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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 2024

FINANCIAL HIGHLIGHTS

1. Revenue increased by approximately 11.7% to approximately RMB2,520.0 million

2. Gross profit increased by approximately 7.5% to approximately RMB467.3 million

3. Gross profit margin decreased by approximately 0.8 percentage point to approximately 18.5%

4. Net profit attributable to equity shareholders of the Company decreased by approximately 39.5% to approximately RMB42.2 million

5. Basic earnings per share was RMB0.097

6. No final dividend has been recommended by the Company for the financial year ended 31 December 2024

* *For identification purposes only*

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 2024 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Revenue	*4*	**2,519,987**	2,255,903
Cost of sales		**(2,052,682)**	(1,821,205)
Gross profit		**467,305**	434,698
Interest income		**34,017**	22,510
Other operating income	*5*	**36,048**	31,607
Selling and distribution expenses		**(131,161)**	(107,756)
Administrative expenses		**(99,840)**	(72,458)
Impairment loss on trade and other receivables		**(7,042)**	(26,615)
Other operating expenses		**(159,159)**	(125,469)
Profit from operations		**140,168**	156,517
Interest expense	*6*	**(51,470)**	(30,993)
Share of result of an associate		**24**	8
Profit before taxation	*7*	**88,722**	125,532
Income tax	*8*	**(15,399)**	(21,357)
Profit for the year		**73,323**	104,175
Attributable to:			
Equity shareholders of the Company		**42,189**	69,702
Non-controlling interests		**31,134**	34,473
Profit for the year		**73,323**	104,175
Earnings per share *(RMB)*	*11*		
Basic		**0.097**	0.180
Diluted		**0.097**	0.180

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	2024 *RMB'000*	2023 *RMB'000*
Profit for the year	**73,323**	104,175
Other comprehensive income/(expense) for the year (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserves (non-recycling)	**165**	(1,411)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of entities with functional currencies other than RMB	**752**	304
Other comprehensive income/(expense) for the year	**917**	(1,107)
Total comprehensive income for the year	**74,240**	103,068
Attributable to:		
Equity shareholders of the Company	**43,106**	68,595
Non-controlling interests	**31,134**	34,473
Total comprehensive income for the year	**74,240**	103,068

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	**31 December 2024** *RMB'000*	31 December 2023 *RMB'000* (Re-presented)
Non-current assets			
Property, plant and equipment	*12*	**1,095,044**	1,154,766
Intangible assets	*13*	**227,487**	241,470
Goodwill		**201,589**	201,589
Interest in associates		**152**	4,178
Equity securities designated at fair value through other comprehensive income ("**FVOCI**")		**3,730**	3,536
Financial assets measured at fair value through profit or loss ("**FVPL**")		**33,312**	24,768
Time deposits		**125,000**	45,000
Pledged deposit		**35,000**	35,000
Deferred tax assets		**16,582**	19,800
		1,737,896	1,730,107
Current assets			
Inventories and other contract costs		**227,182**	194,854
Digital assets		**8,311**	10,016
Trade and other receivables	*14*	**1,397,586**	926,982
Time deposits		**29,649**	264,125
Bank balances and cash		**861,904**	944,863
Pledged deposits		**403,659**	91,833
Financial asset measured at fair value through profit or loss ("**FVPL**")		**–**	2,950
Derivative financial assets		**–**	82,041
		2,928,291	2,517,664
Current liabilities			
Trade and other payables	*15*	**740,065**	390,823
Contract liabilities		**55,946**	62,219
Bank loans	*16*	**424,602**	176,543
Derivative financial liability		**–**	2,654
Lease liabilities		**2,757**	6,137
Income tax payable		**6,322**	10,455
		1,229,692	648,831
Net current assets		**1,698,599**	1,868,833
Total assets less current liabilities		**3,436,495**	3,598,940

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 31 December

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000 (Re-presented)
Non-current liabilities			
Bank loans	*16*	**1,073,417**	836,366
Deferred income		**909**	882
Lease liabilities		**934**	3,917
Deferred tax liabilities		**14,143**	19,202
		1,089,403	860,367
NET ASSETS		**2,347,092**	2,738,573
CAPITAL AND RESERVES			
Share capital	*10*	**362,849**	295,000
General reserves		**327,378**	315,149
Share award scheme reserve		**(2,778)**	–
Special reserve		**(478,026)**	(6,017)
Fair value reserve		**(5,329)**	(5,494)
Translation reserves		**(803)**	(1,555)
Retained profits		**1,358,586**	1,328,626
Total equity attributable to equity shareholders of the Company		**1,561,877**	1,925,709
Non-controlling interests		**785,215**	812,864
TOTAL EQUITY		**2,347,092**	2,738,573

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 5 Tampines Central 1, #06-05 Tampines Plaza 2, Singapore 529541.

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 2023 and 2024 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 2024 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.

Certain comperative figures of the consolidated financial statements were re-presented to conform with the current year's presentation.

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

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

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

The application of the amendments to IFRS Accounting Standards in the current accounting year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(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:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]

I Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after I January 2025.
3 Effective for annual periods beginning on or after I January 2026.
4 Effective for annual periods beginning on or after I January 2027.

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.

The Group completed a business acquisition of Zhejiang Zhongguang New Energy Technology Co., Ltd. ("**Zhejiang Zhongguang**") during the year ended 31 December 2023.

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 2024 and 2023 is set out below:

	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	**–**	**–**	**(7,145)**	**(7,145)**
Write-off of deposits	**–**	**–**	**(2,075)**	**(2,075)**

	Reportable segments			
	Integrated Circuits and Digital Technology *RMB'000*	New Energy and Services *RMB'000*	Telecommunications *RMB'000*	Total reportable segments *RMB'000*
2023				
Disaggregated by timing of revenue recognition				
Point in time	167,185	77,064	1,975,695	2,219,944
Over time	35,486	–	473	35,959
Revenue from external customers	202,671	77,064	1,976,168	2,255,903
Segment profit before taxation	55,364	12,291	69,546	137,201
Interest income	131	3,824	18,524	22,479
Finance cost	(183)	(20,759)	(10,022)	(30,964)
Depreciation and amortisation expenses	(37,588)	(21,310)	(27,430)	(86,328)
Share of result of an associate	–	8	–	8
Impairment loss on trade and other receivables	–	–	(26,615)	(26,615)
Reversal of provision of stock obsolescence	–	–	65	65

Reconciliation of information on reportable segments

	Group For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Profit before taxation		
Total profit before tax for reportable segments	**105,881**	137,201
Unallocated amounts:		
– Other income	**261**	4,468
– Other unallocated amounts	**(17,420)**	(16,137)
Consolidated profit before taxation	**88,722**	125,532

Other material items

	Reportable and all other segment totals	Unallocated amounts	Consolidated totals
	RMB'000	*RMB'000*	*RMB'000*
For the year ended 31 December 2024			
Depreciation and amortisation expenses	**(89,122)**	**(336)**	**(89,458)**
For the year ended 31 December 2023			
Depreciation and amortisation expenses	(86,328)	(329)	(86,657)

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 As at	
			31 December	31 December
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**2,397,163**	2,140,809	**1,473,739**	1,552,399
Others	**122,824**	115,094	**50,533**	49,604
Total	**2,519,987**	2,255,903	**1,524,272**	1,602,003

4. REVENUE

The principal activities of the Group are the provision of telecommunications products and services, provision of integrated circuits and digital technology products and services and the provision of new energy 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	
	2024	2023
	RMB'000	*RMB'000*
New Energy and Services	**185,971**	77,064
Integrated circuits and digital technology	**238,345**	202,671
Telecommunications	**2,095,671**	1,976,168
Total	**2,519,987**	2,255,903

5. OTHER OPERATING INCOME

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Government grants	**24,796**	13,587
Net foreign exchange gain	**2,812**	10,676
Net gain on commodity future contracts	**4,204**	3,534
Net gain on financial assets measured at FVPL	**825**	–
Compensation claims received	**868**	1,272
Others	**2,543**	2,538
Total	**36,048**	31,607

6. INTEREST EXPENSE

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest expense on bank loans	**44,971**	23,005
Interest on lease liabilities	**470**	322
Other interest expense	**6,029**	7,666
Total	**51,470**	30,993

7. PROFIT BEFORE TAXATION

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

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Research and development expenses *(Note i)*	**148,317**	114,650
Net loss on derivative financial instruments other than commodity future contracts	**–**	6,674
Net (gain)/loss on financial assets measured at FVPL	**(825)**	2,529
Loss on deregistration of a subsidiary	**720**	–
Net loss on write-off/disposals of property, plant and equipment	**9,116**	5,862
Write-off of deposits	**2,075**	–
Cost of inventories *(Note ii)*	**2,052,682**	1,821,205
Amortisation of intangible assets	**20,492**	32,091
Depreciation charge:		
– owned property, plant and equipment	**61,332**	46,854
– right-of-use assets	**7,634**	7,712
	68,966	54,566
Audit and related services fees paid to:		
– CL Partners CPA Limited	**2,215**	–
– member firms of KPMG International	**–**	3,816
– other auditors	**1,087**	376
	3,302	4,192
Other non-audit services fee paid to:		
– CL Partners CPA Limited	**1,078**	–
– member firms of KPMG International	**1,180**	2,117
– other auditors	**25**	–
	2,283	2,117
Staff costs:		
Salaries and bonus	**201,873**	164,955
Contributions to defined contribution plans *(Note iii)*	**28,969**	10,261
Executive directors' remuneration	**973**	1,332
Non-executive directors' fees	**2,048**	1,901
	233,863	178,449
Impairment loss/(reversal) recognised of inventories	**7,145**	(65)

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 RMB136,773,000 (2023: RMB135,066,000) 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	
	2024	2023
	RMB'000	*RMB'000*
Current income tax		
Current year	**18,530**	21,842
(Over)/under-provision in prior years	**(1,261)**	513
	17,269	22,355
Deferred tax		
Origination of temporary differences	**(1,870)**	(998)
Income tax expense	**15,399**	21,357

(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.

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

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

Jiangsu Hengxin Technology Co., Ltd., Jiangsu Hengxin 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 2024 available to enterprises which qualify as a High and New Technology Enterprise (2023: 15%).

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

(iii) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax 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 2024 and 2023.

9. DIVIDENDS

No final dividend has been proposed for the financial year ended 31 December 2024 (Year ended 31 December 2023: Nil).

10. SHARE CAPITAL

Details of the changes in the Company's share capital are as follows:

Share capital – Ordinary Shares	**No. of shares**	
	'000	*RMB'000*
Balance as at 31 December 2023	388,000	295,000
Issue of ordinary shares on completion of placing on 13 May 2024	77,600	67,849
Balance as at 31 December 2024	465,600	362,849

11. EARNINGS PER SHARE

(a) Basic earnings per share

	2024	2023
Profit attributable to equity shareholder of the Company *(RMB'000)*	**42,189**	69,702
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme *('000)*	**436,833**	388,000
Basic earnings per share *(RMB)*	**0.097**	0.180

(b) Diluted earnings per share

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

12. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2024, the Group's additions of property, plant and equipment was approximately RMB15.0 million (2023: RMB30.3 million), excluding RMB972.8 million via acquisition of subsidiaries.

13. INTANGIBLE ASSETS

During the year ended 31 December 2024, the Group's additions of intangible assets was approximately RMB6.5 million (2023: RMB28.2 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. No impairment loss was recognised during the year ended 31 December 2024 (2023: Nil), excluding RMB190.0 million via acquisition of subsidiaries.

14. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**1,255,487**	803,463
Bills receivables	**86,650**	66,573
Trade and bills receivables	**1,342,137**	870,036
Less: Loss allowance	**(46,369)**	(39,690)
Net trade and bills receivables	**1,295,768**	830,346
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	**1,308**	939
Refundable deposits	**13,103**	19,461
Tax recoverable	**16,090**	10,630
Other receivables	**15,347**	–
	45,848	31,030
Less: Loss allowance	**(363)**	–
	45,485	31,030
Prepayments	**56,333**	65,606
Net prepayments and non-trade receivables	**101,818**	96,636
Total trade and other receivables	**1,397,586**	926,982

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

All of the other trade and other receivables are expected to be recovered or recognised as expense within one year. As at 31 December 2023 and 2024, bills receivables are aged within one year.

As at 31 December 2024, among the trade and other receivables balance, the trade receivables amounting to approximately RMB289,906,000 (2023: RMB249,294,000), which includes solar energy electricity sales receivables amounting to approximately RMB14,208,000 (2023: RMB3,455,000) and tariff premium receivables amounting to approximately RMB275,697,000 (2023: RMB245,839,000) 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 2024, all of the Group's operating projects have been approved for the tariff premium.

As at 31 December 2024, the trade receivables and bill receivables from provincial grid companies amounting to RMB319,396,000 (2023: RMB249,294,000) and RMB8,632,000 (2023: RMB7,646,000), respectively, were pledged as securities for the Group's bank loans.

Trade receivables from provincial grid companies that were neither past due nor impaired mainly represented the electricity sales receivable from local grid companies for whom there was no recent history of default. Other trade and bills receivables are due within 90 days to 270 days from the date of billing.

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

	2024	2023
	RMB'000	*RMB'000*
Balance at 1 January	**(39,690)**	(13,075)
Net impairment loss recognised during the year	**(6,679)**	(26,615)
Balance at 31 December	**(46,369)**	(39,690)

15. TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
		(Re-presented)
Trade payables due to:		
– third parties	**629,226**	263,602
– affiliated corporation	**4,740**	21,281
Trade payables	**633,966**	284,883
Accrued operating expenses	**77,302**	75,755
Tender deposits	**12,785**	19,715
Value added tax, business tax and other taxes payable	**14,343**	7,669
Other payables		
– third parties	**869**	2,001
– affiliated corporation	**800**	800
Other payables	**106,099**	105,940
Total trade and other payables	**740,065**	390,823

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	
	2024	2023
	RMB'000	*RMB'000*
0 to 90 days	**531,889**	239,543
91 to 180 days	**63,244**	18,769
181 to 360 days	**15,675**	5,013
Over 360 days	**23,158**	21,558
	633,966	284,883

16. BANK LOANS

		As at 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Current			
Secured bank loans	*(i)*	**376,838**	125,803
Unsecured bank loans	*(ii)*	**47,764**	50,740
		424,602	176,543
Non-current			
Secured bank loans	*(i)*	**1,073,417**	480,350
Unsecured bank loans	*(ii)*	**–**	356,016
		1,073,417	836,366
		1,498,019	1,012,909

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 2.40% – 4.25% (2023: 4.35% – 4.90%) per annum. The secured bank loans are subject to the fulfilment of covenants related to certain financial ratios of the Group, as are commonly found in lending arrangements with financial institutions. The Group regularly monitors its compliance with the covenants. None of the covenants, 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	
	2024	2023
	RMB'000	*RMB'000*
Electric generating facilities	**790,562**	824,517
Trade and bills receivables	**328,027**	256,940
Pledged deposit	**35,000**	35,000
	1,153,589	1,116,457

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

At 31 December 2024, the Group had approximately RMB2,844,000,000 (2023: RMB3,251,000,000) of unutilised bank borrowing facilities.

17. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Sales of goods and services to:		
Guangde Hengtong Copper Co., Ltd.	**37,743**	31,925
Jiangsu Hengtong Precision Metal Material Co., Ltd.	**17,139**	11,796
Suzhou Hengli Telecommunications Materials Co., Ltd.	**–**	817
Hengtong Optic-electric Co.,Ltd.	**1,257**	19
Cosin Solar Technology Co., Ltd.	**1,635**	–
	57,774	44,557
Purchases of goods and services from:		
Jiangsu Hengtong Precision Copper Co., Ltd.	**224,767**	180,279
Suzhou Hengli Telecommunications Materials Co., Ltd.	**20,343**	17,079
Beijing Hengtong Intelligent Technology Co., Ltd.	**–**	5,954
Jiangsu Hengtong Cable Technology Co., Ltd.	**733**	1,035
Jiangsu Hengtong Digital Intelligent Technology Co., Ltd.	**537**	167
Jiangsu Hengtong International Logistics Co., Ltd.	**17,561**	3
	263,941	204,517
Payment of deposit to:		
Jiangsu Hengtong International Logistics Co., Ltd.	**–**	800

(b) Significant related party balances

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade and other payables due to:		
Jiangsu Hengtong Precision Copper Co., Ltd.	**–**	18,467
Beijing Hengtong Intelligent Technology Co., Ltd.	**263**	1,314
Suzhou Hengli Telecommunications Materials Co., Ltd.	**44**	981
Jiangsu Hengtong International Logistics Co., Ltd.	**5,083**	800
Jiangsu Hengtong Cable Technology Co., Ltd.	**19**	519
	5,409	22,081

(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	
	2024	2023
	RMB'000	*RMB'000*
Short-term employee benefits	**9,614**	8,382
Retirement benefit scheme contributions	**1,253**	723
Total	**10,867**	9,105
Key management personnel compensation comprised amounts paid to:		
– directors of the Company	**3,021**	3,232
– other key management personnel	**7,846**	5,873
	10,867	9,105

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

18. DONATIONS AND CAPITAL COMMITMENTS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Contracted for but not provided for property, plant and equipment	**914**	10,577
Donation commitment	**1,000**	1,500
	1,914	12,077

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.

(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 2024 ("**FY2024**" or the "**Reporting Period**") increased by approximately RMB264.1 million, or approximately 11.7% from approximately RMB2,255.9 million in the previous financial year ended 31 December 2023 ("**FY2023**") to approximately RMB2,520.0 million in FY2024.

After the completion of the acquisition of Nanjing Zhangyu Information Technology Co., Ltd. ("**Nanjing Zhangyu**") and Shanghai Zhangyu Information Technology Co., Ltd. ("**Shanghai Zhangyu**") (collectively, the "**Zhangyu Companies**") in July 2022, the Zhangyu Companies have contributed approximately RMB238.3 million of revenue in FY2024, representing an increase of approximately RMB35.6 million or 17.6% year-on-year.

The other reason contributing to the increase in revenue for FY2024 comparing FY2023 is due to the completion of the acquisition of Zhejiang Zhongguang New Energy Technology Co., Ltd. and its subsidiaries ("**Zhongguang New Energy**") in July 2023. The revenue of Zhongguang New Energy formed the New Energy and Services business segment of the Group. Zhongguang New Energy have contributed approximately RMB186.0 million of revenue in FY2024 compared with the revenue contribution of approximately RMB77.1 million in the second half of FY2023, representing an increase of approximately RMB108.9 million or 141.2% year-on-year.

By separating the revenue contribution by the Zhangyu Companies and Zhongguang New Energy in FY2024, the Telecommunications business segment recorded an increase in revenue of approximately RMB119.5 million or 6.0% from FY2023's approximately RMB1,976.2 million to FY2024's approximately RMB2,095.7 million. Below is an analysis of revenue according to the categories of business segments.

Integrated Circuits and Digital Technology

With the completion of the acquisition of the Zhangyu Companies in July 2022, a new business segment of Integrated Circuits and Digital Technology comprising the Zhangyu Companies was formed (to better reflect the Group's business operations and development, the Integrated Circuits and Digital Technology business segment was renamed during the FY2024 from digital technology and digital security). During FY2024, Zhangyu Companies have recorded revenue of approximately RMB238.3 million (representing an increase of approximately RMB35.6 million or approximately 17.6% from approximately RMB202.7 million during FY2023), of which revenue from (i) design services was approximately RMB58.7 million (FY2023: approximately RMB44.4 million); (ii) tape-out service was approximately RMB102.1 million (FY2023: approximately RMB63.9 million); and (iii) digital technology, cloud computing and services were approximately RMB77.5 million (FY2023: approximately RMB94.4 million).

New Energy and Services

With the completion of the acquisition of the Zhongguang New Energy in July 2023, a new business segment of New Energy and Services was formed with a focus on the supply of electricity through 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.

In FY2024, Zhongguang New Energy have recorded revenue of approximately RMB144.2 million from the sales of solar power from the business segment's 50MW and 10MW power generating facilities. In FY2024, the 50MW power plant has operated 4,915 hours (representing a decrease of approximately 5.7% year-on-year) and generated 140.15 MkWh of electricity (representing a decrease of approximately 8.1% year-on-year), of which the grid-connected power generated was 138.26 MkWh (representing a decrease of approximately 7.8% year-on-year). The revenue in FY2024 also included revenue from the operation and maintenance ("O&M") and others of approximately 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 will provide the Group with stable and consistent income stream and marked the Group's successful leap into a new business diversification arena.

Telecommunications

Amid continuous fierce market competition during FY2024, Telecommunications business segment recorded a slight increase in revenue of RMB119.5 million or 6.0% from the previous year due to the Group's increased effort on market exploration with more competitive pricing strategy and broadening its products mix width in order to maintain its market position and securing orders from major telecommunication operators in the PRC.

Gross profit margin

The Group achieved an overall gross profit margin of approximately 18.5% for FY2024 compared to approximately 19.3% for FY2023, representing a decrease of approximately 0.8 percentage point 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 14.0% during FY2024, representing a decrease of approximately 1.3 percentage points from the previous year's gross profit margin of approximately 15.3%. The Integrated Circuits and Digital Technology business segment has achieved a gross profit margin of approximately 36.2% during FY2024 (approximately 41.7% during FY2023), representing a decrease of approximately 5.5 percentage points year-on-year. During FY2024, the New Energy and Service business segment has achieved a gross profit margin of 47.6% (approximately 61.8% after the completion of the acquisition in July 2023 and up to the end of FY2023), representing a decrease of approximately 14.2 percentage points year-on-year.

As mentioned before, the Telecommunications business segment has faced strong market competition, in order to maintain its market share, more competitive pricing strategy was applied in order to secure more orders, therefore gross profits recorded a decrease year-on-year.

Although gross profit margin has recorded a slight decrease, the increase in revenue has offset the effect from the decrease in gross profit margin. Gross profit contribution for the Telecommunications business segment in FY2024 has recorded a year-on-year slight decrease of approximately RMB2.7 million or 0.9% from FY2023's RMB302.5 million to FY2024's RMB299.8 million.

For the Integrated Circuits and Digital Technology business segment, overall gross profit margin for FY2024 was approximately 36.2% (gross profit margin of approximately 41.7% during FY2023), representing a decrease of approximately 5.5 percentage points 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 FY2024 comparing FY2023, the Integrated Circuits and Digital Technology business segment has recorded a decrease in gross profit margin and gross profit contribution in FY2024 was approximately RMB86.4 million, representing a slight increase of approximately RMB1.9 million or approximately 2.2% from FY2023's approximately RMB84.5 million.

For the New Energy and Services business segment, overall gross profit margin for FY2024 was approximately 47.6% and gross profit contribution to the Group was approximately RMB88.3 million during FY2024. In FY2023, after the completion of acquisition in July 2023, the New Energy and Services business segment has recorded a gross profit margin of approximately 61.8% and gross profit contribution of approximately RMB47.6 million. The decrease in the gross profit margin for the New Energy and Services business segment is because during FY2024, there were technical modification and maintenance leading to an increase in direct operating costs. Also, the revenue from O&M and others of the New Energy and Services business segment has a lower gross profit margin than the solar thermal power generation, therefore the New Energy and Services business segment recorded a lower gross profit margin in FY2024 comparing its contribution in FY2023 after its acquisition. As the Integrated Circuits and Digital Technology and New Energy and Services business segments have higher gross profit margin than the Telecommunications business segment, the Group recorded a slight decrease in the combined gross profit margin year-on-year.

In order to 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 and trend of using green and renewable energy in the China domestic market and overseas and the growing demand on integrated circuits and digital technology in the era of booming artificial intelligence, 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 increased by approximately RMB4.4 million or approximately 13.9% from approximately RMB31.6 million in FY2023 to approximately RMB36.0 million in FY2024. The increase is primarily due to:

(i) an increase in government grants and subsidies of approximately RMB11.2 million; and

(ii) a decrease in net foreign gain of RMB7.9 million.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB23.4 million or approximately 21.7% from approximately RMB107.8 million in FY2023 to approximately RMB131.2 million in FY2024. The increase is due to a combination of various factors including the increase in salary expenses under selling and distribution expenses due to increased effort on market exploration and the increase in transportation costs and business development expenses.

Administrative expenses

Administrative expenses increased by approximately RMB27.3 million or approximately 37.7% from approximately RMB72.5 million in FY2023 to approximately RMB99.8 million in FY2024. The increase was mainly due to (i) the full year consolidation of Zhongguang New Energy in FY2024 (comparing only 5 months of administrative expenses in FY2023 after the completion of the acquisition); and (ii) an increase in legal and professional fees due to the various corporate actions such as connected transactions and discloseable transactions undertaken in FY2024.

Impairment loss on trade and other receivables

The impairment loss on trade and other receivables for FY2024 is approximately RMB7.0 million (FY2023: impairment loss of approximately RMB26.6 million).

Other operating expenses

Other operating expenses increased by approximately RMB33.7 million or approximately 26.9% from approximately RMB125.5 million in FY2023 to approximately RMB159.2 million in FY2024. Such change is mainly due to the increase in research and development ("**R&D**") expenses by approximately RMB33.6 million or approximately 29.3% year-on-year from FY2023's approximately RMB114.7 million to approximately RMB148.3 million in FY2024. During FY2024, approximately RMB118.9 million (representing an increase of approximately RMB22.6 million or 23.5% 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 FY2024; approximately RMB20.0 million is due to the R&D undertaken by the Zhangyu Companies during FY2024; and approximately RMB9.4 million is due to the R&D undertaken by Zhongguang New Energy during the FY2024 (approximately RMB4.8 million during the second half of FY2023).

Interest expense

Interest expense increased by approximately RMB20.5 million or approximately 66.1% from approximately RMB31.0 million in FY2023 to approximately RMB51.5 million in FY2024, mainly because of the bank borrowings for the acquisition of Zhongguang New Energy during FY2023 and the full year interest expenses in FY2024 relating to Zhongguang New Energy's bank loans.

Profit before taxation

Profit before taxation decreased by approximately RMB36.8 million or approximately 29.3% from approximately RMB125.5 million in FY2023 to approximately RMB88.7 million in FY2024.

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 FY2024 as they qualify as a high-tech enterprise in the PRC. Income tax expense decreased by approximately RMB6.0 million or approximately 28.0% from approximately RMB21.4 million in FY2023 to approximately RMB15.4 million in FY2024 due to the decrease in profit before taxation.

Profit Attributable to Equity Shareholders of the Company

In view of the above, after taking into account of the effect of non-controlling interests (a decrease in profit sharing to non-controlling interest in FY2024 due to the completion in the acquisition of the remaining 49% equity interests of the Zhangyu Companies in July 2024), profit attributable to equity shareholders of the Company decreased by approximately RMB27.5 million or approximately 39.5% from approximately RMB69.7 million in FY2023 to approximately RMB42.2 million in 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 RMB227.5 million as at 31 December 2024 (as at 31 December 2023: RMB241.5 million), representing a decrease of approximately RMB14.0 million or approximately 5.8% and mainly represent customer relationship, patents, intellectual property resources and licence. The decrease is mainly due to the amortisation during FY2024.

Goodwill

As at 31 December 2024, goodwill amounted to approximately RMB201.6 million (as at 31 December 2023: 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 FY2023 Based on the independent valuation performed by an external valuation firm engaged by the Group, no impairment on goodwill was required for FY2024.

Inventories and other contract costs

Inventories and other contract costs (comprising raw materials, work-in-progress, finished goods and other contract costs) increased by approximately RMB32.3 million or approximately 16.6% from approximately RMB194.9 million as at 31 December 2023 to approximately RMB227.2 million as at 31 December 2024. The increase was mainly due to the increase in finished goods for the Telecommunications business segment because of the goods-in-transit close to the year end of FY2024.

Trade and other receivables

(i) Net trade and bills receivables increased by approximately RMB465.5 million or approximately 56.1% from approximately RMB830.3 million as at 31 December 2023 to approximately RMB1,295.8 million as at 31 December 2024. The increase is mainly due to the increase in the revenue during the last quarter of FY2024.

    As at 31 December 2024, based on the invoice date and net of allowance for impairment, approximately 73.9% of the net trade and bills receivables are within 6 months as compared with that of approximately 70.8% as at 31 December 2023. For long aged net trade and bills receivables, as at 31 December 2024, approximately 5.8% were over two years (as compared with 7.3% as at 31 December 2023).

(ii) Net other receivables increased by approximately RMB5.2 million or approximately 5.4% from approximately RMB96.6 million as at 31 December 2023 to approximately RMB101.8 million as at 31 December 2024. The increase was mainly due to the (i) decrease in prepayments by approximately RMB9.3 million; (ii) decrease in refundable deposits by approximately RMB6.4 million; (iii) increase in other receivables by approximately RMB15.3 million; and (iv) increase in tax recoverable of approximately RMB5.5 million.

Trade and other payables

(i) Trade payables increased by approximately RMB349.1 million or approximately 122.5% from approximately RMB284.9 million as at 31 December 2023 to approximately RMB634.0 million as at 31 December 2024.

    The increase in trade payables is mainly due to the increase in the Group's purchases for the Telecommunications business segment in anticipation of the increase in raw materials costs.

(ii) Other payables recorded an increase of approximately RMB0.2 million or approximately 0.2% from approximately RMB105.9 million as at 31 December 2023 to approximately RMB106.1 million as at 31 December 2024. The increase is mainly due to (i) the decrease in tender deposits of approximately RMB6.9 million; and (ii) the increase in VAT and other taxes payable by approximately RMB6.7 million.

Current bank loans and non-current bank loans

The current and non-current bank loans as at 31 December 2024 amounted to approximately RMB1,498.0 million (as at 31 December 2023: approximately RMB1,012.9 million). The increase in total current and non-current bank loans is mainly due to the new loan in FY2024 to finance the acquisition of the remaining 49% equity interests of the Zhangyu Companies.

(II) SUBSIDIARIES

The major 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 2024, the capital commitments of the Group in respect of the purchase of property, plant and equipment were approximately RMB914,000 (31 December 2023: approximately RMB10,577,000).

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 2024, the donation commitment was approximately RMB1,000,000 (31 December 2023: approximately RMB1,500,000).

(V) CHARGE OR PLEDGE OF ASSETS

As at 31 December 2024, deposits amounting to approximately RMB403,659,000 (2023: RMB30,164,000) 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 1.4610% (2023: 1.3933%) per annum and for a tenure of approximately 4 to 60 months (2023: 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 2024, deposit amounting to approximately RMB35,000,000 (2023: RMB35,000,000), electric generating facilities amounting to approximately RMB790,562,000 (2023: RMB824,517,000) and trade and bills receivables amounting to approximately RMB328,027,000 (2023: RMB256,940,000) were pledged to banks for secured bank loans and banking facilities at an interest rate of 2.40% - 4.25% (2023: 4.35 - 4.90%) per annum. Pledged bank deposits bear interest at an average effective interest rates at 2.9975% (2023: 2.9770%) per annum and for 156 months. The pledged deposits will be released by the expiry of relevant banking facilities.

(VI) LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group's total assets were approximately RMB4,666,187,000 (2023: RMB4,247,771,000) (of which current assets were approximately RMB2,928,291,000 (2023: approximately RMB2,517,664,000) and non-current assets were approximately RMB1,737,896,000 (2023: approximately RMB1,730,107,000)), the total liabilities were approximately RMB2,319,095,000 (2023: approximately RMB1,509,198,000) (of which current liabilities were approximately RMB1,229,692,000 (2023: approximately RMB648,831,000) and non-current liabilities were approximately RMB1,089,403,000 (2023: approximately RMB860,367,000)), and shareholder's equity attributable to equity shareholders of the Company reached approximately RMB1,561,877,000 (2023: approximately RMB1,925,709,000). As at 31 December 2024, the Group's total cash, time deposits and pledged deposits were approximately RMB1,455,212,000 (31 December 2023: approximately RMB1,380,821,000). As at 31 December 2024, the Group has current bank loans due within one year of approximately RMB424,602,000 (2023: approximately RMB176,543,000) carrying fixed interest rates and non-current bank loans of approximately RMB1,073,417,000 (31 December 2023: approximately RMB836,366,000) carrying fixed interest rates. At 31 December 2024, the Group had approximately RMB2,844,000,000 (2023: approximately RMB3,251,000,000) of unutilised bank borrowing facilities.

The Group generally finances its operations from cash flows generated internally and short-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	
	2024	2023
	RMB'000	*RMB'000*
Total liabilities	**2,319,095**	1,509,198
Total assets	**4,666,187**	4,247,771
Debt-to-assets ratio	**50%**	36%

(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 is the concluding year of China's "14th Five-Year" Plan. Under the synergistic efforts of strategic layout and macro policies, China's economy is steadily advancing on the path of high-quality development. The Chinese government has created a more favorable development environment for manufacturing enterprises by enhancing the guiding layout of strategic emerging industries and supporting enterprises in R&D innovation, green development and digital transformation, which has brought broad development space for the integrated circuits, new energy and telecommunication industries in which the Company operates.

1. Integrated Circuits and Digital Technology

The year 2025 will mark the beginning of an explosion in AI terminal applications, and the semiconductor market will usher in comprehensive growth. According to the World Semiconductor Trade Statistics (WSTS), the scale of semiconductor market is projected to reach US$697 billion in 2025, with a growth rate of 11.2%. Meanwhile, the Chinese government is vigorously promoting the independent control of the semiconductor industry, coupled with the rapid development of emerging technology areas such as 5G communications, Internet of Things, big data and new energy vehicles, leading to a promising prospect for the integrated circuits and digital technology market.

In 2025, the Company will seize the opportunities for market development in the industry, continue to increase R&D investment in the fields of integrated circuits design, advanced manufacturing processes and intelligent solutions, strengthen collaborative innovation with upstream and downstream enterprises in the industry chain and accelerate breakthroughs in cutting-edge technologies such as artificial intelligence, Internet of Things and high-performance computing to build a more competitive product line. The Company will further optimize the supply chain management, actively expand the overseas market, and position integrated circuits and digital technology businesses as important engines for the overall development of the Company.

2. New Energy and Services

Under the guidance of China's "dual carbon goals" (carbon emissions peak by 2030 and carbon neutrality by 2060), China's energy industry is accelerating its transformation and upgrading, which propels the renewable energy industry into a new stage of high-quality development. As an important part of renewable energy, solar thermal power is gaining increasing importance in the transformation of energy structure due to its reliability and sustainability. In particular, the Energy Law of the People's Republic of China implemented on 1 January 2025 explicitly advocates for "active development of solar thermal power generation", providing robust legal support for the development of the solar thermal power generation industry. According to the China Photovoltaic Industry Association (CPIA), the global photovoltaic newly added installed capacities are expected to reach 531~583GW in 2025. Among them, driven by both policy and market forces, China's newly added installed capacities are projected to reach 215-255GW, accounting for more than 40% of the world's total, reflecting the sustained robust demand in the domestic market.

In 2025, the Company will continue to deepen its focus on the field of solar thermal power generation, increase investment in the research and development of key technologies such as high-efficiency collectors and new molten salt formulations and explore the in-depth integration with energy storage technology to effectively address the challenges of intermittent solar thermal power generation. By expanding the application scenarios of solar thermal power generation projects, and formulating a differentiated marketing strategy, the Company actively strives for domestic and international high-quality solar thermal power generation projects to promote the scaled development of its business. Meanwhile, the Company will further expand its presence in the new energy services, introduce AI and big data technology and build an intelligent operation and maintenance platform, with a view to improving the efficiency and accuracy of operation and maintenance, and providing one-stop solutions from project design, construction to operation and maintenance. The Company will also actively participate in large-scale solar thermal power generation projects at home and abroad to further increase its market share and create an important growth point for the Company's future green development.

3. Telecommunications

With the further popularization of 5G networks, the widespread application of Internet of Things devices and the accelerated construction of data centers, the market demand for high-performance coaxial cables will continue to grow. In 2025, the Company will continue to optimize its product structure, enhance its technology standard and further expand its market share in the high-frequency and high-speed transmission sectors.

In 2025, 5G network construction will be fully popularized, and the number of 5G base stations constructed is expected to reach 4.5 million seats, with the construction speed gradually slowing down. However, as 5G-A accelerates its evolution and global 6G standardization efforts enter a substantive phase, the telecommunication industry is poised to gain new growth momentum.

As a leading supplier of coaxial cables, antennas and base station equipment, the Company will fully implement product line management, and further enhance the quality and efficiency of its advantageous traditional product lines to consolidate its leading position in the industry; increase investment in nurturing product lines to realize rapid development; and accelerate the research of its future business and layout it as early as possible. The Company will focus on R&D of 4G & 5G converged antenna, special scenario application antennas, green antennas, repeater stations, spread spectrum RF coaxial cable and leaky cable, low-loss RF coaxial cable and other new products, to satisfy the diversified needs of scene, high quality and low cost in the post-5G era; start the new business of satellite communication millimeter-wave phased array antennas for technology reserve and market development of integrated space-air-ground communication and low-altitude flight network coverage for the 5G-A and 6G eras; promote market diversification to develop the domestic provincial procurement by operators, non-operator markets and overseas markets; accelerate the overseas industrial deployment, expedite the internationalization of the brand, to achieve the transition from an "export" mode to an in-depth localization operation mode of "going global". The Company expects that its telecommunications business will continue to grow steadily in the future and contribute substantial revenue to the Company.

OUTLOOK FOR 2025

Looking ahead to 2025, despite the continuing uncertainties in the global economy, the fundamentals of long-term positive economic growth remain unchanged in China and the Company is confident in the long-term positive trend of China's economy. The Company will continue to uphold the concepts of innovation-driven, green development and win-win cooperation, and to deepen its efforts in the three core business areas including integrated circuits and digital technology, new energy and services, and telecommunications. The following initiatives will be prioritized:

1. Technology Innovation

Investments in research and development will be intensified to enhance the core competitiveness of the Company's three business segments, driving products towards high-end and intelligent development. The Company will continue to focus on cutting-edge technologies and promote the upgrading of its products and services to meet the ever-changing market demands.

2. Market Exploration

The Company will deepen its presence in the domestic market while actively exploring overseas markets in countries and regions along the "Belt and Road" to enhance its international operational capabilities.

3. Green Development

The Company will respond positively to the national "dual-carbon" targets and promote the large-scale development of its solar thermal power generation business to contribute to the transformation of energy structure.

4. Talent Cultivation

The Company will strengthen the construction of talent team, attract and cultivate more high-quality technical and managerial professionals, so as to provide a solid guarantee for the sustainable development of the Company.

The year 2025 will be full of challenges and opportunities. The Company will focus on strategic layout and efficient execution, remain vigilant and flexible in responding to challenges, ensure steady development, and realize a double increase in business scale and profitability. Looking ahead, the Company will continue to uphold the spirit of innovation, adhere to its corporate mission, and forge ahead in the new journey of development.

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

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company in shares and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which are required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which are required to be entered into, as recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, were as follows:

Long positions in the Company:

Name of Directors	Capacity and nature of interests	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Mr. Cui Wei[1]	Deemed interest and interest in controlled corporation	108,868,662	23.38%
Ms. Zhang Zhong[2]	Deemed interest and interest in controlled corporation	15,894,525	3.41%

Notes:

(1) 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.

(2) Ms. Zhang Zhong beneficially owns the entire issued share capital of Wellahead Holdings Limited ("**Wellahead**"), and Wellahead in turn holds approximately 3.41% 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 2024, in so far as is known to the Directors, the following shareholders having interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long positions in the Company:

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

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

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

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

(XI) CHANGE IN THE COMPOSITION OF THE BOARD

Dr. Song Haiyan ("**Dr. Song**") and Mr. Du Xiping ("**Mr. Du**") have tendered their resignation as an executive Director and non-executive Director, respectively. Dr. Song and Mr. Du also resigned as a member of the remuneration committee and a member of the nominating committee of the Company, respectively, with effect from 24 August 2024 as they wanted to devote more time to pursue their other commitments. On 24 August 2024, Mr. Tao Shunxiao ("**Mr. Tao**") and Mr. Zeng Guowei ("**Mr. Zeng**") have been appointed as the non-executive Directors, and a member of the remuneration committee and a member of the nominating committee of the Company, respectively, with effect from 24 August 2024. In accordance with Articles 88 of the Constitution of the Company, Mr. Tao and Mr. Zeng shall hold office only until the next annual general meeting and shall then be eligible for re-election. Therefore, Mr. Tao and Mr. Zeng 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 2024.

3. Employees and Remuneration Policies

As at 31 December 2024, there were 902 (31 December 2023: 1,095) 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 2024, the Group was not involved in any material litigation or arbitration.

5. Discloseable Transactions During the Reporting Period

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

(1) On 17 July, 18 July and 22 July 2024, Zhejiang Zhongguang New Energy Technology Co., Ltd.* (浙江中光新能源科技有限公司) ("**Zhejiang Zhongguang**"), an indirect non-wholly owned subsidiary of the Company, subscribed for Huaan Securities Exclusive Monthly Winning No. 2 Collective Asset Management Plan* (華安證券專享月月贏2號集合資產管理計劃) (the "**Product No. 2**"), Huaan Securities Exclusive Monthly Winning No. 3 Collective Asset Management Plan* (華安證券專享月月贏3號集合資產管理計劃) (the "**Product No. 3**") and Huaan Securities Exclusive Monthly Winning No. 4 Collective Asset Management Plan* (華安證券專享月月贏4號集合資產管理計劃) (the "**Product No. 4**"), offered and managed by Huaan Securities Co., Ltd.(華安證券股份有限公司), a company established under the PRC laws with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600909) ("**Huaan Securities**"), the aggregate principal amount of such products was RMB15 million (collectively, the subscriptions of Product No. 2, Product No. 3 and Product No. 4 as the "**First Subscriptions**").

(2) On 23 July 2024, Zhejiang Zhongguang subscribed for the Huaan Securities Exclusive Monthly Winning No. 1 Collective Asset Management Plan* (華安證券專享月月贏1號集合資產管理計劃) ("**Product No. 1**") offered and managed by Huaan Securities for a subscription amount of RMB30 million (the "**Second Subscription**").

Product 1 is a fixed-income collective asset management plan with a term of 10 years and the funds so raised under Product 1 will be invested in bonds, notes and fixed-income assets as permitted by the China Securities Regulatory Commission. The major terms of the First Subscriptions are basically identical to that of the Second Subscription.

The funds for the First Subscriptions and Second Subscription are the internal funds of the Group that are not required immediately for operation or capital expenditure. The Group reasonably utilises the aforesaid funds to subscribe for wealth management products issued by the commercial banks and other financial institutions in the PRC and Hong Kong to earn additional income without affecting its normal operations or incurring additional risks to its liquid assets. Meanwhile, wealth management products offer a better potential return to the Group when compared to the deposit interest rates normally offered by commercial banks in the PRC and Hong Kong. Further, the Group has fully considered the funds needed for the Group's daily operation and capital operation when subscribing to Product No. 1, Product No. 2, Product No. 3 and Product No. 4 and determining the subscription amounts.

The First Subscriptions, on a standalone basis, do not constitute notifiable transactions of the Company as the applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules is below 5%. However, pursuant to Rule 14.22 of the Listing Rules, given that the First Subscriptions and Second Subscription were made within a 12-month period with the same parties to the transactions, they will be aggregated and treated as if there was one series of transactions for the purpose of calculating the relevant percentage ratios.

As the highest percentage ratio as set out in the Listing Rules in respect of the transactions contemplated under the First Subscriptions and Second Subscription is more than 5% but less than 25%, the First Subscriptions and Second Subscription and the transactions 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 First Subscriptions and Second Subscription, please refer to the announcement of the Company dated 23 July 2024.

(3) On 24 July 2024, 25 July and 29 July 2024, Zhejiang Zhongguang furthered subscribed for RMB25 million in Product No. 2, RMB18 million in Product No. 3 and RMB25 million in Product No. 4 offered and managed by Huaan Securities, the aggregate principal amount of the additional amounts subscribed by Zhejiang Zhongguang was RMB68 million (the "**Third Subscriptions**", together with the First Subscriptions and the Second Subscription, the "**Subscriptions**").

Pursuant to Rule 14.22 of the Listing Rules, given that the Subscriptions were made within a 12-month period with the same parties to the transactions, they will be aggregated and treated as if there was one series of transactions for the purpose of calculating the relevant percentage ratios.

As the highest percentage ratio as set out in the Listing Rules in respect of the transactions contemplated under the Subscriptions is more than 5% but less than 25%, the Subscriptions and the transactions contemplated thereunder constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements.

The funds for the Third Subscriptions are the internal funds of the Group that are not required immediately for operation or capital expenditure. The Group reasonably utilises the aforesaid funds to subscribe for wealth management products issued by the commercial banks and other financial institutions in the PRC and Hong Kong to earn additional income without affecting its normal operations and incurring additional risks to its liquid assets. Meanwhile, wealth management products offer a better potential return to the Group when compared to the deposit interest rates normally offered by commercial banks in the PRC and Hong Kong. Further, the Group has fully considered the funds needed for the Group's daily operation and capital operation when subscribing to the Product No. 1, Product No. 2, Product No. 3 and Product No. 4 and determining the subscription amounts.

For details of the Third Subscriptions, please refer to the announcement of the Company dated 29 July 2024.

(4) on 3 September 2024, Zhejiang Zhongguang, subscribed for the CICC Xinyuan No. 1 Collective Asset Management Plan* (中金信遠1號集合資產管理計劃) (the "**CICC Product**") offered and managed by China International Capital Corporation Limited 中國國際金融股份有限公司 a company established under the PRC laws with limited liability the shares of which are listed on the Main Board of the Stock Exchange (stock code: 03908) and Shanghai Stock Exchange (stock code: 601995) in the principal amount of RMB40 million (the "**CICC Subscription**").

The CICC Product is a fixed-income collective asset management plan. The funds so raised under CICC Product will be invested in standardized credit assets (標準化債權類資產), including deposits, bonds, notes and fixed-income assets as permitted by the China Securities Regulatory Commission.

The funds for the CICC Subscription are the internal funds of the Group that are not required immediately for operation or capital expenditure. The Group reasonably utilises the aforesaid funds to subscribe for wealth management product(s) issued by the commercial banks and other financial institutions in the PRC and Hong Kong to earn additional income without affecting its normal operations and incurring additional risks to its liquid assets. Meanwhile, wealth management products offer a better potential return to the Group when compared to the deposit interest rates normally offered by commercial banks in the PRC and Hong Kong. Further, the Group has fully considered the funds needed for the Group's daily operation and capital operation when subscribing to the CICC Product and determining the subscription amount.

As the highest percentage ratio as set out in the Listing Rules in respect of the transactions contemplated under the CICC Subscription is more than 5% but less than 25%, the CICC Subscription 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 CICC Subscription, please refer to the announcement of the Company dated 3 September 2024.

6. Connected Transactions

(a) During the year ended 31 December 2024, 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	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Sale of finished goods	**56,139**	44,556
Purchase of raw materials	**246,381**	198,393

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 new sales master agreement ("**New Sales Master Agreement**") to govern the terms of the sales of products by Jiangsu Hengxin to the Connected Parties; and (ii) the new purchases master agreement ("**New Purchases Master Agreement**") to govern the terms of the purchases of materials 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 New Purchases Master Agreement to amend the entity of the purchaser from Jiangsu Hengxin to Jiangsu Hengxin and its subsidiaries. Other terms of the New Purchases Master Agreement remain unchanged.

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 Suzhou Hengli is considered as a connected person 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 in respect of the highest proposed annual sales caps is higher than 0.1% but less than 5%, the New Sales Master Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The annual sales cap for the year ended 31 December 2024 is RMB57.4 million.

As the highest applicable percentage ratio in respect of the highest proposed annual purchases caps is higher than 5%, the New Purchases Master Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review, circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Company held on 27 February 2023 (the "**2023 February EGM**"), the ordinary resolution for passing and confirming the New Purchases Master Agreement has been duly approved by the independent shareholders of the Company. The annual purchases cap for the year ended 31 December 2024 is RMB253.0 million.

For details of the New Sales Master Agreement and the New Purchases Master Agreement, please refer to the announcement of the Company dated 3 January 2023, the circular of the Company dated 3 February 2023 and the poll results announcement of the Company for the 2023 February EGM dated 27 February 2023.

(b) During the Reporting Period, the Group had the following continuing connected transaction with Shanghai Zhangyu Information Technology Co., Ltd.:

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Gross income from leasing of servers	**4,456**	7,550

On 1 January 2023, Hengxin Metaverse Limited ("**Hengxin Metaverse**"), a wholly-owned subsidiary of the Company, as lessor entered into the server leasing agreement ("**Server Leasing Agreement**") with Shanghai Zhangyu Information Technology Co., Ltd. (上海掌御信息科技有限公司) ("**Shanghai Zhangyu**") as lessee in relation to the leasing of 90 high performance servers ("**Servers**") for a term of three years commencing from 1 January 2023 to 31 December 2025.

As at the date of the Server Leasing Agreement, Shanghai Zhangyu was held as to 51% indirectly by the Company, approximately 39% indirectly by Mr. Peng Yinan, an executive Director, and approximately 10% by an independent third party. As Mr. Peng Yinan indirectly held more than 30% interest in Shanghai Zhangyu, it was an associate of Mr. Peng Yinan and a connected person of the Company. Therefore, the transaction contemplated under the Server Leasing Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The terms of the Server Leasing Agreement is three years commencing from 1 January 2023 to 31 December 2025 with a monthly rent of HK$700,000, subject to an annual adjustment of not more than 5%. The annual cap for the leasing of Servers for the year ended 31 December 2024 is HK$8.82 million.

As the highest annual rent for leasing the Servers to Shanghai Zhangyu is less than HK$10,000,000, and each of the applicable percentage ratios calculated in accordance with Chapter 14A of the Listing Rules was less than 25%, the transactions contemplated under the Server Leasing Agreement were subject to the reporting and announcement requirements but were exempt from the circular, independent financial advice and shareholders' approval requirements.

One of the principal business of Shanghai Zhangyu is the provision of information security service, which includes provision of cloud computing and cloud storage services. It has established clientele since its establishment. By entering into the Server Leasing Agreement, it is expected that Hengxin Metaverse, together with the Company, can secure a fixed income stream from leasing the Servers to Shanghai Zhangyu, which will ultimately sub-lease the cyberspace in the Servers to its clients. At the same time, it is beneficial for Shanghai Zhangyu to directly provide services to its customers by using its proprietary cloud storage and cloud computing technology, with the aim to expand its scope of business and broaden its income stream. The Board considers that this could be a win-win situation for Hengxin Metaverse, Shanghai Zhangyu, and the Group.

For details of the Server Leasing Agreement, please refer to the announcements of the Company dated 1 January 2023 and 4 January 2023.

On 17 July 2024, the Group completed acquisition of Shanghai Zhangyu and upon completion, the Company indirectly owns the entire equity interest of Shanghai Zhangyu. Therefore the transactions contemplated under the Server Leasing Agreement no longer constitute continuing connected transactions under Chapter 14A of the Listing Rules.

For details of the acquisition of Shanghai Zhangyu, please refer to the announcements of the Company dated 20 May 2024, the circular of the Company dated 25 June 2024, the poll results announcement of the Company dated 10 July 2024 and the completion announcement dated 17 July 2024.

(c) 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 ("**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 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 keep 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 Consin Solar for the year ended 31 December 2024 is RMB9,500,000. During the Reporting Period, the revenue recognized from the operation and maintenance service under the Service Contract was approximately RMB1,635,000.

Zhongguang New Energy is an indirect non-wholly-owned subsidiary of the Company. As the date of signing the 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 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 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 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 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 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 Service Contract, please refer to the announcement of the Company dated 22 April 2024.

(d) During the Reporting Period, the Group had the following connected transaction with Nanjing Zhangyu Information Technology Co., Ltd.:

On 28 April 2023, Xin Ke Xin (Suzhou) Technology Co., Ltd. (鑫科芯（蘇州）科技有限公司) ("**Xin Ke Xin**"), an indirect wholly-owned subsidiary the Company (as lender), entered into a loan agreement (the "**First Loan Agreement**") with Nanjing Zhangyu Information Technology Co., Ltd. (南京掌御信息科技有限公司) ("**Nanjing Zhangyu**") (as borrower), pursuant to which Xin Ke Xin agreed to provide the first loan to Nanjing Zhangyu in the principal amount of RMB40,000,000 for a term of one year with an annual interest rate of 4.9% (the "**First Loan**") commencing from the date of the First Loan Agreement.

On 31 May 2023, Xin Ke Xin (as lender) entered into another loan agreement (the "**Second Loan Agreement**") with Nanjing Zhangyu (as borrower), pursuant to which Xin Ke Xin will provide a second loan to Nanjing Zhangyu in the principal amount of RMB210.0 million for a term of one year with an annual interest rate of 4.9% (the "**Second Loan**") commencing from the date of drawdown of the Second Loan for the purpose of settling the consideration under the possible acquisitions of the equity interest of Zhejiang Zhongguang New Energy Technology Co., Ltd. (浙江中光新能源科技有限公司), subject to certain conditions precedent.

Mr. Peng Yinan is an executive Director and a connected person of the Company at the issuer level under the Listing Rules. As at the date of the Second Loan Agreement, Nanjing Zhangyu was held as to 51% indirectly by the Company and 49% indirectly by Mr. Peng Yinan, Nanjing Zhangyu was a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. Furthermore, as the Second Loan Agreement, subject to the conditions precedent set out therein, and the First Loan Agreement were a series of transactions entered into with the same party within a 12-month period, the Second Loan Agreement and the First Loan Agreement were aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) on an aggregate basis exceeds 5% and the total principal amount of the First Loan and the Second Loan exceeds HK$10,000,000, the transactions contemplated under the Second Loan Agreement and the First Loan Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules and were subject to the reporting, announcement, annual review and the independent shareholders' approval requirements.

The terms of the First Loan Agreement and Second Loan Agreement (including the interest rate) were negotiated on an arm's length basis between Xin Ke Xin and Nanjing Zhangyu having taken into account the prevailing market interest rates and practices. The Group finances the First Loan and Second Loan from its internal resources.

The Second Loan Agreement was approved, confirmed and ratified at the extraordinary general meeting of the Company held on 19 July 2023 (the "**2023 July EGM**") by an ordinary resolution.

For details of the First Loan Agreement and the Second Loan Agreement, please refer to the announcements of the Company dated 28 April 2023 and 31 May 2023, the circular of the Company dated 29 June 2023 and the 2023 July EGM poll results announcement of the Company dated 19 July 2023.

On 7 March 2024, Xin Ke Xin as the lender, entered into an extension agreement to the First Loan (the "**First Loan (Extension) Agreement**") and an extension agreement to the Second Loan (the "**Second Loan (Extension) Agreement**") with Nanjing Zhangyu (as borrower) (collectively, the "**Loan (Extension) Agreements**"), pursuant to which Xin Ke Xin agreed to subject to the conditions precedent set out therein, (i) extend the repayment date of the First Loan from 27 April 2024 to 27 April 2025; and (ii) extend the repayment date of the Second Loan from 18 July 2024 to 18 July 2025, respectively (collectively, the "**Extension**").

As the First Loan (Extension) Agreement and the Second Loan (Extension) Agreement constitute a series of transactions entered into between the same parties within a 12-month period, the First Loan (Extension) Agreement and the Second Loan (Extension) Agreement were aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Extension and the transactions contemplated under the Loan (Extension) Agreements is higher than 25% and the total principal amount of the First Loan and Second Loan exceeds HK$10,000,000, the Loan (Extension) Agreements and the transactions contemplated thereunder shall be subject to the reporting, announcement, annual review, circular (including independent financial adviser's advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Extension and the transactions contemplated under the Loan (Extension) Agreements is higher than 25% but is less than 100%, the Loan (Extension) Agreements and the transactions contemplated thereunder also constitute a major transaction and therefore shall be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Nanjing Zhangyu is still in its development stage, the entering of the Loan (Extension) Agreements can allow Nanjing Zhangyu to reserve its working capital and financial resources for the development and operation of its business in the development, design and sale of integrated circuits, digital products, computer hardware, computer technology application and software. The Extension of the Loans will ensure Nanjing Zhangyu will be able to operate smoothly by reserving its working capital and financial resources and supporting the continuous diversification development strategy of the Group which will be beneficial to the Group's development in the long run.

The terms of the Loan (Extension) Agreements were negotiated on an arm's length basis between Xin Ke Xin and Nanjing Zhangyu having taken into account the prevailing market practices. The Directors (including the independent non-executive Directors) consider that the Loan (Extension) Agreements have been entered into on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The First Loan (Extension) Agreement and Second Loan (Extension) Agreement were approved, confirmed and ratified at the extraordinary general meeting of the Company held on 26 April 2024 (the "**2024 April EGM**") by an ordinary resolution.

For details of the First Loan (Extension) Agreement and Second Loan (Extension) Agreement, please refer to the announcements of the Company dated 7 March 2024 and 27 March 2024, the circular of the Company dated 11 April 2024 and the 2024 April EGM poll results announcement of the Company dated 26 April 2024.

As Group completed the acquisition of Nanjing Zhangyu on 17 July 2024 and upon completion, the Company indirectly owns the entire equity interest of Nanjing Zhangyu. Therefore the transactions contemplated under the Loan (Extension) Agreements no longer constitute connected transactions under Chapter 14A of the Listing Rules.

For details of the acquisition of Nanjing Zhangyu, please refer to the announcements of the Company dated 20 May 2024, the circular of the Company dated 25 June 2024, the poll results announcement of the Company dated 10 July 2024 and the completion announcement dated 17 July 2024.

(e) During the course of the Company's management reporting preparation, it was noted that Jiangsu Hengxin, in its ordinary and usual course of business, procured the transportation services in relation to Jiangsu Hengxin's raw materials purchased and/or products sold in the PRC (the "**Logistic Services**") commencing from 2024 from Jiangsu Hengtong International Logistics Company Limited* (江蘇亨通國際物流有限公司) ("**Hengtong Logistics**") during the first half of the Reporting Period pursuant to a service agreement entered into between Jiangsu Hengxin and Hengtong Logistics on 15 December 2023 (the "**2023 Service Agreement**").

(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.

During the first half of the Reporting Period, the aggregate transaction amount of the Logistic Services procured by Jiangsu Hengxin from Hengtong Logistics was approximately RMB14.1 million (the "**Historical Transactions for 1H2024**"). For the avoidance of doubt, Jiangsu Hengxin did not procure the Logistic Services before January 2024 and after June 2024. The Company calculated the applicable percentage ratios under the Listing Rules based on the amount of the Historical Transactions for 1H2024. As all of the applicable percentage ratios exceeded 0.1% but were less than 5%, such transactions were subject to the reporting, announcement and annual review requirements, but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Nevertheless, due to inadvertent oversight, the Company failed to comply with relevant requirements for continuing connected transactions under Chapter 14A of the Listing Rules. The major reason for the Company's oversight was that local finance staff of Jiangsu Hengxin failed to report the relevant transactions to the headquarters of the Company in a timely manner.

Immediately after the Company became aware of the aforesaid failure to comply with relevant requirements for continuing connected transaction under Chapter 14A of the Listing Rules, Jiangsu Hengxin halted its procurement of the Logistic Services from 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 supersedes the 2023 Service Agreement and governs the procurement of 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 RMB17,561,000.

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.

7. Major Transaction During the Reporting Period

On 20 May 2024, Xin Ke Xin (the "**Purchaser**") and Xuzhou Jinkan Management Consulting Partnership (Limited Partnership)* (徐州錦瞰管理諮詢合夥企業(有限合夥) ("**Xuzhou Jinkan**") and Mr. Bai Yuanliao (collectively, the "**Vendors**") entered into an equity purchase agreement (the "**Equity Purchase Agreement**") pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the remaining 49% equity interests (the "**Sale Equity**") in each of the Nanjing Zhangyu and Shanghai Zhangyu (collectively, the "**Target Companies**"), at the total consideration of RMB522.0 million in cash (the "**Consideration**").

The Consideration payable by the Purchaser is referenced to the pro rata shareholding of the Vendors in the Sale Equity and will be satisfied by internal resources of the Group and bank borrowings. The bank borrowings to be obtained by the Purchaser and guaranteed by the Company amounted to approximately RMB313.2 million, representing 60% of the Consideration, and will be fully utilised for the payment of the Consideration.

The Consideration was determined after arm's length negotiations between the parties to the Equity Purchase Agreement by taking into consideration of various factors, including but not limited to (i) the historical financial performance of the Target Companies; (ii) a preliminary valuation prepared by an independent valuer on the 100% equity interest of the Target Companies with aggregated market value of approximately RMB1,066.8 million as at 31 December 2023 under market approach, which is mainly based on Target Companies' financial performance for the year ended 31 December 2023 and the enterprise value-to-earnings before interest, taxes, depreciation and amortisation ("**EV/EBITDA**") ratios of the comparable companies; (iii) the business development opportunities and prospects of the group of companies of the Target Companies; and (iv) the benefits to be derived by the Group upon completion of the Equity Purchase Agreement.

As the highest applicable percentage ratio in respect of the acquisition of the Sale Equity is more than 100%, the Equity Purchase Agreement constitutes a very substantial acquisition for 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.

Xuzhou Jinkan was ultimately owned as to approximately 99% by Mr. Peng Yinan, being an executive Director and a connected person of the Company under the Listing Rules. Accordingly, Xuzhou Jinkan was an associate of Mr. Peng Yinan and a connected person of the Company. As at 20 May 2024, Mr. Bai Yuanliao, being a then substantial shareholder of Shanghai Zhangyu, was a connected person of the Company at the subsidiary level. The acquisition of the Sale Equity therefore also constituted a connected transaction of the Company under Chapter 14A of the Listing Rules and was subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon completion of the Equity Purchase Agreement which took place on 17 July 2024, the Company holds the entire equity interests of the Target Companies indirectly through the Purchaser, and the financial statements of Target Companies and their subsidiaries will continue to be consolidated into the financial statements of the Group.

The Equity Purchase Agreement was approved, confirmed and ratified at the extraordinary general meeting of the Company held on 10 July 2024 (the "**2024 July EGM**") by an ordinary resolution.

For details of the Equity Purchase Agreement, please refer to the announcements of the Company dated 20 May 2024, 11 June 2024 and 21 June 2024, the circular of the Company dated 25 June 2024, the 2024 July EGM poll results announcement of the Company dated 10 July 2024 and the completion announcement of the Company dated 17 July 2024.

8. Placing of New Shares Under the General Mandate During the Reporting Period

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

The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent on the date of Placing Agreement with reference to the then market prices of the Shares. The Placing Price represented (i) a discount of approximately 17.24% to the closing price of HK$1.16 per Share as quoted on the Stock Exchange on 23 April 2024 (the "**Last Trading Day**"); and (ii) a discount of approximately 19.46% to the average closing price of HK$1.192 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the Last Trading Day.

According to the Placing Agreement, the placing commission payable to the Placing Agent is 1.5% of the aggregate Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent. The placing commission was arrived at arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market conditions, the size of the Placing and the prevailing market commission rate for similar transactions. Up to the Last Trading Day, no new Shares had been issued pursuant to the General Mandate. Accordingly, the allotment and issue of the Placing Shares was not subject to further Shareholders' approval.

Upon completion of the Placing 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**"). The Company intended to use such Net Proceeds from the Placing in the following manner:

(i) approximately 50%, or HK$36.3 million, will be used for further research and development of technological products and solutions adopting artificial intelligence module;

(ii) approximately 30%, or HK$21.8 million, will be used to develop and expand the integrated circuits and digital technology business and new energy and services business; and

(iii) approximately 20%, or HK$14.5 million, will be used for the business operation and general working capital of the Group.

The Board was of the view that the Placing would strengthen the financial position (in particular, the working capital and cash flow position) of the Group and broaden the Shareholder base of the Company. As the Company was actively exploring for business opportunities to diversify risk and broaden the sources of income of the Group, sufficient cash reserve was crucial for the development of the Company. The cash reserve is able to foster the on-going business development and operations.

The Directors (including the independent non-executive Directors) considered the Placing Agreement was entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent, and the terms of the Placing Agreement (including the Placing Price and the placing commission) to be fair and reasonable and the Placing was in the interests of the Company and the Shareholders as a whole.

The Company had not conducted any equity fund raising activities in the past twelve months immediately prior to the Last Trading Day.

As all the conditions to the completion of the Placing have been fulfilled on 8 May 2024 and completion of the Placing took place on 13 May 2024 ("**Completion**"). A total of 77,600,000 Placing Shares have been successfully placed by the Placing Agent to not less than six Placees at the Placing Price of HK$0.96 per Placing Share pursuant to the terms and conditions of the Placing Agreement, representing approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon Completion of the Placing.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placees and their respective ultimate beneficial owners are third parties who are independent of and not connected with or acting in concert with the Company, its connected persons (as defined under the Listing Rules) and their respective associates (as defined under the Listing Rules). None of the Placees and their ultimate beneficial owners have become a substantial shareholder (as defined under the Listing Rules) of the Company immediately upon Completion of the Placing.

As at the end of the Reporting Period, the usage of the Net Proceeds were as follows:

Usage	**Allocation of Net Proceeds** *HK$ million*	**Utilized Net Proceeds** *HK$ million*	**Unutilised Net Proceeds** *HK$ million*
Research and development of technological products and solutions adopting artificial intelligence module	36.3	7.3	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
Total	72.6	40.7	31.9

The shareholding structures of the Company (i) immediately before the Completion of the Placing; and (ii) immediately after Completion of the Placing are as follows:

Name of Shareholder	**Shareholding immediately before the Completion of Placing**		**Shareholding immediately after the Completion of Placing**	
	Number of Shares	*% (Approximately)*	*Number of Shares*	*% (Approximately*
Kingever Enterprises Limited Note 1	108,868,662	28.06	108,868,662	23.38
Wellahead Holdings Limited Note 2	15,894,525	4.10	15,894,525	3.41
Du Xiping Note 3	11,468,000	2.96	11,468,000	2.46
Public Shareholders				
Placees	0	0.00	77,600,000	16.67
Other public Shareholders	251,768,813	64.89	251,768,813	54.07
Total	388,000,000	100.00	465,600,000	100.00

Notes:

1. Mr. Cui Wei (a non-executive director of the Company and Chairman of the Board) beneficially owns the entire issued share capital of Kingever Enterprises Limited.

2. Ms. Zhang Zhong (a non-executive director of the Company) beneficially owns the entire issued share capital of Wellahead Holdings Limited.

3. Du Xiping resigned as a non-executive director of the Company on 24 August 2024.

As disclosed in the above shareholding table, immediately after the Completion of the Placing, over 25% of the issued share capital of the Company was in the public hands (including the Placees).

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.

9. 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.

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

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

The number of Shares that may be issued in respect of options and awards granted under all share 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.

10. Change of Auditors

As considered and approved by the shareholders of the Company (the "**Shareholders**") at the annual general meeting for the year 2023 held on 29 April 2024, the Company re-appointed KPMG ("**KPMG HK**") as the Hong Kong auditors of the Company and KPMG LLP ("**KPMG Singapore**") as the Singapore auditors of the Company (KPMG HK and KPMG Singapore are collectively referred to as "**KPMG**"), who would hold office until the conclusion of the annual general meeting for the year ended 31 December 2024.

On 8 October 2024, KPMG notified the Company in relation to their resignation as the Hong Kong and Singapore auditors of the Company with effect on 8 October 2024. On the extraordinary general meeting held on 25 November 2024, the ordinary resolutions on appointing CL Partners CPA Limited ("**CL Partners**") and Nexia Singapore PAC ("**Nexia**") as the Hong Kong and Singapore auditors of the Company, respectively, to fill the casual vacancy created by the resignation of KPMG HK and KPMG Singapore were duly passed. Following the passing of the above ordinary resolutions, CL Partners and Nexia were appointed as the auditors of the Company for Hong Kong and Singapore respectively with effect from 25 November 2024 CL Partners and Nexia would hold office until the conclusion of the next annual general meeting of the Company for the year ended 31 December 2024.

Therefore, the Group's Hong Kong and Singapore consolidated financial statements for the year ended 31 December 2024 were audited by CL Partners and Nexia respectively.

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

11. Audit Committee

The Company's audit committee members are Mr. Qian Ziyan, Mr. Cui Wei, Ms. Zhang Zhong, Dr. Li Jun and Mr. Pu Hong. The audit committee, which is chaired by Mr. Qian Ziyan, has reviewed the annual results of the Group for the year ended 31 December 2024.

12. 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 2024.

13. 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.

14. Annual General Meeting

The 2024 annual general meeting of the Company will be held on 29 April 2025 (Tuesday) 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.

15. Scope of work of CL Partners

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 2024 as set out in the Preliminary Announcement have been agreed by the Group's auditors, CL Partners 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 25 March 2025. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CL Partners CPA Limited on the preliminary announcement.

16. Dividends

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

(b) No final dividend has been recommended by the Company for FY2023.

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

Save for the acquisition of the Shares pursuant to the Share Award Scheme during the Reporting Period and the Shares held as at 31 December 2024 by the Trustee of the Share Award Scheme, during the year ended 31 December 2024, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the securities of the Company.

18. 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.
Cui Wei
Chairman

Hong Kong, 25 March 2025

As at the date of this announcement, the executive director of the Company is Mr. Peng Yinan; the non-executive directors of the Company are Mr. Cui Wei, Ms. Zhang Zhong, Mr. Tao Shunxiao and Mr. Zeng Guowei; and the independent non-executive directors of the Company are Mr. Qian Ziyan, Dr. Li Jun and Mr. Pu Hong.

* *For identification purposes only*