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瀚源控股
Genesis scale

Genesis Scale Holdings Limited
瀚源控股有限公司

(formerly known as KuangChi Science Limited 光啟科學有限公司)

(Incorporated in Bermuda with limited liability)

(Stock code: 00439)

POSSIBLE VERY SUBSTANTIAL DISPOSAL
POSSIBLE KCT SHARE SALES UNDER
KCT SHARE SALES MANDATE

As of the date of this announcement, the Company (through the Seller) holds an aggregate of 40,799,936 KCT Shares, representing 1.89% of the total number of the KCT Shares in issue. After obtaining the Shareholders' approval, the Group intends to continue the disposal of all these KCT Shares within the KCT Share Sales Mandate Period (i.e. a 12-month period) on the open market through the trading system of the Shenzhen Stock Exchange or by way of entering into the Block Trade Transactions. The selling price for each KCT Share is expected to be not less than the Minimum Selling Price.

POSSIBLE KCT SHARE SALES

Sales of listed securities at the best possible prices will require prompt decisions at the appropriate time. It would therefore be impractical for the Company to seek the Shareholders' approval prior to entering into each transaction comprising the Possible KCT Share Sales. This is particularly the case that following the Discloseable Transaction Announcement, each of such transactions would have to be aggregated and treated as if they were one transaction under Rule 14.22 of the Listing Rules. This could result in a possible very substantial disposal (as such term is defined in the Listing Rules) for the Company subject to the prior approval of the Shareholders.

For the purpose of facilitating the transactions comprising the Possible KCT Share Sales at the best possible prices, the Directors propose to seek the KCT Share Sales Mandate at the SGM so that the Directors may dispose of the KCT Shares within the KCT Share Sales Mandate Period at such prices which are expected to be not less than the Minimum Selling Price for each KCT Share.

IMPLICATIONS UNDER THE LISTING RULES

If the Seller proceeds with the Possible KCT Share Sales, the highest applicable percentage ratio calculated pursuant to the Listing Rules based on the Minimum Selling Price in relation to the aggregate of the Possible KCT Share Sales and the Previous KCT Share Sales will equal to or exceed 75%, the Possible KCT Share Sales would constitute a very substantial disposal (as such term is defined under the Listing Rules) for the Company pursuant to the Listing Rules and be subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

Resolutions will be proposed at the SGM to seek the Shareholders' approval to grant to the Directors the KCT Share Sales Mandate. To the best knowledge of the Company, no Shareholder shall be considered as having a material interest and be required to abstain from voting at the SGM.

A circular containing, among others, (a) further information on the Previous KCT Share Sales, Possible KCT Share Sales and the KCT Share Sales Mandate; (b) other information as required under the Listing Rules; and (c) a notice convening the SGM, is expected to be issued and despatched to the Shareholders on or before 6 March 2026 as it is expected that the Company will require additional time to prepare and finalise all required information to be included in the circular.

Whether or not and when the Company will execute the transactions comprising the Possible KCT Share Sales will depend on a number of factors which include, but without limitation to, the market sentiments and market conditions at the proposed time of the Possible KCT Share Sales. The Directors cannot give any assurance that the Company will be able to sell all the KCT Shares pursuant to the Possible KCT Share Sales or at all. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.

BACKGROUND INFORMATION

The Directors refer to the Discloseable Transaction Announcement, in which the Company announced that the Seller has sold on the open market through the trading system of the Shenzhen Stock Exchange an aggregate of 3,893,724 KCT Shares. The Seller has received net proceeds of RMB186.0 million (after deduction of the transaction costs and expenses incurred by the Group) from the Previous KCT Share Sales and a gain on disposal of RMB30.3 million is recorded in the statement of other comprehensive income of the Group.

As of the date of this announcement, the Company (through the Seller) holds an aggregate of 40,799,936 KCT Shares, representing 1.89% of the total number of the KCT Shares in issue. After obtaining the Shareholders' approval, the Group intends to continue the disposal of all these KCT Shares within the KCT Share Sales Mandate Period (i.e. a 12-month period) on the open market through the trading system of the Shenzhen Stock Exchange or by way of entering into the Block Trade Transactions. The selling price for each KCT Share is expected to be not less than the Minimum Selling Price.

POSSIBLE KCT SHARE SALES

Sales of listed securities at the best possible prices will require prompt decisions at the appropriate time. It would therefore be impractical for the Company to seek the Shareholders' approval prior to entering into each transaction comprising the Possible KCT Share Sales. This is particularly the case that following the Discloseable Transaction Announcement, each of such transactions would have to be aggregated and treated as if they were one transaction under Rule 14.22 of the Listing Rules. This could result in a possible very substantial disposal (as such term is defined in the Listing Rules) for the Company subject to the prior approval of the Shareholders.

For the purpose of facilitating the transactions comprising the Possible KCT Share Sales at the best possible prices, the Directors propose to seek the KCT Share Sales Mandate at the SGM so that the Directors may dispose the KCT Shares within the KCT Share Sales Mandate Period at such prices which are expected to be not less than the Minimum Selling Price for each KCT Share.

FURTHER INFORMATION ON THE PROPOSED TERMS OF THE KCT SHARE SALES MANDATE

1. KCT Share Sales Mandate Period

The KCT Share Sales Mandate is proposed to be valid for a period of 12 months commencing from the date of passing of the relevant resolutions at the SGM and ending on the first anniversary of the date of the SGM (both days inclusive). The KCT Share Sales Mandate Period is expected to be sufficient for completing the transactions comprising the Possible KCT Share Sales. The length of the KCT Share Sales Mandate Period is the same as the time period for the general mandate and the repurchase mandate granted to the Directors at the annual general meeting of the Company held on 27 June 2025 as permitted under the Listing Rules.

In addition, the 12-month period is made with reference to the following factors:

1. *Alignment with market practice:* the Board considers that a 12-month period aligns with the market practice in Hong Kong for standby mandates provided to the directors of Hong Kong listed companies, even though the transactions comprising the Possible KCT Share Sales may not be directly comparable to the grant of the general mandate and the repurchase mandate as permitted under the Listing Rules, and a 12-month period is also consistent with the expectation and the disclosure requirements. The Board also notes that other companies listed in Hong Kong also adopt a 12-month mandate period for disposal of assets.

2. *Balance between flexibility and control:* a 12-month period will provide the Board with sufficient time to identify suitable sales opportunities and prospective buyers and complete all required contractual steps, which can be lengthy for significant asset disposals. Such period would not be too short which would give the prospective buyers a relatively strong bargaining power (in the event of the Block Trade Transactions). The Directors currently do not expect that such period would need to renew in light of the current stock market condition in the PRC.

3. *Practical consideration:* for the purpose of the Possible KCT Share Sales, the pricing and the buyer's appetite are subject to change, and a 12-month period allows the Board wait for the favourable conditions without the need to convene general meetings for each contemplated transactions.

In light of the foregoing, the Directors are of the view that the 12-month period for the KCT Share Sales Mandate Period will provide sufficient but not excessive time for the Directors to execute the transactions comprising the Possible KCT Share Sales while preserving the Shareholders' oversight. Accordingly, the Directors consider that the adoption of the 12-month period for the KCT Share Sales Mandate Period is in the interest of the Company and its Shareholders as a whole and is reasonable and appropriate in the current circumstance.

In addition, the Directors have considered that the 12-month KCT Share Sales Mandate Period is not excessive because of the following reasons:

1. *Identification of the best possible pricing and timing:* the Board will need flexibility to sell during the period of adequate liquidity and favourable investors' sentiment and market conditions. It is also important not to give any impression to the prospective buyers that the Seller is required to sell within a short period of time or otherwise create a disorderly market. A 12-month period spans four quarters of financial reporting and will give the Company reasonable opportunities to avoid selling during short-term fluctuations or event-driven volatility. Such time period is primarily based on (a) the average daily trading volume of approximately 33.4 million KCT Shares in 2025; (b) the total number of 243 trading days in 2025 in the PRC; and (c) the Seller intends to sell up to 334,000 KCT Shares per trading day (representing 1.0% of the average daily trading volume of KCT Shares in 2025), subject to market conditions. Based on this estimate, the Seller would require approximately 120 trading days to complete the Possible KCT Share Sales. On the basis that such sales transaction can only be completed not more than twice a week, the Seller would require an aggregate of 240 trading days, which are generally equivalent to one calendar year, for the KCT Share Sales Mandate taking into consideration the market fluctuations and other contingencies.

2. *Transaction execution in Shenzhen:* disposal of a large number of shares in a Shenzhen-listed company is often conducted through a combination of on-market bidding and/or block trades, which requires time to plan and implement. Also, there could be disposal restriction on the KCT Shares (details of which are set forth in the paragraphs under "2. Maximum number of KCT Shares proposed to be sold" in this section below), so compliance with these rules in the PRC typically involves sufficient lead time and cannot be completed in a very short window.

3. *Buffer for contingencies:* if there is any trading halt of KCT, regulatory change or other factors affecting the disposal, the Company will need to adjust its execution plan. A 12-month period mandate will provide sufficient time buffer in such circumstances.

In light of the foregoing, from a regulatory standpoint, a time period of longer than 12 months may not be in the interest of the Company and its Shareholders as a whole. Any shorter period of time may not be practical for the Company to dispose of the KCT Shares at the best possible prices based on the aforementioned reasons.

2. Maximum number of KCT Shares proposed to be sold

The KCT Share Sales Mandate will authorise the Board to sell 40,799,936 KCT Shares held by the Group, representing 1.89% of the total number of the KCT Shares in issue. The sales may be conducted on the open market through the trading system of the Shenzhen Stock Exchange or by way of entering into the Block Trade Transactions.

In the case of selling the KCT Shares by way of entering into the Block Trade Transactions, the Company would carry out such disposal through securities house(s) and/or placing agent(s) to ensure that the pricing would reflect the market conditions at the time of disposal. Given that the KCT Shares are listed on the Shenzhen Stock Exchange, the following trading rules or requirements would apply to the Block Trade Transactions:

1. Quantity or value requirements: A-share transactions must involve a minimum of 300,000 KCT Shares per block trade transaction or a minimum transaction value of RMB2 million.

2. Trading method: Negotiated block trading involves mutually designated counterparties agreeing on price and volume. For negotiated block trades, matching is typically conducted via securities house(s) and/or placing agent(s) and executed through exchange order book matching.

In completing the Block Trade Transactions, the Board expects that the selling prices could represent a discount to the closing market price on the date of disposal of the KCT Shares. The discount rate would be subject to the prevailing market conditions and the negotiations between the buyers and the sellers. In general, a discount rate of 2% to 10% to the latest closing price is expected in such transactions.

Although the KCT Shares are listed on the Shenzhen Stock Exchange, the Possible KCT Share Sales would constitute a disposal of the assets of the Company and hence, it will be required to comply with the applicable disclosure/Shareholders' approval requirements under the Listing Rules. Further information on these requirements is set forth in the paragraphs under "Implications under the Listing Rules" below.

3. Scope of authority

The Directors will also be authorised to determine, decide, execute and implement with full discretion all matters relating to the Possible KCT Share Sales, including but not limited to (a) the number of batches/tranches of the Possible KCT Share Sales; (b) the number of the KCT Shares to be sold in each batch/tranche; and (c) the timing of each transaction comprising the Possible KCT Share Sales.

In order to ensure that each transaction comprising the Possible KCT Share Sales would be conducted at the best possible price taking into consideration the market conditions, the Company would complete the following preparation work prior to the Directors exercising their discretion to proceed with the Possible KCT Share Sales:

1. The investment manager of the investment department of the Group would conduct qualitative and quantitative analyses on prevailing stock price of KCT using publicly available information, carry out on-site visits to KCT (where applicable and permitted), and communicate with other financial analysts. The investment manager would comprehensively evaluate macroeconomic conditions, national policies, market liquidity, and valuation levels. This involves in-depth analysis of fundamental factors such as KCT's and the relevant industry's fundamentals, policy and public sentiment, risks level, market sentiment, volatility, and expected return rates. Based on this analysis, a "Sale Recommendation Report" will be prepared, detailing the planned number of KCT Shares to be sold, the recommended sale price, and the timing for sale.

2. The head of the investment department of the Group would consider the Sale Recommendation Report, and if deemed appropriate, approve it within the authority granted by the Board and the Shareholders, i.e. in the current case, the KCT Share Sales Mandate, and then submits it to the Board for final approval before execution.

3. For on-going monitoring of the remaining KCT Shares (if any, after sales of part of the KCT Shares) and the review of the disposals made, in addition to the investment department, the audit department, finance department and the Board would oversee such process according to their respective expertise and responsibilities. They will promptly issue corrective opinions for non-compliance with internal procedures, prepare special reports on significant issues, and submit them to the investment department and/or other relevant department for discussion and resolution.

4. Compliance

The Possible KCT Share Sales will comply with the relevant applicable laws and regulations, including any applicable trading regulations in the PRC. The Group will also report on the progress of the Possible KCT Share Sales in its interim report and annual report in full compliance with the disclosure requirements under the Listing Rules.

5. The Minimum Selling Price

The Minimum Selling Price of RMB33.56 for each KCT Share represents:

(a) a discount of 28.23% to the closing price of RMB46.76 for each KCT Share as quoted on the Shenzhen Stock Exchange as of the trading day immediately before the date of this announcement;

(b) a discount of 29.78% to the average closing price of RMB47.79 for each KCT Share as quoted on the Shenzhen Stock Exchange for the last five (5) consecutive trading days up to and including the trading day immediately before the date of this announcement;

(c) a discount of 30.66% to the average closing price of RMB48.40 for each KCT Share as quoted on the Shenzhen Stock Exchange for the last three months up to and including the trading day immediately before the date of this announcement;

(d) a discount of 30.00% to the average closing price of RMB47.94 for each KCT Share as quoted on the Shenzhen Stock Exchange for the last six months up to and including the trading day immediately before the date of this announcement; and

(e) a premium of 657.56% to the unaudited consolidated net asset value attributable to the shareholders of KCT of RMB4.43 per KCT Share as of 30 September 2025.

The Minimum Selling Price has been determined with reference to the following factors:

(a) the fluctuations in the trading prices of KCT Shares as quoted on the Shenzhen Stock Exchange for the previous twelve months which were in the range between RMB32.80 and RMB57.98 for each KCT Share, with the lowest price level being very close to the Minimum Selling Price;

(b) the prevailing market conditions of the domestic stock market in the PRC, taking into consideration that the stock prices of A shares have been rising by a lot over the past year, as witnessed by the A Share Index where it has increased from approximately 3,300 points to approximately 4,200 points. The technology sector, where KCT belongs to, is particularly benefitted by this up-swing. Due to such boom in the stock prices, the current price-to-earnings ratio of KCT is approximately 140 times, being one of the relatively highest levels over the past three years;

(c) a discount rate of 30% has been applied to the average closing prices for KCT Share as quoted on the Shenzhen Stock Exchange for the last six months. The Directors consider that such discount rate is fair and reasonable taking into account (a) and (b) above;

(d) the historical cost per KCT Share held by the Seller is approximately RMB4.19, which is substantially lower than the Minimum Selling Price;

(e) the Minimum Selling Price represents a substantial premium over the unaudited consolidated net asset value attributable to the shareholders for each KCT Share as of 30 September 2025 as illustrated above;

(f) the average selling price of RMB47.76 per KCT Share in the Previous KCT Share Sales, which the Directors are of the view that such previous selling price is only indicative of, but not necessarily determinative on the final determination of the Minimum Selling Price as (i) the share price of the KCT Shares fluctuates based on the market force and (ii) the Minimum Selling Price only represents the floor price and the Board could dispose of the KCT Shares at any price higher than that depending on the prevailing market conditions; and

(g) the Minimum Selling Price will allow flexibility for the Company to accommodate possible fluctuations in the market conditions in effecting the Possible KCT Share Sales and at the same time reflect the lowest acceptable price to the Company to dispose of the KCT Shares, taking into consideration the selling price for each KCT Share under the Previous KCT Share Sales and the historical cost in acquiring the KCT Shares.

In light of the foregoing, the Directors consider that the Minimum Selling Price is fair and reasonable as far as the Company and the Shareholders are concerned and in the interest of the Company and its Shareholders as a whole.

PREVIOUS KCT SHARE SALES AND THE USE OF THE NET PROCEEDS

The Seller has sold 3,893,724 KCT Shares at the average selling price of RMB47.76 for each KCT Share. The net proceeds from the Previous KCT Share Sales amounted to RMB186.0 million (after deduction of the transaction costs and expenses incurred by the Group).

As of the date of this announcement, RMB114.0 million of the net proceeds has been utilised, of which an amount of RMB102.0 million has been used to repay the principal amount and interests on loans of the Group in the PRC and the remaining balance of RMB12.0 million has been used as general working capital. The remaining amount of RMB72.0 million will also be used as general working capital of the Group by the end of 2026.

FINANCIAL IMPACT OF THE POSSIBLE KCT SHARE SALES

The Board refers to the interim report for the six months ended 30 June 2025 of the Company issued on 24 September 2025. As of 30 June 2025, the Company owned 44,693,660 KCT Shares, representing 2.07% of the total number of KCT Shares in issue. As of 30 June 2025, the unaudited carrying amount of KCT Shares held by the Group was HK$1,959.8 million, representing 66.5% of the total assets of the Group.

As of the date of this announcement, the Company (through the Seller) holds an aggregate of 40,799,936 KCT Shares, representing 1.89% of the total number of KCT Shares in issue. Upon completion of the Possible KCT Share Sales in full, the Group will cease to hold any KCT Shares. The KCT Shares held by the Group are classified as financial assets measured at fair value through other comprehensive income by the Group. Hence, such equity investment is part of the long-term investment of the Group.

For illustration purpose, on the assumption that all the 40,799,936 KCT Shares are sold at the Minimum Selling Price, the Group is expected to receive net proceeds of RMB1,369.2 million (after deduction of the transaction costs and expenses incurred by the Group). On this basis, the Directors expect that an estimated mark-to-market loss on disposal of the KCT Shares of approximately RMB620.2 million (equivalent to HK$696.8 million), which will be recorded by the Group in its statement of other comprehensive income for the year ending 31 December 2026 and will not form part of the Group's profit or loss. Such estimated amount of loss is based on the possible impact of selling each of the KCT Shares held by the Seller at the Minimum Selling Price. It does not reflect the actual historical cost for each KCT Share held by the Group, which was approximately RMB4.19 and is substantially lower than the Minimum Selling Price. The gain or loss (if any) on the disposal of the KCT Shares will be subject to the review by the auditor of the Company.

INFORMATION ON KCT

KCT is a company listed on the Shenzhen Stock Exchange and is principally engaged in the development of innovative advanced technology. Its principal business is the development, production and sales of new generation of metamaterial equipment products. KCT is neither a subsidiary nor an associate company of the Company.

Based on the latest financial statements for the nine months ended 30 September 2025 published by KCT in October 2025, (i) the unaudited carrying amount of KCT Shares held by the Group (before the Previous KCT Share Sales and the Possible KCT Share Sales) as of 30 September 2025 was RMB2,243.6 million and (ii) the unaudited net assets value of KCT was RMB9,542.4 million as of 30 September 2025.

The table below is extracted from the latest quarterly results announcement for the nine months ended 30 September 2025 of KCT and the annual reports of KCT for the two years ended 31 December 2024 (prepared in accordance with the generally accepted accounting principles in the PRC):

	Year ended 31 December		**Nine months ended 30 September**
	2023	**2024**	**2025**
	RMB'000 (Audited)	*RMB'000 (Audited)*	*RMB'000 (Unaudited)*
Revenue	1,494,308	1,557,764	1,596,106
Net profit before taxation	668,621	752,041	669,040
Net profit after taxation attributable to shareholders of KCT	583,302	651,968	605,842

INFORMATION ON THE GROUP AND THE SELLER AND THE PURCHASERS UNDER THE POSSIBLE KCT SHARE SALES

The Company is an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of Stock Exchange and is principally engaged in investment holding. The principal activities of the Group are research, development and manufacturing of innovative products for future technology business and provision of other innovative technology service solution.

The Seller is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. The principal activities of the Seller are research, development and manufacturing of innovative products for future technology business and provision of other innovative technology service solution.

As the Possible KCT Share Sales would be conducted on the open market through the trading system of the Shenzhen Stock Exchange or by way of entering the Block Trade Transactions, the Directors are not able to determine the identity of the prospective purchasers of KCT Shares. The Directors will ensure that the purchasers of KCT Shares and their respective ultimate beneficial owners are Independent Third Parties to the best of their knowledge, information and belief.

REASONS FOR AND BENEFITS OF THE POSSIBLE KCT SHARE SALES AND INTENDED USE OF NET PROCEEDS

The Directors believe that the Possible KCT Share Sales will allow the Group to realise its long-term investment in KCT and will provide additional financial resources to the Group for its business development. This is particularly important as the Group has an accumulated operating loss of HK$712.4 million as of 30 June 2025. The Board also considers that it is an appropriate time for the Group to implement the Possible KCT Share Sales from the valuation perspective, as the historical cost of holding the KCT Shares by the Group is expected to be significantly lower than the prevailing market price of each KCT Share.

Sales of listed securities at the best possible price will require prompt decisions at the right time. It would therefore be impractical for the Company to seek the Shareholders' approval prior to entering into each transaction comprising the Possible KCT Share Sales. This is particularly the case that following the Discloseable Transaction Announcement, each of such sales transactions would have to be aggregated and treated as if they were one transaction under Rule 14.22 of the Listing Rules. This could result in a possible very substantial disposal transaction (as such terms is defined in the Listing Rules) for the Company subject to the prior approval of the Shareholders.

For the purpose of facilitating the transactions comprising the Possible KCT Share Sales at the best possible prices, the Directors propose to seek the KCT Share Sales Mandate at the SGM so that the Directors may dispose of the KCT Shares within the KCT Share Sales Mandate Period at such prices which are expected to be not less than the Minimum Selling Price for each KCT Share.

Each transaction comprising the Possible KCT Share Sales will be based on or made with reference to the prevailing market prices on open market. The Board is of the view that the Possible KCT Share Sales will be conducted on normal commercial terms, and that the terms are to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company intends to use the net proceeds from the Possible KCT Share Sales (assuming the Group is able to sell all KCT Shares held by it) on the following:

(a) approximately 44% for further business development and expansion, which expectedly would be fully utilised by the end of 2027, among which:

    (i) approximately 22% will be utilised towards technical research and development of the existing products or projects of the Group, including artificial intelligence algorithms, big data platforms and smart wearable devices. This includes upgrading the performance of the existing product models, conducting research and development of the leading technologies and engaging in research collaborations with universities and research institutions; and

    (ii) approximately 22% will be utilised towards the development of new products (including new energy batteries and hi-tech materials) in new strategic sectors which will be in line with or complementary to the existing business of the Group within the same or related industry(ies). The Directors expect that it will finalise its expansion plan in new energy and novel functional materials in the next couple of years by applying the net proceeds generated hereunder towards the first phase of product development and launching of such products and will gradually launch and enhance such products by stages;

(b) approximately 17% on investments in equity assets globally in industries and companies with rapid growth potential and undervalued prospects, which expectedly would be fully utilised by the end of 2027, subject to the market conditions and investing sentiment at the relevant time;

(c) approximately 17% on investments in financial instruments in global securities markets, including government bonds, high-rated corporate bonds and similar instruments with fixed-rate investment return, which expectedly would be fully utilised by the end of 2027, subject to the market conditions and investing sentiment at the relevant time;

(d) approximately 9% on investments in cryptocurrencies with strong market liquidity, broad market recognition and relatively strong long-term holding value following the investment policy adopted by the Company, which expectedly would be fully utilised by the end of 2027, subject to the market conditions and investing sentiment at the relevant time;

(e) approximately 8% for the general working capital of the Group; and

(f) approximately 5% as special cash dividends to be made payable to the Shareholders, which expectedly would be distributed by the end of 2027 but subject to full compliance with the applicable laws and rules and accounting standards.

As illustrated above, the Company intends to apply 43% of the net proceeds generated from the Possible KCT Share Sales on investments in equity assets, financial instruments and cryptocurrencies. The Directors are of the view that, given that a significant percentage of the net proceeds would be used for the business development of the Group, it is equally beneficial to the Group to apply same percentage of the net proceeds on investments to seize any potential investment opportunities for appreciation in market value and/or receipt of fixed income. On the assumption that the KCT Shares would be disposed of at the Minimum Selling Price, based on the allocation of use of net proceeds set out above, a total of RMB588.8 million would be applied towards investment activities, representing approximately 22.46% of the total assets of the Company as of 30 June 2025.

In view of the past appreciation of its market value, the Directors consider that a carefully designed and balanced portfolio of investment in cryptocurrencies benefits the Shareholders' value. The primary objectives of cryptocurrency investments of the Group are focused on the capital preservation, high liquidity and reasonable and risk-balanced investment returns.

The Appendix sets forth further information in relation to (a) the Company's investment policy and objectives; (b) the risk management and control measures; (c) the investment decision making process and approval and oversight mechanisms; (d) the expertise and team matrix to support the Company's investment activities including both securities investment and cryptocurrencies investments; and (e) on top of the 5% special cash dividend, the measures to enhance Shareholders' value (including but not limited to the latest dividend policy of the Company).

IMPLICATIONS UNDER THE LISTING RULES

If the Seller proceeds with the Possible KCT Share Sales, the highest applicable percentage ratio calculated pursuant to the Listing Rules based on the Minimum Selling Price in relation to the aggregate of the Possible KCT Share Sales and the Previous KCT Share Sales will equal to or exceed 75%, the Possible KCT Share Sales would constitute a very substantial disposal (as such term is defined under the Listing Rules) for the Company pursuant to the Listing Rules and be subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

Resolutions will be proposed at the SGM to seek the Shareholders' approval to grant to the Directors the KCT Share Sales Mandate. To the best knowledge of the Company, no Shareholder shall be considered as having a material interest and be required to abstain from voting at the SGM.

A circular containing, among others, (a) further information on the Previous KCT Share Sales, Possible KCT Share Sales and the KCT Share Sales Mandate; (b) other information as required under the Listing Rules; and (c) a notice convening the SGM, is expected to be issued and despatched to the Shareholders on or before 6 March 2026 as it is expected that the Company will require additional time to prepare and finalise all required information to be included in the circular.

Whether or not and when the Company will execute the transactions comprising the Possible KCT Share Sales will depend on a number of factors which include, but without limitation to, the market sentiments and market conditions at the proposed time of the Possible KCT Share Sales. The Directors cannot give any assurance that the Company will be able to sell all the KCT Shares pursuant to the Possible KCT Share Sales or at all. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS USED IN THIS ANNOUNCEMENT

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Block Trade Transactions"	privately negotiated buy and sell transactions arranged by securities house(s) and/or placing agent(s) and entered into between the Seller and designated prospective buyers who are Independent Third Parties for the sales of the KCT Shares based on or with reference to the prevailing market prices, with further information set forth in the paragraphs under "Further information on the proposed terms of the KCT Share Sales Mandate" in this announcement;
"Board"	the board of Directors;
"Company"	Genesis Scale Holdings Limited (瀚源控股有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 00439);
"Director(s)"	the directors of the Company;
"Discloseable Transaction Announcement"	the announcement issued by the Company on 2 December 2025 on the Previous KCT Share Sales;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Third Parties"	third parties independent of and not connected with the Company, its connected persons and their respective associates;

"KCT"	Kuang-Chi Technologies Co., Ltd. (光啟技術股份有限公司) (stock code: 002625.SZ), a limited liability company established in the PRC with the KCT Shares listed on the Shenzhen Stock Exchange;
"KCT Shares"	the ordinary shares of KCT which are listed and traded on the Shenzhen Stock Exchange;
"KCT Share Sales Mandate"	the general and conditional mandate to be sought from the Shareholders at the SGM for the Possible KCT Share Sales during the KCT Share Sales Mandate Period;
"KCT Share Sales Mandate Period"	the twelve-month period commencing from the date of passing of the relevant resolution(s) at the SGM and ending on the first anniversary of the date of the SGM (both days inclusive);
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Minimum Selling Price"	RMB33.56 for each KCT Share;
"Possible KCT Share Sales"	the possible on-market sales up to all KCT Shares held by the Group under the KCT Share Sales Mandate through the trading system of the Shenzhen Stock Exchange or by way of entering into the Block Trade Transactions;
"PRC"	The People's Republic of China which, for the purpose of this announcement, does not include Hong Kong, Taiwan and The Macau Special Administrative Region of the PRC;
"Previous KCT Share Sales"	the sales of an aggregate of 3,893,724 KCT Shares during the period from 11 November 2025 to 2 December 2025, as announced in the Discloseable Transaction Announcement, which constitute a discloseable transaction (as such term is defined under the Listing Rules) for the Company;
"RMB"	Renminbi yuan, the lawful currency of the PRC;

"Seller"	Shenzhen KuangChi Space Technology Limited* (深圳光啟空間技術有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company;
"SGM"	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Possible KCT Share Sales and the grant of the KCT Share Sales Mandate;
"Share(s)"	the issued shares of the Company;
"Shareholder(s)"	holder(s) of the Shares;
"Shenzhen Stock Exchange"	one of the three stock exchanges in the PRC;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"%"	per cent.

By order of the Board
Genesis Scale Holdings Limited
Cheng Chi Chung Kevin
Company Secretary

Hong Kong, 3 February 2026

Unless the context requires otherwise, the conversion of RMB into HK$ is based on the exchange rate of HK$1.00 = RMB0.89 which is for reference only. No representation is made that any amount in RMB and HK$ can be or could have been converted at the relevant dates at these rates or any other rates at all.

As of the date of this announcement, the Board comprises three executive Directors, namely Dr. Zhang Yangyang, Dr. Liu Weiwen and Mr. Lin Ge; two non-executive Directors, namely Dr. Wong Kai Kit and Mr. Li Chiu Ho; and three independent non-executive Directors, namely Mr. Choi Wing Koon, Mr. Zhang Xinxing and Ms. Chiu Wing Yan.

* *For identification purposes only*

APPENDIX – FURTHER INFORMATION

This appendix forms part of the announcement of Genesis Scale Holdings Limited dated 3 February 2026. Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as defined in the announcement.

As illustrated in the announcement, as a portion of the net proceeds from the Possible KCT Share Sales would be used towards investment purpose, the following sets forth further information of the Company in respect of its investment policy, risk management, investment decision-making procedures and team matrix for the information of the Shareholders and the investing public.

The Company's investment policy and objectives

The Group maintains an investment management policy (the "**Investment Policy**") which has been designed to ensure a prudent, transparent and accountable utilisation of the cash of the Group in a manner consistent with the Shareholders' expectations and the Group's overall strategy. Where the Group holds cash in excess of its medium-term operational and strategic requirements, the Board will consider implementing a disciplined and controlled investment programme for the purpose of enhancing the Shareholders' value and generating income whilst preserving financial flexibility.

In relation to listed equities, the Directors confirm that the Group's investment objectives, as set forth in the Investment Policy, are to deploy cash in liquid, publicly traded equities for the purpose of generating income and potential capital appreciation while preserving flexibility. These investments may be divided into strategic (medium- to long-term) and non-strategic (short-term) in nature, with no intention to obtain control or major influence over issuers. These investments are managed against appropriate benchmarks with a disciplined risk budget and defined holding horizons.

Permissible investments include listed equities, time deposits with licensed banks, high-grade money market instruments, investment grade fixed income securities and, where appropriate, exchange-traded funds and regulated funds meeting a pre-defined liquidity, concentration and credit quality criteria. For listed equities, the Investment Policy emphasises investment in highly liquid securities of issuers with acceptable corporate governance and disclosure standards on a recognised exchange. The Group may also be making investments in cryptocurrencies based on the parameters set out in the Investment Policy.

Prohibited investments include unregulated collective investment schemes, short selling absent specific Board approval and any investment that would give rise to undue concentration, illiquidity or conflicts of interest.

The objectives of the Investment Policy include (a) determination of the measurable limits, performance benchmarks and review cycles to ensure the investment profile remains within the Group's acceptable risk appetite and consistent with the Shareholders' expectations and (b) promotion of the efficient resource allocation with pre-determined investment returns, improvement in the asset quality through capital appreciation, effective risk prevention and protection and enhancement of the value of the Shareholders' interests in addition to the business activities of the Group. The performance of each permissible investments by the Group is measured against these objectives on a regularly basis.

Risk management and control measures

The risk management function of the investments of the Group is embedded across the entire investment lifecycle as follows:

(a) The Investment Policy prescribes quantitative risk limits, including the maximum allocations by asset class, issuer, counterparty and instrument type; the minimum average credit quality for fixed income portfolios; the duration and the stop-loss triggers with escalation protocols. For listed equities, the concentration risk is controlled through the identification of single-issuer, sector and index weight caps, minimum free-float and the average daily turnover thresholds.

(b) The counterparty risk is addressed through onboarding and ongoing monitoring standards, minimum credit ratings for counterparties and diversification across counterparties.

(c) The liquidity management is safeguarded by a staged liquidity ladder designed to ensure coverage of operating cash flows and committed obligations. For listed equities, the eligibility is restricted to securities meeting minimum liquidity criteria and settlement standards, with ongoing monitoring of bid-ask spreads, market depth and turnover.

To implement the above risk management function the Group has also implemented the following ongoing measures:

(1) the investment department (the "**Investment Department**") of the Group monitors and analyses changes in the value of the investment portfolio and issue risk investment reports. The reports include investment decision-making circumstances, investment asset quality, investment profits and losses, risk monitoring and other major matters for assessment purpose;

(2) the finance department (the "**Finance Department**") of the Group and the Board supervise investment projects, promptly propose corrective measures for violations and submit special reports on major issues for consideration;

(3) investment project managers of the Group conduct regular qualitative and quantitative analyses, comprehensively assessing macroeconomic conditions, national policies, market liquidity and valuation levels to determine financial market trends and the relative investment value of different asset classes at various stages of the economic cycle;

(4) if the Group plans to conduct trading in stocks, futures and derivatives overseas, the Investment Department will assess the necessity of such trading against the political, economic and legal risks in the relevant countries and regions, and fully consider the market liquidity, exchange rate volatility and other relevant factors; and

(5) the Group will re-evaluate alternatives and exit strategies on an ongoing basis where the investment project triggers a risk warning or meets exit conditions.

In particular, the following prescribed quantitative risk limits with various parameters apply to different asset classes of investments:

Equity Securities Investments

(a) *Portfolio composition:* The proportion of equity securities listed on markets in the PRC, Hong Kong and the United States shall comprise 80% to 95% of the total equity assets held by the Group by market value. Equity assets listed on securities markets cannot exceed 10% of the portfolio for that class of investment held by the Group and cannot exceed five per cent. of the total market value of such investment.

(b) *Closed-end funds:* Investments in closed-end funds shall not exceed 15% of the Company's equity assets by market value.

(c) *Rating criteria:* Equity assets shall, in principle, attain a "neutral" or higher rating from major securities firms and fund products shall carry a "3-star" or higher rating from major rating agencies. Investments in securities with no rating or with rating below such thresholds shall require prior approval from the Board.

(d) *Derivatives:* Derivative transactions shall be limited to portfolio hedging or efficient portfolio management and shall not be used for speculation or leverage trading. Total derivative exposure shall not exceed 100% of the net value of equity assets, and the aggregate initial premiums paid for derivatives shall not exceed 10% of the net asset value of equity assets.

Fixed Income Investments

(a) *Portfolio composition:* Money market instruments and fixed income securities listed and traded in the PRC, Hong Kong and the United States shall comprise 80% to 100% of the total fixed income assets by market value.

(b) *High-grade money market instruments:* Eligible high-grade money market instruments are single issues rated S&P A-1 or higher, Fitch F1 or higher, Moody's P-1 or higher, or A-1 or higher by the PRC rating agencies; or fund products primarily investing in portfolios of such instruments.

(c) *Investment-grade fixed income securities:* Eligible investment-grade fixed-income securities are: single issues rated S&P A or higher, Fitch A or higher, Moody's A1 or higher, or A or higher by PRC rating agencies; or fund products primarily investing in portfolios of such instruments.

(d) *Single-issuer concentration and issue limit:* Holdings of fixed-income securities issued by a single issuer shall not exceed 10% of the Company's total fixed-income assets and shall not exceed five per cent. of the current outstanding amount of the relevant issue.

(e) *Unrated or below-investment-grade:* Investments in securities with no rating or rating below the thresholds will require prior approval from the Board.

(f) *Deterioration of credit quality:* If the credit rating of fixed income securities held by the Company falls below the prescribed rating standards, all such securities shall be disposed of in due course.

Cryptocurrency Investments

(a) *Core assets allocation:* Investments in Bitcoin, Ethereum, Tether (USDT), and USD Coin (USDC) shall comprise up to 100% of the total cryptocurrencies portfolio by market value. Investments in other cryptocurrencies shall not exceed five per cent. of the total cryptocurrency exposure of the Company.

(b) *Single-asset concentration:* The market value of the Company's investment in any single cryptocurrency shall not exceed 50% of the Company's total cryptocurrency exposure.

Investment decision making process and approval and oversight mechanisms

The Board retains ultimate accountability for the Investment Policy, risk appetite and capital allocation. The daily investment operation is delegated to the Investment Department under a clear mandate, with defined authorities and escalation thresholds.

The Investment Department, comprising three professionals with extensive investment and financial experience who are capable of managing investments and risks, oversees portfolio strategy, approves investments within delegated limits, monitors performance and risk metrics against benchmarks and limits and reviews adherence to the Investment Policy.

(a) *Pre-transaction compliance checks,* including eligibility against issuer and sector limits, liquidity thresholds, restricted list screening and market conduct controls, are mandatory for listed share trades.

(b) *Post-transaction monitoring* review adherence to the risk limits. Transactions exceeding management authorities, or outside ordinary-course parameters, require prior approval by the Board or its designated committee.

All connected or potentially conflicted transactions are subject to heightened scrutiny, independent review and, where appropriate, full compliance with the Listing Rules. Dealings in the Company's own securities and in securities of connected persons will have to comply with the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers, with prescribed blackout periods, pre-approval and disclosure procedures observed.

Apart from the Investment Department, the legal department of the Group will also support the Investment Department on ongoing compliance with the applicable laws and regulations, including the Listing Rules. The Company maintains updated information on the invested projects in terms of asset ratios, consideration ratios, profit ratios and revenue ratios. In addition, a connected persons list is maintained by the Company to identify whether the transactions would become connected transactions for the Company. Investments are executed within the authorised limits in compliance with the requirements under Chapters 13, 14 and 14A of the Listing Rules.

Ongoing reviews include regular reporting to the Board on portfolio composition, performance against benchmarks, compliance with the risk limits, exceptions and remedial actions, liquidity coverage, counterparty exposures and market risk assessments.

Apart from the Investment Department, the Finance Department is also responsible for financial management of investments, including collaborating with the Investment Department on feasibility analysis, fundraising, allocation and use of funds; performing accounting for relevant projects; and reviewing and supervising their legality and authenticity.

The audit committee of the Board will conduct regular or ad hoc inspections and checks for the purpose of ensuring that the Group's investment decision making process has been adhered to and report to the Board on a regular basis.

Expertise and team matrix to support the Company's investment activities including both securities investments and cryptocurrencies investments

The Group's investment activities are supported by a team with experience in treasury management and listed markets, complemented by risk, finance, legal and compliance professionals.

For listed equities, personnel with the required experience will oversee the selection and execution of the investment in accordance with the documented execution policy. In addition:

(a) The *front-office function* is responsible for market analysis, idea generation and trade execution within approved mandates.

(b) The *risk management function* independently measures and monitors risk exposures, conducts stress testing and enforces limits.

(c) The *finance function* oversees valuation, accounting and performance measurement, ensuring compliance with financial reporting standards.

(d) The *legal and compliance functions* review counterparty documentation, regulatory obligations and conflicts management.

External advisers and licensed institutions are engaged where specialised expertise is required, subject to due diligence and performance evaluation.

In addition to the staff members working in the Investment Department, several of the Board members are also experienced in handling investment activities. Each of Dr. Zhang Yangyang, Chairman of the Board and an executive Director, Mr. Lin Ge, an executive Director and Head of Investment Department, and Ms. Chiu Wing Yan, an independent non-executive Director and a member of the Audit Committee bring upon extensive experience in investment activities, and in particular, Ms. Chiu brings with her substantial compliance expertise in the cryptocurrency sector.

The Investment Department comprises three professionals, including an investment manager, an analyst, headed by Mr. Lin Ge. Mr. Lin has more than 10 years of experience in capital markets. Apart from having years of experience in managing investment and financing affairs, he has also previously worked at the Shenzhen Stock Exchange and hence is very familiar with handling matters relating to listed companies. He is a current CFA holder. The investment manager has approximately a decade of experience in formulating, executing and post-investment managing of investment activities. Apart from his expertise in investment, he also has experience in risk and internal control. He holds the Certified Internal Auditor qualification and possess the Fund Practitioner Qualification in the mainland China. The analyst is an MBA holder and has been serving the Group for a couple of years, mainly responsible for research, analysis and strategic management of investment operations. Supported by this experienced investment team, and coupled with the knowledge brought by Ms. Chiu in respect of her expertise in the cryptocurrency industry, the Board is of the view that the Group is capable of making investments to enhance the value for its Shareholders.

On top of the 5% special cash dividend, the measures to enhance Shareholders' value (including but not limited to the latest dividend policy of the Company)

The Group had adopted a dividend policy (the "**Dividend Policy**") and will declare and pay dividend, subject to the approval of the Directors, based on such policy.

Based on the annual report of the Company for the year ended 31 December 2024, the Company was making a loss for the year attributable to owners of the Company in the amount of HK$47,427,000. The Company has an accumulated loss of HK$712.4 million as of 30 June 2025. The Directors will also retain external advisers for recommendation of the proposed treatment of the accumulated loss. Subject to complying all applicable laws, rules and accounting standards, the Company would distribute cash dividends to the Shareholders once the Company has turned around from this accumulated loss-making position to retained profit.

The Board may also consider share repurchases where appropriate and value accretive, taking into consideration the Company's share price relative to intrinsic value, alternative uses of capital and market conditions. The Company will enhance disclosure of its dividend and capital allocation framework, including the factors considered and how investment activities are intended to contribute to the Shareholders' value creation.

The Company periodically reviews its capital structure and the amount of its financial assets held relative to operational needs and identified value-creating opportunities. Where surplus capital persists beyond prudent buffers and strategic requirements, the Board will consider capital return measures.

Furthermore, the Company will, in priority sequence, implement the following measures to enhance Shareholders' value:

1. As a general principle, the Company aims to distribute dividends once per annum. A special cash dividend may be declared and paid by the Company should the financial resources of the Company allows it to do so.

2. When the Company has positive accumulated distributable profits, subject to the decision of the Board, the business and financial performance of the Group, the market condition at the relevant time, the business outlook and all other applicable laws and rules, the Company intends that the average of dividends paid in three consecutive years will not be less than 10% of the average distributable net profit of these three years.

3. The Company will prioritise the distribution of cash dividends and the solution to address the accumulated loss of the Company according to the laws of Bermuda. Scrip dividends may also be used as a supplement to cash dividends, provided that the amount of any scrip dividend shall not exceed 20% of the cash dividend distributed for the same period.