

HENGXIN TECHNOLOGY LTD.

Statements of Changes in Equity
Year Ended 31 December 2025

	Total equity RMB'000	Non- controlling interests RMB'000 (Note 18)	Attributable to parent sub-total RMB'000	Share capital RMB'000	Retained earnings RMB'000	Translation reserves RMB'000	Fair value reserves RMB'000	General reserves RMB'000	Share award scheme reserves RMB'000	Special reserves RMB'000
Previous year:										
At 1 January 2024	2,738,573	812,864	1,925,709	295,000	1,328,626	(1,555)	(5,494)	315,149	-	(6,017)
Changes in equity:										
Profit for the year	73,323	31,134	42,189	-	42,189	-	-	-	-	-
Other comprehensive income for the year	917	-	917	-	-	752	165	-	-	-
Total comprehensive income for the year	74,240	31,134	43,106	-	42,189	752	165	-	-	-
Acquisition of subsidiaries without change of control	(530,037)	(58,028)	(472,009)	-	-	-	-	-	-	(472,009)
Deregistration of subsidiaries	(755)	(755)	-	-	-	-	-	-	-	-
Purchase of the company's shares for share award scheme	(2,778)	-	(2,778)	-	-	-	-	-	(2,778)	-
Issue of share capital (Note 33)	67,849	-	67,849	67,849	-	-	-	-	-	-
Total transactions with owners of the company	(465,721)	(58,783)	(406,938)	67,849	-	-	-	-	(2,778)	(472,009)
Transfer to statutory reserves	-	-	-	-	(12,229)	-	-	12,229	-	-
At 31 December 2024	2,347,092	785,215	1,561,877	362,849	1,358,586	(803)	(5,329)	327,378	(2,778)	(478,026)

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

Statements of Changes in Equity
Year Ended 31 December 2025

<u>Company</u>	<u>Total equity</u> RMB'000	<u>Share capital</u> RMB'000	<u>Retained earnings</u> RMB'000	<u>Share award scheme reserve</u> RMB'000
Current year:				
At 1 January 2025	519,816	362,849	159,745	(2,778)
Changes in equity:				
Total comprehensive income for the year	581,117	-	581,117	-
At 31 December 2025	<u>1,100,933</u>	<u>362,849</u>	<u>740,862</u>	<u>(2,778)</u>
Previous year:				
At 1 January 2024	481,899	295,000	186,899	-
Changes in equity:				
Total comprehensive loss for the year	(27,154)	-	(27,154)	-
Purchase of the company's shares for share award scheme	(2,778)	-	-	(2,778)
Issue of share capital	67,849	67,849	-	-
At 31 December 2024	<u>519,816</u>	<u>362,849</u>	<u>159,745</u>	<u>(2,778)</u>

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

Consolidated Statement of Cash Flows
Year Ended 31 December 2025

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
<u>Cash flows (used in) from operating activities</u>		
Profit before tax	51,677	88,722
Adjustment for:		
Impairment loss on trade and other receivables	20,366	7,042
Amortisation of deferred income and receipt of government grant	(580)	(882)
Depreciation of property, plant and equipment	72,168	68,966
Amortisation of intangible assets	19,931	20,492
Interest expense	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	-	(4,204)
Net gain on financial assets measured at FVPL	(3,002)	(825)
Net loss on write-off / disposals of property, plant and equipment	184	9,116
(Reversal of) provision for stock obsolescence	(5,285)	7,146
Loss on deregistration of subsidiaries	-	720
Operating cash flows before changes in working capital	<u>187,337</u>	<u>215,797</u>
Inventories	34,230	(39,474)
Digital assets	(5,564)	1,705
Trade and other receivables	(199,907)	(480,447)
Trade and other payables	(153,752)	349,330
Contract liabilities	7,265	(6,273)
Net cash flows (used in) from operations	<u>(130,391)</u>	<u>40,638</u>
Interest received	25,575	1,990
Income taxes paid	(89,183)	(21,402)
Net cash flows (used in) from operating activities	<u>(193,999)</u>	<u>21,226</u>

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

Consolidated Statement of Cash Flows
Year Ended 31 December 2025

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
<u>Cash flows used in investing activities</u>		
Acquisition of property, plant and equipment	(93,054)	(16,952)
Acquisition of intangible assets	(2,034)	(6,509)
Acquisition of financial assets measured at FVPL	(8,291)	(7,719)
Acquisition of a subsidiary	(10,647)	-
Proceeds from financial assets measured at FVPL	-	2,950
Payment for acquisition of financial assets measured at FVOCI	(2,000)	-
Proceeds from disposal of property, plant and equipment	-	95
Proceeds from disposal of other investments	-	83,591
Return of capital of an associate	-	4,050
Placement for time deposits	(20,351)	(71,249)
Withdraw of time deposits	23,735	225,725
Interest received from time deposits	21,357	32,027
Changes in pledged bank deposits	(473,098)	(311,826)
Net cash flows used in investing activities	<u>(564,383)</u>	<u>(65,817)</u>
<u>Cash flows from (used in) financing activities</u>		
Capital element of lease rentals paid	(42,278)	(7,069)
Acquisition of subsidiaries without change of control	-	(530,037)
Proceeds from issuance of ordinary shares	-	67,849
Purchase of the company's shares for share award scheme	-	(2,778)
Interest element of lease rentals paid	(230)	(470)
Interest expense paid	(51,332)	(44,971)
Other interest expense paid	(5,891)	(6,029)
Proceeds from bank loans	1,126,840	1,227,629
Repayment of bank loans	(729,743)	(742,519)
Cash received from government grants	1,300	909
Net cash flows from (used in) financing activities	<u>298,666</u>	<u>(37,486)</u>
Net decrease in cash and cash equivalents	(459,716)	(82,077)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	861,904	944,863
Effects of movements in exchange rates on cash held	455	(882)
Cash and cash equivalents, Consolidated statement of cash flows, ending balance (Note 25)	<u>402,643</u>	<u>861,904</u>

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

Notes to the Financial Statements
31 December 2025

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 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 reporting 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 with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS (I)s”) and the related Interpretations to SFRS (I) (“SFRS (I) INT”) as issued by the Accounting Standards Committee under ACRA (“ASC”). They comply with the provisions of the Companies Act 1967 and with the IFRS Accounting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

(b) Basis of preparation of the financial statements

The consolidated financial statements for the reporting 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)).

2. Basis of preparation

(b) Basis of preparation of the financial statements

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

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

Judgements made by management in the application of SFRS(I) 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 and other explanatory information

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.

(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.

3. Material accounting policy information and other explanatory information

Material accounting policy information

(a) Subsidiaries and non-controlling interests

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 statements 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(v)). 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 SFRS(I) 3 Business Combinations.

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

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

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

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

3. Material accounting policy information and other explanatory information

Material accounting policy information

(a) Subsidiaries and non-controlling interests

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).

(c) Goodwill

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

3. Material accounting policy information and other explanatory information

Material accounting policy information

(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 fair value through profit or loss ('FVTPL') 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.
- FVTPL 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 FVTPL 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 FVTPL or FVOCI, are recognised in profit or loss as other income.

(e) Derivative financial instruments

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

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

3. Material accounting policy information and other explanatory information

Material accounting policy information

(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.

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.

3. Material accounting policy information and other explanatory information

Material accounting policy information

(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.

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.

3. Material accounting policy information and other explanatory information

Material accounting policy information

(h) Leased assets

As a lessee

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 statements 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 year.

(i) Credit losses and impairment of assets

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.

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

3. Material accounting policy information and other explanatory information

Material accounting policy information

(i) Credit losses and impairment of assets

Credit losses from financial instruments

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.

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 statements of financial position.

3. Material accounting policy information and other explanatory information

Material accounting policy information

(i) Credit losses and impairment of assets

Credit losses from financial instruments

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.

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.

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 ("CGUs"). 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.

3. Material accounting policy information and other explanatory information

Material accounting policy information

(i) Credit losses and impairment of assets

Impairment of other non-current assets

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(j) Inventories and other contract costs

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 inventories.

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 and other explanatory information

Material accounting policy information

(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 year 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 SFRS(I) 1-2 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 represents the group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when invoices are billed to the customer.

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

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

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

(m) Trade and other receivables

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price.

(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.

3. Material accounting policy information and other explanatory information

Material accounting policy information

(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 FVTPL.

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 year. 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 and other explanatory information

Material accounting policy information

(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 and other explanatory information

Material accounting policy information

(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.

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 SFRS(I) 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.

Sale of electricity and tariff income

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

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 and other explanatory information

Material accounting policy information

(s) Revenue and other income

(ii) Revenue from other sources and other income

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.

Government grants

Government grants are recognised in the statements 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 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.

3. Material accounting policy information and other explanatory information

Material accounting policy information

(t) Translation of foreign currencies

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, until the disposal of the relevant entity.

(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:

- has control or joint control over the group;
- has significant influence over the group; or
- is a member of the key management personnel of the group or the group's parent.

3. Material accounting policy information and other explanatory information

Material accounting policy information

(w) Related parties

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

- 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).
- 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).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.
- The entity is controlled or jointly controlled by a person identified in (a).
- 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).
- 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. New or amended standards in issue but not yet effective

The ASC issued certain new or revised financial reporting standards for the future reporting years. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material modification of the measurement methods or the presentation in the financial statements for the following reporting year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

<u>SFRS (I) No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
SFRS(I) 9 and 7	Classification and Measurement of Financial Instruments – Amendments	1 Jan 2026
SFRS(I) 9 and 7	Contracts Referencing Nature-dependent Electricity	1 Jan 2026
Various	Annual Improvements – Volume 11	1 Jan 2026
SFRS(I) 18	Presentation and Disclosures in Financial Statements	1 Jan 2027
SFRS(I) 19	Subsidiaries and Small Entities without Public Accountability: Disclosures	1 Jan 2027
SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

SFRS(I) 18 – Presentation and Disclosure in Financial Statements

SFRS(I) 18 Presentation and Disclosure in Financial Statements. It replaces SFRS(I) 1-1. The new version includes (a) revised presentation of specified categories and defined subtotals in the statement of profit or loss; (b) new disclosures on management-defined performance measures in the notes to the financial statements; and (c) improved disclosures of aggregation and disaggregation of balances. It also requires the disclosure, for the comparative period immediately preceding the period in which this standard is first applied, a reconciliation for each line item in the statement of profit or loss between (a) the restated amounts and (b) the amounts previously presented applying the replaced version.

SFRS(I) 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the SFRS(I) 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 SFRS(I) 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:

(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. The carrying amount is disclosed in the note on inventories.

(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. The carrying amount is disclosed in the note on trade and other receivables.

(c) Impairment of goodwill:

As described in Note 3(i), 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

6A. 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 radio-frequency 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 6B.

Disaggregation of revenue:

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

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

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

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

	<u>Group</u>	
	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Customer A*	468,847	773,088
Customer B*	434,017	452,723
	<u>902,864</u>	<u>1,225,811</u>

* Revenue from Telecommunications

The income receipts right in relation to the sales of electricity was pledged as securities for bank loans of the group (Note 29).

6. Revenue and segment reporting

6B. 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.

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

(i) Information about reportable segments

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

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

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

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

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

6. Revenue and segment reporting

6B. Segment reporting

(i) Information about reportable segments

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 reporting years ended 31 December 2025 and 2024 is set out below.

<u>Group:</u>	<u>Integrated circuits and digital technology</u> RMB'000	<u>New energy and services</u> RMB'000	<u>Tele- communication</u> RMB'000	<u>Total reportable segment</u> 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	<u>267,059</u>	<u>205,195</u>	<u>1,774,945</u>	<u>2,247,199</u>
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
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	<u>238,345</u>	<u>185,971</u>	<u>2,095,671</u>	<u>2,519,987</u>
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	-	-	(7,146)	(7,146)
Write off of deposits	-	-	(2,075)	(2,075)

6. Revenue and segment reporting

6B. Segment reporting

(ii) Reconciliations of information on reportable segments

	<u>Group</u>	
	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Total profit before tax for reportable segments	72,448	105,881
Unallocated amounts:		
- Other income	23	2,238
- Other expenses	<u>(20,794)</u>	<u>(19,397)</u>
Consolidated profit before tax	<u>51,677</u>	<u>88,722</u>

(iii) Other material items

<u>Group:</u>	Reportable and all other segment <u>total</u> RMB'000	Unallocated amounts RMB'000	Consolidated <u>total</u> RMB'000
<u>2025:</u>			
Depreciation and amortisation expense	<u>(91,755)</u>	<u>(344)</u>	<u>(92,099)</u>
<u>2024:</u>			
Depreciation and amortisation expense	<u>(89,122)</u>	<u>(336)</u>	<u>(89,458)</u>

(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 has been based on the geographic location of the assets.

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

7. Other operating income

	<u>Group</u>	
	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Government grants		
- Amortisation of deferred income for the year	580	882
- Government grants*	18,937	23,914
Foreign exchange transaction gains	-	2,812
Gain on commodity future contracts	-	4,204
Gain on financial assets measured at FVTPL	3,002	825
Compensation claims received	1,019	868
Others	2,506	2,543
Net	<u>26,044</u>	<u>36,048</u>

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

8. Interest expense

	<u>Group</u>	
	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Interest expenses on bank loans	51,332	44,971
Interest expenses on lease liabilities	230	470
Other interest expenses	5,891	6,029
	<u>57,453</u>	<u>51,470</u>

9. Profit before taxation

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

	<u>Group</u>	
	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Research and development expenses ^(a)	159,058	148,317
Net gain on financial assets measured at FVTPL	(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 ^(b)	1,784,534	2,052,682
Amortisation of intangible assets	19,931	20,492
Depreciation charge:		
- owned property, plant and equipment	63,516	61,332
- right-of-use assets	8,652	7,634
	<u>72,168</u>	<u>68,966</u>

9. Profit before taxation

	<u>Group</u>	
	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Audit and related services fees paid to:		
- Rongcheng (Hong Kong) CPA Limited (formerly known as CL Partners CPA Limited)	2,333	2,215
- RSM SG Assurance LLP	534	-
- Other auditors	222	1,087
	<u>3,089</u>	<u>3,302</u>
Other non-audit services fee paid to:		
- Rongcheng (Hong Kong) CPA Limited (formerly known as CL Partners CPA Limited)	680	1,078
- member firms of KPMG International	-	1,180
- other auditors	257	25
	<u>937</u>	<u>2,283</u>
Staff costs:		
Salaries and bonus	171,774	201,873
Contributions to defined contribution plans ^(c)	15,775	28,969
Executive directors' remuneration	1,629	973
Non-executive directors' fees	2,144	2,048
	<u>191,322</u>	<u>233,863</u>

- (a) 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.
- (b) Cost of inventories comprise staff costs, depreciation and amortisation expenses of RMB118,693,000 (2024: RMB136,773,000), which are also included in the respective line items and separately disclosed in the financial statements.
- (c) 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

10A. Taxation in the consolidated statement of profit or loss represents

	<u>Group</u>	
	<u>2025</u> RMB'000	<u>2024</u> RMB'000
<u>Income tax:</u>		
<u>Current year</u>		
- PRC corporate income tax	14,889	12,671
- PRC withholding tax	67,961	5,859
	82,850	18,530
<u>Under (over) provision in prior years</u>		
- PRC corporate income tax	7,309	(1,261)
	90,159	17,269
<u>Deferred tax expense (income):</u>		
Origination (reversal) of temporary differences	4,021	(1,870)
Total income tax expense	94,180	15,399

- i) Singapore and India income tax liabilities are calculated at the applicable rates in accordance with the relevant tax laws and regulation in respective countries.

No provisions for Singapore and India Income Tax have been provided in the consolidated financial statements since the group's subsidiaries do not have assessable profits subject to Singapore and India income tax for the reporting years ended 31 December 2025 and 2024.

- ii) The provisions 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 both 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 HK2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK2 million will be taxed at 16.5%. Hong Kong profits tax of the qualified entity of the group is calculated in accordance with the two-tiered profits tax rate regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been provided in the consolidated financial statements since the group's subsidiaries do not have assessable profits subject to Hong Kong Profits Tax for the reporting years ended 31 December 2025 and 2024.

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

10B. Reconciliation between income tax expense and profit before taxation per the statements of profit or loss

	Group	
	2025 RMB'000	2024 RMB'000
Profit before tax	51,677	88,722
Tax using the PRC statutory tax rate of 25% (2024: 25%) ^(a)	12,919	22,180
Effect of concessionary tax rate	(12,809)	(16,072)
Effect of tax rates in foreign jurisdictions	(1,481)	1,027
Tax effect of:		
- Not deductible expenses	9,664	4,686
- Unused tax losses not recognised	20,718	16,293
Additional deduction for qualified research and development cost ^(b)	(6,935)	(14,209)
Utilisation of tax losses previously not recognised	(3,166)	(3,098)
Under (over) adjustments to current year tax in respect of 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	-
Total income tax expense	94,180	15,399

(a) The prevailing statutory income tax rate in the PRC is 25%.

(b) According to the relevant laws and regulations promulgated the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 175% to 200% of their research and development expenses incurred 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
<u>2025</u>					
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 Ziyang	275	-	-	-	275
Ms. Lin Ting (appointed on 11 July 2025)	129	-	-	-	129
Mr. Chan Hon Chung Johnny (appointed on 31 July 2025)	115	-	-	-	115
	<u>2,144</u>	<u>1,460</u>	<u>122</u>	<u>47</u>	<u>3,773</u>

11. Directors' and chief executives' emoluments

	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
<u>2024</u>					
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 Ziyang	274	-	-	-	274
	<u>2,048</u>	<u>668</u>	<u>220</u>	<u>85</u>	<u>3,021</u>

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 reporting 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:

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

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

	<u>2025</u>	<u>2024</u>
Nil to HKD1,000,000	1	3
HKD1,000,001 to HKD1,500,000	1	2
	<u>2</u>	<u>5</u>

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

13. Other comprehensive income (loss)

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

	<u>2025</u> Tax		<u>2024</u> Tax			
	<u>Before tax</u> RMB'000	<u>expense</u> RMB'000	<u>Net of tax</u> RMB'000	<u>Before tax</u> RMB'000	<u>expense</u> RMB'000	<u>Net of tax</u> 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 (loss) income	<u>(267)</u>	<u>(5)</u>	<u>(272)</u>	<u>946</u>	<u>(29)</u>	<u>917</u>

13. Other comprehensive income (loss)

Net movement in the fair value reserve (non-recycling) during the reporting year recognised in other comprehensive income (loss) and reclassification adjustments

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
<u>Equity investments measured at FVOCI</u>		
Other comprehensive income (loss):		
- Changes in fair value	30	194
- Deferred tax	(5)	(29)
	<u>25</u>	<u>165</u>

14. (Loss) earnings per share

14A. Basic (loss) earnings per share

	<u>2025</u>	<u>2024</u>
(Loss) profit attributable to equity shareholders 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)	<u>436,833</u>	<u>436,833</u>
Basic earnings per share (RMB)	<u>(0.097)</u>	<u>0.097</u>

14B. Diluted (loss) earnings per share

For the purpose of calculating diluted (loss) earnings per share, (loss) profit attributable to equity shareholders of the company and the weighted average number of ordinary shares in issue, taking into consideration of the effect of the shares held for the Share Award Scheme, are adjusted for the effects of all potential dilutive ordinary shares. There are no potential dilutive ordinary shares during the reporting years ended 31 December 2025 and 2024. Accordingly, the diluted (loss) earnings per share is computed to be the same as the basic earnings per share for the reporting years ended 31 December 2025 and 2024.

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15. Property, plant and equipment

15A. Reconciliation of carrying amount

Group:	Right-of-use assets RMB'000	Building and leasehold improvement RMB'000	Plant and machinery RMB'000	Electricity generating facilities RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<u>Cost:</u>								
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
Transfer from construction in progress	-	-	3,501	-	6,643	-	(10,144)	-
Disposals and written off	-	-	(2,362)	-	(9,895)	(500)	-	(12,757)
Exchange adjustments	-	-	1,060	-	-	-	-	1,060
At 31 December 2024	142,892	143,416	240,353	838,665	97,605	5,720	21,156	1,489,807
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
Transfer from construction in progress	-	-	6,850	-	15,664	-	(22,514)	-
Disposals and 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
<u>Accumulated depreciation:</u>								
At 1 January 2024	15,281	61,018	172,986	14,148	63,317	2,330	-	329,080
Depreciation for the year	7,634	4,752	18,004	33,955	3,868	753	-	68,966
Disposals and written off	-	-	(1,758)	-	(1,511)	(277)	-	(3,546)
Exchange adjustments	-	-	263	-	-	-	-	263
At 31 December 2024	22,915	65,770	189,495	48,103	65,674	2,806	-	394,763
Depreciation for the year	8,652	5,608	15,445	33,955	7,692	816	-	72,168
Disposals and 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
<u>Carrying value:</u>								
At 1 January 2024	126,905	82,398	65,168	824,517	31,998	1,985	21,795	1,154,766
At 31 December 2024	119,977	77,646	50,858	790,562	31,931	2,914	21,156	1,095,044
At 31 December 2025	199,998	80,788	42,410	756,607	42,125	2,982	93,009	1,217,919

15. Property, plant and equipment

15A. Reconciliation of carrying amount

<u>Company:</u>	<u>Right-of-use assets</u> RMB'000	<u>Computer equipment</u> RMB'000	<u>Renovation</u> RMB'000	<u>Total</u> RMB'000
<u>Cost:</u>				
At 1 January 2024 and 31 December 2024	1,006	27	209	1,242
Additions	-	23	-	23
At 31 December 2025	<u>1,006</u>	<u>50</u>	<u>209</u>	<u>1,265</u>
<u>Accumulated depreciation:</u>				
At 1 January 2024	252	10	209	471
Depreciation for the year	<u>335</u>	<u>1</u>	<u>-</u>	<u>336</u>
At 31 December 2024	587	11	209	807
Depreciation for the year	<u>335</u>	<u>9</u>	<u>-</u>	<u>344</u>
At 31 December 2025	<u>922</u>	<u>20</u>	<u>209</u>	<u>1,151</u>
<u>Carrying value:</u>				
At 1 January 2024	<u>754</u>	<u>17</u>	<u>-</u>	<u>771</u>
At 31 December 2024	<u>419</u>	<u>16</u>	<u>-</u>	<u>435</u>
At 31 December 2025	<u>84</u>	<u>30</u>	<u>-</u>	<u>114</u>

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).

15B. 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:

	<u>Group</u> <u>2025</u> RMB'000	<u>2024</u> RMB'000
Ownership interests in leasehold land held for own use, carried at depreciated cost	192,534	116,122
Other properties leased for own use, carried at depreciated cost	<u>7,464</u>	<u>3,855</u>
	<u>199,998</u>	<u>119,977</u>

Ownership interests in leasehold land held for own use:

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

15. Property, plant and equipment

15B. 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:

During the reporting year ended 31 December 2025, additions to right-of-use assets amounted to RMB88,754,000 (2024: RMB706,000), of which RMB43,164,000 were related to leasehold land in the Kyrgyz Republic with a lease tenure of 49 years.

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.

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

	<u>2025</u> RMB'000	<u>2024</u> 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	<u>3,928</u>	<u>5,525</u>
	<u>8,652</u>	<u>7,634</u>
Expense relating to short-term leases	<u>4,445</u>	<u>694</u>

During the reporting 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 RMB'000	Patents RMB'000	IP resources RMB'000	Licence RMB'000	Total RMB'000
<u>Cost:</u>					
At 1 January 2024	50,864	29,769	33,127	173,366	287,126
Additions	-	-	6,509	-	6,509
At 31 December 2024	50,864	29,769	39,636	173,366	293,635
Additions	-	184	1,850	-	2,034
At 31 December 2025	50,864	29,953	41,486	173,366	295,669
<u>Accumulated amortisation:</u>					
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
<u>Carrying value:</u>					
At 31 December 2024	10,727	18,999	34,058	163,703	227,487
At 31 December 2025	6,677	14,519	31,512	156,882	209,590

- (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 reporting 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 reporting year (2024: Nil).

17. Goodwill

	Group RMB'000
<u>Cost:</u>	
At 1 January 2024, 31 December 2024 and 31 December 2025	<u>201,589</u>
<u>Accumulated impairment losses:</u>	
At 1 January 2024, 31 December 2024 and 31 December 2025	<u>201,589</u>
<u>Carrying value:</u>	
At 1 January 2024, 31 December 2024 and 31 December 2025	<u>201,589</u>

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

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

	2025 RMB'000	2024 RMB'000
Integrated circuits and digital technology business (Note 17A)	155,116	155,116
New energy and services business (Note 17B)	46,473	46,473
	<u>201,589</u>	<u>201,589</u>

17A. 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	<u>23.71% - 26.15%</u>	<u>18.91% - 22.41%</u>

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	<u>0.26% - 4.03%</u>	<u>0.42% - 1.60%</u>

17. Goodwill

17B. 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:

	<u>2025</u>	<u>2024</u>
Average revenue growth rates	8.28%	4.30%
Average operating profit margin	17.59%	29.30%
Pre-tax discount rates	<u>10.14%</u>	<u>9.81%</u>

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:

	<u>2025</u>	<u>2024</u>
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	<u>1.52%</u>	<u>0.29%</u>

18. Investments in subsidiaries

	<u>Company</u>	
	<u>2025</u>	<u>2024</u>
	RMB'000	RMB'000
Equity investment, at cost	396,833	396,833
Discount on amounts due from a subsidiary	3,841	3,841
Impairment loss on investment in a subsidiary	<u>(7,661)</u>	<u>(7,661)</u>
Carrying amount	<u>393,013</u>	<u>393,013</u>

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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.

Name of company	Principal activities	Place of business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest	Held by the company	Held by a subsidiary	Proportion of ownership 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%	-

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest held by the company	Proportion of ownership interest held by a subsidiary	Group's effective interest	Proportion of ownership interest held by the company	Proportion of ownership interest held by a subsidiary	Group's effective interest
Hengxin Technology International Co., Ltd.	Trading and investment holding	Hong Kong	HKD1,170,000/ HKD1,170,000	100%	-	100%	100%	-	100%
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%

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest	Held by the company	Held by a subsidiary	Proportion of ownership interest	Held by the company	Held by a subsidiary
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	RMB 1,220,500,000/ RMB 666,888,000 (2024: RMB65,000,000 / RMB65,000,000)	100%	-	100%	100%	-	100%

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest	Held by the company	Held by a subsidiary	Proportion of ownership interest	Held by the company	Held by a subsidiary
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.* (掌御储能(赞皇)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%

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest	Held by the company	Held by a subsidiary	Proportion of ownership interest	Held by the company	Held by a subsidiary
Zhangyu Energy Storage Technology (Huanghua) Co., Ltd.* (掌御儲能技術(黃驩)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%
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%

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest held by the company	Held by the company	Held by a subsidiary	Proportion of ownership interest held by the company	Held by the company	Held by a subsidiary
Shanghai Zhangyu Semiconductor Technology Co., Ltd.* ("Shanghai Zhangyu Semiconductor") (上海掌御半導體有限公司) (Note v)	Inactive	PRC	Nii/Nil (2024: RMB10,000,000/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.* (青海中控太陽能發電有限公司)	Generation of electricity and operation of solar thermal power stations	PRC	RMB370,000,000/ 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	Nii/Nil (2024: RMB4,000,000/ RMB4,000,000)	-	-	-	-	-	-
							(deregistered on 28 May 2024)		

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest	Held by the company	Held by a subsidiary	Proportion of ownership interest	Held by the company	Held by a subsidiary
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: RMB100,000,000/RMB8,140,000)	45%	-	100%	45%	-	100%
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/ RMB 8,090,000	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%

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest	Held by the company	Held by a subsidiary	Proportion of ownership interest	Held by the company	Held by a subsidiary
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(荷澤)有限公司)	Inactive	PRC	RMB10,000,000/Nil	100% (incorporated on 17 April 2025)	-	100%	N/A	N/A	N/A

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest	Group's effective interest		Proportion of ownership interest	Group's effective 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
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
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

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest	Group's effective interest		Proportion of ownership interest	Group's effective 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
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

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest	Group's effective interest		Proportion of ownership interest	Group's effective 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
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
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

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest Group's effective interest	Held by the company	Held by a subsidiary	Proportion of ownership interest Group's effective interest	Held by the company	Held by a subsidiary
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

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest	Group's ownership interest		Proportion of ownership interest	Group's 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
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
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

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest	Group's effective interest		Proportion of ownership interest	Group's effective interest	
					Held by the company	Held by a subsidiary		Held by the company	Held by a subsidiary
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

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18. Investments in subsidiaries

Name of company	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025			2024		
				Proportion of ownership interest	Held by the company	Held by a subsidiary	Group's effective interest	Held by the company	Held by a subsidiary
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
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

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18. Investments in subsidiaries

<u>Name of company</u>	<u>Principal activities</u>	<u>Place of incorporation and business</u>	<u>Particulars of registered and paid-up capital</u>	<u>2025</u>			<u>2024</u>		
				<u>Proportion of ownership interest</u>	<u>Group's effective interest</u>		<u>Proportion of ownership interest</u>	<u>Group's effective interest</u>	
					<u>Held by the company</u>	<u>Held by a subsidiary</u>		<u>Held by the company</u>	<u>Held by a subsidiary</u>
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.

18. Investments in subsidiaries

- (i) During the reporting 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 reporting 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 reporting 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 reporting year ended 31 December 2024, the group acquired remaining 30% equity interest of Zhonglian Technology at nil 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 reporting year ended 31 December 2024, Shanghai Zhangyu Semiconductor and Gansu Yumen, subsidiaries of the group, had 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 reporting 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 SFRS(I) 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 reporting 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 equity shareholders of the company of RMB472,009,000 was recognised in special reserve.

18. Investments in subsidiaries

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 income	1,776	42,054			
Net effect on amortisation of identified intangible assets acquired	(474)	(12,730)			
	1,302	29,324			
Profit and total comprehensive income 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

<u>2024</u>	<u>Zhejiang Zhongguang RMB'000</u>	<u>Qinghai Zhongkong RMB'000</u>	<u>Other individually immaterial subsidiaries RMB'000</u>	<u>Intra-group elimination RMB'000</u>	<u>Total RMB'000</u>
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	<u>1,256,678</u>	<u>409,113</u>			
Identified intangible assets acquired	<u>4,004</u>	<u>199,832</u>			
	<u>1,260,682</u>	<u>608,945</u>			
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	<u>(474)</u>	<u>(12,730)</u>			
	<u>(4,943)</u>	<u>27,124</u>			
(Loss) profit and total comprehensive (expense) income allocated to NCI	(2,719)	14,918	(1,697)	20,632	31,134
Cash flows from operating activities	(17,698)	27,607			
Cash flows from investing activities	90,305	(16,902)			
Cash flows from financing activities	<u>(76,649)</u>	<u>(251,045)</u>			

19. Interests in associates

	<u>2025 RMB'000</u>	<u>2024 RMB'000</u>
Cost of interest in associates	25,978	25,978
Share of results	<u>(25,826)</u>	<u>(25,826)</u>
	<u>152</u>	<u>152</u>

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19. Interests in associates

Details of the associates are as follows:

Name of associate	Form of business structure	Principal activities	Place of incorporation and business	Particulars of registered and paid-up capital	2025 Proportion of ownership interest		2024 Proportion of ownership interest	
					Held by the company	Held by a subsidiary	Held by the company	Held by a subsidiary
Mianyang Xin Tong Industrial Co., Ltd. ("Mianyang") (綿陽鑫通實業有限公司)	Limited liability company	Inactive	PRC	RMB106,000,000/ RMB106,000,000	-	24%	-	24%
Hangzhou Zhongguang Electric Power Engineering Co., Ltd. ("Zhongguang Electric") (formerly known as: Zhejiang Zhongguang New Energy Technology 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	Inactive	PRC	RMB3,000,000 / RMB3,000,000	-	15%	-	15%

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

19. Interests in associates

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 the associate that is material to the group and are accounted for using equity method are disclosed below:

Zhongguang Electric

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Current assets	1,015	1,015
Net assets	<u>1,015</u>	<u>1,015</u>
Gain from continuing operations	-	162
Total comprehensive income	<u>-</u>	<u>162</u>

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	<u>152</u>	<u>152</u>
Carrying amount in the consolidated financial statements	<u><u>152</u></u>	<u><u>152</u></u>

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 reporting 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 reporting year and cumulatively, are set out below:

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Unrecognised share of losses of an associate for the year	-	-
Accumulated unrecognised share of losses of an associate	<u>(10,702)</u>	<u>(10,702)</u>

20. Equity and debt investment

20A. Equity securities designated at FVOCI

	<u>Group</u>	
	<u>2025</u> RMB'000	<u>2024</u> RMB'000
<u>Equity securities designated at FVOCI (non-recycling):</u>		
Unlisted equity securities	<u>5,760</u>	<u>3,730</u>

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.

	<u>Fair value at 31 December</u> RMB'000	<u>Dividend income recognised</u> RMB'000
<u>2025:</u>		
Investment in Suzhou Haidi Equipment Technology Co., Ltd	2,000	-
Investment in Anosi Telecom Technologies Co., Ltd.	<u>3,760</u>	<u>-</u>
<u>2024:</u>		
Investment in Anosi Telecom Technologies Co., Ltd.	<u>3,730</u>	<u>-</u>

20B. Financial assets measured at FVTPL

	<u>Group</u>	
	<u>2025</u> RMB'000	<u>2024</u> RMB'000
<u>Non-current assets:</u>		
Equity securities at FVTPL		
- Unlisted unit in investment funds	<u>44,605</u>	<u>33,312</u>

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

21. Inventories and other contract costs

21A. Inventories and other contract costs in the statements of financial position comprise:

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

21B. The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	<u>2025</u> RMB'000	<u>2024</u> 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
	<u><u>1,784,534</u></u>	<u><u>2,052,682</u></u>

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

22. Digital assets

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Proprietary digital assets, at cost	13,875	8,311
	<u><u>13,875</u></u>	<u><u>8,311</u></u>

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

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
<u>Trade receivables:</u>				
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 ^(a)	21,191	21,191	-	-
Non-trade amount due from the associate ^(b)	1,680	1,680	-	-
	22,871	22,871	-	-
Less: Loss allowance	(22,871)	(22,871)	-	-
	-	-	-	-
Subsidiaries (Note 3)	-	-	713,358	119,205
Related parties	-	-	6	-
Advances to staff ^(c)	2,418	1,308	-	-
Refundable deposits ^(d)	6,508	13,103	88	86
Tax recoverable ^(e)	16,019	16,090	-	-
Other receivables ^(f)	591,825	15,347	-	-
	616,770	45,848	713,452	119,291
Less: allowance for impairment	(7,465)	(363)	(4,327)	(4,327)
	609,305	45,485	709,125	114,964
Prepayments	22,867	56,333	550	183
Net other receivables	632,172	101,818	709,675	115,147
Total trade and other receivables	1,577,127	1,397,586	709,675	115,147

(a) 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 had fully impaired the loans to associate due to the financial difficulties encountered by the associate.

(b) The non-trade amount due from the associate are unsecured, interest-free and repayable on demand. In 2018, the group had fully impaired the non-trade amounts due from the associate due to the financial difficulties encountered by the associate.

(c) The advances to staff are unsecured, interest-free and repayable on demand.

(d) 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.

(e) 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.

23. Trade and other receivables

- (f) As at 31 December 2025, included in other receivables of RMB591,825,000, and the group's advances of 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 group 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 finalised upon finalisation 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.

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 34A.

Ageing analysis:

As of the end of the reporting year, 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:

	<u>2025</u> RMB'000	<u>2024</u> 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
Total	<u>944,955</u>	<u>1,295,768</u>

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 longer time for settlement.

23. Trade and other receivables

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 RMB286,229,000 (2024: 277,050,000) were pledged as securities for the group's bank loans (see Note 29).

24. Time deposits

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

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

25A. Bank balances and cash comprise

	<u>Group</u>		<u>Company</u>	
	<u>2025</u> RMB'000	<u>2024</u> RMB'000	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Cash at bank and on hand	<u>402,643</u>	<u>861,904</u>	<u>3,748</u>	<u>14,767</u>
Cash in the statements of financial position and consolidated statements of cash flows	<u>402,643</u>	<u>861,904</u>	<u>3,748</u>	<u>14,767</u>

25. Bank balances and cash and other cash flow information

25B. Reconciliation of liabilities arising from financing activities

	<u>Bank loans</u> RMB'000	<u>Interest payable</u> RMB'000	<u>Lease liabilities</u> RMB'000	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	<u>397,097</u>	<u>(57,223)</u>	<u>(42,508)</u>	<u>297,366</u>
Other changes:				
Increase in lease liabilities from entering new leases during reporting the year	-	-	88,754	88,754
Interest expense	-	57,223	230	57,453
Total other changes	<u>-</u>	<u>57,223</u>	<u>88,984</u>	<u>146,207</u>
At 31 December 2025	<u>1,895,116</u>	<u>-</u>	<u>50,167</u>	<u>1,945,283</u>

25. Bank balances and cash and other cash flow information

25B. Reconciliation of liabilities arising from financing activities

	<u>Bank loans</u> RMB'000	<u>Interest payable</u> RMB'000	<u>Lease liabilities</u> RMB'000	<u>Total</u> 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	<u>485,110</u>	<u>(51,000)</u>	<u>(7,539)</u>	<u>426,571</u>
Other changes:				
Increase in lease liabilities from entering new leases during reporting the year	-	-	706	706
Interest expense	-	51,000	470	51,470
Total other changes	<u>-</u>	<u>51,000</u>	<u>1,176</u>	<u>52,176</u>
At 31 December 2024	<u>1,498,019</u>	<u>-</u>	<u>3,691</u>	<u>1,501,710</u>

25. Bank balances and cash and other cash flow information

25C. Total cash outflow for leases

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

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

These amounts relate to the following:

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Lease rentals paid	<u>46,953</u>	<u>8,233</u>

26. Pledged deposits

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
<u>Non-current:</u>		
Pledged deposit for bank facilities ^(a)	<u>335,000</u>	<u>35,000</u>
<u>Current:</u>		
Pledged deposit for bank facilities ^(b)	<u>576,757</u>	<u>403,659</u>

^(a) 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.

^(b) 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

	<u>Group</u>		<u>Company</u>	
	<u>2025</u> RMB'000	<u>2024</u> RMB'000	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Trade payables				
- Third parties	459,569	629,226	-	-
- Affiliated corporation *	8,502	4,740	-	-
	<u>468,071</u>	<u>633,966</u>	<u>-</u>	<u>-</u>
Accrued operating expenses	76,317	77,302	5,289	2,817
Tender deposits	29,161	12,785	-	-
Value added tax and other taxes payable	11,648	14,343	97	121
Other payables				
- Third parties	228	869	177	181
- Affiliated corporation *	800	800	-	-
	<u>118,154</u>	<u>106,099</u>	<u>5,563</u>	<u>3,119</u>
Total trade and other payables	<u>586,225</u>	<u>740,065</u>	<u>5,563</u>	<u>3,119</u>

* 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 year, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	<u>2025</u> RMB'000	<u>2024</u> 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
Total	<u>468,071</u>	<u>633,966</u>

28. Contract liabilities

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Telecommunication	7,365	5,383
New energy and services	4,009	867
Integrated circuits and digital technology	51,837	49,696
	<u>63,211</u>	<u>55,946</u>

28. Contract liabilities

Movements in contract liabilities during the reporting year are as follows:

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Balance at 1 January	55,946	62,219
Decrease in contract liabilities as a result of recognising revenue during the reporting 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 reporting year	<u>63,211</u>	<u>55,946</u>
Balance at 31 December	<u><u>63,211</u></u>	<u><u>55,946</u></u>

During the reporting 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 reporting year.

29. Bank loans

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
<u>Non-current:</u>		
Secured bank loans (Note 29A)	1,085,588	1,073,417
Unsecured bank loans (Note 29B)	<u>50,295</u>	<u>-</u>
	<u>1,135,883</u>	<u>1,073,417</u>
<u>Current:</u>		
Secured bank loans (Note 29A)	97,553	376,838
Unsecured bank loans (Note 29B)	<u>661,680</u>	<u>47,764</u>
	<u>759,233</u>	<u>424,602</u>
Total loans and borrowings	<u><u>1,895,116</u></u>	<u><u>1,498,019</u></u>

Carrying amounts repayable (based on scheduled repayment dates set out in the loan agreements):

	<u>2025</u> RMB'000	<u>2024</u> 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	<u>754,228</u>	<u>1,039,340</u>
	<u><u>1,895,116</u></u>	<u><u>1,498,019</u></u>

29A. Secured bank loans

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:

29. Bank loans

29A. Secured bank loans

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Electricity 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
	<u>1,954,592</u>	<u>1,506,271</u>

29B. Unsecured bank loans

The unsecured bank loans carried interest at 2.34% – 4.9% (2024: 2.90% – 3.65%) per annum.

30. Deferred income

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Deferred income	<u>1,629</u>	<u>909</u>

During the reporting 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 People's Republic of China. The grants are related to assets and will be recognised as other operating income in profit or loss over a period of 5 to 10 years.

31. Lease liabilities

At the end of the reporting years, the lease liabilities were repayable as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u> RMB'000	<u>2024</u> RMB'000	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Non-current:				
After 1 year but within 2 years	4,074	934	–	92
After 2 years but within 5 years	6,959	–	–	–
More than 5 years	35,194	–	–	–
	<u>46,227</u>	<u>934</u>	<u>–</u>	<u>92</u>
Current:				
Within 1 year	<u>3,940</u>	<u>2,757</u>	<u>54</u>	<u>335</u>
Total	<u>50,167</u>	<u>3,691</u>	<u>54</u>	<u>427</u>

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 statements of financial position

32A. Current taxation in the statements of financial position represents

	<u>2025</u> RMB'000	<u>2024</u> 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	<u>(67,961)</u>	<u>(6,005)</u>
At the end of the year	<u>7,298</u>	<u>6,322</u>

32B. Deferred tax assets and liabilities recognised

Movements of each component of deferred tax assets and liabilities:

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

	At 1 January <u>2025</u> RMB'000	Recognised in OCI RMB'000	Recognised in <u>profit or loss</u> RMB'000	At 31 December <u>2025</u> 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 FVTPL	(241)	-	(450)	(691)
Amortisation and depreciation on intangible assets and property, plant and equipment identified in business combination (Note 37)	<u>(24,347)</u>	<u>-</u>	<u>1,312</u>	<u>(23,035)</u>
Total	<u>2,439</u>	<u>(5)</u>	<u>(4,021)</u>	<u>(1,587)</u>

32. Income tax in the consolidated statements of financial position**32B. Deferred tax assets and liabilities recognised**

	At 1 January <u>2024</u> RMB'000	Recognised in OCI RMB'000	Recognised in profit or loss RMB'000	At 31 December <u>2024</u> 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 FVTPL	(115)	-	(126)	(241)
Amortisation and depreciation on intangible assets and property, plant and equipment identified in business combination (Note 37)	(16,039)	-	(8,308)	(24,347)
Total	<u>598</u>	<u>(29)</u>	<u>1,870</u>	<u>2,439</u>

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

Reconciliation to the consolidated statement of financial position:

	<u>2025</u> RMB'000	<u>2024</u> 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	<u>(15,395)</u>	<u>(14,143)</u>
	<u>(1,587)</u>	<u>2,439</u>

32. Income tax in the consolidated statements of financial position

32B. Deferred tax assets and liabilities recognised

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.

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

33A. 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.

33B. Dividends

There are no exempt (one-tier) dividends declared and paid by the company during the reporting year. After the reporting dates, there are no dividends proposed in respect of the reporting year ended 31 December 2025 (2024: Nil).

33C. Share capital

	<u>2025</u>		<u>2024</u>	
	Number of shares '000	RMB'000	Number of shares '000	RMB'000
<u>Ordinary shares, issued and fully paid:</u>				
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	<u>465,600</u>	<u>362,849</u>	<u>465,600</u>	<u>362,849</u>

During the previous reporting 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

33D. Nature and purpose of reserves

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.

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 40.

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

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

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

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 subsidiaries.

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 SFRS(I) 9 that are held at the end of the reporting year.

33. Capital, reserves and dividends

33D. Nature and purpose of reserves

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.

33E. 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 year, the group is in compliance with all capital requirements on its external borrowings.

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

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Total liabilities	2,619,041	2,319,095
Total assets	<u>4,926,970</u>	<u>4,666,187</u>
Debt-to-assets ratio	<u>53%</u>	<u>50%</u>

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.

34A. 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.

(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 year, 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:

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
PRC	810,340	1,178,348
Other countries	49,969	30,770
	<u>860,309</u>	<u>1,209,118</u>

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

	<u>2025</u> RMB'000	<u>2024</u> 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
	<u>860,309</u>	<u>1,209,118</u>

34. Financial instruments

34A. Credit risk

(i) Trade receivables

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.

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 years:

	Average expected loss rate %	<u>2025</u> Gross carrying amount RMB'000	Loss allowance RMB'000
<u>State-owned telecommunication enterprises in the PRC:</u>			
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)
		<u>260,468</u>	<u>(22,049)</u>
	Average expected loss rate %	<u>2025</u> Gross carrying amount RMB'000	Loss allowance RMB'000
<u>Other customers:</u>			
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)
		<u>373,246</u>	<u>(37,584)</u>

34. Financial instruments

34A. Credit risk

(i) Trade receivables

	Average expected loss rate %	<u>2024</u> Gross carrying amount RMB'000	Loss allowance RMB'000
<u>State-owned telecommunication enterprises in the PRC:</u>			
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)
		<u>630,733</u>	<u>(7,227)</u>

	Average expected loss rate %	<u>2024</u> Gross carrying amount RMB'000	Loss allowance RMB'000
<u>Other customers:</u>			
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)
		<u>347,704</u>	<u>(39,142)</u>

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

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Balance at 1 January	(46,369)	(39,690)
Net impairment loss recognised during the reporting year	<u>(13,264)</u>	<u>(6,679)</u>
Balance at 31 December	<u>(59,633)</u>	<u>(46,369)</u>

(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.

34. Financial instruments

34B. 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 year 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:

	Within 1 year or on <u>demand</u> RMB'000	More than 1 year but less than <u>2 years</u> RMB'000	More than 2 years but less than <u>5 years</u> RMB'000	Over <u>5 years</u> RMB'000	<u>Total</u> RMB'000	Carrying amount at <u>31 December</u> RMB'000
Non-derivative financial liabilities:						
<u>2025:</u>						
Bank loans	849,250	121,522	364,832	791,186	2,126,790	1,895,116
Trade and other payables #	574,577	-	-	-	574,577	574,577
Lease liabilities	4,127	6,270	8,961	36,918	56,276	50,167
At end of year	<u>1,427,954</u>	<u>127,792</u>	<u>373,793</u>	<u>828,104</u>	<u>2,757,643</u>	<u>2,519,860</u>
<u>2024:</u>						
Bank loans	467,449	70,258	35,338	1,125,092	1,698,137	1,498,019
Trade and other payables #	725,722	-	-	-	725,722	725,722
Lease liabilities	2,892	929	-	-	3,821	3,691
At end of year	<u>1,196,063</u>	<u>71,187</u>	<u>35,338</u>	<u>1,125,092</u>	<u>2,427,680</u>	<u>2,227,432</u>

Exclude contract liabilities and value added tax and other taxes payable.

34. Financial instruments

34C. 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:

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
<u>Fixed-rate financial instruments:</u>		
Time deposits	129,908	154,649
Pledged bank deposits	911,757	438,659
Short-term deposits	-	1,873
Bank loans	<u>(1,895,116)</u>	<u>(1,498,019)</u>
	<u>(853,451)</u>	<u>(902,838)</u>

(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 years.

34D. 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

34D. Currency risk

(i) Exposure to currency risk

The following table details the group's exposure at the end of the reporting year 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
<u>2025:</u>						
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	<u>164,679</u>	<u>761</u>	<u>3,740</u>	<u>1,132</u>	<u>11,003</u>	<u>(4,332)</u>
<u>2024:</u>						
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	<u>36,052</u>	<u>320</u>	<u>2,725</u>	<u>1,678</u>	<u>2,693</u>	<u>-</u>

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the group's 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 year 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%	16,468	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%	-

34. Financial instruments

34D. Currency risk

(ii) Sensitivity analysis

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 year 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 year, 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.

34E. Equity price risk

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

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

At 31 December 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:

	<u>2025</u>		<u>2024</u>	
	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 (nonrecycling) 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.

34. Financial instruments

34F. 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 year on a recurring basis, categorised into the three-level fair value hierarchy as defined in SFRS(I) 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.

	Fair value			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
31 December 2025				
<u>Financial assets measured at fair value:</u>				
Equity securities designated at FVOCI				
- Unlisted equity securities	-	-	5,760	5,760
Financial assets measured at FVPL				
- Unlisted unit in investment funds	-	-	44,605	44,605
	<u>-</u>	<u>-</u>	<u>50,365</u>	<u>50,365</u>

34. Financial instruments

34F. Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy:

			Carrying amount		Total carrying amount RMB'000
	FVOCI RMB'000	FVPL RMB'000	Amortised cost RMB'000	Other financial liabilities RMB'000	
<u>31 December 2025</u>					
<u>Financial assets measured at fair value:</u>					
Equity securities designated at FVOCI					
- Unlisted equity securities	5,760	-	-	-	5,760
Financial assets measured at FVPL					
- Unlisted unit in investment funds	-	44,605	-	-	44,605
	<u>5,760</u>	<u>44,605</u>	<u>-</u>	<u>-</u>	<u>50,365</u>

Financial assets not measured at fair value:

Trade and other receivables #	-	-	1,453,595	-	1,453,595
Bills receivables	-	-	84,646	-	84,646
Time deposits	-	-	129,908	-	129,908
Bank balances and cash	-	-	402,643	-	402,643
Pledged deposits	-	-	911,757	-	911,757
	<u>-</u>	<u>-</u>	<u>2,982,549</u>	<u>-</u>	<u>2,982,549</u>

Financial liabilities not measured at fair value:

Trade and other payables###	-	-	-	574,577	574,577
Bank loans	-	-	-	1,895,116	1,895,116
Lease liabilities	-	-	-	50,167	50,167
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,519,860</u>	<u>2,519,860</u>

	Fair value			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
<u>31 December 2024</u>				
<u>Financial assets measured at fair value:</u>				
Equity securities designated at FVOCI				
- Unlisted equity securities	-	-	3,730	3,730
Financial assets measured at FVPL				
- Unlisted unit in investment funds	-	-	33,312	33,312
	<u>-</u>	<u>-</u>	<u>37,042</u>	<u>37,042</u>

34. Financial instruments

34F. Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy:

			<u>Carrying amount</u>		Total carrying amount RMB'000
	<u>FVOCI</u> RMB'000	<u>FVPL</u> RMB'000	<u>Amortised cost</u> RMB'000	<u>Other financial liabilities</u> RMB'000	
<u>31 December 2024</u>					
<u>Financial assets measured at fair value:</u>					
Equity securities					
designated at FVOCI					
- Unlisted equity securities	3,730	-	-	-	3,730
Financial assets measured at FVPL					
- Unlisted unit in investment funds	-	33,312	-	-	33,312
	<u>3,730</u>	<u>33,312</u>	<u>-</u>	<u>-</u>	<u>37,042</u>
<u>Financial assets not measured at fair value:</u>					
Trade and other receivables #					
	-	-	1,238,513	-	1,238,513
Bills receivables	-	-	86,650	-	86,650
Time deposits	-	-	154,649	-	154,649
Bank balances and cash	-	-	861,904	-	861,904
Pledged deposits	-	-	438,659	-	438,659
	<u>-</u>	<u>-</u>	<u>2,780,375</u>	<u>-</u>	<u>2,780,375</u>
<u>Financial liabilities not measured at fair value:</u>					
Trade and other payables###					
	-	-	-	725,722	725,722
Bank loans	-	-	-	1,498,019	1,498,019
Lease liabilities	-	-	-	3,691	3,691
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,227,432</u>	<u>2,227,432</u>

Exclude bills receivables, prepayments and tax recoverable.

Exclude contract liabilities and value added tax and other taxes payable.

34. Financial instruments

34F. Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy:

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 reporting 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 year in which they occur.

Information about Level 3 fair value measurements:

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Range</u>	<u>Relationship of significant unobservable inputs to fair value</u>
Unlisted equity securities ^(a)	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 ^(b)	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

34F. Fair value measurement

(i) Financial assets measured at fair value

Information about Level 3 fair value measurements:

- (a) 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 year would have increased or decreased as a result of a change in one of the assumptions, holding other assumptions consistent.

	<u>2025</u>		<u>2024</u>	
	<u>Effect on equity RMB'000</u>	<u>Effect on equity RMB'000</u>	<u>Effect on equity RMB'000</u>	<u>Effect on equity RMB'000</u>
Revenue growth rate (increase or decrease by 1%)	80	(160)	281	(269)
Discount rate (increase or decrease by 1%)	<u>(320)</u>	<u>320</u>	<u>(221)</u>	<u>233</u>

- (b) 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 reporting year in the balance of these Level 3 fair value measurements are as follows:

	<u>Financial assets at FVOCI RMB'000</u>	<u>Financial assets at FVPL RMB'000</u>	<u>Total RMB'000</u>
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	<u>-</u>	<u>825</u>	<u>825</u>
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	<u>-</u>	<u>3,002</u>	<u>3,002</u>
Balance at 31 December 2025	<u>5,760</u>	<u>44,605</u>	<u>50,365</u>

34. Financial instruments

34F. Fair value measurement

(i) Financial assets measured at fair value

Information about Level 3 fair value measurements:

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:

	<u>group</u>	
	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Acquisition of property, plant and equipment	-	914
Donation ⁽¹⁾	-	1,000
	<u>-</u>	<u>1,914</u>

⁽¹⁾ The group's PRC subsidiary has signed an intention letter to donate RMB500,000 per annum from 2007 for a period of 20 years to a charitable organization in the PRC when making profit in the year. Such commitment has expired during the reporting year end 31 December 2025.

36. Material related party transactions

36A. 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:

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Short-term employee benefits	14,204	9,614
Retirement benefit scheme contributions	3,438	1,253
	<u>17,642</u>	<u>10,867</u>

36. Material related party transactions

36A. Key management personnel remuneration

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
Key management personnel compensation comprised amounts paid to:		
- directors of the company	3,773	3,021
- other key management personnel	13,869	7,846
	<u>17,642</u>	<u>10,867</u>

Total remuneration is included in "staff costs" (see Note 9).

36B. Names and relationships of the related parties that had other material transactions with the group

<u>Name of related parties</u>	<u>Relationship</u>
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 the 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 the company

36. Material related party transactions

36B. Names and relationships of the related parties that had other material transactions with the group

<u>Name of related parties</u>	<u>Relationship</u>
Chengdu Hengtong Optic Communication Co., Ltd. (成都亨通光通信有限公司)	Controlled by a substantial shareholder of the 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 the 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 the company
Aberdare Technologies Private Limited	Controlled by a substantial shareholder of the company
AM Hengtong Africa Telecoms (PTy) Ltd	Controlled by a substantial shareholder of the company

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

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.

36C. Transactions with related companies

(i) Significant related party transactions

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
<u>Sales of goods and services to:</u>		
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
Suzhou Hengli Telecommunications Materials Co., Ltd.	-	-
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	-
	<u>88,941</u>	<u>57,774</u>

36. Material related party transactions

36C. Transactions with related companies

(i) Significant related party transactions

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
<u>Purchases of goods and services from:</u>		
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	-
	<u>244,625</u>	<u>263,941</u>

(ii) Significant related party balances

	<u>2025</u> RMB'000	<u>2024</u> RMB'000
<u>Trade and other payables due to:</u>		
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
	<u>5,886</u>	<u>5,409</u>

36D. 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.

37. Share-based payment transactions

One-off Share Award Plan:

The company adopted the share award scheme ("Share Award Scheme") on 21 October 2024 ("Adoption Date") for the purposes of:

- i) to provide incentives to eligible participants and reward their contributions;
- ii) to retain eligible participants to continuously serve the group for operation and development of the group; and
- iii) attract suitable professional and experienced talents for further development of the group.

The Share Award Scheme is a one-off plan and is funded solely by existing shares of the company ("Shares") purchased from the market. Eligible participants of the Share Award Scheme include, among others, any person who is a full-time employee of any member of the group, including but not limited to director, senior management, key operation team member (excluding such person who is (i) resident in a place where the grant, acceptance or vesting of the award pursuant to the Share Award Scheme is not permitted under, or contrary to, the laws and regulations of such place; or (ii) where, in the view of the board of directors of the company or Authorized Person(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person); or (b) Service providers, who are person(s) or entity(s) who provide services to the group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the group (excluding placing agents, financial advisers, professional service providers such as auditors and valuers).

The Share Award Scheme shall remain valid and effective for the period commencing from the Adoption Date and ending on the trading day immediately before the 10th anniversary of the Adoption Date (the "Scheme Period"). Upon expiration of the Scheme Period or termination of the Share Award Scheme, no further award shares shall be granted. The provision of the Scheme shall in all other respects remain in full force and effect and the awards granted during the Scheme Period but unvested may continue to be valid in accordance with their respective terms of award.

37. Share-based payment transactions

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 reporting 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.

38. Major non-cash transactions

During the reporting 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.

39. Comparative figures

The consolidated financial statements of the group for the reporting year ended 31 December 2024 were audited by other independent auditor (other than RSM SG Assurance LLP) whose report dated 16 May 2025 expressed an unqualified opinion on those financial statements.

40. Events after the end of the reporting year

On 12 February 2026, the company disposed of a 39% equity interest on its immediate subsidiary, Jiangsu Hengxin Technology Co., Ltd ("JHT"), to its related party, Hengtong Group Co., Ltd, for a cash consideration of RMB500 million. After the disposal, the company's interest in JHT will decrease from 100% to 61%.

NOTICE OF ANNUAL GENERAL MEETING



HENGXIN TECHNOLOGY LTD. 亨鑫科技有限公司*

(carrying on business in Hong Kong as HX Singapore Ltd.)

(incorporated in Republic of Singapore with limited liability)

(Stock Code: 1085)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “AGM”) of Hengxin Technology Ltd. (the “Company”, together with its subsidiaries, the “Group”) will be held at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 29 May 2026 (Friday) at 11:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report of the Company and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2025 together with the Auditors’ Report prepared in accordance to the International Financial Reporting Standards thereon. **(Resolution 1)**

2. To receive and adopt the Directors’ Statement of the Company and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2025 together with the Auditors’ Report prepared in accordance to the Singapore Financial Reporting Standards (International) and International Financial Reporting Standards thereon. **(Resolution 2)**

3. To re-elect the following Directors of the Company (the “Directors”) retiring pursuant to the Constitution of the Company:

Mr. Cui Wei (Article 89) **(Resolution 3)**

Mr. Peng Yinan (Article 89) **(Resolution 4)**

Mr. Lau Fai Lawrence (Article 88) **(Resolution 5)**

Ms. Lin Ting (Article 88) **(Resolution 6)**

Mr. Chan Hon Chung Johnny (Article 88) **(Resolution 7)**

* *For identification purpose only*

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See Explanatory Note (i)

4. To approve the payment of Directors' fees and salary of HK\$2,800,000 for the financial year ending 31 December 2026 (2025: HK\$3,128,000). **(Resolution 8)**
5. To re-appoint Rongcheng (Hong Kong) CPA Limited as the Hong Kong auditor of the Company to hold office until the next annual general meeting and to authorise the Directors to fix their remuneration. **(Resolution 9)**
6. To re-appoint RSM SG Assurance LLP as the Singapore auditor of the Company to hold office until the next annual general meeting and to authorise the Directors to fix their remuneration. **(Resolution 10)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Adoption of the Proposed Share Issue Mandate** **(Resolution 11)**

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**"), the Company's Constitution and the Rules Governing the Listing of Securities (the "**Hong Kong Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**SEHK**"), authority be and is hereby given to the Directors to:

- (a) (i) issue or otherwise deal with additional shares (including any sale or transfer of treasury shares in the capital of the Company) in the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

(the “**Proposed Share Issue Mandate**”), provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), otherwise than pursuant to (i) a Rights Issue (as defined in Explanatory Note (ii) below); or (ii) an issue of Shares upon the exercise of options which may be granted under any share option scheme or under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or any other person of Shares or rights to acquire Shares of the Company; or (iii) any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with the Constitution of the Company; or (iv) a specific authority granted by the Shareholders of the Company in general meeting, shall not exceed the aggregate of twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SEHK) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares and Instruments shall be based on the number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent consolidation or subdivision of Shares;
- (3) in exercising the Proposed Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Hong Kong Listing Rules for the time being in force (unless such compliance has been waived by the SEHK) and the Constitution of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

- (4) unless revoked or varied by the Company in a general meeting by ordinary resolution, the Proposed Share Issue Mandate shall continue in force (i) until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier; or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments, whichever is earlier.

See Explanatory Note (ii)

8. Adoption of the Proposed Share Purchase Mandate

(Resolution 12)

That for the purposes of Sections 76C and 76E of the Companies Act, the Directors be and are hereby authorised to make purchases or otherwise acquire issued Shares in the capital of the Company from time to time (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of the AGM) at the price of up to but not exceeding the Maximum Price as defined in paragraph 1.3.4 under Appendix II to the Company's circular dated 29 April 2026 (the "**Circular**"), in accordance with the paragraph entitled "1.3 Authority and limits of the Proposed Share Purchase Mandate" as set out in Appendix II to the Circular, and this mandate shall, unless revoked or varied by the Company in a general meeting by ordinary resolution, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

See Explanatory Note (iii)

By Order of the Board
Hengxin Technology Ltd.
Lin Yubin, Esther/Chan Ting
Joint Company Secretaries

Hong Kong, 29 April 2026

Explanatory Notes:

- (i) Mr. Cui Wei will, upon re-election, remain as a Chairman and Non-Executive Director, a member of the Audit Committee of the Company, a member of the Remuneration Committee of the Company and the Chairman of the Nominating Committee of the Company and he will be considered as non-independent.

Mr. Peng Yinan will, upon re-election, remain as an Executive Director and he will be considered as non-independent.

Mr. Lau Fai Lawrence will, upon re-election, remain as an Executive Director and he will be considered as non-independent.

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Ms. Lin Ting will, upon re-election, remain as an Independent Non-Executive Director and a member of each of the Audit Committee, Remuneration Committee and Nominating Committee of the Company and she will be considered as non-independent.

Mr. Chan Hon Chung Johnny will, upon re-election, remain as an Independent Non-Executive Director, the Chairman of the Remuneration Committee of the Company and a member of each of the Audit Committee and Nominating Committee of the Company and he will be considered as independent.

- (ii) The Ordinary Resolution 11 above, if passed, will empower the Directors from the date of the AGM until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting by ordinary resolution, whichever is the earlier, to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding the aggregate of twenty per centum (20%) of the issued shares in the capital of the Company as at the date in which the Ordinary Resolution 11 is passed.

For determining the aggregate number of Shares that may be issued, the percentage of issued Shares will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of Shares.

For the purpose of this Resolution,

- (a) **“Rights Issue”** means an offer of Shares of the Company or issue of options, warrants or other securities giving the right to subscribe for Shares of the Company, open for a period fixed by the Directors to holders of Shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).
- (b) Any reference to a/an issue, grant or offer of, or dealing in, shares of the Company shall include the sale or transfer of treasury shares in the capital of the Company (to, amongst others, satisfy any obligation upon the conversion or exercise of any convertible securities, options, warrants or similar rights to subscribe for shares of the Company) to the extent permitted by, and subject to the provisions of, the Hong Kong Listing Rules and applicable laws and regulations.

Further, in respect of the Resolution 11 above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company or sell or transfer any treasury shares pursuant thereto. Approval is being sought from the shareholders of the Company as a general mandate for the purposes of the Hong Kong Listing Rules.

- (iii) The Ordinary Resolution 12 above, if passed, will empower the Directors from the date of the AGM until the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier, to purchase or acquire ordinary Shares of the Company by way of Market Purchases or Off-Market Purchases on an equal access scheme of up to ten per centum (10%) of the total number of issued Shares (excluding treasury shares) at the Maximum Price as defined under paragraph 1.3.4 under Appendix II to the Circular, unless this mandate is varied or revoked by the Company in a general meeting by ordinary resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Proposed Share Purchase Mandate are set out in details in the Circular.

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IMPORTANT: Notwithstanding the passing of the Ordinary Resolution Nos. 11 and 12, the Company shall from time to time comply with the relevant requirements under the Hong Kong Listing Rules in relation to issuance of securities, repurchase of Shares and issuance of Shares under the Proposed Share Issue Mandate and/or the Proposed Share Purchase Mandate.

Notes:

1. A member of the Company (the “**Member**”) entitled to attend and vote at the AGM is entitled to appoint proxy(ies) to attend and vote in his/her stead. A proxy need not be a Member. Where a Member appoints more than one (1) proxy, the Member shall specify the proportion of his/her Shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
2. In order to be valid, the instrument appointing a proxy, and if the instrument appointing a proxy is signed by an attorney, the letter or power of attorney or a duly certified copy thereof, must be deposited at the Company’s Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or at the office of the Company’s Branch Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Shareholders registered in Hong Kong) as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the AGM (or at any adjournment thereof).
3. If the Member is a corporation, the instrument appointing a proxy must be executed under the common seal or the hand of its duly authorised officer or attorney.
4. The Principal Share Registrar and Branch Share Registrar of the Company will be closed from 26 May 2026 (Tuesday) to 29 May 2026 (Friday) (both days inclusive), during which no transfer of Shares will be registered during the specified period. The record date for determining the eligibility of the Members for attending and voting at the AGM is 29 May 2026 (Friday). In order to qualify for attending the AGM, all transfer of Shares accompanied by the relevant share certificate(s) and transfer form(s) must be lodged with the Company’s Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or at the office of the Company’s Branch Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Shareholders registered in Hong Kong) not later than 4:30 p.m. on 22 May 2026 (Friday). Any removal of Shares from the Company’s Principal Share Registrar in Singapore to the Branch Share Registrar in Hong Kong for the purpose of attending the AGM shall be made not later than 4:30 p.m. on 15 May 2026 (Friday).