THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Genesis Scale Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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
AND
NOTICE OF SPECIAL GENERAL MEETING

Unless the context requires otherwise, the capitalised terms used in this cover page shall have the same meanings as defined in the section headed "Definitions" in this circular.

A letter from the Board is set forth on pages 4 to 19 of this circular. A notice convening the SGM to be held at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 15 April 2026 at 11:00 a.m. is set forth on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed herein.

Whether or not you are able to attend the SGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and, in any event, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

This circular together with the form of proxy are also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.genesis-scale.com).

27 March 2026

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Unless the context otherwise requires, the capitalised terms in this circular 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;
"Board"	the board of Directors;
"Bye-Laws"	the bye-laws of the Company, as supplemented or amended or substituted from time to time;
"Company"	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), 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;

"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);
"Latest Practicable Date"	23 March 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in it;
"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 circular, does not include Taiwan, Hong Kong 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"	Reminbi 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;

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
"SGM"	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the grant of the KCT Share Sales Mandate and related matters;
"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;
"very substantial disposal"	a notifiable transaction as defined in Chapter 14 of the Listing Rules;
"VSD Announcement"	the announcement issued by the Company on 3 February 2026 relating to the Possible KCT Share Sales under the KCT Share Sales Mandate; and
"%"	per cent.

* *For identification purposes only*

For the purpose of this circular, 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.

瀚源控股
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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)

Executive Directors:
ZHANG Yangyang *(Chairman)*
LIU Weiwen *(Chief Executive Officer)*
LIN Ge

Non-executive Directors:
WONG Kai Kit
LI Chiu Ho

Independent non-executive Directors:
CHOI Wing Koon
ZHANG Xinxing
CHIU Wing Yan

Registered office:
Clarendon House 2
Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
Unit 1104, 11/F
Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

27 March 2026

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

The Board refers to the Discloseable Transaction Announcement and the VSD Announcement, in relation to, among others, the Possible KCT Share Sales.

The purpose of this circular is to provide you with, among other things, (a) further information on the Possible KCT Share Sales and the KCT Share Sales Mandate; (b) other information as required under the Listing Rules; and (c) a notice of the SGM.

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 Latest Practicable Date, the Seller held 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 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 complete 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 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 complete the Possible KCT Share Sales at the best possible prices based on the above 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 Group would have to 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 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.

The Possible KCT Share Sales would constitute a disposal of the assets of the Company and hence, the Possible KCT Share Sales 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 the KCT Share Sales Mandate

Pursuant to the KCT Share Sales Mandate, 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 Possible KCT Share Sales; (b) the number of 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 Group 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 be conducted in full compliance with the relevant applicable laws and regulations, including any applicable trading regulations of the Shenzhen Stock Exchange. 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. 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 the VSD 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 the VSD 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 the VSD 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 the VSD 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 price 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 Shares 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 Latest Practicable Date, 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, which would be used primarily for the construction cost of an office tower in Dongguan, recruitment of staff and general administrative expenses.

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 Latest Practicable Date, the Seller held 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, the investment in the KCT Shares forms 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 generations 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 as of 30 September 2025 was RMB9,542.4 million.

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 OF 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 solutions.

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 solutions.

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, which expectedly would be used primarily for the construction an office tower in Dongguan and its relevant renovation expenses, recruitment of staff, general administrative expenses and sales and marketing expenses; 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.

Appendix I to this circular 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 will 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.

Rule 14.68(2)(a)(i) of the Listing Rules requires a circular issued in relation to very substantial disposal to include the financial information of either (a) KCT or (b) the Group with KCT being shown separately in relation to the Possible KCT Share Sales, where such financial information must be reviewed by the Company's auditors or reporting accountants according to the relevant accounting standards as specified under Rule 14.68(2)(a)(i) of the Listing Rules (the "**Rules Requirements**"). According to Note 2 to Rule 14.68(2)(a)(i) of the Listing Rules, the Stock Exchange may be prepared to relax the Rules Requirements if the assets of KCT or KCT are not consolidated in the accounts of the Group before the Possible KCT Share Sales.

In the current case, the Company proposes to dispose of the listed securities of KCT, which is a company listed on the Shenzhen Stock Exchange and hence Rule 14.68(2)(a) of the Listing Rules is applicable. However, as of the Latest Practicable Date, the Seller was a minority shareholder holding 1.89% of the shares in KCT and the Seller (and the Company) had no special rights to access to the financial information of KCT other than the regular financial reports issued by KCT from time to time in accordance with the applicable requirements in the PRC. The results of KCT have never been consolidated into the results of the Group, and the shareholding in KCT is treated as financial asset at fair value through the comprehensive statement of income. As such, the Directors are of the view that it is impractical and unduly burdensome, and technically impossible, for the Company to prepare the financial information of KCT required under Rule 14.68(2)(a)(i). This is particularly relevant that the information on KCT as a whole would not have any significant impact on the Possible KCT Share Sales.

In this connection, the Company has applied to the Stock Exchange for a waiver from strict compliance with the Rules Requirements and the Stock Exchange has granted a waiver to the Company from strict compliance with the Rules Requirements in this circular.

The Directors consider that the non-disclosure of the financial information of KCT required under Rule 14.68(2)(a)(i) will not mislead investors and/or the Shareholders. As a listed company in Shenzhen, the financial results of KCT is publicly available under the relevant rules of the Shenzhen Stock Exchange. In other words, there would be no other undue risks to the Shareholders and investors for not including the financial information of KCT required under Rule 14.68(2)(a)(i).

Please refer to the alternative disclosures of the financial information of KCT set forth in Appendix III to this circular.

SGM

The notice convening the SGM is set forth on pages SGM-1 to SGM-3 of this circular. The SGM will be convened at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong, on Wednesday, 15 April 2026 at 11:00 a.m. for the Shareholders to consider and, if thought fit, to approve the Possible KCT Share Sales under KCT Share Sales Mandate and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their associates has any material interest in the Possible KCT Share Sales under KCT Share Sales Mandate and the transactions contemplated thereunder. Hence, no Shareholder is required to abstain from voting at the SGM in respect of the resolutions for the Possible KCT Share Sales under KCT Share Sales Mandate and the transactions contemplated thereunder.

PROXY ARRANGEMENT

Pursuant to the Listing Rules and the Bye-Laws, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the meeting may in good faith, decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. Therefore, poll voting for the proposed resolutions of the Company will be proceeded with at the SGM. An announcement on the poll results will be published by the Company after the SGM in the manner prescribed under the Listing Rules.

A form of proxy for use at the SGM is sent to the Shareholders together with this circular. Whether or not the Shareholders are able to attend the SGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 11:00 a.m. on Monday, 13 April 2026 or not less than 48 hours before the time for holding of any adjournment of the SGM. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting at the SGM or any adjournment thereof should the Shareholders so wish. If the Shareholders attend and vote at the SGM, the authority of the Shareholders' proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 10 April 2026 to Wednesday, 15 April 2026 (both days inclusive), during which period no transfer of Shares will be registered. The record date for entitlement to attend and vote at the SGM is Wednesday, 15 April 2026. In order to qualify to attend and vote at the SGM, all Share transfer documents accompanied by relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Thursday, 9 April 2026.

RECOMMENDATION

For the reasons set forth above, the Directors are of the view that the KCT Share Sales Mandate and the transactions contemplated thereunder is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM.

FURTHER INFORMATION

Your attention is also drawn to the additional financial information of the Group and KCT and the unaudited pro forma financial information of the Group set forth in Appendices II, III and IV to this circular. Appendix V to this circular sets forth the management discussion and analysis of the Group for the three years ended 31 December 2024 and the six months ended 30 June 2025. Appendix VI sets forth the general information on the Group for inclusion in this circular.

GENERAL

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 exercise of the KCT Share Sales Mandate or at all. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.

Yours faithfully,
By order of the Board
Genesis Scale Holdings Limited
Zhang Yangyang
Chairman

Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as defined in the circular.

As illustrated in this circular, 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 be no 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.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the six months ended 30 June 2025 and each of three years ended 31 December 2022, 2023 and 2024 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.genesis-scale.com). Web links to the interim report and the annual reports of the Company are set forth below:

(1) Interim report of the Company for the six months ended 30 June 2025 published on 24 September 2025 (pages 18 to 48):

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0924/2025092401082.pdf

(2) Annual report of the Company for the year ended 31 December 2024 published on 29 April 2025 (pages 77 to 151):

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042903597.pdf

(3) Annual report of the Company for the year ended 31 December 2023 published on 29 April 2024 (pages 70 to 141):

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042900909.pdf

(4) Annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 70 to 143):

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701409.pdf

2. INDEBTEDNESS STATEMENT

Apart from intra-group liabilities and normal trade payables in the ordinary course of the business of the Group, the Group did not have, at the close of business on 31 January 2026, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, any debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, mortgages and charges or any guarantees or any finance lease commitments or material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published consolidated audited financial statements of the Group were made up.

4. WORKING CAPITAL SUFFICIENCY

After due and careful consideration, the Directors are of the opinion that, taking into account the financial resources including the internally generated fund and the effect of the Possible KCT Share Sales, the Group will have sufficient working capital to satisfy its present requirements for the next 12 months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the provision of AI-empowered terminal products and integrated technical services and solutions in various vertical fields as well as the design, production and manufacturing of high-end industrial components. The Possible KCT Share Sales will increase the sources of funding for the Company's business development and expansion, including the financing of technical research and new product development. During the current financial year, the Directors expect that with cash and available credit facilities, the Group's financial position will remain stable and the Group's revenue of the current year will not be materially impacted after the Possible KCT Share Sales. The Group will closely monitor the market situations and trends and will continue to strengthen its established markets in AI technology.

Based on analysis of the global technological trends and leveraging its technical expertise in artificial intelligence, industrial big data platforms and precision manufacturing, the Group has established a dual-track strategy centered on AI-driven innovation in new energy and new materials.

In the new energy sector, the Group will focus on the niche segments with differentiated competitive advantages, such as high energy density, fast charging capabilities, wide temperature tolerance, and extended cycle life, enhancing battery performance and market competitiveness through AI-driven R&D optimisation and intelligent production processes.

In the new materials sector, the Group will focus on the development of novel battery materials and advanced functional/protective materials, driving breakthroughs in the material performance and the innovative application scenarios. This strategy aims to integrate the AI technology into the materials engineering to address the core bottlenecks across the industrial chain, including energy efficiency, product durability and environmental adaptability, and deliver high-value-added, sustainable solutions for customers while creating new engines for the Group's sustainable growth.

To ensure robust strategic implementation, the Group will strengthen industry-academia-research collaborations with the world-leading academic institutions, research organisations and supply chain partners. The Group would also build an open innovation ecosystem to accelerate the R&D validation and commercialization of AI-new materials convergence technologies. Concurrently, a dynamic risk assessment mechanism will be established to continuously monitor and optimise technical feasibility, market adaptability and resource allocation efficiency, ensuring precision and sustainability in strategic execution. The Group will uphold the principles of focusing the customer value and quality-driven development. The Group will strengthen internal R&D synergy and market responsiveness, enhance the technological advantages and the core competitiveness and build a leading technological position for the Group.

In addition, the Group will continue to seek investment opportunities in global securities, cryptocurrencies and other emerging markets with an aim of maximising profitability for the benefit of its Shareholders and maintain its competitiveness thereby ensuring the Group's sustainability.

Set out below is extracted from the published financial information of KCT which comprises the consolidated balance sheets of KCT as at 31 December 2022, 2023 and 2024 and 30 September 2025, and the consolidated statements of profit or loss, the consolidated statements of changes in equity and the consolidated statements of cash flows of KCT for each of the years/periods then ended, save that the consolidated statement of changes in equity only covers up to 30 June 2025.

Pursuant to the requirements promulgated by the regulators of the PRC, the disclosure of quarterly consolidated statement of changes in equity is not required in quarterly reports. Accordingly, no consolidated statement of changes in equity of KCT for the nine months ended 30 September 2025 is disclosed. As an alternative, the consolidated statement of changes in equity of KCT for the six months ended 30 June 2025 is disclosed, which is extracted from its interim report for the six months ended 30 June 2025.

The consolidated balance sheets of KCT as at 31 December 2022, 2023 and 2024 and the consolidated statements of profit or loss, the consolidated statements of changes in equity and consolidated statements of cash flows of KCT for each of years then ended which were extracted from the annual reports of KCT for the respective years. In the opinions of the independent auditor of KCT, namely 政旦志遠(深圳)會計師事務所(特殊普通合伙) (Zandar Zhiyuan (Shenzhen) Accounting Firm (Special General Partnership)*), as stated in the respective annual reports of KCT, the consolidated financial statements for each of the years ended 31 December 2022, 2023 and 2024 give a true and fair view of the consolidated financial position of KCT and of the consolidated financial performance and the consolidated cash flows of KCT for each of the years then ended, and no modified opinion has been given by such independent auditor.

The consolidated balance sheet of KCT as at 30 September 2025 and the consolidated statement of profit or loss, and the consolidated statement of cash flows of KCT for the period then ended were extracted from the quarterly report of KCT for the nine months ended 30 September 2025.

The consolidated financial statements of the Company for the years ended 31 December 2024 have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), the condensed consolidated interim financial information of the Company for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

The Directors noted that the consolidated financial statements of KCT for the three years ended 31 December 2024 and nine months ended 30 September 2025 have been prepared in accordance with the China Accounting Standards for Business Enterprises, Application Guides for the Accounting Standards for Business Enterprises, Interpretations of the Accounting Standards for Business Enterprises and other relevant provisions (collectively referred to as the "**CASBE**") issued by the Ministry of Finance of the PRC (the "**MoF**").

* *for identification purpose only*

The Directors are of opinion that the material accounting standards and policies adopted by KCT in the preparation of its consolidated financial statements are materially consistent with those adopted by the Company in the preparation of its consolidated financial statements because of the following reasons: (i) the internal accounting and finance team of the Company has reviewed the KCT's published consolidated financial statement and has cross-checked the accounting standards and policies adopted by KCT under CASBE against those accounting standards and policies adopted by the Company under HKFRS; (ii) the Company had discussions with its reporting accountants, Prism Hong Kong Limited, in respect of the general accounting treatments under HKFRS and CASBE and their differences; and (iii) the audit committee of the Board has reviewed the work done performed. Based on the above reasons, the audit committee of the Board and the Board consider that (a) there is no material difference between (i) the accounting standards and policies adopted by KCT under CASBE and (ii) the accounting standards and policies adopted by the Company in preparing its financial statements under the HKFRS and (b) had the consolidated financial statements of KCT prepared in HKFRS, there would have been no material difference from its existing financial statements prepared under CASBE.

The financial information of KCT contained in this appendix appears for information purposes only. The Directors take no responsibility for the financial information of KCT, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the financial information of KCT contained in this appendix.

CONSOLIDATED BALANCE SHEET

	As at			
	30 September 2025	**31 December 2024**	**31 December 2023**	**31 December 2022**
	RMB 0'000	*RMB 0'000*	*RMB 0'000*	*RMB 0'000*
ASSETS				
Current assets:				
Monetary Funds	441,364.47	455,031.61	564,570.53	543,448.57
Notes receivable and accounts receivable	311,050.52	239,849.95	166,352.00	110,097.04
Including: Notes receivable	45,000.67	57,396.50	18,449.10	35,529.74
Account receivable	266,049.85	182,453.46	147,902.90	74,567.30
Receivable financing	–	99.85	–	959.89
Prepayments	2,624.00	3,797.78	1,414.16	3,325.76
Total other receivables	809.87	602.80	851.01	2,690.33
Other receivables	–	602.80	851.01	2,690.33
Contract assets	40.52	40.52	–	5.02
Inventories	47,302.33	22,040.69	26,464.12	48,000.87
Other current assets	6,325.42	8,164.35	7,121.58	6,702.48
Total current assets	**809,517.13**	**729,627.55**	**766,773.39**	**715,229.95**

	As at			
	30 September 2025	31 December 2024	31 December 2023	31 December 2022
	RMB 0'000	*RMB 0'000*	*RMB 0'000*	*RMB 0'000*
Non-current assets:				
Investments in other equity instruments	800.00	–	–	–
Investment properties	2,647.03	2,906.63	3,252.76	7,723.05
Total fixed asset	139,833.35	93,053.00	73,389.41	73,930.81
Including: fixed assets	–	93,053.00	73,389.41	73,930.81
Total construction in progress	80,750.49	74,068.71	56,407.85	45,844.32
Including: Construction in progress	–	69,108.56	54,091.45	43,406.05
Engineering supplies	–	4,960.16	2,316.39	2,438.27
Right-of-use asset	639.13	508.98	664.75	1,846.11
Intangible assets	51,035.33	41,365.22	23,929.74	29,327.69
Including: data resources	196.54	231.92	–	–
Development expenses	4,436.73	8,012.71	15,197.06	7,803.82
Goodwill	32,139.68	32,139.68	32,139.68	32,139.68
Long-term deferred expenses	2,496.66	2,622.01	2,685.99	905.84
Deferred income tax assets	5,326.08	4,576.54	3,090.60	2,249.01
Other non-current assets	8,070.01	3,075.75	347.16	3,195.01
Total non-current assets	**328,174.47**	**262,329.25**	**211,105.00**	**204,965.34**
Total assets	**1,137,691.60**	**991,956.79**	**977,878.39**	**920,195.29**
LIABILITIES				
Current liabilities:				
Note payable and account payable	145,753.82	61,989.66	45,300.43	39,887.75
Including: Note payable	26,395.11	1,650.01	–	–
Account payable	119,358.71	60,339.65	45,300.43	39,887.75
Advances from customers	–	10.40	8.53	18.90
Contract liabilities	717.92	62.25	11,885.39	3,031.39
Employee benefits payable	3,947.97	3,884.36	2,796.47	3,566.43
Taxes payable	10,822.02	5,706.66	10,533.09	12,335.24
Total other payables	2,161.61	694.51	907.44	2,108.89
Other payables	–	694.51	907.44	2,108.89
Non-current liabilities due in one year	340.33	342.64	315.60	841.38
Other current liabilities	4,501.08	7,969.24	2,985.54	9,721.86
Total current liabilities	**168,244.75**	**80,659.73**	**74,732.49**	**71,511.84**

	As at			
	30 September 2025	**31 December 2024**	**31 December 2023**	**31 December 2022**
	RMB 0'000	*RMB 0'000*	*RMB 0'000*	*RMB 0'000*
Non-current liabilities:				
Lease liabilities	301.93	182.06	368.17	1,060.21
Total long-term payables	0.00	0.00	0.00	0.00
Deferred income tax liabilities	271.24	293.28	296.87	236.19
Deferred income – non-current liabilities	14,633.68	17,396.70	20,482.03	24,464.38
Total non-current liabilities	**15,206.85**	**17,872.04**	**21,147.07**	**25,760.79**
Total liabilities	**183,451.60**	**98,531.77**	**95,879.55**	**97,272.62**
EQUITY				
Owners' equity (or shareholders' equity):				
Paid-in capital (or share capital)	215,458.79	215,584.66	215,458.79	215,458.79
Capital reserve	506,552.44	507,829.69	505,098.46	505,051.66
Less: Treasury shares	4,956.32	6,590.26	–	–
Surplus reserve	12,706.42	12,706.42	12,706.42	12,663.53
Retained earnings	224,478.68	163,894.51	148,781.34	90,485.18
Total equity attributable to owners of the Parent Company	954,240.00	893,425.02	882,045.01	823,659.16
Non-controlling interests	–	–	(46.17)	(736.49)
Total owners' equity	**954,240.00**	**893,425.02**	**881,998.83**	**822,922.67**
Total liabilities and owners' equity	**1,137,691.60**	**991,956.79**	**977,878.39**	**920,195.29**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Nine months ended 30 September 2025 *RMB 0'000*	31 December 2024 *RMB 0'000*	Year ended 31 December 2023 *RMB 0'000*	31 December 2022 *RMB 0'000*
I.	**Total operating income**	**159,610.64**	**155,776.39**	**149,430.81**	**116,764.35**
	Including: Operating income	159,610.64	155,776.39	149,430.81	116,764.35
II.	**Total operating costs**	**88,647.84**	**79,862.78**	**85,549.25**	**71,426.90**
	Including: Operating cost	77,980.03	75,723.65	80,848.96	68,871.83
	Taxes and surcharges	1,549.78	1,703.68	1,555.90	1,500.38
	Selling expenses	495.96	567.62	1,193.95	2,014.03
	Administrative expenses	8,673.36	8,876.97	10,175.33	9,812.39
	Research and development expenses	8,348.79	9,615.12	9,194.93	8,237.10
	Financing cost	(8,400.07)	(16,624.27)	(17,419.81)	(19,008.84)
	Including: Interest expenses	–	–	–	93.33
	Interest income	8,428.82	16,664.81	17,481.06	19,199.96
	Investment income	9.01	24.65	1,639.13	242.24
	Including: Income from investment in associates and joint ventures	–	–	–	(111.58)
	Gains from disposal of assets	1.27	3.91	75.22	(2,325.89)
	Loss on impairment of assets	–	(214.16)	(3,295.47)	(687.49)
	Loss on impairment of credit	(4,866.15)	(6,413.91)	(1,702.00)	(2,010.96)
	Other income	3,789.43	6,075.55	7,150.20	4,438.09
III.	**Operating profit**	**69,896.35**	**75,389.66**	**67,748.64**	**44,993.45**
	Add: Non-operating income	37.19	28.90	43.78	23.23
	Less: Non-operating expenses	29.56	214.45	930.32	630.06
IV.	**Total profit**	**69,903.99**	**75,204.10**	**66,862.10**	**44,386.61**
	Less: Income tax expenses	9,319.82	10,014.12	8,548.22	6,755.89

		Nine months ended 30 September 2025 *RMB 0'000*	31 December 2024 *RMB 0'000*	Year ended 31 December 2023 *RMB 0'000*	31 December 2022 *RMB 0'000*
V.	**Net profit**	**60,584.17**	**65,189.98**	**58,313.88**	**37,630.72**
	(1) Net profit from continuing operations	60,584.17	65,189.98	58,313.88	37,630.72
	Net profit attributable to owners of the Parent Company	60,584.17	65,196.78	58,330.24	37,662.85
	Gains or losses attributable to non-controlling interests	–	(6.80)	(16.36)	(32.13)
	Net profits attributable to shareholders of the Parent Company after deduction of non-recurring gains and losses	59,037.71	64,288.40	54,263.50	37,365.91
VI.	**Earnings per share:**				
	(1) Basic earnings per share (RMB)	0.28	0.30	0.27	0.17
	(2) Diluted earnings per share (RMB)	0.28	0.30	0.27	0.17
VII.	**Other comprehensive Income**	**–**	**–**	**–**	**10.31**
	Other comprehensive income attributable to owners of the Parent Company	–	–	–	10.31
VIII.	**Total comprehensive income**	**60,584.17**	**65,189.98**	**58,313.88**	**37,641.04**
	Total comprehensive income attributable to shareholders of the Parent Company	60,584.17	65,196.78	58,330.24	37,673.16
	Total comprehensive income attributable to non-controlling interests	–	(6.80)	(16.36)	(32.13)

CONSOLIDATED STATEMENT OF CASH FLOWS

		Nine months ended 30 September 2025	Year ended 31 December 2024	31 December 2023	31 December 2022
		RMB 0'000	*RMB 0'000*	*RMB 0'000*	*RMB 0'000*
I.	**Cash flows from operating activities**				
	Cash received from sale of goods or rendering of services	96,684.04	79,559.14	85,310.41	88,733.49
	Cash received from tax refund	–	–	–	1,041.98
	Other cash receipts relating to operating activities	2,957.51	1,762.90	7,535.02	11,096.91
	Sub-total of cash inflows from operating activities	**99,641.56**	**81,322.04**	**92,845.43**	**100,872.38**
	Cash paid for goods and services	20,632.40	25,881.76	36,163.29	39,109.03
	Cash paid to and on behalf of employees	35,120.41	30,164.83	29,877.52	30,415.20
	Payments of taxes	16,105.79	28,587.02	21,753.56	7,715.34
	Other cash payments relating to operating activities	3,310.70	5,289.99	6,639.05	9,542.64
	Sub-total of cash outflows from operating activities	**75,169.30**	**89,923.61**	**94,433.42**	**86,782.21**
	Differences in net cash flows from operating activities (total balancing item)	0.00	0.00	0.00	0.00
	Net cash flows from operating activities	**24,472.25**	**(8,601.57)**	**(1,588.00)**	**14,090.17**

		Nine months ended 30 September 2025	31 December 2024	Year ended 31 December 2023	31 December 2022
		RMB 0'000	*RMB 0'000*	*RMB 0'000*	*RMB 0'000*
II.	**Cash flows from investing activities**				
	Cash receipts from disposal of investments	–	–	–	4,697.71
	Cash receipts from investment income	–	–	–	363.30
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6.05	–	1,861.56	3,613.30
	Net cash receipts from disposal of subsidiaries and other business units	–	–	49,107.65	–
	Other cash receipts relating to investing activities	3,120.19	15,996.21	2,953.84	27,896.22
	Sub-total of cash inflows from investing activities	**3,126.24**	**15,996.21**	**53,923.04**	**36,570.52**
	Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	45,230.77	63,044.49	42,790.25	38,365.04
	Cash paid for investments	400.00	0.00	–	–
	Other cash payments relating to investing activities	142.00	3,608.12	357.74	20.00
	Sub-total of cash outflows from investing activities	**45,772.77**	**66,652.61**	**43,147.98**	**38,385.04**
	Differences in net cash flows from investing activities (total balancing item)	0.00	0.00	0.00	0.00
	Net cash flows from investing activities	**(42,646.53)**	**(50,656.40)**	**10,775.06**	**(1,814.53)**

		Nine months ended 30 September 2025	31 December 2024	Year ended 31 December 2023	31 December 2022
		RMB 0'000	*RMB 0'000*	*RMB 0'000*	*RMB 0'000*
III.	**Cash flows from financing activities**				
	Cash receipts from receiving investments	34.28	2,846.02	–	–
	Cash receipts from borrowings	–	–	–	40,000.00
	Other cash receipts relating to financing activities	–	547.24	–	66.71
	Sub-total of cash inflows from financing activities	**34.28**	**3,393.25**	**–**	**40,066.71**
	Cash paid for repayment of debts	–	–	–	40,000.00
	Cash paid for dividends, profit distribution or interest expenses	–	50,083.61	–	29,180.27
	Other cash payments relating to financing activities	4,044.41	8,708.08	596.03	925.36
	Sub-total of cash outflows from financing activities	**4,044.41**	**58,791.68**	**596.03**	**70,105.63**
	Differences in net cash flows from financing activities (total balancing item)	0.00	0.00	–	0.00
	Net cash flows from financing activities	**(4,010.12)**	**(55,398.43)**	**(596.03)**	**(30,038.92)**

		Nine months ended 30 September 2025	31 December 2024	Year ended 31 December 2023	31 December 2022
		RMB 0'000	*RMB 0'000*	*RMB 0'000*	*RMB 0'000*
IV.	**Effect of change in exchange rate on cash and cash equivalents**	**–**	**–**	**–**	**–**
V.	**Net increase in cash and cash equivalents**	**(22,184.40)**	**(114,656.40)**	**8,591.04**	**(17,763.28)**
	Add: Beginning balance of cash and cash equivalents	424,310.62	538,967.02	530,375.98	548,139.26
VI.	**Ending balance of cash and cash equivalents**	**402,126.22**	**424,310.62**	**538,967.02**	**530,375.98**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

(RMB 0'000)

Item		Equity attributable to owners' of the Company											
			Other equity instruments										
		Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital re-serve	Less: Treasury shares	Other compre-hensive income	Surplus reserve	Retained earnings	Sub-total	Non-controlling interest	Total equity of owners
I.	**Ending balance of last year**	2,155,846.57	–	–	–	5,078,296.93	65,902.57	–	127,064.21	1,638,945.07	8,934,250.21	–	8,934,250.21
	Add: Changes in accounting policies Correction of previous errors	–	–	–	–	–	–	–	–	–	–	–	–
	Others	–	–	–	–	–	–	–	–	–	–	–	–
II.	**Beginning balance of the year**	2,155,846.57	–	–		5,078,296.93	65,902.57	–	127,064.21	1,638,945.07	8,934,250.21	–	8,934,250.21
III.	**Increase/decrease for the year**	(1,258.71)	–	–	–	(15,080.69)	(16,339.40)	–	–	385,755.87	385,755.87	–	385,755.87
	(I) Total comprehensive income	–	–	–	–	–	–	–	–	385,755.87	385,755.87	–	385,755.87
	(II) Capital paid in and reduced by owners	(1,258.71)	–	–	–	(15,080.69)	(16,339.40)	–	–	–	–	–	–
	1. Ordinary shares paid by owners	(1,258.71)	–	–	–	(15,080.69)	(16,339.40)	–	–	–	–	–	–
	2. Capital paid by holders of other equity instruments	–	–	–	–	–	–	–	–	–	–	–	–
	3. Amount of share-based payments recognised in owners' equity	–	–	–	–	–	–	–	–	–	–	–	–
	4. Others	–	–	–	–	–	–	–	–	–	–	–	–
	(III) Profit distribution	–	–	–	–	–	–	–	–	–	–	–	–
	1. Transfer to surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–
	2. Distribution to owners (or shareholders)	–	–	–	–	–	–	–	–	–	–	–	–
	3. Others	–	–	–	–	–	–	–	–	–	–	–	–
	(IV) Transfer within owners' equity	–	–	–	–	–	–	–	–	–	–	–	–
	1. Capitalization of capital reserve (or share capital)	–	–	–	–	–	–	–	–	–	–	–	–
	2. Capitalization of surplus reserve (or share capital)	–	–	–	–	–	–	–	–	–	–	–	–
	3. Loss offset by surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–
	4. Transfer to retained earnings arising from change in defined benefit plans	–	–	–	–	–	–	–	–	–	–	–	–
	5. Transfer from other comprehensive income to retained earnings	–	–	–	–	–	–	–	–	–	–	–	–
	6. Others	–	–	–	–	–	–	–	–	–	–	–	–
IV.	**Ending balance of the period**	2,154,587.86	–	–	–	5,063,216.24	49,563.17	–	127,064.21	2,024,700.94	9,320,006.08	–	9,320,006.08

For the year ended 31 December 2024
(RMB 0'000)

Item		Equity attributable to owners' of the Company											
			Other equity instruments										
		Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital re-serve	Less: Treasury shares	Other compre-hensive income	Surplus reserve	Retained earnings	Sub-total	Non-controlling interest	Total equity of owners
I.	**Ending balance of last year**	215,458.79	–	–	–	505,098.46	–	–	12,706.42	148,781.34	882,045.01	(46.17)	881,998.83
	Add: Changes in accounting policies	–	–	–	–	–	–	–	–	–	–	–	–
	Correction of previous errors	–	–	–	–	–	–	–	–	–	–	–	–
	Others	–	–	–	–	–	–	–	–	–	–	–	–
II.	**Beginning balance of the year**	215,458.79	–	–	–	505,098.46	–	–	12,706.42	148,781.34	882,045.01	(46.17)	881,998.83
III.	**Increase/decrease for the year**	125.87	–	–	–	2,731.23	6,590.26	–	–	15,113.17	11,380.02	46.17	11,426.19
	(I) Total comprehensive income	–	–	–	–	–	–	–	–	65,196.78	65,196.78	(6.80)	65,189.98
	(II) Capital paid in and reduced by owners	125.87	–	–	–	2,731.23	6,590.26	–	–	–	(3,733.15)	52.97	(3,680.18)
	1. Ordinary shares paid by owners	125.87	–	–	–	2,754.43	6,590.26	–	–	–	(3,709.96)	–	(3,709.96)
	2. Capital paid by holders of other equity instruments	–	–	–	–	0.00	–	–	–	–	–	–	–
	3. Amount of share-based payments recognised in owners' equity	–	–	–	–	29.78	–	–	–	–	29.78	–	29.78
	4. Others	–	–	–	–	(52.97)	–	–	–	–	(52.97)	52.97	–
	(III) Profit distribution	–	–	–	–	–	–	–	–	(50,083.61)	(50,083.61)	–	(50,083.61)
	1. Transfer to surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–
	2. Distribution to owners (or shareholders)	–	–	–	–	–	–	–	–	(50,083.61)	(50,083.61)	–	(50,083.61)
	3. Others	–	–	–	–	–	–	–	–	–	–	–	–
	(IV) Transfer within owners' equity	–	–	–	–	–	–	–	–	–	–	–	–
	1. Capitalization of capital reserve (or share capital)	–	–	–	–	–	–	–	–	–	–	–	–
	2. Capitalization of surplus reserve (or share capital)	–	–	–	–	–	–	–	–	–	–	–	–
	3. Loss offset by surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–
	4. Transfer to retained earnings arising from change in defined benefit plans	–	–	–	–	–	–	–	–	–	–	–	–
	5. Transfer from other comprehensive income to retained earnings	–	–	–	–	–	–	–	–	–	–	–	–
	6. Others	–	–	–	–	–	–	–	–	–	–	–	–
IV.	**Ending balance of the period**	215,584.66	–	–	–	507,829.69	6,590.26	–	12,706.42	163,894.51	893,425.02	–	893,425.02

For the year ended 31 December 2023
(RMB 0'000)

Item		Equity attributable to owners' of the Company											
		Other equity instruments											
		Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital re-serve	Less: Treasury shares	Other compre-hensive income	Surplus reserve	Retained earnings	Sub-total	Non-controlling interest	Total equity of owners
I.	**Ending balance of last year**	215,458.79	–	–	–	505,051.66	–	–	12,663.56	90,493.96	823,667.97	(736.49)	822,931.48
	Add: Changes in accounting policies	–	–	–	–	–	–	–	–	–	–	–	–
	Correction of previous errors	–	–	–	–	–	–	–	–	–	–	–	–
	Others	–	–	–	–	–	–	–	–	–	–	–	–
II.	**Beginning balance of the year**	215,458.79	–	–	–	505,051.66	–	–	12,663.56	90,493.96	823,667.97	(736.49)	822,931.48
III.	**Increase/decrease for the year**	–	–	–	–	46.80	–	–	42.86	58,287.38	58,377.04	690.32	59,067.36
	(I) Total comprehensive income	–	–	–	–	–	–	–	–	58,330.24	58,330.24	(16.36)	58,313.88
	(II) Capital paid in and reduced by owners	–	–	–	–	46.80	–	–	–	–	46.80	706.68	753.47
	1. Ordinary shares paid by owners	–	–	–	–	–	–	–	–	–	–	–	–
	2. Capital paid by holders of other equity instruments	–	–	–	–	–	–	–	–	–	–	–	–
	3. Amount of share-based payments recognised in owners' equity	–	–	–	–	46.80	–	–	–	–	46.80	–	46.80
	4. Others	–	–	–	–	–	–	–	–	–	–	706.68	706.68
	(III) Profit distribution	–	–	–	–	–	–	–	42.86	(42.86)	–	–	–
	1. Transfer to surplus reserve	–	–	–	–	–	–	–	42.86	(42.86)	–	–	–
	2. Distribution to owners (or shareholders)	–	–	–	–	–	–	–	–	–	–	–	–
	3. Others	–	–	–	–	–	–	–	–	–	–	–	–
	(IV) Transfer within owners' equity	–	–	–	–	–	–	–	–	–	–	–	–
	1. Capitalization of capital reserve (or share capital)	–	–	–	–	–	–	–	–	–	–	–	–
	2. Capitalization of surplus reserve (or share capital)	–	–	–	–	–	–	–	–	–	–	–	–
	3. Loss offset by surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–
	4. Transfer to retained earnings arising from change in defined benefit plans	–	–	–	–	–	–	–	–	–	–	–	–
	5. Transfer from other comprehensive income to retained earnings	–	–	–	–	–	–	–	–	–	–	–	–
	6. Others	–	–	–	–	–	–	–	–	–	–	–	–
IV.	**Ending balance of the period**	215,458.79	–	–	–	505,098.46	–	–	12,706.42	148,781.34	882,045.01	(46.17)	881,998.83

For the year ended 31 December 2022
(RMB 0'000)

Item		Equity attributable to owners' of the Company											
			Other equity instruments										
		Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital re-serve	Less: Treasury shares	Other compre-hensive income	Surplus reserve	Retained earnings	Sub-total	Non-controlling interest	Total equity of owners
I.	**Ending balance of last year**	215,458.79	–	–	–	505,172.06	–	(10.31)	4,331.62	90,241.18	815,193.33	(704.37)	814,488.97
	Add: Changes in accounting policies	–	–	–	–	–	–	–	0.05	3.89	3.95	–	3.95
	Correction of previous errors	–	–	–	–	–	–	–	–	–	–	–	–
	Others	–	–	–	–	–	–	–	–	–	–	–	–
II.	**Beginning balance of the year**	215,458.79	–	–	–	505,172.06	–	(10.31)	4,331.67	90,245.07	815,197.28	(704.37)	814,492.91
III.	**Increase/decrease for the year**	–	–	–	–	(120.40)	–	10.31	8,331.89	248.88	8,470.69	(32.13)	8,438.56
	(I) Total comprehensive income	–	–	–	–	0.00	–	10.31	0.00	37,667.71	37,678.02	(32.13)	37,645.90
	(II) Capital paid in and reduced by owners	–	–	–	–	(120.40)	–	–	–	–	(120.40)	–	(120.40)
	1. Ordinary shares paid by owners	–	–	–	–	0.00	–	–	–	–	–	–	–
	2. Capital paid by holders of other equity instruments	–	–	–	–	0.00	–	–	–	–	–	–	–
	3. Amount of share-based payments recognised in owners' equity	–	–	–	–	(120.40)	–	–	–	–	(120.40)	–	(120.40)
	4. Others	–	–	–	–	–	–	–	–	–	–	–	–
	(III) Profit distribution	–	–	–	–	–	–	–	8,331.89	(37,418.83)	(29,086.94)	–	(29,086.94)
	1. Transfer to surplus reserve	–	–	–	–	–	–	–	8,331.89	(8,331.89)	–	–	–
	2. Distribution to owners (or shareholders)	–	–	–	–	–	–	–	0.00	(29,086.94)	(29,086.94)	–	(29,086.94)
	3. Others	–	–	–	–	–	–	–	–	–	–	–	–
	(IV) Transfer within owners' equity	–	–	–	–	–	–	–	–	–	–	–	–
	1. Capitalization of capital reserve (or share capital)	–	–	–	–	–	–	–	–	–	–	–	–
	2. Capitalization of surplus reserve (or share capital)	–	–	–	–	–	–	–	–	–	–	–	–
	3. Loss offset by surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–
	4. Transfer to retained earnings arising from change in defined benefit plans	–	–	–	–	–	–	–	–	–	–	–	–
	5. Transfer from other comprehensive income to retained earnings	–	–	–	–	–	–	–	–	–	–	–	–
	6. Others	–	–	–	–	–	–	–	–	–	–	–	–
IV.	**Ending balance of the period**	215,458.79	–	–	–	505,051.66	–	–	12,663.56	90,493.96	823,667.97	(736.49)	822,931.48

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the unaudited pro forma financial information of the Group, comprising the unaudited pro forma consolidated statement of financial position as at 30 June 2025 and the unaudited pro forma consolidated statement of profit or loss and the unaudited pro forma consolidated statement of the comprehensive income and the unaudited pro forma consolidated statement of cash flows for the six months ended 30 June 2025 and related notes (collectively, the "**Unaudited Pro Forma Financial Information**").

The Unaudited Pro Forma Financial Information is prepared by the directors of the Company in accordance with Paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants and on the basis of the notes set out below, for the purpose of illustrating the effect of (i) 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; and (ii) the possible very substantial disposal in relation to the possible disposal of 40,799,936 of the KCT shares within the twelve-month-period i.e., the KCT Share Sales Mandate as described in the section headed "Letter from the Board" in this circular.

The Unaudited Pro Forma Financial Information presented below is prepared to illustrate (i) the consolidated statement of financial position of the Group as at 30 June 2025 as if the Previous KCT Share Sales and the KCT Share Sales Mandate had been completed on 30 June 2025; and (ii) the consolidated statement of profit or loss of the Group, the consolidated statement of other comprehensive income of the Group and the consolidated statement of cash flows of the Group for the six months ended 30 June 2025 as if the Previous KCT Share Sales and the KCT Share Sales Mandate had been completed on 1 January 2025.

The Unaudited Pro Forma Financial Information of the Group is based upon the consolidated financial information of the Group for the six months ended 30 June 2025, which has been derived from the Company's published interim report for the six months then ended 30 June 2025, published on 24 September 2025, after taking into account pro forma adjustments as summarised in the accompanying notes that are clearly shown and explained, factually supportable and directly attributable to the Previous KCT Share Sales and the KCT Share Sales Mandate.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and is based on certain assumptions, estimates and current available information. Accordingly, because of its hypothetical nature, it may not give a true picture of the financial results, cash flows and financial position of the Group had the Previous KCT Share Sales and the KCT Share Sales Mandate been completed as at the specified dates or any future dates.

The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the historical financial information of the Group as set out in the published interim report of the Company for the six months ended 30 June 2025, and other financial information included elsewhere in this circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS OF THE GROUP

	Unaudited consolidated statement of profit or loss for the six months ended 30 June 2025 *HK$'000* *Note (a)*	Pro forma adjustment (i) *HK$'000* *Note (b)*	Unaudited consolidated statement of profit or loss for the six months ended 30 June 2025 (after the Previous KCT Share Sales) *HK$'000*	Pro forma adjustment (ii) *HK$'000* *Note (c)*	Unaudited consolidated statement of profit or loss for the six months ended 30 June 2025 (after the KCT Share Sales Mandate) *HK$'000*
Revenue	33,656	–	33,656	–	33,656
Cost of sales	(24,750)	–	(24,750)	–	(24,750)
Gross profit	8,906	–	8,906	–	8,906
Other income	1,495	–	1,495	–	1,495
Other gains, net	3,791	–	3,791	–	3,791
Impairment loss on trade receivables	(3,152)	–	(3,152)	–	(3,152)
Selling and distribution expenses	(639)	–	(639)	–	(639)
Research and development expenses	(3,076)	–	(3,076)	–	(3,076)
Administrative expenses	(11,829)	–	(11,829)	–	(11,829)
Operating loss	(4,504)	–	(4,504)	–	(4,504)
Finance income	7,195	–	7,195	–	7,195
Finance costs	(9)	–	(9)	–	(9)
Finance income, net	7,186	–	7,186	–	7,186
Share of losses of an associate	(703)	–	(703)	–	(703)
Loss before tax	1,979	–	1,979	–	1,979
Income tax expense	(158)	–	(158)	–	(158)
Loss for the period attributable to owners of the Company	1,821	–	1,821	–	1,821

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF THE GROUP

	Unaudited consolidated statement of other comprehensive income for the six months ended 30 June 2025 *HK$'000* *Note (a)*	Pro forma adjustment (i) *HK$'000* *Note (b)*	Unaudited consolidated statement of other comprehensive income for the six months ended 30 June 2025 (after the Previous KCT Share Sales) *HK$'000*	Pro forma adjustment (ii) *HK$'000* *Note (c)*	Unaudited consolidated statement of other comprehensive income for the six months ended 30 June 2025 (after the KCT Share Sales Mandate) *HK$'000*
Loss for the period	1,821	–	1,821	–	1,821
Other comprehensive loss/(income)					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations	87,537	–	87,537	–	87,537
Items that will not be subsequently reclassified to profit or loss:					
Changes in fair value of financial assets at fair value through other comprehensive income, net of deferred tax	(325,836)	26,854	(298,982)	(254,346)	(553,328)
Other comprehensive (loss)/income, net of tax for the period	(238,299)	26,854	(211,445)	(254,346)	(465,791)
Total comprehensive (loss)/income for the period	(236,478)	26,854	(209,624)	(254,346)	(463,970)
Total comprehensive (loss)/income for the period attributable to owners of the Company	(236,478)	26,854	(209,624)	(254,346)	(463,970)

D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP

	Unaudited consolidated statement of financial position as at 30 June 2025	Pro forma adjustment (i)	Unaudited consolidated statement of financial position as at 30 June 2025 (after the Previous KCT Share Sales)	Pro forma adjustment (ii)	Unaudited consolidated statement of financial position as at 30 June 2025 (after the KCT Share Sales Mandate)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (b)*		*Note (c)*	
NON-CURRENT ASSETS					
Property, plant and equipment	471,183	–	471,183	–	471,183
Investment properties	105,208	–	105,208	–	105,208
Right-of-use assets	65,872	–	65,872	–	65,872
Intangible assets	1	–	1	–	1
Financial assets at fair value through other comprehensive income	1,959,820	(170,740)	1,789,080	(1,789,080)	–
Investment in an associate	49,290	–	49,290	–	49,290
Total non-current assets	2,651,374	(170,740)	2,480,634	(1,789,080)	691,554
CURRENT ASSETS					
Inventories	20,630	–	20,630	–	20,630
Contract assets	2,572	–	2,572	–	2,572
Trade and other receivables	186,805	–	186,805	–	186,805
Financial assets at fair value through profit or loss	5,484	–	5,484	–	5,484
Pledged bank deposits	870	–	870	–	870
Bank and cash balances	77,764	192,046	269,810	1,417,257	1,687,067
Total current assets	294,125	192,046	486,171	1,417,257	1,903,428
Total assets	2,945,499	21,306	2,966,805	(371,823)	2,594,982

	Unaudited consolidated statement of financial position as at 30 June 2025 *HK$'000* *Note (a)*	Pro forma adjustment (i) *HK$'000* *Note (b)*	Unaudited consolidated statement of financial position as at 30 June 2025 (after the Previous KCT Share Sales) *HK$'000*	Pro forma adjustment (ii) *HK$'000* *Note (c)*	Unaudited consolidated statement of financial position as at 30 June 2025 (after the KCT Share Sales Mandate) *HK$'000*
EQUITY					
Share capital	61,569	–	61,569	–	61,569
Other reserves	3,141,756	(94,596)	3,047,160	(736,831)	2,310,329
Accumulated losses	(712,421)	115,902	(596,519)	365,008	(231,511)
Total equity	2,490,904	21,306	2,512,210	(371,823)	2,140,387
LIABILITIES					
NON-CURRENT LIABILITIES					
Bank borrowings	84,919	–	84,919	–	84,919
Deferred tax liabilities	263,134	(22,925)	240,209	(240,209)	–
Total non-current liabilities	348,053	(22,925)	325,128	(240,209)	84,919
CURRENT LIABILITIES					
Trade and other payables	73,125	–	73,125	–	73,125
Contract liabilities	291	–	291	–	291
Deferred government grants	7,119	–	7,119	–	7,119
Current tax payable	–	22,925	22,925	240,209	263,134
Bank borrowings	26,007	–	26,007	–	26,007
Total current liabilities	106,542	22,925	129,467	240,209	369,676
Total liabilities	454,595	–	454,595	–	454,595
Total equity and liabilities	2,945,499	21,306	2,966,805	(371,823)	2,594,982

E. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOW OF THE GROUP

	Unaudited consolidated statement of cash flows for the six months ended 30 June 2025 *HK$'000* *Note (a)*	Pro forma adjustment (i) *HK$'000* *Note (b)*	Unaudited consolidated statement of cash flows for the six months ended 30 June 2025 (after the Previous KCT Share Sales) *HK$'000*	Pro forma adjustment (ii) *HK$'000* *Note (c)*	Unaudited consolidated statement of cash flows for the six months ended 30 June 2025 (after the KCT Share Sales Mandate) *HK$'000*
CASH FLOW FROM OPERATING ACTIVITIES					
NET CASH USED IN OPERATING ACTIVITIES	(87,790)	–	(87,790)	–	(87,790)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of plant and equipment	(7,118)	–	(7,118)	–	(7,118)
Interest received	7,186	–	7,186	–	7,186
Proceeds from disposal of financial assets at fair value through other comprehensive income	–	202,577	202,577	1,491,640	1,694,217
Payment of Value-added tax of disposal of financial assets at fair value through other comprehensive income	–	(10,531)	(10,531)	(74,383)	(84,914)
NET CASH GENERATED FROM INVESTING ACTIVITIES	68	192,046	192,114	1,417,257	1,609,371
CASH FLOW FROM FINANCING ACTIVITIES					
Proceed from bank borrowings	30,000	–	30,000	–	30,000
Repayment of bank borrowings	(14,227)	–	(14,227)	–	(14,227)

	Unaudited consolidated statement of cash flows for the six months ended 30 June 2025 *HK$'000* *Note (a)*	Pro forma adjustment (i) *HK$'000* *Note (b)*	Unaudited consolidated statement of cash flows for the six months ended 30 June 2025 (after the Previous KCT Share Sales) *HK$'000*	Pro forma adjustment (ii) *HK$'000* *Note (c)*	Unaudited consolidated statement of cash flows for the six months ended 30 June 2025 (after the KCT Share Sales Mandate) *HK$'000*
NET CASH GENERATED FROM FINANCING ACTIVITIES	15,773	–	15,773	–	15,773
NET DECREASE IN BANK AND CASH BALANCES	(71,949)	192,046	120,097	1,417,257	1,537,354
BANK AND CASH BALANCES AT THE BEGINNING OF THE PERIOD	147,259	–	147,259	–	147,259
Effect of foreign exchange rate changes	2,454	–	2,454	–	2,454
BANK AND CASH BALANCES AT THE END OF THE PERIOD	77,764	192,046	269,810	1,417,257	1,687,067

F. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes to the Unaudited Pro Forma Financial Information:

a The unaudited consolidated financial information of the Group is extracted from the unaudited consolidated financial statements of the Group for six months ended 30 June 2025 which are contained in the Company's 2025 interim report published on 24 September 2025.

b The adjustments represent the impact of the disposal of 3,893,724 KCT Shares on the Group's Unaudited Pro Forma Financial Information for six months ended 30 June 2025. The sales of 3,893,724 KCT Shares during the period from 11 November 2025 to 2 December 2025 as announced in the Discloseable Transaction Announcement.

For the purpose of preparing the Unaudited Pro Forma Financial Information, it was assumed that the Previous KCT Share Sales was carried out during six months ended 30 June 2025 and completed on 1 January 2025, such that the Group would have recognised (i) an increase in bank balances and cash of approximately HK$192,046,000, a decrease in financial assets at fair value through other comprehensive income ("FVTOCI") of HK$170,740,000, a decrease in deferred tax liabilities of approximately HK$22,925,000, an increase in current tax payable of approximately HIK$22,925,000 in the unaudited pro forma consolidated statement of financial position; (ii) an increase of other comprehensive income being the fair value changes of financial assets at FVTOCI less deferred tax of approximately HK$26,854,000 in the unaudited pro forma consolidated statement of other comprehensive income; and (iii) an increase in cashflows from investing activities of approximately HK$192,046,000 in the unaudited pro forma consolidated statement of cash flows, which are calculated as follows:

Number of shares in the Previous KCT Share Sales		3,893,724 Shares
Average price per shares in the Previous KCT Share Sales *(Note 1)*	HK$	52.38
Fair value/market price per KCT Share as at 30 June 2025 *(Note 2)*	HK$	43.85
Assumed cash proceeds from the Previous KCT Share Sales	HK$	203,963,000
Carrying amount of the Previous KCT Share Sales as at 30 June 2025	HK$	170,740,000

Pro forma adjustments in relation to the unaudited pro forma consolidated statement of financial position of the Group as at 30 June 2025

	HK$'000
Net cash proceeds from the Previous KCT Share Sales:	
Cash proceeds from the Previous KCT Share Sales	203,963
Less: actual transaction costs *(Note 4)*	(1,386)
Less: Value-added tax of the Previous KCT Share Sales	(10,531)
	192,046
Decrease in carrying amount of financial assets at FVTOCI:	
Carrying amount of the Previous KCT Share Sales as at 30 June 2025	(170,740)
Decrease in deferred tax liabilities:	
Income tax credit arising upon completion of the Previous KCT Share Sales	(22,925)
Increase in current tax liabilities:	
Income tax expense arising upon completion of the Previous KCT Share Sales	22,925

Pro forma adjustments in relation to the unaudited pro forma consolidated other comprehensive income of the Group for the six months ended 30 June 2025

	HK$'000
Increase in other comprehensive income upon completion of the Previous KCT Share Sales	
Fair value changes in financial assets at FVTOCI	33,223
Estimated transaction costs *(Note 4)*	(1,386)
Changes in deferred taxes	(4,983)
	26,854

Pro forma adjustments in relation to the unaudited pro forma consolidated statement of cash flows of the Group for the six months ended 30 June 2025

	HK$'000
Increase in cash flows from investing activities upon completion of the Previous KCT Share Sales:	
Proceeds from disposal of financial assets at FVTOCI	202,577
Payment of Value-added tax of the Previous KCT Share Sales	(10,531)
	192,046

c The adjustments represent the impact of the disposal of 40,799,936 KCT Shares on the Group's Unaudited Pro Forma Financial Information for six months ended 30 June 2025. Assuming the KCT Share Sales Mandate was carried out during the year ended 31 December 2024 and completed on 1 January 2025 at the Minimum Selling Price of RMB33.56 per KCT Share.

For the purpose of preparing the Unaudited Pro Forma Financial Information, it was assumed that the KCT Share Sales Mandate was carried out during six months ended 30 June 2025 and completed on 1 January 2025, such that the Group would have recognised (i) an increase in bank balances and cash of approximately HK$1,417,257,000, a decrease in financial assets at FVTOCI of HK$1,789,080,000, a decrease in deferred tax liabilities of approximately HK$240,209,000, an increase in current tax payable of approximately HK$240,209,000 in the unaudited pro forma consolidated statement of financial position; (ii) a decrease of other comprehensive income being the fair value changes of financial assets at FVTOCI less deferred tax of approximately HK$254,346,000 in the unaudited pro forma consolidated statement of other comprehensive income; and (iii) an increase in cashflows from investing activities of approximately HK$1,417,257,000 in the unaudited pro forma consolidated statement of cash flows, which are calculated as follows:

Number of shares in KCT Share Sales Mandate		40,799,936 Shares
Minimum Selling Price *(Note3)*	HK$	36.81
Fair value/market price per KCT Share as at 30 June 2025 *(Note 2)*	HK$	43.85
Assumed cash proceeds from the KCT Share Sales Mandate	HK$	1,501,789,000
Carrying amount of the KCT Share Sales Mandate as at 30 June 2025	HK$	1,789,080,000

Pro forma adjustments in relation to the unaudited pro forma consolidated statement of financial position of the Group as at 30 June 2025

	HK$'000
Net cash proceeds from the KCT Share Sales Mandate:	
Cash proceeds from the KCT Share Sales Mandate	1,501,789
Less: actual transaction costs *(Note 4)*	(10,149)
Less: Value-added tax of the KCT Share Sales Mandate	(74,383)
	1,417,257
Decrease in carrying amount of financial assets at FVTOCI:	
Carrying amount of the KCT Share Sales Mandate as at 30 June 2025	(1,789,080)
Decrease in deferred tax liabilities:	
Income tax credit arising upon completion of the KCT Share Sales Mandate	(240,209)
Increase in current tax payable:	
Income tax expense arising upon completion of the KCT Share Sales Mandate	240,209

Pro forma adjustments in relation to the unaudited pro forma consolidated other comprehensive income of the Group for the six months ended 30 June 2025

	HK$'000
Decrease in other comprehensive income upon completion of the KCT Share Sales Mandate:	
Fair value changes in financial assets at FVTOCI	(287,292)
Estimated transaction costs *(Note 4)*	(10,149)
Changes in deferred taxes	43,095
	(254,346)

Pro forma adjustments in relation to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2025

	HK$'000
Increase in cash flows from investing activities upon completion of the KCT Share Sales Mandate:	
Proceeds from disposal of financial assets at FVTOCI	1,491,640
Payment of Value-added tax of the KCT Share Sales Mandate	(74,383)
	1,417,257

Note 1: Average price per shares in the Previous KCT Share Sales represents the range from RMB40.87 to RMB50.72 (equivalent to the range from HK$44.8262 to HK$55.6297).

Note 2: Fair value/market price per KCT Shares as at 30 June 2025 represents RMB39.98 (equivalent to HK$43.8501).

Note 3: Minimum Selling Price represents RMB33.56 (equivalent to HK$36.8086).

Note 4: Estimated transaction costs represent the estimated brokers' handling fee, stamp duty and other costs directly attributable to the KCT Share Sales Mandate.

G. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the assurance report received from the independent reporting accountants, Prism Hong Kong Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the unaudited pro forma financial information of the Group prepared for the purpose of inclusion in this circular.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Board of Directors
Genesis Scale Holdings Limited
Unit 1104, 11/F., Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Genesis Scale Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2025, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the six months ended 30 June 2025, and related notes as set out on pages IV-2 to IV-12 of the investment circular issued by the Company dated 27 March 2026 (the "**Circular**"), in connection with the proposed disposal of all the Company's indirectly-held shares of Kuang-Chi Technologies Co., Ltd. (a limited liability company established in the People's Republic of China with its shares listed on the Shenzhen Stock Exchange) within twelve months, commencing from the date of passing of the relevant resolutions at the special general meeting (the "**SGM**") and ending on the first anniversary of the date of the SGM, on the open market through the trading system of the Shenzhen Stock Exchange or by way of entering into the block trade transactions (the "**Proposed Disposal**"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in IV-1 of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Disposal on the Group's financial position as at 30 June 2025 and the Group's financial performance and cash flows for the six months ended 30 June 2025 as if the Proposed Disposal had taken place at 30 June 2025 and 1 January 2025 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the directors of the Company from the Group's published interim report for the six months ended 30 June 2025, on which no audit or review report has been published.

Directors' Responsibility for the Unaudited pro forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management ("**HKSQM**") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or "Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Proposed Disposal on unadjusted financial information of the Group as if the Proposed Disposal had been occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Disposal at 30 June 2025 or 1 January 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Prism Hong Kong Limited
Certified Public Accountants
Yip Chi Chiu
Practising certificate number: P06934

Hong Kong, 27 March 2026

Set forth below is the management discussion and analysis of the Group for the three years ended 31 December 2024 and the six months ended 30 June 2025. The financial data in respect of the Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for the relevant years/period. Such extracted information were prepared prior to the date of this circular and represents the opinions and beliefs made by the then Directors at such time when the relevant reports were issued. Unless the context requires otherwise, the capitalised terms used in this appendix shall have the same meanings as those defined in the abovementioned annual reports and the interim report of the Company.

(A) FOR THE YEAR ENDED 31 DECEMBER 2022

Performance Review and Prospects

The Company and its subsidiaries are mainly engaged in the development and manufacturing of AI technology and related innovative products based on a big data analysis platform, and the provision of AI-empowered terminal products and integrated technical services and solutions in various vertical fields ("**AI Business**"). For the 12 months ended 31 December 2022 (the "**FY2022**"), the Group recorded a sale revenue of approximately HK$52.5 million and a net loss of approximately HK$67.9 million. The Group's sale revenue decreased year-on-year by 53.9%, mainly due to last year's epidemic prevention and control in China which had disrupted the movement of people and goods resulting in delays in order processing and delivery of some projects of the Group to different extents, which deviated from the original plan. Compared with the same period last year, the increase in the Group's net loss for the period by HK$27.3 million was mainly due to the net loss of approximately HK$19.5 million arising from the change in the fair value of the Group's investment in Irisity AB, an overseas listed company. Meanwhile, the Group further reduced operating expenses through control and optimisation of various costs.

Focusing on Key Industries to Expand Application Scenarios

As of 31 December 2022, the Group had expanded to the fields of intelligent industrial production management by focusing on market development and product iteration and based on the successful delivery of applications in public security and other fields. Based on core AI algorithms and a big data analysis platform, the Group's product team conducts analysis to understand the problems faced by potential customers in different industries, and designs and develops tailored solutions according to customer needs. Based on feedback on large-scale industry applications, the team has further optimised and upgraded algorithms and the algorithm platform to provide products or integrated solutions that meet industry standards and deeply integrate into customers' business processes.

Currently, smart industrial testing is a hotspot area of technological innovation and industrial upgrading. With the ongoing development and application of AI, IoT, cloud computing, big data and other technologies, smart industrial testing plays an increasingly important role in production, manufacturing and quality control. In this context, the Group will continue to strengthen research and investment in smart industrial testing, in an effort to become a leader in specific market segments. Smart industrial testing systems and smart factory solutions should keep up with the customer needs and have the advantages of being highly targeted, adaptable and efficient. During the FY2022, the Group completed the testing of delivery of the first batch of projects for smart production process control and smart industrial equipment inspection in Guangdong and Chongqing, greatly improving the operational efficiency and equipment utilisation rate of the target factories. At the same time, the Group will continue to meet the customised development needs of customers for smart industrial testing by further exploring applications in more segments and of more modules, consolidating and expanding the scope of products and solutions, and developing more comprehensive and practical smart industrial testing solutions. We believe that with our team's efforts and continuous technological innovation, we will be able to constantly improve capabilities in smart industrial testing and provide customers with high-quality, efficient, and highly customised products and solutions, thus helping them achieve excellent business results.

In core business areas such as public security, the Group's wearable smart helmets have been widely used, providing support for industry user as an efficient and smart tool. Through continuous optimisation and iteration based on customer feedback, the Group's wearable smart helmets have been upgraded with better performance and richer functions. Having been applied in over 50 cities in more than 20 provinces, such products and solutions have been well recognised by customers and received good market feedback. With a focus on the iteration and innovation of technologies and products, the Group will continuously improve the performance and functions of wearable smart products to meet the emerging needs of customers. In addition, the Group will continue to tap the needs of public security and lead the development of the sector, with a view to contributing to social security. At the technical level, the Group will constantly strengthen the design and development of core algorithms to improve the intelligent level and accuracy of products. At the application level, the Group will deeply explore the industrial needs, develop applications and solutions in line with market needs to empower the sector, and provide more convenient services for society.

With the expansion of application scenarios of the Group's smart terminal products and integrated solutions in verticals such as public security, industrial production and testing and the accumulation of data in relevant sectors, the Group will be able to provide customers with broader and deeper services in more dimensions. Moreover, deeper industry insights will help our team accelerate the research, development and delivery of new products and solutions, and bring business opportunities for the integration of next-generation AI technology into application scenarios in vertical sectors. The management of the Group will, as always, uphold the philosophy of strategic stability and innovative development, adhere to the customer-centric, quality oriented principle, and strengthen internal management optimisation and marketing efforts, in an ongoing effort to improve the competitiveness and market share of the Group. We will continue to deliver high-quality products and services to customers by developing superior and more efficient solutions.

Revenue and operating performance

The Group's revenue decreased from approximately HK$114.0 million for the year ended 31 December 2021 (the "**FY2021**") to approximately HK$52.5 million for the FY2022, a decrease of approximately HK$61.5 million or 53.9%. The decrease was mainly due to the order and delivery cycle of some projects of the Group having been delayed because of the epidemic prevention and control in China last year.

The net loss of the Group increased by approximately HK$27.3 million or 67.2% from approximately HK$40.6 million for FY2021 to approximately HK$67.9 million for the FY2022. Compared with the same period last year, the increase in net loss was mainly due to the net loss of approximately HK$19.5 million arising from the change in fair value of the Group's investment in Irisity AB, an overseas listed company. Meanwhile, the Group has also further optimised its internal operations.

Manpower development

With regard to manpower development, the Company strengthened the innovative talent training system and development mechanism to enhance the quality of the talent pool. The Group will uphold the key strategy of attracting and nurturing high calibre and innovative employees, and introduce high-tech talents in AI algorithms, big data, electronic information, and other related fields from around the world. As of 31 December 2022, the Group had 67 employees and consultants, 14 of which have a master's degree or above, representing approximately 20.9%, laying a solid foundation for the Group's innovation and future development.

Other results

On 22 April 2021, the Company granted 27,000,000 new share options to certain eligible employees under the share option scheme adopted by the Company on 31 July 2012, and the relevant share-based payment expenses for the FY2022 were approximately HK$587,000 (2021: HK$971,000).

Capital Structure

On 22 April 2021, the Board announced that the Company granted share options to certain eligible employees, subject to acceptance by the grantees, to subscribe for a total of 27,000,000 ordinary shares with a par value of HK$0.01 each in the share capital of the Company under the share option scheme adopted by the Company on 31 July 2012. As at 31 December 2022, the balance of issued ordinary shares was 6,156,928,860.

The Group finances its working capital requirements through a combination of funds generated from operations and borrowings.

Liquidity and Financial Resources

As at 31 December 2022, the total shareholders' funds of the Group amounted to approximately HK$1,616,997,000 (31 December 2021: HK$2,224,046,000), the total assets of approximately HK$1,979,687,000 (31 December 2021: HK$2,769,720,000) and the total liabilities of approximately HK$362,690,000 (31 December 2021: HK$545,674,000).

As at 31 December 2022, the Group had bank balances, time deposits and cash of approximately HK$162,948,000 (31 December 2021: HK$297,190,000) and the pledged bank deposits of approximately HK$894,000 (31 December 2021: HK$1,679,000). The gearing ratio as of 31 December 2022, is calculated as net debt divided by total capital, defined as the percentage of the total interest-bearing debt, including lease liabilities and bank borrowings of approximately HK$318,000 (31 December 2021: HK$957,000) and HK$141,422,000 (31 December 2021: HK$177,997,000), respectively to total capital, was not applicable (31 December 2021: Nil) due to net cash.

As at 31 December 2022, the Group's total bank borrowings of approximately HK$141,422,000 (31 December 2021: HK$177,997,000), of which approximately HK$22,562,000 (31 December 2021: HK$24,490,000) and HK$118,860,000 (31 December 2021: HK$153,507,000) will be repayable within one year and after one year respectively, carried interest rate at the floating rates from 6.35% to 7.35% (31 December 2021: 6.7% to 7.4%) per annum.

Most of the assets, liabilities and transactions of the Group are primarily denominated in HK$, RMB and US$. The Group have not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate actions to reduce the exchange risk.

Treasury Policy

The Company continues to adopt a prudent financial management approach towards its treasury policy. The Board will closely monitor the liquidity position to ensure that the liquidity structure of the Company's assets, liabilities and other commitments to meet the funding requirements from time to time.

Pledge of Assets

As at 31 December 2022, the right-of-use assets amounted to HK$73,320,000 (2021: HK$82,003,000) and construction-in progress amounted to HK$437,400,000 (2021: HK$446,905,000) were pledged for the Group's bank borrowings. The bank deposits amounted to HK$894,000 as at 31 December 2022 (2021: HK$1,679,000) were pledged for the construction work and service contracts.

Contingent Liabilities

As at 31 December 2022, a claim was lodged against two subsidiaries of the Group, in relation to unpaid contract work amount together with interest for the construction in progress of approximately HK$17,680,000, by a construction subcontractor. The Group has contested the claim, and while the final outcome of the proceedings is uncertain, it is the directors' opinion that the ultimate liability after accrued construction costs for the contract work, if any, will not have a material impact on the Group's financial position.

Save for disclosed above, the Group had no other material contingent liabilities as at 31 December 2022.

Significant Investments, Material Acquisitions or Disposals

KC Subscription in Kuang-Chi Technologies Co., Ltd. ("KCT")

KCT, a company established in the PRC and listed on the Shenzhen Stock Exchange (stock code: 002625), is principally engaged in developing innovative advanced technology and its core business is in metamaterial intelligent structure and equipment research, as well as the manufacture of seat function components for automobiles.

On 25 March 2015, the Group entered into a subscription agreement with KCT, which listed on the Shenzhen Stock exchange, pursuant to which KCT conditionally agreed to issue, and the Group conditionally agreed to subscribe for 42,075,736 new shares of KCT at the consideration of RMB300.0 million (equivalent to approximately HK$345.0 million). On 11 November 2016, the Group obtained the approval from the China Securities Regulatory Commission for the subscription and certain conditions of the subscription agreement have been satisfied. The subscription right is a derivative that measured at fair value through profit or loss. During the year ended 31 December 2016, the Group recognised a gain of

HK$1,021.1 million on the initial recognition of the subscription right of such shares and a loss from changes in fair value of HK$229.9 million. The subscription has been completed and the new shares was listed on the Shenzhen Stock Exchange on 13 February 2017 and was recognised as available for-sale financial assets ("**AFS**") on the same day. As at 13 February 2017, the fair value of the derivatives right of shares of KCT amounted to approximately HK$1,419.7 million and hence the Group recognised a fair value gain of HK$616.4 million upon the conversion of derivative in the consolidated statement of profit or loss. Subsequent to the completion of subscription on 13 February 2017, the Group held approximately 3.2% of the ordinary shares of KCT issued. The Board considers the Company has no significant influence over KCT and no right to appoint any director, and hence classified the investment in KCT as AFS investment at HK$1,419.7 million which is the fair value of KCT as at 13 February 2017.

The Group disposed of a total of 15,245,891 KCT shares ("**KCT Disposal in 2021**") on the open market through a series of transactions during the period from 20 January 2021 to 8 February 2021, at the aggregate consideration of approximately RMB385,718,000. The average selling price of disposal of KCT shares was approximately RMB25.30. After the KCT Disposal in 2021, the sale proceeds were approximately HK$442,970,000, the Group recognised a fair value gain of approximately HK$57,527,000 for the KCT Disposal in 2021 in other comprehensive income for the year ended 31 December 2021.

KCT declared dividend of RMB1.35 per every 10 KCT shares on 23 November 2022 and the Company received approximately RMB7,598,000 (equivalent to HK$8,819,000) on 23 December 2022.

As at 31 December 2022, the Group held 56,282,860 ordinary shares of KCT, which represented approximately 2.61% of the KCT issued shares. As at 31 December 2022, the carrying amount of the share of KCT is HK$1,080,646,000 (31 December 2021: HK$1,654,730,000, after KCT Disposal in 2021), which represented 54.6% (31 December 2021: 59.7%, after KCT Disposal in 2021) of the total assets of the Group.

For the year ended 31 December 2022, the fair value loss, net of tax of HK$377.2 million (2021: fair value gain, net of tax of HK$157.9 million) was recognised in other comprehensive income.

Save as disclosed above, the Group did not have any other significant investments and there are no other material acquisition or disposal of subsidiaries and associated company during the FY2022.

Future Plans for Material Investment

The Group has no plan for any material investments or additions of capital assets as at the date of annual report of the Company for the FY2022.

Employees and Remuneration Policy

As at 31 December 2022, the Group had approximately 67 employees (2021: 90 employees). The Group provides competitive remuneration packages to employees with the share option scheme. The Group also provides attractive discretionary bonus payable to those with outstanding performance and contribution to the Group.

During the FY2022, staff costs, including directors' remuneration, were approximately HK$31,646,000 (2021: HK$47,115,000).

(B) FOR THE YEAR ENDED 31 DECEMBER 2023

Performance Review and Prospects

The Group are mainly engaged in the development and manufacturing of AI technology and related innovative products based on a big data analysis platform, and the provision of AI-empowered terminal products and integrated technical services and solutions in various vertical fields ("**AI Business**"). For the twelve months ended 31 December 2023 (the "**FY2023**"), the Group recorded a sale revenue of approximately HK$83.1 million, representing a year-on-year increase of 58.3%, and a net loss of approximately HK$7.3 million, representing a year-on-year decrease of 89.3%. This was mainly attributable to the continuous growth of the Group's AI Business, the steady development of its smart helmet business and the rapid development of the newly-added industrial metal components business, which led to an increase in the overall sales revenue and better operating results, as well as an increase in the order book and customer scale. In respect of the overseas investment business, the Group recognised a loss on changes in fair value of approximately HK$0.6 million (FY2022: a loss on changes in fair value of approximately HK$19.5 million) from disposal of the Group's investment in Irisity AB, an overseas listed company, during the FY2023. On the other hand, through the Group's optimisation of marketing and sales strategies and effective control over operating expenses, as well as the continuous improvement of internal control and strict implementation of cost reduction and efficiency enhancement, resulted in a significant reduction in selling, operating and administrative expenses.

Core Business Expansion and Application

As a technological innovation enterprise focusing on AI technology, the Group continued to focus on the market development of AI products as well as the in-depth expansion and empowerment of vertical industry sectors through its independently developed core algorithms based on AI and powerful big data platform. At the technical level, on top of its design and development of a series of fundamental AI core algorithms, the Group continued to improve the performance, functional optimisation and iterative upgrading of wearable smart products, as well as customised research and development of smart system solutions. At the application level, the Group continued to explore and attract demands from vertical industries such as public security, industrial testing and smart production management, achieving the expansion of diversified applications as well as industry empowerment and enhancement. Meanwhile, the Group has expanded into the industrial metal components business during the FY2023. The in depth expansion of this business direction will help enhance the Group's design and integration capabilities of products and comprehensive solutions in the relevant industrial fields, and further develop the Group's in-depth understanding of the relevant industries and fields, thereby helping promote the implementation of application scenarios in the relevant fields.

The Group's AI Business is mainly a customised system development business, of which the smart industrial testing business is a focused direction of expansion. The customised system development business is based on the core algorithms of AI and big data analysis platform, and customised design and development are carried out according to the pain points of customers' needs in a targeted manner, so as to provide products and integrated solutions that meet the requirements of industry specifications. The smart industrial testing business is the Group's independently developed smart industrial inspection system platform and smart factory solutions, which are highly targeted, adaptable, fast and efficient. During the FY2023, the Group has completed the testing and delivery of some of the production process smart control and industrial equipment smart inspection according to the needs of customers in Guangdong and other places, greatly improving the operational efficiency and equipment utilisation rate of the factories.

The Group has taken the design, process and manufacture of metal components as a new direction of expansion. With the focus on channels and human resources accumulated in the fields of historical aircraft and aerostats, this business has developed rapidly in a short period of time, and now houses some advanced equipment and a team of decent size, and has large-scale production and manufacturing capabilities.The Group's smart helmet products are mainly divided into two categories, namely smart police helmets and smart firefighting helmets. During the FY2023, the Group carried out functional optimisation of the integrated solution for smart police helmets, and continued to expand its market share in Shandong, Tibet, Jiangsu and other regions, and formed potential customer targets or channels in Hunan, Hainan, Heilongjiang, etc. Meanwhile, the Group's independently developed smart firefighting helmet project made significant

progress and became the first firefighting helmet product ever included in the catalogue of innovative products at the China Fire (北京國際消防展). At present, a number of potential customers have been formed for the smart firefighting helmets, which, through on-site product testing, have received unanimous favourable comments from fire-fighting units in various regions. In view of their necessity in scenario applications, we believe that there will be a huge demand for firefighting helmets in the future.

With the solid development of the Group's core business and the continuous expansion of the application scenarios of its smart products and integrated solutions in various sectors including public security, emergency firefighting, industrial manufacturing and inspection, the Group will continue to accelerate the establishment of AI-driven new quality productivity, and the in-depth fusion of AI algorithms and big models with the manufacturing enterprises, thereby becoming a key enabler for the digitisation of the industry. The management of the Group will, as always, uphold the philosophy of strategic stability and innovative development, adhere to the customer-centric, quality-oriented principle, and strengthen internal management optimisation and marketing efforts, in an ongoing effort to improve the competitiveness and market share of the Group.

Manpower Development

With regard to manpower development, the Company strengthened the innovative talent training system and development mechanism to enhance the quality of the talent pool. The Group will uphold the key strategy of attracting and nurturing high calibre and innovative employees, and introduce high-tech talents in AI algorithms, big data, electronic information, industrial design, smart manufacturing engineering, and other related fields from around the world. As of 31 December 2023, the Group had 128 full-time and part-time employees and consultants. The Group provides employees with competitive remuneration packages, including the share option scheme. The Group also provides attractive discretionary bonus payable to those with outstanding performance and contribution to the Group.

Revenue and operating performance

The Group's revenue increased from approximately HK$52.5 million for FY2022 to approximately HK$83.1 million for the FY2023, an increase of approximately HK$30.6 million or 58.3%. The increase was mainly due to the continuous growth of the Group's AI Business, the steady development of its smart helmet business and the rapid development of the newly-added industrial metal components business, which led to an increase in the overall sales revenue and better operating results, as well as an increase in the order book and customer scale.

The net loss of the Group significantly decreased by approximately HK$60.6 million from approximately HK$67.9 million for FY2022 to approximately HK$7.3 million for the FY2023. Compared with the same period last year, the decrease in net loss was mainly attributable to:

(i) During the FY2023, the Group disposed of its equity in Irisity AB, an overseas listed company, and recognised a loss on changes in fair value of approximately HK$605,000 (FY2022: HK$19,472,000);

(ii) During the FY2023, the Group improved its marketing strategy and further reduced its operating expenses through effective control, with a significant decrease in selling and marketing expenses of approximately HK$19,699,000; and

(iii) During the FY2023, the Group continuously enhanced its internal control, strictly cut costs and increased efficiency, resulting in a significant decrease in administrative expenses of approximately HK$10,025,000.

Other results

On 22 April 2021, the Company granted 27,000,000 new share options to certain eligible employees under the share option scheme adopted by the Company on 31 July 2012, and the relevant share-based payment expenses for the FY2023 were approximately HK$351,000 (FY2022: HK$587,000).

Capital Structure

On 22 April 2021, the Board announced that the Company granted share options to certain eligible employees, subject to acceptance by the grantees, to subscribe for a total of 27,000,000 ordinary shares with a par value of HK$0.01 each in the share capital of the Company under the share option scheme adopted by the Company on 31 July 2012.

Pursuant to the special general meeting held by the Company on 29 January 2024, an ordinary resolution was passed to approve the Share Consolidation where every ten (10) issued and unissued ordinary shares with a par value of HK$0.01 each in the share capital of the Company be consolidated into one (1) ordinary share with a par value of HK$0.10 each. The Share Consolidation took effect on 31 January 2024. Details please refer to the Company's announcements dated 21 December 2023 and 29 January 2024, and circular dated 12 January 2024.

As at 31 December 2023, the balance of issued ordinary shares was 6,156,928,860. After 31 January 2024, the balance of issued ordinary shares was 615,692,886.

The Group finances its working capital requirements through a combination of funds generated from operations and borrowings.

Liquidity and Financial Resources

As at 31 December 2023, the total shareholders' funds of the Group amounted to approximately HK$1,493,837,000 (2022: HK$1,616,997,000), the total assets of approximately HK$1,828,250,000 (2022: HK$1,979,687,000) and the total liabilities of approximately HK$334,403,000 (2022: HK$362,690,000).

As at 31 December 2023, the Group had bank balances, time deposits and cash of approximately HK$258,065,000 (2022: HK$162,948,000) and the pledged bank deposits of approximately HK$868,000 (2022: HK$894,000). The gearing ratio as of 31 December 2023, is calculated as net debt divided by total capital, defined as the percentage of the total interest-bearing debt, including lease liabilities and bank borrowings of approximately HK$nil (2022: HK$318,000) and HK$115,499,000 (2022: HK$141,422,000), respectively to total capital, was not applicable (2022: Nil) due to net cash.

As at 31 December 2023, the Group's total bank borrowings of approximately HK$115,499,000 (2022: HK$141,422,000), of which approximately HK$21,924,000 (2022: HK$22,562,000) and HK$93,575,000 (2022: HK$118,860,000) will be repayable within one year and after one year respectively, carried interest rate at the floating rates from 6.25% to 7.00% (2022: 6.35% to 7.35%) per annum.

Most of the assets, liabilities and transactions of the Group are primarily denominated in HK$, RMB and US$. The Group have not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate actions to reduce the exchange risk.

Pledge of Assets

As at 31 December 2023, the right-of-use assets amounted to HK$69,082,000 (2022: HK$73,320,000) and construction-in progress amounted to HK$443,079,000 (2022: HK$437,400,000) were pledged for the Group's bank borrowings. The bank deposits amounted to HK$868,000 as at 31 December 2023 (2022: HK$894,000) were pledged for the construction work and service contracts.

Significant Investments, Material Acquisitions or Disposal

KC Subscription in KCT

KCT, a company established in the PRC and listed on the Shenzhen Stock Exchange (stock code: 002625), is principally engaged in developing innovative advanced technology and its core business is in metamaterial intelligent structure and equipment research, as well as the manufacture of seat function components for automobiles.

On 25 March 2015, the Group entered into a subscription agreement with KCT, which listed on the Shenzhen Stock exchange, pursuant to which KCT conditionally agreed to issue, and the Group conditionally agreed to subscribe for 42,075,736 new shares of KCT at the consideration of RMB300.0 million (equivalent to approximately HK$345.0 million). On 11 November 2016, the Group obtained the approval from the China Securities Regulatory Commission for the subscription and certain conditions of the subscription agreement have been satisfied. The subscription right is a derivative that measured at fair value through profit or loss. During the year ended 31 December 2016, the Group recognised a gain of HK$1,021.1 million on the initial recognition of the subscription right of such shares and a loss from changes in fair value of HK$229.9 million. The subscription has been completed and the new shares was listed on the Shenzhen Stock Exchange on 13 February 2017 and was recognised as AFS on the same day. As at 13 February 2017, the fair value of the derivatives right of shares of KCT amounted to approximately HK$1,419.7 million and hence the Group recognised a fair value gain of HK$616.4 million upon the conversion of derivative in the consolidated statement of profit or loss. Subsequent to the completion of subscription on 13 February 2017, the Group held approximately 3.2% of the ordinary shares of KCT issued. The Board considers the Company has no significant influence over KCT and no right to appoint any director, and hence classified the investment in KCT as AFS investment at HK$1,419.7 million which is the fair value of KCT as at 13 February 2017.

The Group disposed of a total of 15,245,891 KCT shares ("**KCT Disposal in 2021**") on the open market through a series of transactions during the period from 20 January 2021 to 8 February 2021, at the aggregate consideration of approximately RMB385,718,000. The average selling price of KCT Disposal in 2021 was approximately RMB25.30. After the KCT Disposal in 2021, the net sale proceeds were approximately HK$442,970,000, the Group recognised a fair value gain of approximately HK$57,527,000 for the KCT Disposal in 2021 in other comprehensive income for the year ended 31 December 2021.

KCT declared dividend of RMB1.35 per every 10 KCT shares on 23 November 2022 and the Company received approximately RMB7,598,000 (equivalent to HK$8,819,000) on 23 December 2022.

The Group disposed of a total of 11,589,200 KCT shares ("**KCT Disposal in 2023**") on the open market through a series of transactions during the period from 9 February 2023 to 24 July 2023, at the aggregate consideration of approximately RMB202,625,000. The average selling price of KCT Disposal in 2023 was approximately RMB17.48. After the KCT Disposal in 2023, the net sale proceeds were approximately HK$213,956,000, the Group recognised a fair value gain of approximately HK$5,933,000 for the KCT Disposal in 2023 in other comprehensive income for the FY2023.

As at 31 December 2023, the Group held 44,693,660 ordinary shares of KCT, which represented approximately 2.07% of the KCT issued shares. As at 31 December 2023, the carrying amount of the share of KCT is HK$724,119,000 (2022: HK$1,080,646,000), which represented 39.6% (2022: 54.6%) of the total assets of the Group.

For the FY2023, the fair value loss, net of tax of HK$97.9 million (FY2022: HK$377.2 million) was recognised in other comprehensive income.

Save as disclosed above, the Group did not have any other significant investments and there are no other material acquisition or disposal of subsidiaries and associated company during the FY2023.

Future Plans for Material Investment

The Group has no plan for any material investments or additions of capital assets as at the date of the annual report of the Company for the FY2023.

Employees and Remuneration Policy

As at 31 December 2023, the Group had approximately 128 employees (2022: 67 employees). The Group provides competitive remuneration packages to employees with the share option scheme and the restricted shares award scheme. The Group also provides attractive discretionary bonus payable to those with outstanding performance and contribution to the Group.

(C) FOR THE YEAR ENDED 31 DECEMBER 2024

Performance Review and Prospects

The Group are mainly engaged in the provision of AI-empowered terminal products and integrated technical services and solutions in various vertical fields ("**AI Business**") as well as the design, production and manufacturing of high-end industrial components ("**High-end Industrial Business**"). For the twelve months ended 31 December 2024 (the "**FY2024**"), the Group recorded a sale revenue of approximately HK$75.5 million, representing a year-on-year slight decrease of 9.2%, and a net loss of HK$47.4 million. Net loss fluctuated significantly, mainly due to the strategic investment in core research and development capabilities. The Group will continue to empower products to improve product competitiveness and lay the foundation for subsequent profit growth of the Group. In addition, the Group will also accelerate the promotion of comprehensive paperless and AI offices to systematically reduce operating costs and improve management efficiency.

Enhance the Expansion and Application of Core Business

As of 31 December 2024, the Group continued to deepen market expansion in core business sectors and comprehensively improved product design and iteration capabilities. Through the precise research and development system and smart manufacturing process optimization based on customers' needs, the Group has successfully upgraded the operational efficiency of the High-end Industrial Business segment. Relying on the accumulation of application data in cross-industry customer scenarios, the Group continued to strengthen the technical iteration of AI's underlying architecture and algorithm models, and simultaneously improved the construction of the big data platform. It is committed to providing customers with innovative solutions that are in-depth compliance with business regulatory norms and have full-process embedded value.

The Group has established the High-end Industrial Business as a strategic new growth pole, actively expanded market share and increased market penetration through differentiated competitive strategies. At present, the AI product matrix and its comprehensive solutions have been implemented in multi-dimensional scenarios in public security, industrial production and monitoring and other industries, forming a replicable commercial model. Based on the continuous accumulation of industry data assets, the Group will focus on promoting the in-depth extension of products and services, especially in the smart industrial testing sector, and significantly improving the testing and production synergy efficiency of industrial smart management systems by building a closed loop of technology research and development.

During the reporting period, the Group carried out a new generation of functional upgrades for its smart police helmet products, enabling the continuous delivery of multi-scenario customized solutions, which have been recognized by customer authorities in normal use. On the other hand, it is worth noting that smart firefighting helmets have broken the ice in the market and won the first batch of commercial orders. In view of the value of firefighting helmets in the field of emergency rescue, management has formulated a special expansion plan to accelerate the construction of a competitive foundation for relevant market segments through the inclination of research and development resources and the integration of channels.

With the enhancement of the synergy between core technology platforms and cross-industry solutions and the continuous expansion of the application scenarios of its products and solutions in various sectors, the Group is focusing on the establishment of new quality productivity driven by high-end industrial design and AI algorithms, and the in-depth fusion of AI algorithms and big models with the manufacturing enterprises, so as to facilitate the digital transformation of the industry. The Group will strictly follow the strategic approaches of prioritizing customer value and technology-empowering entities, continue to strengthen the internal governance structure, optimize resource allocation, and at the same time, through precise marketing strategies and after sales service system upgrades, continue to enhance the competitiveness of the enterprise, and continue to offer high-quality products and outstanding services as well as solutions with higher quality and efficiency for its customers.

Manpower Development

With regard to manpower development, the Company strengthened the innovative talent training system and development mechanism to enhance the quality of the talent pool. The Group will uphold the key strategy of attracting and nurturing high calibre and innovative employees, and introduce high-tech talents in AI algorithms, big data, electronic information, industrial design, smart manufacturing engineering, and other related fields from around the world. Internally, we have built an echelon training system and established a multi-channel promotion mechanism to accelerate talent growth. Externally, we have adopted measures such as jointly target training with universities and introducing external expert resources. As of 31 December 2024, the Group had a total of 179 full-time and part-time employees and consultants. The Group provides employees with competitive remuneration packages, including the share option scheme. The Group also provides attractive discretionary bonus payable to those with outstanding performance and contribution to the Group. Through the above mechanism, the Group can achieve dynamic matching of talent pool and business expansion.

Revenue and operating performance

The Group's revenue decreased from approximately HK$83.1 million for the FY2023 to approximately HK$75.5 million for the FY2024, a slightly decrease of approximately HK$7.6 million or 9.2%. The decrease was mainly due to the decline in sales of the Group's artificial intelligence (AI) coverage systems and related products though compensated by the increase in sales of metal components products. Thus, the Company allocated additional resources to enhance its AI coverage systems and strengthen its competitiveness in the business environment.

The net loss of the Group increased by approximately HK$40.1 million from approximately HK$7.3 million for the FY2023 to approximately HK$47.4 million for the FY2024. Compared with the same period last year, the increase in net loss was mainly attributable to the Group's strategic investment in research and development of approximately HK$55.8 million (FY2023: HK$6.7 million).

Other results

On 22 April 2021, the Company granted 27,000,000 new share options to certain eligible employees under the share option scheme adopted by the Company on 31 July 2012, and the relevant share-based payment expenses for the FY2024 were approximately HK$7,000 (FY2023: HK$351,000).

Capital Structure

On 22 April 2021, the Board announced that the Company granted share options to certain eligible employees, subject to acceptance by the grantees, to subscribe for a total of 27,000,000 ordinary shares with a par value of HK$0.01 each in the share capital of the Company under the share option scheme adopted by the Company on 31 July 2012.

Pursuant to the special general meeting held by the Company on 29 January 2024, an ordinary resolution was passed to approve the Share Consolidation where every ten (10) issued and unissued ordinary shares with a par value of HK$0.01 each in the share capital of the Company be consolidated into one (1) ordinary share with a par value of HK$0.10 each. The Share Consolidation took effect on 31 January 2024. Details please refer to the Company's announcements dated 21 December 2023 and 29 January 2024, and circular dated 12 January 2024.

As at 31 December 2024, the balance of issued ordinary shares was 615,692,886.

The Group finances its working capital requirements through a combination of funds generated from operations and borrowings.

Liquidity and Financial Resources

As at 31 December 2024, the total shareholders' funds of the Group amounted to approximately HK$2,727,382,000 (2023: HK$1,493,847,000), the total assets of approximately HK$3,201,631,000 (2023: HK$1,828,250,000) and the total liabilities of approximately HK$474,249,000 (2023: HK$334,403,000).

As at 31 December 2024, the Group had bank balances, time deposits and cash of approximately HK$147,259,000 (2023: HK$258,065,000) and the pledged bank deposits of approximately HK$841,000 (2023: HK$868,000). The gearing ratio as of 31 December 2024, is calculated as net debt divided by total capital, defined as the percentage of the total interest-bearing debt, including bank borrowings of approximately HK$90,493,000 (2023: HK$115,499,000), to total capital, was not applicable (2023: Nil) due to net cash.

As at 31 December 2024, the Group's total bank borrowings of approximately HK$90,493,000 (2023: HK$115,499,000), of which approximately HK$21,202,000 (2023: HK$21,924,000) and HK$69,291,000 (2023: HK$93,575,000) will be repayable within one year and after one year respectively, carried interest rate at the floating rates from 5.90% to 6.90% (2023: 6.25% to 7.00%) per annum.

Most of the assets, liabilities and transactions of the Group are primarily denominated in HK$, RMB and US$. The Group have not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate actions to reduce the exchange risk.

Capital commitments

As of 31 December 2024, the Group had a total capital commitment of HK$50.9 million, contracted for but not yet incurred (as of 31 December 2023: HK$44.1 million). Such capital commitments are expected to be funded by the Group's internal resources and/or borrowings.

Contingent Liabilities

In 2022, a subsidiary of the Group commenced litigation against a customer of a discontinued operation "Cloud" business for default payment of a sales contract in 2016 amounting to RMB46.5 million. At the same time, a claim of RMB103.5 million plus compensation was lodged against the subsidiary in relation to alleged non-performance under the sales contract by the customer asserting that the subsidiary had breached certain terms of the sales contract.

In 2023, the court decisions awarded in favor of the subsidiary, the customer is liable to repay the subsidiary of RMB44.0 million. After that, the customer has proceeded with an appeal.

In November 2024, an unfavourable second-instance judgement was handed down against the subsidiary in respect of the appeal made by the customer. However, after taking appropriate legal advice, the directors have decided to final appeal against the decision. If the decision is upheld, payment with accrued interest of approximately RMB107.4 million up to the end of March 2025 will be required. The High People's Court of Guangdong Province has acknowledged the application of appeal and is currently conducting retrial review, pending a final ruling. Based on the expert advice of a PRC legal counsel and the current status of the appeal proceeding, the Directors are of the view that it is not probable the final outcome of the appeal proceeding will result in a material adverse impact on the financial position and performance of the Group and conclude that no provision shall therefore be made. However, given the nature of the appeal proceeding, it would be impossible to predict the outcome of the appeal proceeding with a sufficient degree of certainty.

Save as disclosed above, as at 31 December 2024, the Group had no other contingent liabilities (as at 31 December 2023: nil).

Pledge of Assets

As at 31 December 2024, the right-of-use assets amounted to HK$64,714,000 (2023: HK$69,082,000) and construction-in progress amounted to HK$442,551,000 (2023: HK$443,079,000) were pledged for the Group's bank borrowings. The bank deposits amounted to HK$841,000 as at 31 December 2024 (2023: HK$868,000) were pledged for the construction work and service contracts.

Significant Investments, Material Acquisitions or Disposals

KC Subscription in KCT

KCT, a company established in the PRC and listed on the Shenzhen Stock Exchange (stock code: 002625), is principally engaged in developing innovative advanced technology and its core business is in metamaterial intelligent structure and equipment research, as well as the manufacture of seat function components for automobiles.

On 25 March 2015, the Group entered into a subscription agreement with KCT, which listed on the Shenzhen Stock exchange, pursuant to which KCT conditionally agreed to issue, and the Group conditionally agreed to subscribe for 42,075,736 new shares of KCT at the consideration of RMB300.0 million (equivalent to approximately HK$345.0 million). On 11 November 2016, the Group obtained the approval from the China Securities Regulatory Commission for the subscription and certain conditions of the subscription agreement have been satisfied. The subscription right is a derivative that measured at fair value through profit or loss. During the year ended 31 December 2016, the Group recognised a gain of HK$1,021.1 million on the initial recognition of the subscription right of such shares and a loss from changes in fair value of HK$229.9 million. The subscription has been completed and the new shares was listed on the Shenzhen Stock Exchange on 13 February 2017 and was recognised as AFS on the same day. As at 13 February 2017, the fair value of the derivatives right of shares of KCT amounted to approximately HK$1,419.7 million and hence the Group recognised a fair value gain of HK$616.4 million upon the conversion of derivative in the consolidated statement of profit or loss. Subsequent to the completion of subscription on 13 February 2017, the Group held approximately 3.2% of the ordinary shares of KCT issued. The Board considers the Company has no significant influence over KCT and no right to appoint any director, and hence classified the investment in KCT as AFS investment at HK$1,419.7 million which is the fair value of KCT as at 13 February 2017.

The Group disposed of a total of 15,245,891 KCT shares ("**KCT Disposal in 2021**") on the open market through a series of transactions during the period from 20 January 2021 to 8 February 2021, at the aggregate consideration of approximately RMB385,718,000. The average selling price of KCT Disposal in 2021 was approximately RMB25.30. After the KCT Disposal in 2021, the net sale proceeds were approximately HK$442,970,000, the Group recognised a fair value gain of approximately HK$57,527,000 for the KCT Disposal in 2021 in other comprehensive income for the year ended 31 December 2021.

KCT declared dividend of RMB1.35 per every 10 KCT shares on 23 November 2022 and the Group received approximately RMB7,598,000 (equivalent to HK$8,819,000) on 23 December 2022.

The Group disposed of a total of 11,589,200 KCT shares ("**KCT Disposal in 2023**") on the open market through a series of transactions during the period from 9 February 2023 to 24 July 2023, at the aggregate consideration of approximately RMB202,625,000. The average selling price of KCT Disposal in 2023 was approximately RMB17.48. After the KCT Disposal in 2023, the net sale proceeds were approximately HK$213,956,000, the Group recognised a fair value gain of approximately HK$5,933,000 for the KCT Disposal in 2023 in other comprehensive income for the FY2023.

As at 31 December 2024, the Group held 44,693,660 ordinary shares of KCT, which represented approximately 2.07% of the KCT issued shares. As at 31 December 2024, the carrying amount of the share of KCT is HK$2,264,752,000 (2023: HK$724,119,000), which represented 70.7% (2023: 39.6%) of the total assets of the Group. For the FY2024, KCT declared dividend of RMB2.33 per every 10 KCT shares on 10 October 2024 and the Group received approximately RMB10,414,000 (equivalent to HK$11,275,000) on 21 October 2024.

For the FY2024, the fair value gain, net of tax of HK$1,329.8 million (FY2023: fair value loss, net of tax of HK$97.9 million) was recognised in other comprehensive income.

Save as disclosed above, the Group did not have any other significant investments and there are no other material acquisition or disposal of subsidiaries and associated company during the FY2024.

Future Plans for Material Investment

The Group has no plan for any material investments or additions of capital assets as at the date of annual report of the Company for the FY2024.

Employees and Remuneration Policy

The emolument policy of the employees of the Group is set up by Remuneration Committee on the basis of their merit, qualifications and competence.

As at 31 December 2024, the Group had approximately 179 employees (2023: 128 employees). The Group provides competitive remuneration packages to employees with the share option scheme and the restricted shares award scheme. The Group also provides attractive discretionary bonus payable to those with outstanding performance and contribution to the Group.

(D) FOR THE SIX MONTHS ENDED 30 JUNE 2025

Performance Review and Prospects

The Group are mainly engaged in the provision of AI-empowered terminal products and integrated technical services and solutions in various vertical fields ("**AI Business**") as well as the design, production and manufacturing of high-end industrial components ("**High-end Industrial Business**"). For the six months ended 30 June 2025 (the "**1H2025**"), the Group recorded a sale revenue of approximately HK$33.7 million, representing a year-on-year slight increase of 5.1%, and a net profit for the 1H2025 of HK$1.8 million (30 June 2024: net loss of approximately HK$5.2 million). The increase in net profit for the 1H2025 was primarily due to the decrease in operating expenses and income tax expense.

Strengthening Core Businesses and Expanding Strategic Areas

As of 30 June 2025, the Group, as a technological innovation enterprise focusing on AI technology, continues to cultivate AI products and empowering vertical industry applications by relying on its independently developed core underlying algorithms and big data platform. At the technical level, the Group has been leveraging its accumulated AI algorithms to drive performance optimisation, functional iteration, and system upgrades for smart wearable devices (such as police and fire helmets), while gradually deepening the research and development of customised smart system solutions. At the application level, the Group has been focusing on key areas such as public safety, emergency rescue, industrial inspection, and smart production management, and realising diversified application expansion and value enhancement by deeply exploring industry needs. This 1H2025, the Group's high-end aviation tooling business has expanded steadily and achieved good growth, significantly enhancing the Group's product design, system integration and comprehensive solution capabilities in the industrial field, deepening its understanding of related industries, and assisting to implement application scenarios.

The Group's core AI business is customized system development, with smart wearable devices and intelligent factories being key focus areas. This business is based on AI algorithms and big data platforms, providing customized products and solutions that address customer challenges and comply with industry standards. Its intelligent industrial inspection system platform and smart factory solutions are characterized by their strong targeting, high adaptability, fast and high efficiency. In the field of smart wearable devices, smart police helmets have consolidated their market share through functional optimization and integrated solution upgrades. The Company's self-developed smart firefighting helmets have achieved a major breakthrough, with the first product delivered. With the steady development of its core business, the Group is accelerating the formation of new productive forces driven by AI, promoting the deep integration of AI algorithms and large models with manufacturing sector.

Meanwhile, with an eye on the cutting-edge trends in future industrial transformation and technological waves, the Group's management team, after in-depth discussion and analysis, has preliminarily focused its future strategic expansion efforts primarily on the fields of AI and new materials. This strategic positioning stems from the Group's management team's understanding of the global technological development landscape and its grasp of the Group's core strengths. Leveraging its core technical capabilities and deep industry insights in AI, big data platforms, and industrial manufacturing, the Group plans to actively and systematically invest resources in the coming cycles to further expand the research and development of AI technology and its application scenarios. In this process, the Group will explore and pioneer the integration of AI technology with traditional materials engineering, new functional material research and development, and advanced manufacturing processes, to empower new materials-related sub industries, with the aim of addressing challenges of traditional manufacturers and end customers, enhancing product value, and exploring potential application directions including but not limited to new energy, aerospace equipment, environmental protection, flexible electronics, and smart sensing. The Group will continue to deepen its strategic cooperation with leading universities, research institutes, and industry-leading enterprises in the areas of industry-academia-research collaboration, jointly building an open and innovative R&D ecosystem. We will further explore the innovative applications of AI technology in new materials and corresponding integrated solutions, opening up new growth engines for the Group and establishing a technological moat for the future. Management will also continue to adhere to the principles of strategic stability and innovative development, with a customer-centric approach and quality as the foundation, strengthening internal management optimization and market expansion efforts to continuously enhance the Group's core competitiveness and market share.

Employee Information and Remuneration Policies

The emolument policy of the employees of the Group is set up by the management on the basis of their merits, qualifications and competence.

As of 30 June 2025, the Group had an aggregate of 131 employees (as of 31 December 2024: 179 employees). The Group will recruit highly skilled talents in AI algorithms, big data, electronic information, industrial design, intelligent manufacturing engineering and other areas from all over the world, and promote individual persons according to their strengths and development potential. The Group determined the remuneration packages of all employees including the Directors with reference to individual performance and prevailing market salary scale. During the 1H2025, employee benefit expenses (including Directors' remuneration) was approximately HK$8,286,000 (30 June 2024: approximately HK$7,868,000).

The Group is dedicated to the training and development of its employees. The Group leverages its research and development capabilities and other resources to ensure that each employee maintains a current skill-set through continuous training. The Group provides introductory training and orientation for all new employees, as well as on-the job training to continually improve its employees' technical, professional and management skills. The Company has also adopted share option scheme for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, who contributes to the success of the Group's operations.

Capital Structure

As at 30 June 2025, the Company has issued 615,692,886 ordinary shares. The Group finances its working capital requirements through cash generated from its business operation. The Group had bank and cash balances of HK$77.8 million as at 30 June 2025, a decrease of HK$69.5 million as compared to 31 December 2024.

Liquidity and Financial Resources

As at 30 June 2025, the Group's total shareholders' funds amounted to approximately HK$2,490.9 million (31 December 2024: HK$2,727.4 million). Total assets were approximately HK$2,945.5 million (31 December 2024: HK$3,201.6 million) and total liabilities were approximately HK$454.6 million (31 December 2024: HK$474.2 million).

As at 30 June 2025, the Group had bank and cash balances of approximately HK$77.8 million (31 December 2024: HK$147.3 million) and pledged bank deposits of approximately HK$870,000 (31 December 2024: HK$841,000). The gearing ratio as of 30 June 2025, is calculated as net debt divided by total capital, which is defined as the percentage of the total interest-bearing debt, including bank borrowings of approximately HK$110.9 million (31 December 2024: HK$90.5 million) to total capital, was approximately 1.30% (31 December 2024: nil due to net cash).

As at 30 June 2025, the Group's total bank borrowings of approximately HK$110.9 million (31 December 2024: HK$90.5 million), of which approximately HK$26.0 million (31 December 2024: HK$21.2 million) and HK$84.9 million (31 December 2024: HK$69.3 million) will be repayable within one year and after one year respectively, carried interest rate at the floating rates from 3.20% to 6.90% (31 December 2024: 5.90% to 6.90%) per annum.

Most of the assets, liabilities and transactions of the Group are primarily denominated in HK$, RMB and USD. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

Pledge of Assets

As at 30 June 2025, the right-of-use assets amounted to HK$65.9 million (31 December 2024: HK$64.7 million) and construction-in-progress amounted to HK$463.9 million (31 December 2024: HK$442.6 million) were pledged for the Group's bank borrowings. The bank deposits amounted to HK$870,000 as at 30 June 2025 (31 December 2024: HK$841,000) were pledged for the construction work and service contracts.

Contingent Liabilities

Save as disclosed elsewhere in the interim condensed consolidated financial information of the interim report of the Company for the 1H2025, as at 30 June 2025, the Group had no other contingent liabilities (as at 31 December 2024: nil).

Significant Investments, Material Acquisitions or Disposals

KC Subscription in KCT

KCT, a company established in the PRC and listed on the Shenzhen Stock Exchange (stock code: 002625), is principally engaged in developing innovative advanced technology and its core business is in metamaterial intelligent structure and equipment research, as well as the manufacture of seat function components for automobiles.

On 25 March 2015, the Group entered into a subscription agreement with KCT, pursuant to which KCT conditionally agreed to issue, and the Group conditionally agreed to subscribe for 42,075,736 new shares of KCT at the consideration of RMB300.0 million (equivalent to approximately HK$345.0 million). On 11 November 2016, the Group obtained the approval from the China Securities Regulatory Commission for the subscription and certain conditions of the subscription agreement have been satisfied. The subscription right is a derivative that measured at fair value through profit or loss. During the year ended 31 December 2016, the Group recognised a gain of HK$1,021.1 million on the initial recognition of the subscription right of such shares and a loss from changes in fair value of HK$229.9 million. The subscription has been completed and the new shares was listed on the Shenzhen Stock Exchange on 13 February 2017 and was recognised as AFS on the same day. As at 13 February 2017, the fair value of the derivatives right of shares of KCT amounted to approximately HK$1,419.7 million and hence the Group recognised a fair value gain of HK$616.4 million upon the conversion of derivative in the consolidated statement of profit or loss. Subsequent to the completion of subscription on 13 February 2017, the Group held approximately 3.2% of the ordinary shares of KCT issued. The Board considers the Company has no significant influence over KCT and no right to appoint any director, and hence classified the investment in KCT as AFS investment at HK$1,419.7 million which is the fair value of KCT as at 13 February 2017.

The Group disposed of a total of 15,245,891 KCT shares ("**KCT Disposal**") on the open market through a series of transactions during the period from 20 January 2021 to 8 February 2021, at the aggregate consideration of approximately RMB385,718,000. The average selling price of disposal of KCT shares was approximately RMB25.30. After the KCT Disposal, the sale proceeds were approximately HK$442,970,000, the Group recognised a fair value gain of approximately HK$57,527,000 for the KCT Disposal in other comprehensive income for the year ended 31 December 2021.

KCT declared dividend of RMB1.35 per every 10 KCT shares on 23 November 2022 and the Group received approximately RMB7,598,000 (equivalent to HK$8,819,000) on 23 December 2022.

The Group disposed of a total of 11,589,200 KCT shares ("**KCT Disposal in 2023**") on the open market through a series of transactions during the period from 9 February 2023 to 24 July 2023, at the aggregate consideration of approximately RMB202,625,000. The average selling price of KCT Disposal in 2023 was approximately RMB17.48. After the KCT Disposal in 2023, the net sale proceeds were approximately HK$213,956,000, the Group recognised a fair value gain of approximately HK$5,933,000 for the KCT Disposal in 2023 in other comprehensive income for the year ended 31 December 2023.

KCT declared dividend of RMB2.33 per every 10 KCT shares on 10 October 2024 and the Group received approximately RMB10,414,000 (equivalent to HK$11,275,000) on 21 October 2024.

As at 30 June 2025, the Group held 44,693,660 ordinary shares of KCT, which represented approximately 2.07% of the KCT issued shares. As at 30 June 2025, the carrying amount of the share of KCT is approximately HK$1,959.8 million (31 December 2024: HK$2,264.8 million), which represented 66.5% (31 December 2024: 70.7%) of the total assets of the Group.

Save as disclosed above, the Group did not have any other significant investments and there are no other material acquisition or disposal of subsidiaries and associated company during the 1H2025.

Future Plans for Material Investments

The Group has no plan for any material investments or additions of capital assets as at the date of the interim report of the Company for the 1H2025.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company and the KCT Share Sales Mandate. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests and short positions in the Shares, underlying Shares or debentures of the Company

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix C3 to the Listing Rules, were as follows:

Long positions in the Shares and underlying Shares

Name of Director/Chief Executive	Number of Shares held		Number of underlying Shares held		Approximate % of total issued Shares
	Personal interest	Corporate interests	Personal interest	Total	
Dr. Liu Weiwen ("Dr. Liu W")	–	–	120,000 *(note 1)*	120,000	0.02

Notes:

1. This represents interests in the share options of the Company held by Dr. Liu W.

2. As of the Latest Practicable Date, the issued shares of the Company were 615,692,886.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors or the chief executive of the Company and any of their associates had or was 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 was required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders' and others' interests and short positions in the Shares and underlying Shares

So far as the Directors are aware, as of the Latest Practicable Date, the persons (other than the Directors or chief executive of the Company) who had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the Shares and underlying Shares

Name of substantial Shareholder	Capacity	Number of Shares held	Approximate % of total issued Shares
Freedom Bless Limited *(note 1)*	Beneficial owner	178,550,936	28.99
Lam Ka Yan *(note 2)*	Interest of controlled corporation	178,550,936	28.99
Dr. Liu Ruopeng ("**Dr. Liu**")	Interest of controlled corporation	73,615,064 *(note 3)*	11.96
Ms. Huang Weizi	Interest of spouse	73,615,064 *(note 4)*	11.96
New Horizon Wireless Technology Limited ("**New Horizon Wireless**")	Beneficial owner	60,786,205	9.87
Wireless Connection Innovative Technology Limited	Interest of controlled corporation	60,786,205	9.87

Name of substantial Shareholder	Capacity	Number of Shares held	Approximate % of total issued Shares
深圳光啟融合科技集團有限公司 (*Shenzhen Kuang-Chi Convergence Technology Group Co., Ltd.) (formerly known as 深圳光啟合眾科技有限公司 (*Shenzhen Kuang-Chi Hezhong Technology Ltd.)) ("**Shenzhen Kuang-Chi Convergence Technology**")	Interest of controlled corporation	60,836,205	9.88
深圳大鵬光啟投資諮詢有限責任公司 (*Shenzhen Dapeng Kuang-Chi Investment Consulting Co., Ltd.) ("**Shenzhen Dapeng Kuang-Chi**")	Interest of controlled corporation	73,565,064	11.94
Central Faith International Ltd	Beneficial owner and Interest of controlled corporation	97,298,101	15.80
World Treasure Global Limited *(note 5)*	Beneficial owner	61,898,101	10.05
Ye Cheng *(note 2)*	Interest of controlled corporation	34,747,198	5.64

* *For identification purpose only*

Notes:

1. Freedom Bless Limited is wholly-owned by Lam Ka Yan.

2. Based on the disclosure of interests' forms submitted by the substantial shareholders respectively as of the Latest Practicable Date.

3. This represents the interests in 73,615,064 Shares directly held by three companies: (1) 60,786,205 Shares held by New Horizon Wireless, being a wholly-owned subsidiary of Wireless Connection Innovative Technology Limited, which is owned as to 51% by Shenzhen Dapeng Kuang-Chi Investment Consulting Co., Ltd. and as to 49% by Shenzhen Kuang-Chi Convergence Technology, of which Dr. Liu is the controlling shareholder of both Shenzhen Kuang-Chi Convergence Technology and Shenzhen Dapeng Kuang-Chi Investment Consulting Co., Ltd.; (2) 12,778,859 Shares held by New Horizon Wireless Communication Limited ("**New Horizon Communication**"), being a wholly-owned subsidiary of Innovative Power Group Limited, which is wholly owned by Shenzhen Dapeng Kuang-Chi, of which Dr. Liu is the controlling shareholder; and (3) 50,000 Shares held by Sky Asia Holdings Limited ("**Sky Asia**"), being a wholly-owned subsidiary of Shenzhen KuangChi Youlu Technology Co., Ltd, which is wholly owned by Shenzhen Kuang-Chi Convergence Technology, and as mentioned above, Dr. Liu is the controlling shareholder. Accordingly, Dr. Liu is deemed to be interested in the same number of Shares held by New Horizon Wireless, New Horizon Communication and Sky Asia respectively within the meaning of Part XV of the SFO.

4. This represents the interest in the Shares held by (i) New Horizon Wireless; (ii) New Horizon Communication; and (iii) Sky Asia. Ms. Huang Weizi ("**Ms. Huang**"), being the spouse of Dr. Liu, is deemed to be interested in the same number of Shares held by (i) New Horizon Wireless; (ii) New Horizon Communication; and (iii) Sky Asia.

5. World Treasure Global Limited is a wholly owned subsidiary of Central Faith International Ltd.

6. As of the Latest Practicable Date, the issued shares of the Company were 615,692,886.

7. Mr. Zhang Yangyang, being an executive Director and Chairman of the Company, is a supervisor of each of Shenzhen Kuang-Chi Convergence Technology and Shenzhen Dapeng Kuang-Chi. Save for the above, none of the Directors hold any directorship or other position in any of corporate substantial shareholders as shown above.

Save as disclosed above, as of the Latest Practicable Date, the Directors were not aware of any other person or corporation having an interests or short positions in the Shares and underlying Shares as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

3. COMPETING BUSINESS

As of the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

4. DIRECTORS' INTERESTS IN ASSETS

As of the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Company were made up), and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

5. DIRECTORS' INTERESTS IN CONTRACT

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant to the business of the Group.

6. DIRECTORS' SERVICE CONTRACT

As of the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any member of the Group, excluding contracts expiring or which may be terminated by the Company within one year without payment of any compensation, other than statutory compensation.

7. LITIGATION

As disclosed in the Company's interim report for the six months ended 30 June 2025, a subsidiary of the Company commenced litigation in 2022 against a customer of a discontinued operation "Cloud" business for default in payment of a sales contract in 2016 amounting to RMB46.5 million. At the same time, a claim of RMB103.5 million plus compensation was lodged against the subsidiary in relation to alleged non-performance under the sales contract by the customer asserting that the subsidiary had breached certain terms of the sales contract.

In 2023, the Court of First Instance in the PRC ruled in favour of the Group and ordered the customer to pay RMB44 million by way of compensation to the Group. The customer subsequently filed an appeal and a counterclaim to rescind the contract, alleging non-performance on the part of the subsidiary.

In November 2024, an unfavourable second-instance judgement was handed down against the subsidiary in respect of the appeal made by the customer. During the six months ended 30 June 2025, a court order was enforced against the subsidiary, resulting in payments together with accrued interest of approximately RMB108.3 million and such payments were recorded as other deposit paid in the condensed consolidated statement of financial position as at 30 June 2025. After consulting appropriate PRC legal advices, the Directors have decided to lodge an appeal against the decision. The High People's Court of Guangdong Province has acknowledged the application of appeal and a hearing was held during the six months ended 30 June 2025. In November 2025, High People's Court of Guangdong Province dismissed the Group's final appeal, and the subsidiary subsequently settled the claim of RMB108.3 million including legal cost and accrued interest in full during the year ended 31 December 2025 and recognised such claim in the consolidated statement of profit or loss for the year ended 31 December 2025. As of the Latest Practicable Date, the Company has engaged its PRC legal advisers to continue exploring the possibility of recovering the payments made.

As of the Latest Practicable Date and save as disclosed above, neither the Company nor any member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

The Group has not entered into any material contracts (not being contract entered into in the ordinary course of business) within two years immediately preceding the date of this circular.

9. EXPERT AND CONSENT

The qualifications of the expert expressing their opinion or advise in this circular are as follows:

Name	Qualifications
Prism Hong Kong Limited	Certified Public Accountants

As of the Latest Practicable Date, the above expert did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, the date to which the latest published audited consolidated financial statements of the Group were made up.

As of the Latest Practicable Date, the above expert was not interested beneficially or non-beneficially in any Shares in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or report and reference to its names in the form and context in which they appear.

10. GENERAL

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(b) The head office and principal place of business of the Company in Hong Kong is located at Unit 1104, 11/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

(c) The company secretary of the Company is Mr. Cheng Chi Chung Kevin. Mr. Cheng is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. He has also obtained a Master degree in Corporate Governance from the Hong Kong Metropolitan University (formerly known as the Open University of Hong Kong).

(d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the Company's website (www.genesis-scale.com) and the Stock Exchange's website (www.hkexnews.hk) up to and including the date which is 14 days from the date of this circular:

(a) the report on the unaudited pro forma financial information of the Group as set forth in Appendix IV to this circular; and

(b) the written consent referred to in the paragraphs under "9. Expert and Consent" in this Appendix.

Unless the context requires otherwise, the capitalised terms used in this notice of Special General Meeting shall have the same meanings as defined in the circular of the Company dated 27 March 2026.

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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Genesis Scale Holdings Limited (the "**Company**") will be held at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 15 April 2026 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as an ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

"**THAT:**

(a) the directors (the "**Directors**") of the Company be and are hereby authorised the disposal (the "**Disposal**") of up to 40,799,936 ordinary shares (the "**KCT Shares**") currently held by the Company or its subsidiaries (the "**KCT Share Sales Mandate**") on the conditions that:

(i) the KCT Share Sales Mandate will be valid for a period of 12 months from the date of passing of this resolution and ending on the first anniversary of the date hereof (both days inclusive) (unless revoked or varied by ordinary resolution of the shareholders in a general meeting of the Company) (the "**KCT Share Sales Mandate Period**");

(ii) the Group shall dispose of all or in part(s) of the KCT Shares held by the Group to independent third parties on the open market through the trading system of the Shenzhen Stock Exchange or by way of entering into the Block Trade Transactions;

(iii) the selling price of each KCT Share shall be based on the prevailing market price of KCT Shares at the time of making the transactions comprising the Disposal and not less than the minimum selling price of RMB33.56 for each KCT Share; and

(iv) the Disposal under this resolution shall comply with the relevant applicable laws and regulations, including any applicable trading regulations of the Shenzhen Stock Exchange; and

(b) subject to the passing of the resolution (a) above, the Directors be/are hereby authorised to determine, decide, execute and implement with full discretion all matters relating to the Disposal from time to time during the KCT Share Sales Mandate Period and to do all such acts and things, including but not limited to, execution of all documents which the Directors at their discretion deem necessary, appropriate or desirable to implement and give full effect to the disposal(s) under the KCT Share Sales Mandate."

By Order of the Board
Genesis Scale Holdings Limited
Zhang Yangyang
Chairman

Hong Kong, 27 March 2026

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
Unit 1104, 11/F
Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Notes:

1. Any Shareholders entitled to attend and vote at the SGM shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A Shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the SGM. A proxy need not be a Shareholder of the Company but must attend the SGM in person to represent you.

2. In the case of joint registered holders of shares ("**Shares**") of the Company, any one of such joint holders may vote at the SGM, either in person or by proxy, in respect of such Share as if he/she/it were solely entitled thereto, but if more than one of such joint registered holders are present at the SGM, personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such Shares, or his/her/its proxy, shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in accordance with the instructions printed thereon by 11:00 a.m. (Hong Kong time) on Monday, 13 April 2026 or not later than 48 hours before the time for holding the adjourned meeting (if any).

4. In order to determine the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 10 April 2026 to Wednesday, 15 April 2026 (both days inclusive), during which period no transfer of Shares will be registered. The record date for entitlement to attend and vote at the SGM is Wednesday, 15 April 2026. In order to be qualified to attend and vote at the SGM, all Share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. on Thursday, 9 April 2026.

5. A form of proxy for use at the SGM is enclosed with the circular of the Company dated 27 March 2026. Completion and return of the form of proxy should not preclude a member from attending and voting in person at the SGM or any adjournment thereof and in such event, the form of proxy shall be deemed to be revoked.

6. The resolutions will be voted by way of poll as required by the Listing Rules.

As of the date of this notice, the board of directors of the Company 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, Ms. Chiu Wing Yan and Mr. Zhang Xinxing.