



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)*

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

1. Revenue for the six months ended 30 June 2025 decreased by approximately RMB93.1 million or 8.3% year-on-year to approximately RMB1,022.2 million
2. Gross profit for the six months ended 30 June 2025 decreased by approximately RMB22.9 million or 10.9% year-on-year to approximately RMB187.3 million
3. Gross profit margin for the six months ended 30 June 2025 decreased by approximately 0.5 percentage point year-on-year to approximately 18.3%
4. Net loss attributable to equity shareholders of the Company for the six months ended 30 June 2025 was approximately RMB70.4 million, net profit attributable to equity shareholders of the Company for the six months ended 30 June 2024 was approximately RMB26.6 million
5. Basic losses per share for the six months ended 30 June 2025 was approximately RMB0.152, basic earnings per share for the six months ended 30 June 2024 was approximately RMB0.065
6. No payment of interim dividend for the six months ended 30 June 2025 has been recommended

* For identification purposes only

The board (the “**Board**”) of directors (the “**Director(s)**”) of Hengxin Technology Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively hereinafter referred as the “**Group**”) for the six months ended 30 June 2025 together with the comparative figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the six months ended 30 June (“**1H**”)

	Notes	1H2025 RMB’000 (unaudited)	1H2024 RMB’000 (unaudited)
Revenue	3	1,022,209	1,115,320
Cost of sales		<u>(834,878)</u>	<u>(905,107)</u>
Gross profit		<u>187,331</u>	<u>210,213</u>
Interest income		13,200	16,325
Other operating income	4	15,623	29,730
Selling and distribution expenses		(58,852)	(66,385)
Administrative expenses		(40,997)	(50,222)
Impairment loss on trade and other receivables		(8,383)	-
Other operating expenses		<u>(76,761)</u>	<u>(72,170)</u>
Profit from operations		31,161	67,491
Interest expense	5	<u>(31,155)</u>	<u>(23,891)</u>
Profit before taxation	6	6	43,600
Income tax	7	<u>(71,097)</u>	<u>(10,228)</u>
(Loss)/profit for the period		<u>(71,091)</u>	<u>33,372</u>
Attributable to:			
Equity shareholders of the Company		(70,420)	26,589
Non-controlling interests		<u>(671)</u>	<u>6,783</u>
(Loss)/profit for the period		<u>(71,091)</u>	<u>33,372</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME **(Continued)**

For the six months ended 30 June

	<i>Notes</i>	1H2025 RMB'000 (unaudited)	1H2024 RMB'000 (unaudited)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of – financial statements of entities with functional currencies other than RMB		<u>1,791</u>	<u>455</u>
Total comprehensive (loss)/income for the period		<u>(69,300)</u>	<u>33,827</u>
Attributable to:			
Equity shareholders of the Company		<u>(68,629)</u>	<u>27,044</u>
Non-controlling interests		<u>(671)</u>	<u>6,783</u>
Total comprehensive (loss)/income for the period		<u>(69,300)</u>	<u>33,827</u>
(Losses)/earnings per share attributable to equity shareholders of the Company	<i>10</i>		
Basic and diluted (<i>RMB</i>)		<u>(0.152)</u>	<u>0.065</u>
Dividends per share (<i>RMB</i>)	<i>8</i>	<u>–</u>	<u>–</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	11	1,072,767	1,095,044
Intangible assets		216,897	227,487
Goodwill		201,589	201,589
Interest in associates		176	152
Equity securities designated at fair value through other comprehensive income (“FVOCI”)		3,730	3,730
Financial assets measured at fair value through profit or loss (“FVPL”)		40,817	33,312
Time deposits		-	125,000
Pledged deposit		-	35,000
Deferred tax assets		19,530	16,582
		<u>1,555,506</u>	<u>1,737,896</u>
Current assets			
Inventories and other contract costs		236,283	227,182
Digital assets		31	8,311
Trade and other receivables	12	1,521,502	1,397,586
Time deposits		-	29,649
Bank balances and cash		1,314,647	861,904
Pledged deposits		604,795	403,659
Income tax receivable		3,655	-
		<u>3,680,913</u>	<u>2,928,291</u>
Current liabilities			
Trade and other payables	13	1,077,212	740,065
Contract liabilities		88,689	55,946
Bank loans		722,302	424,602
Lease liabilities		1,228	2,757
Income tax payable		-	6,322
		<u>1,889,431</u>	<u>1,229,692</u>
Net current assets		<u>1,791,482</u>	<u>1,698,599</u>
Total assets less current liabilities		<u>3,346,988</u>	<u>3,436,495</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)

		As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
	<i>Note</i>		
Non-current liabilities			
Bank loans		1,049,132	1,073,417
Deferred income		-	909
Lease liabilities		1,461	934
Deferred tax liabilities		18,603	14,143
		<u>1,069,196</u>	<u>1,089,403</u>
NET ASSETS		<u>2,277,792</u>	<u>2,347,092</u>
CAPITAL AND RESERVES			
Share capital	9	362,849	362,849
General reserves		327,378	327,378
Share award scheme reserve		(2,778)	(2,778)
Special reserve		(478,026)	(478,026)
Fair value reserve		(5,329)	(5,329)
Translation reserves		988	(803)
Retained profits		1,288,166	1,358,586
Total equity attributable to equity shareholders of the Company		<u>1,493,248</u>	<u>1,561,877</u>
Non-controlling interests		<u>784,544</u>	<u>785,215</u>
TOTAL EQUITY		<u>2,277,792</u>	<u>2,347,092</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025 (unaudited)

GROUP – RMB'000	Share capital	General reserves	Share award scheme reserves	Special reserve	Fair value reserve	Translation reserves	Retained profits	Total	Non-controlling interests	Total
Balance at 1 January 2025	362,849	327,378	(2,778)	(478,026)	(5,329)	(803)	1,358,586	1,561,877	785,215	2,347,092
Changes in equity for the period:										
Loss for the period	-	-	-	-	-	-	(70,420)	(70,420)	(671)	(71,091)
Other comprehensive income for the period	-	-	-	-	-	1,791	-	1,791	-	1,791
Total comprehensive income	-	-	-	-	-	1,791	(70,420)	(68,629)	(671)	(69,300)
Balance at 30 June 2025	<u>362,849</u>	<u>327,378</u>	<u>(2,778)</u>	<u>(478,026)</u>	<u>(5,329)</u>	<u>988</u>	<u>1,288,166</u>	<u>1,493,248</u>	<u>784,544</u>	<u>2,277,792</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)*For the six months ended 30 June 2025 (unaudited)*

GROUP – RMB'000	Share capital	General reserves	Special reserve	Fair value reserve	Translation reserves	Retained profits	Total	Non- controlling interests	Total
Balance at									
1 January 2024	295,000	315,149	(6,017)	(5,494)	(1,555)	1,328,626	1,925,709	812,864	2,738,573
Changes in equity for the period:									
Issue of shares during the period	67,849	–	–	–	–	–	67,849	19,600	87,449
Profit for the period	–	–	–	–	–	26,589	26,589	6,783	33,372
Other comprehensive income for the period	–	–	–	–	455	–	455	–	455
Total comprehensive income	–	–	–	–	455	26,589	27,044	6,783	33,827
Balance at 30 June 2024	362,849	315,149	(6,017)	(5,494)	(1,100)	1,355,215	2,020,602	839,247	2,859,849

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Republic of Singapore on 18 November 2004 under the Singapore Companies Act and its shares are listed on Main Board of The Stock Exchange of Hong Kong Limited. The address of the Company's principal place of business is 5 Tampines Central 1, #06-05 Tampines Plaza 2, Singapore 529541. The registered office of the Company is located at 5 Tampines Central 1, #06-05 Tampines Plaza 2, Singapore 529541, Singapore.

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" or "China").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements for the six months ended 30 June 2025 (the "**Financial Statements**") have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("**IASB**") that are effective for annual reporting periods beginning on or after 1 January 2025.

Amendments to IAS 21, *Lack of Exchangeability*

1 January 2025

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

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

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to IFRS 10 and IAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
Amendments to IFRS Accounting Standards, <i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	1 January 2026
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026

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.

The Financial Statements have been prepared on a historical cost basis except that certain assets which are stated at fair value. The consolidated financial statements are presented in Renminbi (“RMB”), being the functional currency of the Company and the presentation currency of the Group. All values are rounded to the nearest thousand except when otherwise indicated.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are engaged in (i) chips research, design, sales and supply chain services, semiconductor, intellectual property authorization business, and digital security products and services; (ii) the supply of electricity with a focus on the production and sales of solar power as well as the provision of development consultation and technical services of the solar thermal power generation technology; and (iii) 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.

Disaggregation of revenue

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Integrated circuits and digital technology	94,677	78,037
New energy and services	73,697	68,032
Telecommunications	853,835	969,251
	1,022,209	1,115,320

(b) Segment reporting

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

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

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

Information about reportable segments

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

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

The measure used for reporting segment profit is profit or loss before tax, adjusted for items not specifically attributed to individual segments, such as 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 expenses, written-off of deposits, asset impairment losses and related reversals and share of result of an associate.

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

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 six months ended 30 June 2025 and 2024 is set out below:

	Reportable segments			
	Integrated Circuits and Digital Technology <i>RMB'000</i>	New Energy and Services <i>RMB'000</i>	Telecommunications <i>RMB'000</i>	Total reportable segments <i>RMB'000</i>
Six Months Ended 30 June 2025				
Disaggregated by timing of revenue recognition				
Point in time	70,895	69,675	853,835	994,405
Over time	23,782	4,022	-	27,804
Revenue from external customers	94,677	73,697	853,835	1,022,209
Segment profit before taxation	15,750	11,520	(5,775)	21,495
Interest income	84	3,742	9,358	13,184
Finance cost	(10,686)	(10,237)	(10,225)	(31,148)
Depreciation and amortisation expense	(2,933)	(19,134)	(10,253)	(32,320)

Reconciliation of reportable segment profit

	Group	
	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit before tax		
Total profit before tax for reportable segments	21,495	31,346
Unallocated amounts:		
– Other operating income	15,638	18,982
– Other operating gains, net	-	14
– Other unallocated amounts	(37,127)	(6,742)
Consolidated profit before tax	6	43,600

Other material items

	Reportable and all other segment totals	Unallocated amounts	Consolidated totals
	RMB'000	RMB'000	RMB'000
For the six months ended 30 June 2025 (unaudited)			
Depreciation and amortisation expenses	(32,320)	(171)	(32,491)
For the six months ended 30 June 2024 (unaudited)			
Depreciation and amortisation expenses	(34,421)	(168)	(34,589)

Geographical segment

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 the Group's revenue and specified non-current assets including property, plant and equipment. 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 For the six months ended 30 June		Specified non-current assets* As at	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
PRC	949,325	1,034,005	1,491,308	1,473,739
Other countries	72,884	81,315	121	50,533
Total	1,022,209	1,115,320	1,491,429	1,524,272

* excludes other investments and deferred tax assets

4. OTHER OPERATING INCOME

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Government grants	12,585	21,641
Compensation claims received	530	118
Service fee income	1,500	38
Net gain on commodity future contracts	255	7,241
Others	753	692
Total	15,623	29,730

5. INTEREST EXPENSE

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest expense on short term bank loans	31,139	23,799
Interest on lease liabilities	16	92
	31,155	23,891

6. PROFIT BEFORE TAXATION

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

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Cost of inventories recognised as expense	698,803	795,473
Depreciation of property, plant and equipment and amortisation expenses	32,491	34,589
Salaries and bonus	96,566	99,401
Contributions to defined contribution plans	4,749	4,320
Executive directors' remuneration	386	594
Non-executive directors' fees	1,142	959
Total staff costs	102,843	105,274
Research and development expenses (included in other operating expenses)	72,990	72,184
Impairment loss on trade and other receivable	8,383	–
Net foreign exchange losses (included in other operating expenses)	1,377	394
Reversal of stock obsolescence	(162)	(2,603)
Net losses on write-off of property, plant and equipment	46	56

7. INCOME TAX

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax expense		
Current year		
– PRC Corporate Income Tax	71,097	4,560
Deferred tax expense		
Origination and reversal of temporary differences	-	5,668
	71,097	10,228

- (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% (2024: 25%).

Jiangsu Hengxin Technology Co., Ltd., Jiangsu Hengxin Wireless Technology Co., Ltd., Nanjing Zhangyu Information Technology Co., Ltd. (“**Nanjing Zhangyu**”), Shanghai Zhangyu Information Technology Co., Ltd. (“**Shanghai Zhangyu**”) and Qinghai Zhongkong Solar Power Co., Ltd. (“**Qinghai Zhongkong**”) are subject to a preferential income tax rate of 15% in 2025 available to enterprises which qualify as a High and New Technology Enterprise (2024: 15%).

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

- (iii) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Hong Kong Profits Tax has been provided for Hengxin Technology International Co., Ltd. at the rate of 8.25% (2024: 8.25%) on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2025.

No provision for Hong Kong Profits Tax was made for Hengxin Metaverse Co., Ltd. as it does not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2025.

8. DIVIDENDS

The Company did not recommend or declare any interim dividend for the six months ended 30 June 2025 and 30 June 2024.

9. 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	<u>77,600</u>	<u>67,849</u>
Balance as at 30 June 2025 and 30 June 2024	<u>465,600</u>	<u>362,849</u>

10. (LOSSES)/EARNINGS PER SHARE

(Losses)/earnings per share is calculated by dividing the Group's net (loss)/profit attributable to equity shareholders of the Company for the period by the weighted average number of ordinary shares outstanding during the period.

	Group For the six months ended	
	30 June 2025 (unaudited)	30 June 2024 (unaudited)
(Losses)/earnings per share (RMB)		
– Basic	<u>(0.152)</u>	<u>0.065</u>
– Diluted	<u>(0.152)</u>	<u>0.065</u>
Weighted average no. of shares applicable to basic EPS ('000)	463,274	408,466

For the purpose of calculating diluted (losses)/earnings per share, net (losses)/earnings attributable to equity holders of the Company and the weighted average number of ordinary shares in issue (excluding treasury shares) are adjusted for the effects of all potential dilutive ordinary shares. There are no potential dilutive ordinary shares during the six months ended 30 June 2025 and 30 June 2024. Accordingly, the diluted (losses)/earnings per share is computed to be the same as the basic earnings per share for the six months ended 30 June 2025 and 30 June 2024.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group's capital expenditure was approximately RMB13.7 million (six months ended 30 June 2024: approximately RMB17.0 million).

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Trade receivables	1,255,976	1,255,487
Bills receivables	55,915	86,650
Less: Loss allowance	<u>(54,430)</u>	<u>(46,369)</u>
Net trade and bills receivables	1,257,461	1,295,768
Loans to the associate	21,191	21,191
Non-trade amount due from the associate	1,680	1,680
Less: Loss allowance	<u>(22,871)</u>	<u>(22,871)</u>
	-	-
Net other receivables	<u>264,041</u>	<u>101,818</u>
Total trade and other receivables	<u>1,521,502</u>	<u>1,397,586</u>

Trade and bills receivables are due within 90-270 days from the date of billing. The aging of trade and bills receivables based on the invoice date, net of allowance for impairment in respect of trade receivables at the end of the reporting period, is as follows:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Within 6 months	1,016,077	958,010
7 to 12 months	87,433	124,060
1 to 2 years	88,667	139,072
Over 2 years	<u>65,284</u>	<u>74,626</u>
	<u>1,257,461</u>	<u>1,295,768</u>

13. TRADE AND OTHER PAYABLES

	As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Trade payables	1,036,011	633,966
Other payables	41,201	106,099
	<u>1,077,212</u>	<u>740,065</u>

As at the end of the reporting period, the aging profile of trade and bills payables of the Group, based on invoice date, is as follows:

	As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
0 to 90 days	740,909	531,889
91 to 180 days	196,353	63,244
181 to 360 days	67,362	15,675
Over 360 days	31,387	23,158
	<u>1,036,011</u>	<u>633,966</u>

14. CONNECTED TRANSACTIONS

- (a) During the six months ended 30 June 2025 (the “Reporting Period”), the Group had the following continuing connected transactions with Hengtong Group Co., Ltd. and Hengtong Optic-Electric Co., Ltd.:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sale of finished goods	56,129	34,399
Purchase of raw materials	153,850	251,665

Jiangsu Hengxin Technology Co., Ltd. (“**Jiangsu Hengxin**”), a wholly-owned subsidiary of the Company 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 Co., Ltd. (亨通集團有限公司) (“**Hengtong Group**”) and Hengtong Optic-Electric Co., Ltd. (江蘇亨通光電股份有限公司) (“**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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 ending 31 December 2025 is RMB71.9 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 approving 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 ending 31 December 2025 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 six months ended 30 June 2024, the Group had the following continuing connected transaction with Shanghai Zhangyu Information Technology Co., Ltd.:**

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Gross income from leasing of servers	<u>N/A</u>	<u>4,200</u>

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 term 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 ending 31 December 2025 is HK\$ 9.26 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 a continuous connected transaction under Chapter 14A of the Listing Rules. Therefore no continuous connected transaction was required to be disclosed for the Reporting Period.

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 keeping the equipment in good condition through daily maintenance to ensure safe and stable operation.

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

The total service price is RMB90,200,000 (inclusive of VAT at the rate of 6% and subject to adjustment according to the actual number of service personnel for on-site preparation, actual power generation and satisfaction of safety production indicators), which consists of two parts: (i) a service fee for the preparation period for entry into the site of RMB5,200,000 (inclusive of VAT at the rate of 6% and subject to adjustment according to the actual number of service personnel for on-site preparation), which will be paid by Cosin Solar in installments in accordance with the contract from the month when Cosin Solar notifies Zhongguang New Energy to enter the site for preparation; and (ii) an annual normal operation and maintenance service fee of RMB17,000,000 (inclusive of VAT at the rate of 6%, the installments are payable in each operation and maintenance quarter, of which the amount of ten percent (10%) of the annual normal operation and maintenance service fee shall be the assessment fee and will be settled based on the results of the annual appraisal and be paid by Cosin Solar to Zhongguang New Energy within one (1) month after the settlement). The annual caps on the maximum amounts of fees payable to Cosin Solar for the year ending 31 December 2025 is RMB18,000,000 (2024: RMB9,500,000). During the six months ended 30 June 2025, the revenue recognized from the operation and maintenance service under the Service Contract was approximately RMB2,646,000 (For the six months ended 30 June 2024: Nil).

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 constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) Cosin Solar was 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 six months ended 30 June 2024, 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), an indirect wholly-owned subsidiary of the Company (as lender), entered into a loan agreement (the **"First Loan Agreement"**) with Nanjing Zhangyu Information Technology Co., Ltd. (**"Nanjing Zhangyu"**) (南京掌御信息科技有限公司) (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 respective dates of the First Loan Agreement and the Second Loan Agreement, as 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 exceeds HK\$10,000,000, the transactions contemplated under the Second Loan Agreement and the First Loan Agreement constitute 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 in the year ended 31 December 2024, 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 under Chapter 14A of the Listing Rules.

During 1H2024, 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 RMB14,001,000.

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.

(f) Compensation of key management personnel

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short term benefits	3,841	3,581
Retirement benefits scheme contribution	243	319
Total	4,084	3,900

15. DONATIONS & CAPITAL COMMITMENTS

	As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Acquisition of property, plant and equipment	-	914
Donation commitment	<u>500</u>	<u>1,000</u>
	<u>500</u>	<u>1,914</u>

The Group's PRC subsidiary has signed an intention letter and committed 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 six months ended 30 June 2025 ("1H2025" or the "Reporting Period") decreased by approximately RMB93.1 million, or approximately 8.3% from approximately RMB1,115.3 million in the six months ended 30 June 2024 ("1H2024") to approximately RMB1,022.2 million in 1H2025.

The main reason for the decrease in revenue for 1H2025 comparing 1H2024 is due to the decrease in revenue for the Telecommunications business segment. During 1H2025, Telecommunications business segment recorded a revenue of approximately RMB853.8 million, representing a decrease of approximately RMB115.4 million or 11.9% from approximately RMB969.3 million in 1H2024.

By separating the revenue contribution by the Telecommunications business segment in 1H2025, (i) the New Energy and Services business segment (under Zhongguang New Energy) recorded an increase in revenue of approximately RMB5.7 million or 8.4% from 1H2024's approximately RMB68.0 million to 1H2025's approximately RMB73.7 million and (ii) the Integrated Circuits and Digital Technology business segment (comprising of Nanjing Zhangyu and Shanghai Zhangyu (collectively, the "**Zhangyu Companies**")) recorded an increase in revenue of approximately RMB16.7 million or 21.4% from 1H2024's approximately RMB78.0 million to 1H2025's approximately RMB94.7 million. Below is an analysis of revenue according to the categories of business segments.

Integrated Circuits and Digital Technology

During 1H2025, Integrated Circuits and Digital Technology business segment recorded revenue of approximately RMB94.7 million (representing an increase of approximately RMB16.7 million or 21.4% from approximately RMB78.0 million for 1H2024), of which revenue from (i) design services was approximately RMB35.3 million; (ii) tape-out service was approximately RMB35.6 million; and (iii) digital technology, cloud computing and services were approximately RMB23.8 million.

New Energy and Services

During 1H2025, New Energy and Services business segment have recorded revenue of approximately RMB73.7 million, representing an increase of approximately RMB5.7 million or 8.4% from approximately RMB68.0 million in 1H2024. The revenue in 1H2025 mainly generated from the sales of solar power from the business segment's 50MW and 10MW power generating facilities. The total revenue generated from the two power generating facilities in 1H2025 was approximately RMB64.1 million, representing a decrease of approximately RMB3.5 million or 5.2% comparing with approximately RMB67.6 million in 1H2024. In 1H2025, the 50MW power plant has operated 2,177 hours (representing a decrease of 136 hours or 5.9% year-on-year) and generated 60.64 MkWh of electricity (representing a decrease of 7.13 MkWh or 10.5% year-on-year), of which the grid-connected power generated was 59.50 MkWh (representing a decrease of 6.94 MkWh or 10.4% year-on-year). The main reason for the decrease in power generation revenue is due to the unstable weather conditions during 1H2025 at the 50MW and 10MW solar thermal power generating plants at Delingha, Qing Hai Province. In order to expand the business of the New Energy and Services business segment, the New Energy and Services business segment has proactively explored its business in operations and maintenance. During 1H2025, revenue from the provision of operations and maintenance services has generated approximately RMB9.6 million (only approximately RMB0.4 million in 1H2024). The provision of operations and maintenance services will provide the Group with stable and consistent income stream in future and will lead the Group to further develop and expand its business in the new energy sector.

Telecommunications

Due to continuous fierce market competition during 1H2025, Telecommunications business segment recorded a decrease in revenue of approximately RMB115.4 million or 11.9% from approximately RMB969.3 million in 1H2024 to approximately RMB853.8 million in 1H2025 despite 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 18.3% for 1H2025 compared to approximately 18.8% for 1H2024, representing a slight decrease of approximately 0.5 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 15.4%, representing a slight increase of approximately 0.2 percentage point from the previous year's approximately 15.2%.

The Integrated Circuits and Digital Technology business segment has achieved a gross profit margin of approximately 34.1% during 1H2025 (gross profit margin of approximately 35.4% during 1H2024), representing a slight decrease of approximately 1.3 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. With the increase in revenue for the Integrated

Circuits and Digital Technology business segment in 1H2025, gross profit contribution in 1H2025 has reached approximately RMB32.2 million, representing an increase of approximately RMB4.6 million or 16.7% from 1H2024's RMB27.6 million.

The New Energy and Service business segment has achieved a gross profit margin of approximately 31.6% in 1H2025 (gross profit margin of approximately 58.6% during 1H2024), representing a decrease of approximately 27.0 percentage points year-on-year. The decrease in gross profit margin is mainly due to the unstable weather conditions in 1H2025 resulting in the decrease in profitability for the two solar thermal power generating plants at Delingha, Qing Hai Province and the additional costs investment for the development of the operations and maintenance business. Despite a year-on-year increase in revenue, the decline in gross profit margin resulted in a decrease of approximately RMB12.2 million, or 34.4%, in gross profit for 1H2025 from approximately RMB35.5 million in the same period last year to approximately RMB23.3 million in 1H2025.

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 and stringent costs control measures have been implemented to enhance products profitability, therefore gross profit margin recorded a slight increase year-on-year. As revenue for the Telecommunications business segment decreased by approximately 11.9% year-on-year, gross profit contribution for the Telecommunications business segment in 1H2025 has recorded a year-on-year decrease of 10.4% or approximately RMB15.3 million from 1H2024's RMB147.1 million to 1H2025's RMB131.8 million.

In general, as Integrated Circuits and Digital Technology and New Energy and Services business segments have higher gross profit margin than the Telecommunications business segment, during 1H2025, the Group recorded a slight decrease in the combined gross profit margin of 0.5 percentage point year-on-year.

In order to increase the gross profit margin of the Group, the Group will enhance product profitability by increasing investment in new product research and development and the application of new technologies. 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, shorten the receivables cycle 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 and expansion 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. Furthermore, as the New Energy and Services business segment further develops and contributes to the Group and more operation and maintenance services are expected to be secured for solar thermal projects in China and overseas in future, the Group will be able to achieve higher overall gross profit margin and gross profit contribution as these

new business segments have much higher profitability than the Group's traditional Telecommunications business segment.

Other operating income

Other operating income decreased by approximately RMB14.1 million or approximately 47.5% from approximately RMB29.7 million in 1H2024 to approximately RMB15.6 million in 1H2025. The decrease is primarily due to the decrease in government grants and subsidies of approximately RMB9.0 million and the decrease in net gain on commodity future contracts of approximately RMB7.0 million.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB7.5 million or approximately 11.3% from approximately RMB66.4 million in 1H2024 to approximately RMB58.9 million in 1H2025. The decrease is in line with the decrease in revenue for the Telecommunications business segment, thus resulting in a decrease in salary expenses under selling and distribution expenses, transportation costs, travelling and hospitality expenses during 1H2025.

Administrative expenses

Administrative expenses decreased by approximately RMB9.2 million or approximately 18.3% from approximately RMB50.2 million in 1H2024 to approximately RMB41.0 million in 1H2025. The decrease is mainly due to the decrease in payroll related expenses and consulting and legal and professional fees.

Other operating expenses

Other operating expenses increased by approximately RMB4.6 million or approximately 6.4% from approximately RMB72.2 million in 1H2024 to approximately RMB76.8 million in 1H2025. Such change is mainly due to:

(i) an increase in research and development (“**R&D**”) expenses by approximately RMB0.8 million or 1.1% year-on-year from 1H2024's approximately RMB72.2 million to approximately RMB73.0 million in 1H2025. During 1H2025, approximately RMB65.8 million (representing an increase of approximately RMB9.0 million or 15.8% from approximately RMB56.8 million in 1H2024) of R&D was attributable to the continuing R&D activities undertaken for the modifications and improvements to the Group's telecommunications products during 1H2025; approximately RMB4.7 million (1H2024: RMB10.3 million) was due to the R&D undertaken by the Zhangyu Companies during 1H2025; and approximately RMB2.5 million (1H2024: RMB5.1 million) was due to the R&D undertaken by Zhongguang New Energy during 1H2025; (ii) an exchange loss of approximately RMB1.4 million in 1H2025 (1H2024: RMB0.4 million); and (iii) decrease in the reversal of stock obsolescence of approximately RMB2.4 million in 1H2025 comparing 1H2024.

Interest expense

Interest expense increased by approximately RMB7.3 million or approximately 30.5% from approximately RMB23.9 million in 1H2024 to approximately RMB31.2 million in 1H2025, mainly because of the interest expenses relating to the bank borrowings for the acquisition of Zhongguang New Energy and the interest expenses relating to Zhongguang New Energy's bank loans.

Profit before taxation

Profit before taxation for 1H2025 is approximately RMB6,000, comparing the profit tax before taxation for 1H2024 of approximately RMB43.6 million. Such decrease is mainly attributed by the decrease in revenue and gross profit margin during 1H2025, the year-on-year decrease in government grants and subsidies of approximately RMB9.0 million, the impairment loss on trade and other receivables of approximately RMB8.4 million and the year-on-year increase in interest expense of approximately RMB7.3 million.

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 1H2025 as they qualify as a high-tech enterprise in the PRC. Income tax expense increased by approximately RMB60.9 million or approximately 597.1% from approximately RMB10.2 million in 1H2024 to approximately RMB71.1 million in 1H2025. The increase is mainly due to the increase in corporate income tax paid for the intra-group dividend payment made in the PRC during 1H2025.

Loss Attributable to Equity Shareholders of the Company

In view of the above, after taking into account of the effects of the decrease in revenue and gross profit margin, the decrease in government grants and subsidies, the impairment loss on trade and other receivables, the increase in interest expense, the increase in income tax and changes in non-controlling interests, the Group incurred a loss attributable to equity shareholders of the Company of approximately RMB70.4 million (1H2024: profit attributable to equity shareholders of the Company of approximately RMB26.6 million).

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 RMB216.9 million as at 30 June 2025 (as at 31 December 2024: RMB227.5 million), representing a decrease of approximately RMB10.6 million or approximately 4.7% and mainly represent customer relationship, patents, intellectual property resources and licence. The decrease is mainly due to the amortisation during 1H2025.

Trade and other receivables

- (i) Net trade and bills receivables decreased by approximately RMB38.3 million or approximately 3.0% from approximately RMB1,295.8 million as at 31 December 2024 to approximately RMB1,257.5 million as at 30 June 2025. The decrease in net trade and bills receivables is mainly due to the decrease in bills receivables of approximately RMB30.8 million from approximately RMB86.7 million as at 31 December 2024 to approximately RMB55.9 million as at 30 June 2025.

As at 30 June 2025, based on the invoice date and net of allowance for impairment, approximately 80.8% of the net trade and bills receivables are within 6 months as compared with that of approximately 73.9% as at 31 December 2024.

For long aged net trade and bills receivables, as at 30 June 2025, approximately 5.2% were over two years (as compared with 5.8% as at 31 December 2024). The long aged net trade and bills receivables were mainly related to trade receivables from provincial grid company. The Group does not foresee any significant difficulty in the collection of these receivables. The Group will continue to endeavour in its collection efforts on the outstanding balances.

- (ii) Net prepayments and non-trade receivables increased by approximately RMB162.2 million or approximately 159.3% from approximately RMB101.8 million as at 31 December 2024 to approximately RMB264.0 million as at 30 June 2025. The increase was mainly due to the prepayments made for the purchase of raw materials in anticipation of the future rise in materials costs.

Trade and other payables

- (i) Trade payables increased by approximately RMB402.0 million or approximately 63.4% from approximately RMB634.0 million as at 31 December 2024 to approximately RMB1,036.0 million as at 30 June 2025. The increase is mainly due to the increase in purchases of raw materials for the Telecommunications business segment in anticipation of the future rise in materials costs.
- (ii) Other payables recorded a decrease of approximately RMB64.9 million or approximately 61.2% from approximately RMB106.1 million as at 31 December 2024 to approximately RMB41.2 million as at 30 June 2025. The decrease is mainly due to the decrease in payroll related payables.

Current bank loans and non-current bank loans

The current and non-current bank loans as at 30 June 2025 amounted to approximately RMB1,771.4 million (approximately RMB 1,498.0 million as at 31 December 2024). The loans were mainly used to enhance the working capital position of the Group and carry fixed interest rates.

(II) LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the Group's total assets were approximately RMB5,236,419,000 (31 December 2024: RMB4,666,187,000) (of which current assets were approximately RMB3,680,913,000 (31 December 2024: RMB 2,928,291,000) and non-current assets were approximately RMB1,555,506,000 (31 December 2024: RMB1,737,896,000)), the total liabilities were approximately RMB2,958,627,000 (31 December 2024: RMB 2,319,095,000), of which current liabilities were approximately RMB1,889,431,000 (31 December 2024: RMB1,229,692,000) and non-current liabilities were approximately RMB1,069,196,000 (31 December 2024: RMB1,089,403,000)), and shareholder's equity attributable to equity shareholders of the Company reached approximately RMB1,493,248,000 (31 December 2024: RMB1,561,877,000). As at 30 June 2025, the Group's total cash, time deposits and pledged deposits were approximately RMB1,919,442,000 (31 December 2024: approximately RMB1,455,212,000).

As at 30 June 2025, the Group has current bank loans due within one year of approximately RMB722,302,000 (31 December 2024: RMB424,602,000) carrying fixed interest rates and non-current bank loans of approximately RMB1,049,132,000 carrying fixed interest rates (31 December 2024: RMB1,073,417,000).

In addition to its short-term interest-bearing facilities, the Group generally finances its operations from cash flows generated internally.

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

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

The management of the Group monitors capital based on the Group's gearing ratio. The Group's debt-to-assets ratio is calculated as total liabilities divided by total assets.

	As at	
	30 June	31 December
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(audited)
Total liabilities	2,958,627	2,319,095
Total assets	5,236,419	4,666,187
Debt-to-assets ratio (%)	57%	50%

(III) REVIEW AND OUTLOOK

The Group's revenue for 1H2025 was approximately RMB1,022.2 million, representing a decrease of approximately RMB93.1 million or 8.3% over the same period in 2024; the net loss attributable to equity shareholders of the Company was approximately RMB70.4 million, net profit attributable to equity shareholders of the Company for 1H2024 was approximately RMB26.6 million.

In 1H2025, China's economy maintained steady operation amid a complex and ever-changing global economic environment, demonstrating remarkable resilience and development potential. Despite ongoing volatility in external demand and geopolitical challenges, China's economy continued to improve at a steady pace, with rapid growth in new growth driver industries and further progress in high-quality development. According to the data from China's National Bureau of Statistics, China's GDP grew by 5.3% year-on-year in 1H2025, a slight slowdown from the growth rate of 5.0% for the full year of 2024, while overall economic operation remained stable, with the economic scale expanding steadily. In the second quarter of 2025, GDP grew by 5.2% year-on-year, down from 5.4% in the first quarter of 2025, partly due to seasonal factors and extreme weather in some regions. However, the fundamentals of China's long-term economic improvement have remained unaltered. The economic volume in the second quarter of 2025 exceeded RMB34 trillion, whereas total added value of industrial enterprises and total import and export of goods exceeded RMB11 trillion, which exhibited a solid economic foundation.

China's domestic demand continued to recover, with particularly strong performance in the new energy and green infrastructure sectors. In 1H2025, added value of industrial enterprises above the designated size grew by 6.4% year-on-year, slightly higher than the growth rate of 6.0% for the full year of 2024 and also exceeding the growth rate of 4.6% for the full year of 2023. In 1H2025, national fixed assets investment increased by 2.8% year-on-year, of which infrastructure investment increased by 4.6% and according to the latest data from CINNO Research, investment in China's energy storage sector reached RMB279.9 billion in the first half of 2025, representing a year-on-year increase of 10.5%, reflecting strong market demand for green energy. Investment in high-tech service industry increased by 8.6% on a year-on-year basis, outpacing overall fixed assets investment growth rate by 5.8 percentage points, indicating continued optimization of China's domestic economic structure and

accelerated development of new growth driver industries such as new energy and energy storage. As of the end of June 2025, a total of approximately 4.55 million 5G base stations had been completed and commissioned nationwide, representing a net increase of approximately 596,000 as compared with that of the end of 2024, and supporting the rapid expansion of the digital economy and smart energy infrastructure.

The Group has made significant progress in its strategic deployment in the new energy sector. Its 800MW/1600MWh grid-side independent energy storage project in Binzhou City, Shandong Province has been successfully included in the 2025 list of new energy storage projects announced by the Energy Administration of Shandong Province (for details, please refer to the Company's announcement on recent business update dated 15 July 2025), making it the largest single project in that batch. This milestone not only highlights the Group's leading position in the energy storage sector, but also lays the foundation for the continuous improvement of the Group's profitability. Meanwhile, the Group focused on lean operations and significantly reduced costs through supply chain optimization and technological upgrades, resulting in a steady increase in product gross profit margin and continued improvement in operating conditions.

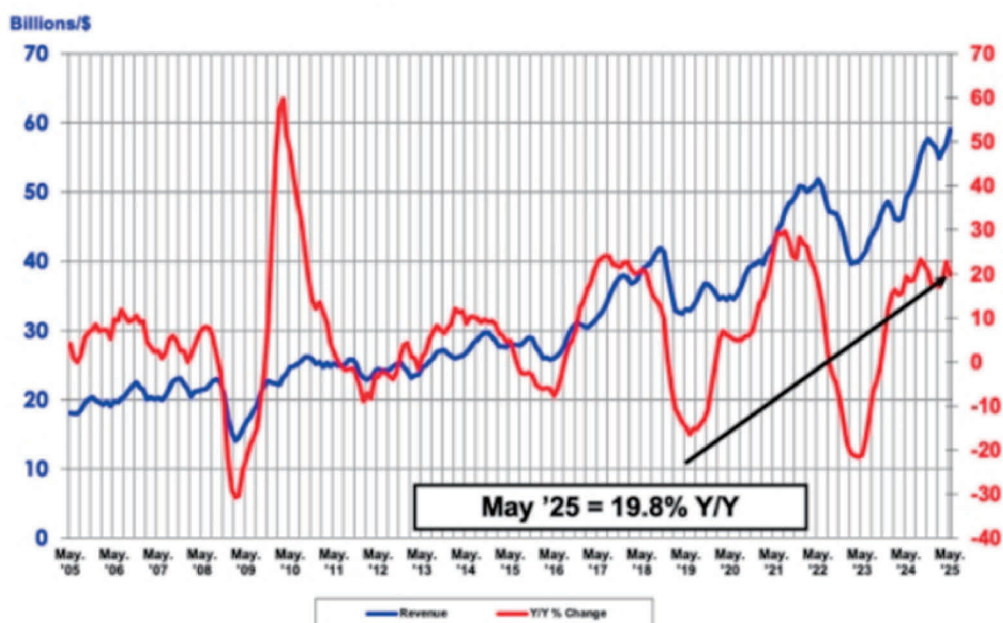
In general, China's domestic economy maintained stable performance in 1H2025, providing a favorable environment for the development of the Group's new energy business. The Board will continue to pay close attention to macroeconomic trends and industry policies, maintain strategic flexibility, and proactively capitalize on opportunities in the new energy market to lay a solid foundation for the second half of 2025 and long-term development.

Integrated Circuits and Digital Technology

Data released by the Semiconductor Industry Association of the United States of America (SIA) on 8 July 2025 indicated that worldwide semiconductor sales reached US\$58.98 billion in May 2025, representing a year-on-year increase of 19.8% and a month-on-month increase of 3.5%. Overall, the regional markets worldwide achieved growth compared to both the same period last year and last month. The year-on-year growth was led by the Americas, Asia-Pacific & Other, and China, while the month-on-month growth saw higher increase in Asia-Pacific & Other, China and Europe. The Americas increased by 32% year-on-year, Asia-Pacific & Other increased by 25.1% year-on-year, and China increased by 13% year-on-year.

Worldwide Semiconductor Revenues

Year-to-Year Percent Change



Source: WSTS

In 1H2025, market orders continued to recover, with artificial intelligence (AI)-related segments being the focus of growth. On the demand side, the penetration rate of AI increased, with computing power demands driving memory upgrades and rapid storage capacity expansion in server, PC, and cell phone. Overall, the global semiconductor industry will maintain an optimistic growth trajectory in 2025.

In 1H2025, China's integrated circuits exports increased by 20.6% in volume to 167.77 billion units, with export value increased by 20.3% to RMB650.26 billion; the integrated circuits imports increased by 8.9% in volume to 281.88 billion units, with import value increased by 8.3% to RMB1.38 trillion. From a regional perspective, China's integrated circuits exports to Southeast Asian countries accounted for a growing proportion of the total, increased from 15% in 2020 to 31% in 2024, which may reflect ongoing industrial chain realignment, with some downstream segments of the manufacturing industry shifting to Southeast Asian countries, and upstream industrial chains such as integrated circuits progressively shifting to China.

The Group will seize the opportunity of market recovery by stabilizing existing customers, expanding and exploring new customers, ensuring that chips customization services outperform the industry. Simultaneously, the Group will vigorously develop new businesses in IP licensing and digital security and create new growth opportunities. In 1H2025, the Group's Digital Technology and Digital Security business segment recorded revenue of approximately RMB93.4 million. In particular, chips customization services generated revenue of approximately RMB64.1 million, semiconductor IP licensing generated revenue of RMB5.5 million, and digital security contributed RMB20.9 million in revenue. Currently, the Integrated Circuits and Digital Technology business segment has an order backlog of over RMB178.3 million, laying a solid foundation for the Group's operations in the second half of 2025.

New Energy and Service

On 23 July 2025, China's National Energy Administration released the national electricity industry statistics for the period from January to June 2025. As of the end of June 2025, the national accumulated installed capacity of power generation reached 3.65 billion kilowatts, representing a year-on-year increase of 18.7%. Among them, the installed capacity of solar power generation was 1.10 billion kilowatts, representing a year-on-year increase of 54.2%, while the installed capacity of wind power was 570 million kilowatts, representing a year-on-year increase of 22.7%. The total installed capacity of wind power and photovoltaic power reached 1.67 billion kilowatts, accounting for approximately 45.7% of China's total installed power generation capacity. Due to the low utilization hours of wind power and photovoltaic power, their total power generation accounted for only 24% from January to June 2025.

While new energy installations maintained a high speed, consumption challenges are gradually emerging, with continued declines in wind and photovoltaic power utilization rates. Following the release of the 95% new energy consumption red line in 2024, regions with favorable resource conditions may reduce their new energy utilization rate to 90%. According to the data released by the National New Energy Consumption Monitoring and Early Warning Center, China's utilization rate of wind power in May 2025 had dropped to 93.2%, and that of photovoltaic power had dropped to 94.2%.

Solar thermal power generation is a typical new energy source that contributes to the consumption of new energy, which can provide rotational inertia and reactive support. It is an extremely rare grid-friendly low-carbon power source. It can also be equipped with a natural gas or biomass supplementary combustion system as a backup power source. From a technical perspective, solar thermal power generation serves as an ideal choice for power systems with a high proportion of new energy.

Under a heat-to-electricity conversion method, solar thermal power generation converts solar radiation heat energy into thermal energy through heat collection devices to drive turbines to generate electricity. Solar thermal power generation can store excess daytime heat via heat storage system (such as molten salt) and release it for power generation at night, achieving 24-hour continuous electricity supply and addressing the fluctuations of the solar thermal power generation caused by the intermittency of sunshine. Unlike photovoltaic or wind power which require inverters for conversion, solar thermal power generation outputs alternating current (AC) that can be directly connected to the grid.

In March 2023, the Comprehensive Affairs Department of the China National Energy Administration issued the Notice Related to Promoting the Large-scale Development of Solar Thermal Power, clarifying the functional positioning of solar thermal power generation. The first part of the Notice states that: "the significance of the large-scale development of solar thermal power generation should be fully understood in that solar thermal power generation possesses the dual functions of peak-shaving sources and energy storage, is capable of providing long-term peak-shaving capacity and rotational inertia in power system, and has the potential to serve as both peak-shaving and basic power source in some regions.

Article 25 of the Energy Law of the People's Republic of China, which came into effect on 1 January 2025, states that “the state promotes development and utilization of wind energy and solar energy, persisting in development of centralized and distributed energy sources simultaneously, accelerating construction of wind power and photovoltaic power generation bases, supporting nearby development and utilization of distributed wind power and photovoltaic power generation, developing the offshore wind power in a reasonable and orderly manner, and actively developing solar thermal power generation”, which provides a fundamental policy support for the development of solar thermal power generation.

As of the end of 2024, China's cumulative installed capacity of solar thermal power generation amounted to a mere 838.2MW, with installed capacity under construction of 3,300MW and planned installed capacity of 4,750MW~4,800MW. Under the promotion of policies, China's solar thermal power generation industry has gradually entered the stage of large-scale commercialization.

Zhongguang New Energy is a pioneer in the construction of solar thermal power stations and molten salt fields in China. Its mission is to promote the application of “solar thermal power generation” as the core focus while integrating various energy storage technologies. It is committed to becoming an investment, construction and management platform in the field of new energy storage. Zhongguang New Energy currently wholly owns two tower-type solar thermal molten salt energy storage power stations with capacities of 10MW and 50MW in Delingha, Qinghai. Such stations represent the first batch of demonstration projects for solar thermal power generation in China, serving as key projects supported by China's strategic emerging industries, with a designed generation capacity of 146 million kWh, and are the world's first power stations of solar thermal energy storage to reach such designed generation capacity.

Leveraging its practical experience and accumulated expertise in the construction, operation, and maintenance of solar thermal power plants for over ten years, Zhongguang New Energy conducts timely market deployment and provides other solar thermal power plants with standardized and systematic O&M solutions covering the entire life cycle, safeguarding the smooth operation of power plants. As of 30 June 2025, Zhongguang New Energy has contracted a total of six external orders for operation and maintenance of solar thermal power station, and the cumulative amount of contractual orders amounted to RMB230 million.

On 5 November 2024, the Qinghai Provincial Bureau of Energy identified three solar thermal projects totaling 1,050MW through competitive selection as the first batch of demonstration (pilot) projects for solar thermal power generation in Qinghai Province. Among them, Zhongguang New Energy's 350MW Qinghai Zhongkong Delingha solar thermal power demonstration (pilot) project, is capable of meeting the power demand of 500,000 households. This project stands as the largest solar thermal power generation project in terms of installed capacity amongst the completed, under-construction, and planned projects, and also as the largest solar thermal power station project in terms of energy storage capacity worldwide.

Telecommunications

Currently, China's domestic 5G network construction is basically in place, leading to a significant decline in investment for the wireless segment of mobile communications network. 5G network construction in overseas developed countries and regions is also nearing completion, and 5G construction in other countries and regions is being carried out gradually. Overall, demand in the wireless segment of mobile communications network is experiencing slow growth. Currently, sales of the Group's radio frequency coaxial cables, antennas, radio frequency connectivity and other products declined compared to the same period last year. However, investment continued to increase for in-depth wireless network coverage demands (particularly in indoor and densely located city areas and other scenarios). The Group's digital indoor distribution products, serving as critical equipment for coverage gap filling and traffic offloading, have experienced significant increase in market demand and are now in bulk delivery phase, further enriching the Group's product matrix. Meanwhile, the Group achieved certain overseas results in 1H2025, basically flat as compared with that of last year. However, the forecast for the second half of 2025 remains somewhat uncertain. This is mainly due to the impact of complex overseas policies and situations on a global scale, including the continuous trade frictions and the ongoing geopolitical tensions. These uncertainties have led to fluctuations in market demand and increased difficulty in exploring overseas markets. In the face of these challenges, the Group will continue its efforts to strengthen risk management and market forecasting, and to seek innovative solutions to ensure the steady growth of its business in a complex international environment.

The level of investment for the domestic electronics and telecommunications equipment manufacturing industry in China is expected to remain sluggish for the Group's various products such as base station antennas, conventional feeder cables and jumper cable assemblies. Amid the declining demand in domestic market, the Group has won a number of centralized procurement tender projects of China Mobile and China Telecom with high ranking respectively during 1H2025, otherwise, the drop in revenue for 1H2025 would have been more significant. During 1H2025, the Group won the biddings in centralized procurement tender projects with amount of more than RMB1.19 billion from major telecom operators in mainland China, and telecom operators in various provinces in China together with a number of enterprise level customers continuing to strengthen and consolidate its market position.

Outlook

In the first half of 2025, China's economy demonstrated strong resilience, with GDP growth of approximately 5.3%. However, growth may experience a slight slowdown in the second half of the year due to external pressures, with the full-year growth rate projected to be between 5.0% and 5.2%.

The integrated circuit sector in the second half of the year is expected to see significantly stronger growth than that in the first half of the year, driven by healthy inventory levels, recovering in end-user demand (e.g., consumer electronics and automotive), and the continued surge in demand for AI and data centers.

Since the second half of 2024, the solar thermal industry has entered a critical phase characterized by “simultaneous capacity expansion and technological cost reduction”. With the successive grid-connection of solar thermal power stations, the Company’s O&M service for such stations will emerge as a new growth driver within New Energy and Services business segment.

It is expected that with the diversification of the Group’s business and the synergies among the business segments, it will lay a good foundation for the stable and sustainable development of the Group and create greater value for our shareholders.

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

As at 30 June 2025, the interests and short positions of the Directors and chief executives of the Company in shares and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)), which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (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 shares 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 shares in the Company. Ms. Zhang Zhong resigned as the non-executive Director of the Company on 11 July 2025.

Saved as disclosed above, as at 30 June 2025, none of the Directors and chief executives of the Company nor their associates had or deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to Section 352 of Part XV of the SFO or which has been notified to the Company and the SEHK pursuant to the Model Code.

(V) SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, insofar as is known to the Directors and chief executives of the Company, 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: Kingever is a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Cui Wei.

Saved as disclosed above, as at 30 June 2025, no person, other than the Directors, whose interests are set out in the paragraph headed “Directors’ and chief executives’ interests and short positions in shares and underlying shares and debentures” above, had an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 whose object is to enable the Directors of the Company to acquire benefits by means of the 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. The Incentive Scheme is not subject to the regulation of the Listing Rules. 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.

(VI) SUPPLEMENTAL INFORMATION

1. Change in composition of the Board after 30 June 2025

On 11 July 2025, Ms. Zhang Zhong tendered her resignation as a non-executive Director and a member of the audit committee of the Company with effect from 11 July 2025 as she wanted to devote more time to pursue her other commitments. On the same date, Mr. Pu Hong tendered his resignation as an independent non-executive Director, and a member of each of the audit committee, remuneration committee and nominating committee of the Company with effect from 11 July 2025 as he wanted to devote more time to his other business commitments. Subsequent to the resignation of Ms. Zhang Zhong and Mr. Pu Hong, Mr. Lau Fai Lawrence and Ms. Lin Ting were appointed as the executive Director and independent non-executive Director of the Company with effect from 11 July 2025 respectively. Ms. Lin Ting was also appointed as the member of each of the audit committee, remuneration committee and nominating committee of the Company with effect from 11 July 2025.

For details of the change in board composition on 11 July 2025, please refer to the announcement of the Company dated 11 July 2025.

On 31 July 2025, Dr. Li Jun tendered his resignation as an independent non-executive Director, the chairman of the remuneration committee, a member of the audit committee and a member of the nominating committee of the Company with effect from 31 July 2025 as he wanted to devote more time to pursue his other commitments. Following the resignation of Dr. Li Jun, Mr. Chan Hon Chung Johnny was appointed as an independent non-executive Director of the Company with effect from 31 July 2025. Mr. Chan Hon Chung Johnny was also appointed to be the chairman of the remuneration committee, a member of the audit committee and a member of the nominating committee of the Company with effect from 31 July 2025.

For details of the change in board composition on 31 July 2025, please refer to the announcements of the Company dated 31 July 2025 and 7 August 2025.

2. Audit Committee and its Terms of Reference

As at the date of this announcement, the Company's audit committee members are Mr. Qian Ziyang, Mr. Cui Wei, Ms. Lin Ting and Mr. Chan Hon Chung Johnny. The audit committee, which is chaired by Mr. Qian Ziyang, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2025.

3. Compliance with Corporate Governance Code

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules for the six months ended 30 June 2025.

4. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

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

5. Dividends

No dividend has been recommended by the Company for the six months ended 30 June 2025.

6. Review of financial results

The consolidated interim results of the Group for the six months ended 30 June 2025 have not been audited or reviewed by the Company's auditors.

7. Purchase, sales or redemption of the Company's securities

During the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the securities of the Company.

8. Employees and remuneration practices

As at 30 June 2025, there were 956 (as at 31 December 2024: 902) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals 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 and share options to eligible staff based on their performance and contributions to the Group.

The Company also adopted the Incentive Scheme at its extraordinary general meeting held on 26 April 2019 to implement the long-term incentive and binding mechanism of Jiangsu Hengxin and fully mobilize the proactiveness of core and key employees of Jiangsu Hengxin to ensure the sustainable and healthy development of the Company.

The Company also adopted the Share Award Scheme on 21 October 2024 to (1) provide incentives to eligible participants (who include full-time employee of any member of the Group); (2) retain such eligible participants to continuously serve the Group for operation and development of the Group; and (3) attract suitable professional and experienced talents for future development of the Group.

9. Events after the Reporting Period

Save as disclosed in this report, no important events affecting the Group has occurred since the end of the six months ended 30 June 2025 and up to the date of this report.

10. Disclosure on the website of the SEHK and the Company

This report is published on the website of 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, 26 August 2025

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