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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)*

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

1. Revenue decreased by approximately 10.8% to approximately RMB2,247.2 million
2. Gross profit decreased by approximately 1.0% to approximately RMB462.7 million
3. Gross profit margin increased by approximately 2.1 percentage points to approximately 20.6%
4. Net loss attributable to owners of the Company for year ended 31 December 2025 was approximately RMB42.4 million whereas for the year ended 31 December 2024, the net profit attributable to owners of the Company was approximately RMB42.2 million
5. Basic loss per share for the year ended 31 December 2025 was approximately RMB0.097 whereas for the year ended 31 December 2024, the basic earnings per share was approximately RMB0.097
6. No final dividend has been recommended by the Company for the financial year ended 31 December 2025

The board of directors (the “**Director(s)**”) of Hengxin Technology Ltd. (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively hereinafter referred as the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

	Notes	2025 RMB'000	2024 RMB'000
Revenue	4	2,247,199	2,519,987
Cost of sales		<u>(1,784,534)</u>	<u>(2,052,682)</u>
Gross profit		<u>462,665</u>	<u>467,305</u>
Interest income		25,575	34,017
Other operating income	5	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	6	(57,453)	(51,470)
Share of result of an associate		-	24
Profit before taxation	7	51,677	88,722
Income tax	8	<u>(94,180)</u>	<u>(15,399)</u>
(Loss)/profit for the year		<u>(42,503)</u>	<u>73,323</u>
Attributable to:			
Owners of the Company		(42,426)	42,189
Non-controlling interests		<u>(77)</u>	<u>31,134</u>
(Loss)/profit for the year		<u>(42,503)</u>	<u>73,323</u>
(Loss)/earnings per share (RMB)	11		
Basic		<u>(0.097)</u>	<u>0.097</u>
Diluted		<u>(0.097)</u>	<u>0.097</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	2025 RMB'000	2024 RMB'000
(Loss)/profit for the year	<u>(42,503)</u>	<u>73,323</u>
Other comprehensive income/(expense) for the year		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserves (non-recycling), net of tax	25	165
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of:		
– financial statements of entities with functional currencies other than RMB	<u>(297)</u>	<u>752</u>
Other comprehensive (expense)/income for the year	<u>(272)</u>	<u>917</u>
Total comprehensive (expense)/income for the year	<u>(42,775)</u>	<u>74,240</u>
Attributable to:		
Owners of the Company	(42,698)	43,106
Non-controlling interests	<u>(77)</u>	<u>31,134</u>
Total comprehensive (expense)/income for the year	<u>(42,775)</u>	<u>74,240</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

		31 December 2025	31 December 2024
	Notes	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	12	1,217,919	1,095,044
Intangible assets	13	209,590	227,487
Goodwill		201,589	201,589
Interest in associates		152	152
Equity securities designated at fair value through other comprehensive income (“FVOCI”)		5,760	3,730
Financial assets measured at fair value through profit or loss (“FVPL”)		44,605	33,312
Time deposits		100,000	125,000
Pledged deposit		335,000	35,000
Deferred tax assets		13,808	16,582
		<u>2,128,423</u>	<u>1,737,896</u>
Current assets			
Inventories and other contract costs		198,237	227,182
Digital assets		13,875	8,311
Trade and other receivables	14	1,577,127	1,397,586
Time deposits		29,908	29,649
Bank balances and cash		402,643	861,904
Pledged deposits		576,757	403,659
		<u>2,798,547</u>	<u>2,928,291</u>
Current liabilities			
Trade and other payables	15	586,225	740,065
Contract liabilities		63,211	55,946
Bank loans	16	759,233	424,602
Lease liabilities		3,940	2,757
Income tax payable		7,298	6,322
		<u>1,419,907</u>	<u>1,229,692</u>
Net current assets		<u>1,378,640</u>	<u>1,698,599</u>
Total assets less current liabilities		<u>3,507,063</u>	<u>3,436,495</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December*

		31 December 2025	31 December 2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Bank loans	16	1,135,883	1,073,417
Deferred income		1,629	909
Lease liabilities		46,227	934
Deferred tax liabilities		15,395	14,143
		<u>1,199,134</u>	<u>1,089,403</u>
NET ASSETS		<u>2,307,929</u>	<u>2,347,092</u>
CAPITAL AND RESERVES			
Share capital	10	362,849	362,849
General reserves		352,310	327,378
Share award scheme reserve		(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
Total equity attributable to owners of the Company		1,519,179	1,561,877
Non-controlling interests		<u>788,750</u>	<u>785,215</u>
TOTAL EQUITY		<u>2,307,929</u>	<u>2,347,092</u>

NOTES:

1. STATEMENT OF COMPLIANCE

Hengxin Technology Ltd. (the “**Company**”) is a limited liability company incorporated in Singapore on 18 November 2004 under the Singapore Companies Act and currently its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**SEHK**”). The registered office of the Company is located at 460 Alexandra Road, #28-01 mTower, Singapore 119963.

The Company is an investment holding company, and the principal activities of the subsidiaries are (i) integrated circuits and digital technology: chips research, design, sales and supply chain services, semiconductor intellectual property authorization business, and digital security products and services; (ii) new energy and services: the supply of electricity with a focus on the production and sales of solar power as well as the provision of development consultation and technical services of the solar thermal power generation technology; and (iii) 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. The Group’s operations are principally conducted in the People’s Republic of China (“**PRC**”).

The Group’s consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on SEHK (the “**Listing Rules**”).

The financial information relating to the years ended 31 December 2024 and 2025 included in this preliminary announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND CHANGES IN ACCOUNTING POLICIES

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

These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB’000**”) except when otherwise indicated. RMB is also the functional currency of the Company and the presentation currency of the Group.

(a) Amendments to an IFRS Accounting Standard that is mandatorily effective for the current accounting period

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

Amendments to IAS 21 Lack of Exchangeability and IFRS 1

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

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

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

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

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

IFRS 18 – Presentation and Disclosure in Financial Statements

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

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

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

3. SEGMENT INFORMATION

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

- Integrated circuits and digital technology ("**Integrated Circuits and Digital Technology**"): Chips research, design, sales and supply chain services, semiconductor intellectual property authorization business, and digital security products and services. To better reflect the Group's business operations and development, the Integrated Circuits and Digital Technology business segment was renamed from digital technology and digital security business segment during the Reporting Period.
- New energy and services ("**New Energy and Services**"): The supply of electricity with a focus on the production and sales of solar power as well as the provision of development consultation and technical services of the solar thermal power generation technology.
- Telecommunications ("**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.

Information about reportable segments

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is profit before tax, adjusted for items not specifically attributed to individual segments, such as other income, central interest expense, central administration costs, 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, share result of an associate, asset impairment losses and related reversals.

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below:

	Reportable segments			Total reportable segments RMB'000
	Integrated Circuits and Digital Technology RMB'000	New Energy and Services RMB'000	Telecommunications RMB'000	
2025				
Disaggregated by timing of revenue recognition				
Point in time	243,450	205,195	1,774,945	2,223,590
Over time	23,609	-	-	23,609
Revenue from external customers	267,059	205,195	1,774,945	2,247,199
Segment profit before taxation	17,574	12,823	42,051	72,448
Interest income	2,211	88	23,253	25,552
Interest expense	(26,185)	(17,702)	(13,555)	(57,442)
Depreciation and amortisation expenses	(19,026)	(57,257)	(15,472)	(91,755)
Impairment loss on trade and other receivables	(1,968)	(6,663)	(11,735)	(20,366)
Reversal of stock obsolescence	-	-	5,285	5,285
	Reportable segments			
	Integrated Circuits and Digital Technology RMB'000	New Energy and Services RMB'000	Telecommunications RMB'000	Total reportable segments RMB'000
2024				
Disaggregated by timing of revenue recognition				
Point in time	216,893	185,971	2,095,671	2,498,535
Over time	21,452	-	-	21,452
Revenue from external customers	238,345	185,971	2,095,671	2,519,987
Segment profit before taxation	20,561	12,332	72,988	105,881
Interest income	5,554	7,526	18,699	31,779
Finance cost	(20,332)	(19,362)	(11,750)	(51,444)
Depreciation and amortisation expenses	(18,546)	(34,992)	(35,584)	(89,122)
Share of result of an associate	-	24	-	24
Impairment loss on trade and other receivables	-	(1,881)	(5,161)	(7,042)
Provision of stock obsolescence	-	-	(7,146)	(7,146)
Write-off of deposits	-	-	(2,075)	(2,075)

Reconciliation of information on reportable segments

	Group	
	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit before taxation		
Total profit before tax for reportable segments	72,448	105,881
Unallocated amounts:		
– Other income	23	2,238
– Other unallocated amounts	<u>(20,794)</u>	<u>(19,397)</u>
Consolidated profit before taxation	<u>51,677</u>	<u>88,722</u>

Other material items

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

Geographical information

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

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

	Revenue from external customer		Specified non-current assets	
	2025	2024	As at 31 December 2025	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PRC	2,084,619	2,397,163	1,598,759	1,473,739
Others	<u>162,580</u>	<u>122,824</u>	<u>30,491</u>	<u>50,533</u>
Total	<u>2,247,199</u>	<u>2,519,987</u>	<u>1,629,250</u>	<u>1,524,272</u>

4. REVENUE

The principal activities of the Group are provision of integrated circuits and digital technology products and services, the provision of new energy and services and provision of telecommunication products and services.

Disaggregation of revenue

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

	For the year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
New Energy and Services	205,195	185,971
Integrated Circuits and Digital Technology	267,059	238,345
Telecommunications	<u>1,774,945</u>	<u>2,095,671</u>
Total	<u><u>2,247,199</u></u>	<u><u>2,519,987</u></u>

5. OTHER OPERATING INCOME

	For the year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants		
– Amortisation of deferred income for the year	580	882
– Government grants	18,937	23,914
Net foreign exchange gain	-	2,812
Net gain on commodity future contracts	-	4,204
Net gain on financial assets measured at FVPL	3,002	825
Compensation claims received	1,019	868
Others	<u>2,506</u>	<u>2,543</u>
Total	<u><u>26,044</u></u>	<u><u>36,048</u></u>

6. INTEREST EXPENSE

	For the year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense on bank loans	51,332	44,971
Interest on lease liabilities	230	470
Other interest expense	<u>5,891</u>	<u>6,029</u>
Total	<u><u>57,453</u></u>	<u><u>51,470</u></u>

7. PROFIT BEFORE TAXATION

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

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Research and development expenses <i>(Note (i))</i>	159,058	148,317
Net gain on financial assets measured at FVPL	(3,002)	(825)
Loss on deregistration of a subsidiary	-	720
Net foreign exchange losses	6,839	-
Net loss on write-off/disposals of property, plant and equipment	184	9,116
Write-off of deposits	-	2,075
Cost of inventories <i>(Note (ii))</i>	1,784,534	2,052,682
Amortisation of intangible assets	19,931	20,492
	<u>72,168</u>	<u>68,966</u>
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>
Audit and related services fees paid to:		
– Rongcheng (Hong Kong) CPA Limited	2,333	2,215
– RSM SG Assurance LLP	534	-
– other auditors	222	1,087
	<u>3,089</u>	<u>3,302</u>
Other non-audit services fee paid to:		
– Rongcheng (Hong Kong) CPA Limited	1,019	1,078
– member firms of KPMG International	-	1,180
– other auditors	257	25
	<u>1,276</u>	<u>2,283</u>
Staff costs:		
Salaries and bonus	171,774	201,873
Contributions to defined contribution plans <i>(Note (iii))</i>	15,775	28,969
Executive directors' remuneration	2,014	973
Non-executive directors' fees	2,144	2,048
	<u>191,707</u>	<u>233,863</u>
(Reversal)/provision of stock obsolescence	<u>(5,285)</u>	<u>7,146</u>

Notes:

- (i) These research and development expenses were not capitalised as the Group cannot demonstrate that an intangible asset exists that will generate probable future economic benefits.
- (ii) Cost of inventories includes RMB118,693,000 (2024: RMB136,773,000) relating to staff costs, depreciation and amortisation expenses which amount is also included in the respective total amounts disclosed separately above.
- (iii) Pursuant to the relevant regulations of the PRC government, the PRC subsidiaries have participated in central pension schemes (the “Schemes”) operated by local municipal government whereby the subsidiaries are required to contribute 24% of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal government undertake to assume the retirement benefit obligations of all existing and future retired employees of the subsidiary. The only obligation of the subsidiaries with respect to the Scheme is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged to profit or loss as incurred.

8. INCOME TAX

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Income tax		
Current Year		
- PRC Corporate Income Tax	14,889	12,671
- PRC withholding tax	<u>67,961</u>	<u>5,859</u>
	82,850	18,530
Under/(over)-provision in prior years		
- PRC Corporate Income Tax	<u>7,309</u>	<u>(1,261)</u>
	90,159	17,269
Deferred tax		
Origination of temporary differences	<u>4,021</u>	<u>(1,870)</u>
Income tax expense	<u>94,180</u>	<u>15,399</u>

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

No provision for Singapore and India income tax has been made in the consolidated financial statements since the Group do not have assessable profits subject to Singapore and India income tax for the years ended 31 December 2025 and 2024.

- (ii) The provision for PRC 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%).

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 2025 available to enterprises which qualify as a High and New Technology Enterprise (2024: 15%).

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

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

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group do not have assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2025 and 2024.

9. DIVIDENDS

No final dividend has been proposed for the financial years ended 31 December 2025 and 2024.

10. SHARE CAPITAL

	No. of shares	
	<i>'000</i>	<i>RMB'000</i>
Ordinary shares, issued and fully paid:		
Balance as at 31 December 2023	388,000	295,000
Issue of ordinary shares on completion of placing on 13 May 2024	<u>77,600</u>	<u>67,849</u>
Balance as at 31 December 2024 and 31 December 2025	<u><u>465,600</u></u>	<u><u>362,849</u></u>

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

(b) Diluted (loss)/earnings per share

For the purpose of calculating diluted (loss)/earnings per share, (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares in issue, taking into consideration of the effect of the shares held for the Share Award Scheme (adopted by the Company on 21 October 2024), are adjusted for the effects of all potential dilutive ordinary shares. There are no potential dilutive ordinary shares during the years ended 31 December 2024 and 2025. Accordingly, the diluted (loss)/earnings per share is computed to be the same as the basic (loss)/earnings per share for the years ended 31 December 2024 and 2025.

12. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2025, the Group's additions of property, plant and equipment was approximately RMB 138.6 million (2024: RMB17.7 million).

13. INTANGIBLE ASSETS

During the year ended 31 December 2025, the Group has addition to intangible assets of approximately RMB2.0 million (2024: RMB6.5 million).

The amortisation charge for the year is included in "cost of sales" and "other operating expense" in the consolidated statement of profit or loss. The amortisation charge for the year ended 31 December 2025 was approximately RMB19.9 million (2024: RMB20.5 million). No impairment loss was recognised during the year ended 31 December 2025 (2024: Nil).

14. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	As at 31 December	
		2025	2024
		RMB'000	RMB'000
Trade receivables		919,942	1,255,487
Bills receivables		84,646	86,650
Trade and bills receivables		1,004,588	1,342,137
Less: Loss allowance		(59,633)	(46,369)
Net trade and bills receivables	(i)	944,955	1,295,768
Loans to the associate		21,191	21,191
Non-trade amount due from the associate		1,680	1,680
		22,871	22,871
Less: Loss allowance		(22,871)	(22,871)
		—	—
Advances to staff		2,418	1,308
Refundable deposits		6,508	13,103
Tax recoverable		16,019	16,090
Other receivables		591,825	15,347
		616,770	45,848
Less: Loss allowance		(7,465)	(363)
		609,305	45,485
Prepayments		22,867	56,333
Net other receivables	(ii)	632,172	101,818
Total trade and other receivables		1,577,127	1,397,586

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 6 months	667,434	958,010
7 to 12 months	143,419	124,060
1 to 2 years	57,705	139,072
Over 2 years	76,397	74,626
	944,955	1,295,768

Notes:

(i) Trade and bills receivables

All of the other trade and other receivables are expected to be recovered or recognised as expense within one year. As at 31 December 2024 and 2025, bills receivables are aged within one year.

As at 31 December 2025, among the trade and other receivables balance, the trade receivables amounting to approximately RMB286,228,000 (2024: RMB277,050,000), which includes solar energy electricity sales receivables amounting to approximately RMB3,244,000 (2024: RMB14,208,000) and tariff premium receivables amounting to approximately RMB282,984,000 (2024: RMB262,842,000) respectively, from provincial grid companies. Generally, the receivables are due within 30 days to 60 days from the date of billing, except for the tariff premium. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relatively long time for settlement.

Pursuant to CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of standardised procedures for the settlement of the tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 31 December 2025, all of the Group's operating projects have been approved for the tariff premium.

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

The movement in the allowance for impairment in respect of trade receivables was as follows:

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

(ii) Other receivables

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

The movement in the allowance for impairment in respect of other receivables was as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January	363	-
Net impairment loss recognised during the year	<u>7,102</u>	<u>363</u>
Balance at 31 December	<u>7,465</u>	<u>363</u>

15. TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables due to:		
– third parties	459,569	629,226
– affiliated corporation	<u>8,502</u>	<u>4,740</u>
Trade payables	<u>468,071</u>	633,966
Accrued operating expenses	76,317	77,302
Tender deposits	29,161	12,785
Value added tax, business tax and other taxes payable	11,648	14,343
Other payables		
– third parties	228	869
– affiliated corporation	<u>800</u>	<u>800</u>
Other payables	<u>118,154</u>	<u>106,099</u>
Total trade and other payables	<u>586,225</u>	<u>740,065</u>

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

As of the end of the Reporting Period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 90 days	404,394	531,889
91 to 180 days	18,555	63,244
181 to 360 days	21,852	15,675
Over 360 days	<u>23,270</u>	<u>23,158</u>
	<u>468,071</u>	<u>633,966</u>

16. BANK LOANS

	<i>Notes</i>	As at 31 December	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Current			
Secured bank loans	<i>(i)</i>	97,553	376,838
Unsecured bank loans	<i>(ii)</i>	<u>661,680</u>	<u>47,764</u>
		<u>759,233</u>	<u>424,602</u>
Non-current			
Secured bank loans	<i>(i)</i>	1,085,588	1,073,417
Unsecured bank loans	<i>(ii)</i>	<u>50,295</u>	<u>–</u>
		<u>1,135,883</u>	<u>1,073,417</u>
		<u>1,895,116</u>	<u>1,498,019</u>

Notes:

- (i) The secured bank loans were secured by the income receipts right in relation to the sales of electricity and property, plant and equipment of the Group at an interest rate of 2.60% – 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:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Electric generating facilities	756,607	790,562
Trade and bills receivables	286,228	277,050
Pledged deposits	911,757	438,659
	<u>1,954,592</u>	<u>1,506,271</u>

- (ii) The unsecured bank loans carried interest at annual rates within 2.34% – 4.90% (2024: 2.90% – 3.65%) per annum, and were all repayable within one year.

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

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	759,233	424,602
More than 1 year but not more than 2 years	67,568	34,077
More than 2 years but not more than 5 years	314,087	-
More than 5 years	754,228	1,039,340
	<u>1,895,116</u>	<u>1,498,019</u>

17. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<i>Sales of goods and services to:</i>		
Furukawa Electric (Xi'an) Optical Communication Co., Ltd.	36,708	–
Jiangsu Hengtong Cable Technology Co., Ltd.	19	–
Aberdare Technologies Private Limited	1,335	–
AM Hengtong Africa Telecoms (Pty) Ltd.	82	–
Guangde Hengtong Copper Co., Ltd.	22,365	37,743
Jiangsu Hengtong Precision Metal Material Co., Ltd.	17,281	17,139
Hengtong Optic-electric Co.,Ltd.	235	1,257
Cosin Solar Technology Co., Ltd.	10,665	1,635
Jiangsu Hengtong Electronic Cable Technology Co., Ltd.	251	–
	<u>88,941</u>	<u>57,774</u>
<i>Purchases of goods and services from:</i>		
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>

(b) Significant related party balances

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
<i>Trade and other payables due to:</i>		
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>

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Short-term employee benefits	14,204	9,614
Retirement benefit scheme contributions	<u>3,438</u>	<u>1,253</u>
Total	<u>17,642</u>	<u>10,867</u>
Key management personnel compensation comprised amounts paid to:		
– directors of the Company	3,773	3,021
– other key management personnel	<u>13,869</u>	<u>7,846</u>
	<u>17,642</u>	<u>10,867</u>

Total remuneration is included in “staff costs” of Note 7 above.

18. DONATIONS AND CAPITAL COMMITMENTS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Contracted for but not provided for property, plant and equipment	–	914
Donation commitment	<u>–</u>	<u>1,000</u>
	<u>–</u>	<u>1,914</u>

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

(I) MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated Statement of Profit or Loss

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

Revenue

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

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

Integrated Circuits and Digital Technology

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

New Energy and Services

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

Telecommunications

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

Gross profit margin

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

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

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

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

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

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

Other operating income

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

- (i) a decrease in government grants and subsidies of approximately RMB5.0 million;
- (ii) an increase in net gain on financial assets measured at FVPL of approximately RMB2.2 million; and
- (iii) a decrease in net gain on commodity future contracts relating to the purchase of raw materials of the Telecommunications business segment of approximately RMB4.2 million.

Selling and distribution expenses

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

Administrative expenses

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

Impairment loss on trade and other receivables

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

Other operating expenses

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

- (i) the increase in research and development (“**R&D**”) expenses by approximately RMB10.8 million or approximately 7.3% year-on-year from FY2024’s approximately RMB148.3 million to approximately RMB159.1 million in FY2025. During FY2025, approximately RMB135.2 million (representing an increase of approximately RMB16.3 million or 13.7% year-on-year) of R&D is attributable to the continuing R&D activities undertaken for the modifications and improvements to the Group’s telecommunications products during FY2025; approximately RMB18.5 million is due to the R&D undertaken by the Zhangyu Companies during FY2025; and approximately RMB5.4 million is due to the R&D undertaken by Zhongguang New Energy during the FY2025; and
- (ii) the decrease in the loss on write-off/disposals of property, plant and equipment from last year’s approximately RMB9.1 million to approximately RMB0.2 million in FY2025, representing a decrease of approximately RMB8.9 million.

Interest expense

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

Profit before taxation

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

Income tax

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

Profit Attributable to Owners of the Company

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

Consolidated Statement of Financial Position

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

Intangible assets

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

Goodwill

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

Inventories and other contract costs

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

Trade and other receivables

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

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

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

Trade and other payables

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

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

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

Current bank loans and non-current bank loans

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

(II) MAJOR OPERATING SUBSIDIARIES

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

(III) FOREIGN CURRENCY EXPOSURE

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

(IV) DONATION AND CAPITAL COMMITMENTS

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

The Group’s PRC subsidiary has signed an intention letter to donate RMB500,000 per annum from 2007 for a period of 20 years to a charitable organization in the PRC when making profit in the year. As at 31 December 2025, the donation commitment was nil (31 December 2024: approximately RMB1,000,000).

(V) CHARGE OR PLEDGE OF ASSETS

As at 31 December 2025, deposits amounting to approximately RMB576,757,000 (2024: RMB403,659,000) were pledged to banks as guarantees for bidding of customer contracts and issuing letter of guarantee. Pledged bank deposits bear interest at an average effective interest rates at 1.2% (2024: 1.46%) per annum and for a tenure of approximately 4 to 60 months (2024: 4 to 60 months). Remaining pledged deposits is pertaining to the security deposit for the commodity future contracts entered to hedge the purchase of raw materials during the year.

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

(VI) LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

Management monitors capital based on the Group’s debt-to-assets ratio. This ratio is calculated as total liabilities divided by total assets.

As at the end of the Reporting Period, the Group is in compliance with all capital requirements on its external borrowings.

The debt-to-assets ratio (total liabilities divided by total assets) at the end of the Reporting Period is as follows:

	As at 31 December	
	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
Total liabilities	<u>2,619,041</u>	<u>2,319,095</u>
Total assets	<u>4,926,970</u>	<u>4,666,187</u>
Debt-to-assets ratio	<u>53%</u>	<u>50%</u>

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

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

1. Integrated Circuits and Digital Technology

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

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

2. New Energy and Services

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

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

3. Telecommunications

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

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

OUTLOOK AND STRATEGIC FOCUS FOR 2026

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

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

2. **Global Operations and Risk Hedging:** While deepening our presence in the domestic market, the Group will accelerate the implementation of the “Overseas Localization 2.0” strategy. In key regions, the Group will establish integrated bases for R&D, production, sales, and services to mitigate geopolitical risks and stay closer to end markets.
3. **Organizational Agility and Talent Advancement:** The Group will initiate organizational restructuring to build future-ready, flat, platform-based, and project-driven agile teams. Through the implementation of “Future Leadership Talent Program”, the Group will recruit and cultivate scientists and engineers with cross-disciplinary innovation capabilities on a global scale, thereby building a sustainable core talent advantage.
4. **ESG and Sustainable Value Creation:** The Group will embed the principles of Environmental, Social, and Governance (ESG) deeply into business decision-making and operations. Beyond pursuing green operations ourselves, the Group aims to empower our customers and society to achieve low-carbon transformation through our products and technologies, creating lasting social value.

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

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

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

Long position in the Company:

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

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

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

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

Long positions in the Company:

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

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

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

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

(XI) CHANGE IN THE COMPOSITION OF THE BOARD

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

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

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

(XII) SUPPLEMENTARY INFORMATION

1. Operational and Financial Risk Management

(i) Market risk

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

(ii) Commodity price risk

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

(iii) Interest rate risk

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

(iv) Foreign currency risk

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

2. Contingent liabilities

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

3. Employees and Remuneration Policies

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

The Group has also adopted the Share Award Scheme on 21 October 2024 to (i) provide incentives to any person who is a full-time employee of any member of the Group, including but not limited to director, senior management, key operation team member (collectively, the “**Eligible Participants**”) and reward their contributions; (ii) to retain Eligible Participants to continuously serve the Group for operation and development of the Group; and (iii) attract suitable professional and experienced talents for further development of the Group.

4. Material Litigation and Arbitration

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

5. Discloseable Transactions and Connected Transaction During the Reporting Period

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Discloseable Transaction After the Reporting Period

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

7. Connected Transactions

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

	For the year ended	
	31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Sale of products	78,276	56,139
Purchase of materials	220,076	246,381

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. Major Transaction During the Reporting Period

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

The Target Company together with its subsidiaries (the “**Disposal Group**”) is principally engaged in the research, design, development and manufacture of telecommunications and technological products, production of radio frequency coaxial cables for mobile communications and mobile communications systems exchange equipment (the “**Telecommunication Business**”). Upon completion of the Disposal, the Target Company is owned as to 61% and 39% by the Company and the Purchaser, respectively. Accordingly, members of the Disposal Group will remain as subsidiaries of the Company, and their results, assets and liabilities will continue to be consolidated into the consolidated financial statements of the Company.

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

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

- (i) approximately RMB300.0 million, representing approximately 62.7% of the net proceeds, will be used in the development of Qinghai Project, which is expected to be fully utilized by the end of 2027;
- (ii) approximately RMB140.0 million, representing approximately 29.2% of the net proceeds, will be used for the establishment of the advanced packaging facility (including (a) the procurement of production equipment, testing equipment, and factory IT systems; and (b) general working capital) to support the integrated circuits and digital technology business segment, which is expected to be fully utilized by the end of 2027;
- (iii) approximately RMB20.0 million, representing approximately 4.2% of the net proceeds, will be used for the repayment of loans, which is expected to be fully utilized by the end of 2026; and
- (iv) approximately RMB18.7 million, representing approximately 3.9% of the net proceeds will be used for the general working capital of the Group, which is expected to be fully utilized by the end of 2026.

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

Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

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

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

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

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

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

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

During the Reporting Period, the brought forward Net Proceeds were fully utilized as follows:

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

10. Share Award Scheme

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

The purposes of the Share Award Scheme are (1) to provide incentives to eligible participants (“**Eligible Participants**”) who are (a) any person who is a full-time employee of any member of the Group, including but not limited to director, senior management, key operation team member (excluding such person who is (i) resident in a place where the grant, acceptance or vesting of the award pursuant to the Share Award Scheme is not permitted under, or contrary to, the laws and regulations of such place; or (ii) where, in the view of the Board or the management committee, person(s) or sub-committee of the Board as authorized by the Board to administer the Share Award Scheme, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person); or (b) service providers (the “**Service Providers**”) to the Group on a continuing or recurring basis in their ordinary and usual course of business which are in the interests of the long-term growth of the Group (excluding placing agents, financial advisers, professional service providers such as auditors and valuers); (2) to retain Eligible Participants to continuously serve the Group for operation and development of the Group; and (3) to attract suitable professional and experienced talents for further development of the Group.

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

The Share Award Scheme shall remain valid and effective for the period commencing from the Adoption Date and ending on the trading day immediately before the 10th anniversary of the Adoption Date. The Board has the authority and is responsible for the administration of the Share Award Scheme in accordance with the Rules and, where applicable, the trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the appointment of the Trustee for the administration of the Share Award Scheme (the “**Trust Deed**”). The trust constituted under the Trust Deed or other trust(s) from which the Award Shares may be granted to a Selected Participant pursuant to the Share Award Scheme (the “**Trust**”) is established to serve the Share Award Scheme and subject to the relevant provisions of the Trust Deed and the instructions from the Company, the Trustee shall utilize funds transferred by the Company for the purpose of acquiring existing Shares through on-market transactions. The maximum number of Award Shares under the Share Award Scheme shall be the maximum number of Shares to be purchased by the Trustee on the market from time to time at the prevailing market price with funds transferred by the Company (the “**Scheme Cap**”). As at the Adoption Date, the Company had 465,600,000 issued Shares. Under any circumstances, the maximum number of all Award Shares, stock options and share awards which may be awarded under the Share Award Scheme or any other share scheme of the Company, shall not exceed 10% of the issued shares of the Company as at the Adoption Date (i.e. 46,560,000 Shares). The maximum number of all Award Shares, stock options and share awards which may be awarded to Service Providers shall not in aggregate exceed the sublimit of 5% of the issued Shares as at the Adoption Date (i.e. 23,280,000 Shares). The maximum number of Award Shares or any share awards or share options which may be granted to a Selected Participant under the Share Award Scheme, or any other share scheme of the Company, in any twelve-month period shall not exceed 1% of the issued share capital of the Company from time to time.

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

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

The total number of (i) awards available for grant under the scheme mandate limit of the Share Award Scheme; and (ii) options available for grant under the scheme mandate limit of the other share option scheme, was 38,800,000 Shares as at 1 January 2024, and 46,560,000 Shares as at 1 January 2025 and 31 December 2025. The Company Service Providers sublimit under the Share Award Scheme is 23,280,000 Shares. As the Company has no other share option scheme in force during the Reporting Period and as at 31 December 2025, therefore, there is no Service Providers sublimit for other share option scheme.

The number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Reporting Period was: nil.

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

11. Change of Name of Hong Kong Auditor

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

12. Change of Singapore Auditor

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

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

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

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

13. Audit Committee

The Company's audit committee members are Mr. Qian Ziyan, Mr. Cui Wei, Ms. Lin Ting and Mr. Chan Hon Chung Johnny. The audit committee, which is chaired by Mr. Qian Ziyan, has reviewed the annual results of the Group for the year ended 31 December 2025.

14. Compliance with Corporate Governance Code

The Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules for the year ended 31 December 2025.

15. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuer

Having made specific enquiries with all the Directors, the Directors have confirmed that they have complied with the required standards of the Model Code during the Reporting Period.

16. Annual General Meeting

The 2025 annual general meeting of the Company will be held in Hong Kong. For further details of the annual general meeting, please refer to the notice of annual general meeting, which will be published and despatched by the Company in due course.

17. Scope of work of Rongcheng (Hong Kong) CPA Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement of annual results have been agreed by the Group's auditors, Rongcheng (Hong Kong) CPA Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 31 March 2026. The work performed by Rongcheng (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Rongcheng (Hong Kong) CPA Limited on the preliminary announcement of annual results.

18. Dividends

- (a) No final dividend has been recommended by the Company for FY2025.
- (b) No final dividend has been recommended by the Company for FY2024.

19. Purchase, Sales or Redemption of the Company's Securities

During the year ended 31 December 2025, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the securities of the Company.

20. Disclosure on the Websites of the SEHK and the Company

This announcement shall be published on the website of the SEHK (<http://www.hkexnews.hk>) and on the Company's website (<http://www.hengxin.com.sg>).

By Order of the Board
Hengxin Technology Ltd.
Peng Yinan
Executive Director

Hong Kong, 31 March 2026

As at the date of this announcement, the executive directors of the Company are Mr. Peng Yinan and Mr. Lau Fai Lawrence; the non-executive directors of the Company are Mr. Cui Wei, Mr. Tao Shunxiao and Mr. Zeng Guowei; and the independent non-executive directors of the Company are Mr. Qian Ziyan, Ms. Lin Ting and Mr. Chan Hon Chung Johnny.

* *For identification purposes only*