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瀚源控股
Genesis scale

Genesis Scale Holdings Limited

瀚源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00439)

**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

The board of directors (the “**Board**”) of Genesis Scale Holdings Limited (the “**Company**”) would like to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2025 (the “**Year**”) together with the comparative figures for the same period in 2024 (“**FY2024**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Revenue	4	62,992	75,514
Cost of sales		<u>(46,605)</u>	<u>(54,771)</u>
Gross profit		16,387	20,743
Other income	5	2,837	14,373
Other gains and losses, net	5	(113,319)	10,767
Impairment loss on investment properties		(3,119)	–
Impairment loss on trade receivables		(9,585)	(6,507)
(Impairment loss)/reversal of impairment loss on contract assets		(26)	349
Selling and distribution expenses		(1,416)	(6,078)
Research and development expenses		(7,566)	(55,804)
Administrative expenses		<u>(30,116)</u>	<u>(31,236)</u>
Operating loss	6	(145,923)	(53,393)
Finance income		7,335	8,561
Finance costs		<u>(525)</u>	<u>(153)</u>
Finance income, net	7	<u>6,810</u>	<u>8,408</u>
Share of losses of an associate		(1,947)	(353)
Gain on dilution of investment in an associate		<u>–</u>	<u>994</u>
Loss before tax		(141,060)	(44,344)
Income tax expense	8	<u>(159)</u>	<u>(3,083)</u>
Loss for the year attributable to owners of the Company		<u>(141,219)</u>	<u>(47,427)</u>
Loss per share			
Basic (HK cents per share)	9	(22.94)	(7.70)
Diluted (HK cents per share)	9	<u>(22.94)</u>	<u>(7.70)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year		
attributable to owners of the Company	(141,219)	(47,427)
Other comprehensive income/(expense) after tax:		
<i>Items that may be subsequent reclassified to profit or loss:</i>		
Release of other reserves upon deregistration of subsidiaries	(3,341)	(2,618)
Exchange differences on translation of foreign operations	130,116	(45,997)
Share of other comprehensive income/(expense) of an associate	500	(237)
	<u>127,275</u>	<u>(48,852)</u>
<i>Items that will not be subsequent reclassified to profit or loss:</i>		
Changes in fair value of financial assets at fair value through other comprehensive income (“FVOCI”) – gross	30,601	1,564,479
Less: Deferred tax	(4,590)	(234,672)
	<u>26,011</u>	<u>1,329,807</u>
Other comprehensive income, net of tax	<u>153,286</u>	<u>1,280,955</u>
Total comprehensive income for the year attributable to owners of the Company	<u>12,067</u>	<u>1,233,528</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		512,959	448,855
Investment properties		101,218	104,048
Right-of-use assets		65,828	64,714
Intangible assets		–	3
Investment in an associate	<i>11</i>	48,812	48,332
Financial assets at FVOCI	<i>12</i>	2,216,993	2,264,752
Total non-current assets		2,945,810	2,930,704
CURRENT ASSETS			
Inventories		14,577	16,692
Contract assets		9,676	6,577
Trade and other receivables	<i>13</i>	59,130	94,257
Financial assets at fair value through profit or loss (“FVPL”)		–	5,301
Loans receivables		–	–
Pledged bank deposits		1,945	841
Restricted bank deposits		187	–
Bank and cash balances		208,839	147,259
Total current assets		294,354	270,927
Total assets		3,240,164	3,201,631
EQUITY			
Share capital		61,569	61,569
Other reserves		3,449,329	3,380,055
Accumulated losses		(746,002)	(714,242)
Total equity		2,764,896	2,727,382

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank borrowings		49,478	69,291
Deferred tax liabilities		303,945	309,905
		<u>353,423</u>	<u>379,196</u>
CURRENT LIABILITIES			
Trade and other payables	<i>14</i>	95,117	66,928
Contract liabilities		535	42
Deferred government grants		7,233	6,881
Bank borrowings		16,057	21,202
Current tax payable		2,903	–
		<u>121,845</u>	<u>95,053</u>
Total liabilities		<u>475,268</u>	<u>474,249</u>
Total equity and liabilities		<u>3,240,164</u>	<u>3,201,631</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 GENERAL INFORMATION

Genesis Scale Holdings Limited (formerly known as “**KuangChi Science Limited**”) (the “**Company**”) is a limited company incorporated in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of its business is located at Unit 1104, 11/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (together the “**Group**”) are research, and development and manufacturing of innovative products for future technology business and provision of other innovative technology service solution.

In the opinion of the directors of the Company, the Company has no immediate holding company or ultimate holding company. During the Year, Dr. Liu Ruopeng disposed of his shareholding in the Company and ceased to be the ultimate controlling party of the Company. At the end of the reporting period, Ms. Lam Ka Yan, through Freedom Bless Limited which is controlled by her, indirectly holds approximately 29% of the issued shares of the Company and is the largest shareholder of the Company.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

2 BASIS FOR PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable HKFRS Accounting Standards, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”), and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these consolidated financial statements.

3 ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

(a) Application of new and amended HKFRS Accounting Standards

The Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 *Lack of Exchangeability*

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

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

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these consolidated financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	1 January 2026
<i>Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
<i>Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>HKFRS 18 – Presentation and Disclosure in Financial Statements</i>	1 January 2027
<i>HKFRS 19 – Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
<i>Amendments to HKAS 21 – Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
<i>Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards and amendments to standards are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

4 REVENUE AND SEGMENT REPORTING

(a) An analysis of the Group’s revenue for the year is as follows:

	2025	2024
	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Disaggregated by major products or service lines</i>		
Revenue recognised at a point in time		
– Sales of wearable smart helmets	1,634	2,047
– Sales of metal components products	55,235	62,972
Revenue recognised over time		
– Sales of artificial intelligent (“AI”) coverage system and related products	6,123	10,321
– Provision of technical support services based on AI technology	–	174
	62,992	75,514

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of sales of artificial intelligent coverage system and related products as at 31 December 2025 and 2024 and the expected timing of recognising revenue as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<u>2,562</u>	<u>6,228</u>

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its provision of technical support services based on AI technology that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for technical support services that had an original expected duration of one year or less.

(b) Segment information

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors, the chief operating decision maker (the “CODM”), in order to allocate resources to the segments and to assess their performance.

The financial information provided to the CODM does not contain profit or loss information of each product line or each market segment and the CODM review the operating results of the Group on a consolidated basis. Therefore, the operation of the Group constitutes one single reportable segment and no further analysis of segments is presented.

Segment revenue and results

The financial information presented to the CODM is consistent with the consolidated statement of profit or loss. The CODM consider the Group’s loss for the year as the measurement of the segment results.

Geographical information

Information about the Group's revenue from external customers is presented based on the location at which the goods delivered or the services were provided. Information about the Group's non-current assets is presented based on the geographical locations of the assets.

	Revenue from external customers		Non-current assets*	
	2025	2024	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC	<u>62,992</u>	<u>75,514</u>	<u>728,817</u>	<u>665,952</u>

* Non-current assets exclude financial assets at FVOCI.

Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group for the years ended 31 December 2025 and 2024:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer 1	<u>61,356</u>	<u>73,096</u>

5 OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Other income			
Government grants	<i>(i)</i>	58	39
Consultancy service income		927	1,414
Dividend income from financial assets at FVOCI		–	11,275
Rental income from investment properties		1,780	1,963
Sundry income/(expense)		72	(318)
		<u>2,837</u>	<u>14,373</u>
Other gains and losses, net			
Exchange gain/(loss), net		856	(773)
Gain on deregistration of subsidiaries		3,341	2,618
Property, plant and equipment written off		–	(14)
Gain on disposal of an investment property		–	13,168
Government grants refund		–	(4,104)
Gain on disposal of financial assets at FVPL		461	–
Litigation claim	<i>(ii)</i>	(117,731)	–
Others		(246)	(128)
		<u>(113,319)</u>	<u>10,767</u>

Notes:

- (i) During the year ended 31 December 2025, the Group has recognised HK\$58,000 relating to cash subsidies from government authorities (2024: HK\$39,000). There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.
- (ii) During the year ended 31 December 2025, the Group recognised litigation claim of RMB108,278,000 (equivalent to approximately HK\$117,731,000) pursuant to the High Court dismissal of the Group's application for final appeal in November 2025. Details of which are disclosed in note 15.

6 OPERATING LOSS

Operating loss has been arrived at after charging/(crediting):

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Employee benefits expense	41,016	43,250
Cost of inventories sold (included in cost of sales)	46,605	54,143
Cost of services	–	628
Inventories written-off	–	1,116
Amortisation of intangible assets (included in research and development expenses)	3	65
Auditor's remuneration	1,000	1,450
Gain on disposal of an investment property	–	(13,168)
Property, plant and equipment written off	–	14
Depreciation of property, plant and equipment	1,048	70
Depreciation of investment properties	4,842	4,641
Direct operating expenses of investment properties that generate rental income (excluding depreciation)	193	764
Lease payments not included in the measurement of lease liabilities	372	285
Impairment loss on investment properties	3,119	–
Impairment loss on trade receivables	9,585	6,507
Impairment loss/(reversal of impairment loss) on contract assets	26	(349)

Cost of inventories sold includes inventories written-off of HK\$nil (2024: HK\$1,116,000) which are included in the amounts disclosed separately.

7 FINANCE INCOME, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Finance income		
Interest income:		
– Short term and time deposits	<u>7,335</u>	<u>8,561</u>
Finance costs		
Interest expenses:		
– Bank borrowings	(5,804)	(7,373)
Amounts capitalised into construction in progress	<u>5,279</u>	<u>7,220</u>
Finance costs charged to profit or loss	<u>(525)</u>	<u>(153)</u>
Finance income, net	<u>6,810</u>	<u>8,408</u>

8 INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
PRC Corporate Income tax		
Current taxation	–	3,240
Under/(over) provision in prior years	<u>159</u>	<u>(157)</u>
	<u>159</u>	<u>3,083</u>

Hong Kong profits tax is calculated at 16.5% (2024: 16.5%) on the estimated assessable profits for the year. No Hong Kong profits tax has been provided for both years as the Group has no assessable profit derived in Hong Kong.

PRC Corporate Income Tax (“CIT”) is calculated at a rate of 25% (2024: 25%), except for one PRC subsidiary with High and New Technology Enterprise Certificate that is subject to a reduced preferential CIT rate of 15% from 2022 to 2025 (2024: 15% from 2022 to 2025) according to the applicable CIT Law.

The reconciliation between the income tax expense and the product of loss before tax multiplied by Hong Kong Profits Tax Rate is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss before tax	<u>(141,060)</u>	<u>(44,344)</u>
Tax at Hong Kong Profits Tax rate of 16.5%	(23,275)	(7,317)
Tax effect of different tax rates of subsidiaries operations in other jurisdictions and region	(9,921)	675
Expenses not deductible for tax purposes	34,377	352
Income not taxable for tax purposes	(3,126)	(418)
Tax effect of research and development tax incentive	(1,113)	(590)
Tax losses not recognised	2,171	17,048
Tax effect of temporary differences not recognised	959	(547)
Utilisation of tax losses previously not recognised	(72)	(5,963)
Under/(over) provision in prior years	<u>159</u>	<u>(157)</u>
Income tax expense	<u>159</u>	<u>3,083</u>

9 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(141,219)</u>	<u>(47,427)</u>

Number of shares is calculated as follows:

	2025 <i>'000</i>	2024 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>615,693</u>	<u>615,693</u>

For the years ended 31 December 2025 and 2024, the computation of diluted loss per share does not assume the exercise of the outstanding shares options issued because the exercise price of these options was higher than the average market price of the Company's shares.

10 DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

11 INVESTMENT IN AN ASSOCIATE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Unlisted investment		
Share of net assets	13,379	14,626
Goodwill	35,433	33,706
	<u>48,812</u>	<u>48,332</u>

Details of the Group's associate at 31 December 2025 and 2024 are as follows:

Name	Place of incorporation/ registration	Registered capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
中誠欣信息諮詢(深圳)有限公司 ("Zhong Chengxin")	PRC	HK\$14,577,259	29.4%	Provision for software development, data analysis and artificial intelligence solutions

The Group's investment in Zhong Chengxin is held through a wholly-owned subsidiary of the Company.

In August 2023, the Group has entered into an agreement with Zhong Chengxin, a company established in the PRC, to allot 30% interests of the enlarged capital of Zhong Chengxin, at a consideration of RMB45.0 million. In December 2024, an investor, a company incorporated in the PRC, has entered into an agreement with Zhong Chengxin and a wholly-owned subsidiary of the Company, and agreed to allot 2% interests of the enlarged capital of Zhong Chengxin at a consideration of RMB4.0 million. Upon the completion of this allotment, on 27 December 2024, the equity interests in Zhong Chengxin held by the Group was diluted to 29.4%.

The Group has a right to nominate a director to the board of directors of Zhong Chengxin comprising three members, accordingly, the Group exercises significant influence over Zhong Chengxin.

The summarised financial information in respect of the Group's associate that is accounted for using the equity method is set out below:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current assets	237	–
Current assets	45,815	50,094
Current liabilities	<u>(543)</u>	<u>(347)</u>
Net assets	<u>45,509</u>	<u>49,747</u>
Group's share of net assets	13,379	14,626
Goodwill	<u>35,433</u>	<u>33,706</u>
Group's share of carrying amount of interests	<u>48,812</u>	<u>48,332</u>
		From date of acquisition to 31 December
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	1,615	1,072
Loss for the period	(6,621)	(1,178)
Other comprehensive income/(expense)	1,700	(810)
Total comprehensive expense	<u>(4,921)</u>	<u>(1,988)</u>

As at 31 December 2025, the bank and cash balances of the Group's associate in the PRC denominated in RMB amounted to HK\$41.3 million (2024: HK\$46.2 million). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

As at 31 December 2025, the associates did not have any significant commitment or contingent liabilities (2024: Nil).

12 FINANCIAL ASSETS AT FVOCI

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Representing:			
Listed equity securities	<i>(a)</i>	2,216,993	2,264,752
Unlisted equity securities	<i>(b)</i>	<u>–</u>	<u>–</u>
		<u>2,216,993</u>	<u>2,264,752</u>

The fair values of listed equity securities are based on current bid prices.

As at 31 December 2025 and 2024, the carrying amounts of the listed equity securities are all denominated in RMB.

Notes:

(a) Listed equity securities

As at 31 December 2025, the Group hold 40,799,936 (2024: 44,693,660) ordinary shares of Kuang-Chi Technologies Co., Ltd. (“**KCT**”), representing 1.89% (2024: 2.07%) of the issued ordinary shares of KCT (“**KCT Shares**”). Dr. Liu Ruopeng is the controlling shareholder of Shenzhen Kuang-Chi Hezhong Technology Limited, which holds more than 5% shareholding of KCT. KCT is a company listed on the Shenzhen Stock Exchange. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in financial assets at FVOCI as they believe that recognising short-term fluctuations in these investments in profit or loss would not be consistent with the Group’s strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

During the year ended 31 December 2025, the Group disposed of 3,893,724 ordinary shares of KCT in the open market through a series of transactions, while the proceeds were used for working capital purpose. The net proceeds from disposal were HK\$190,383,000.

(b) Unlisted equity securities

The unlisted equity investments represent the Group’s equity interest in the private entities. The Group has elected to designate these investments as financial assets at FVOCI because the investments are held for long-term strategic purpose.

As at 31 December 2025 and 2024, the Group had unlisted equity securities of SkyX Limited (“**SkyX**”). SkyX is a company incorporated in BVI and its principal place of business in Canada, and is principally engaged in development and commercialisation of SkyX aircrafts. The fair values of these financial instruments remained zero as at 31 December 2025 and 2024.

13 TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables		61,336	77,635
Less: allowance for ECL	<i>(b)</i>	(23,464)	(12,975)
Trade receivables, net	<i>(a), (c)</i>	37,872	64,660
Deposits and other receivables	<i>(c)</i>	2,670	1,414
Consideration receivable		8	8
Prepayments to suppliers		1,282	9,572
Other prepayments		954	1,514
Value-added tax and other taxes recoverable		16,344	17,089
		59,130	94,257

The Group did not hold any collateral over these balances as at 31 December 2025 (2024: Nil).

Notes:

- (a) The following is an aging analysis of trade receivables presented based on the date of invoice and net of allowance as at 31 December 2025 and 2024.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 90 days	7,379	40,459
91 to 180 days	6,069	–
181 to 365 days	6,415	13,431
1 to 2 years	9,350	8,454
2 to 3 years	7,108	2,316
Over 3 years	1,551	–
	37,872	64,660

The credit terms generally are within 60 days (2024: 60 days).

- (b) Movements in loss allowance account for the trade receivables and contract assets during the years ended 31 December 2025 and 2024 are as follows:

	Trade receivables <i>HK\$'000</i>	Contract assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2024	59,164	10,762	69,926
Impairment loss/(reversal of impairment loss) recognised	6,507	(349)	6,158
Bad debt written off	(51,690)	(10,110)	(61,800)
Currency translation differences	(1,006)	(137)	(1,143)
	<u>12,975</u>	<u>166</u>	<u>13,141</u>
At 31 December 2024	<u>12,975</u>	<u>166</u>	<u>13,141</u>
At 1 January 2025	12,975	166	13,141
Impairment loss recognised	9,585	26	9,611
Currency translation differences	904	9	913
	<u>23,464</u>	<u>201</u>	<u>23,665</u>
At 31 December 2025	<u>23,464</u>	<u>201</u>	<u>23,665</u>

As at 1 January 2024, the loss allowance for the trade receivables mainly included the provisions on Customer A, who is a state-owned enterprise. The outstanding balance due from Customer A was derived from the Cloud business in prior years and amounted to HK\$46,240,000 as at 1 January 2024, which have been fully impaired. Since the end of 2017, Customer A always defaulted its payments, and the Group had been continuously making regular contacts with Customer A for collection of the outstanding amount, but only partial settlement has been received up to the end of 2019. After taking into account of historical default rate in relation to the Cloud business, no repayment schedule being provided by Customer A and the worsen economic situation of the PRC, the directors of the Company are of the view that the outstanding balance was fully written off as at 31 December 2024.

As at 31 December 2025, no outstanding balance was written off.

- (c) The carrying amounts of the Group's trade receivables are all denominated in RMB, while the carrying amounts of the Group's deposits and other receivables are mainly denominated in RMB.

14 TRADE AND OTHER PAYABLES

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	<i>(a), (b)</i>	34,273	36,853
Accrued employee benefits		3,919	4,462
Value-added tax and other taxes payables		15,714	3,209
Other payables and accruals	<i>(b)</i>	8,649	8,902
Other payables for the acquisition of property, plant and equipment		18,369	–
Accrued construction costs		14,193	13,502
		95,117	66,928

Notes:

- (a) The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 90 days	2,873	8,926
91 to 365 days	4,453	1,037
Over 1 year	26,947	26,890
	34,273	36,853

The average credit period on purchase of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit period.

- (b) The carrying amounts of the Group's trade payables are all denominated in RMB, while the carrying amounts of the Group's other payables and accruals are mainly denominated in RMB.

15 LITIGATION CLAIM

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 28 March 2025 will be required. The High People’s Court of Guangdong Province (the “**High Court**”) had acknowledged the application of appeal and was currently conducting retrial review, pending a final ruling. Based on the expert advice of a PRC legal counsel and the status of the appeal proceeding, the Directors were of the view that it is not probable the final outcome of the appeal proceeding would result in a material adverse impact on the financial position and performance of the Group and concluded that no provision shall therefore be made as at 31 December 2024. 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 for the year ended 31 December 2024.

In November 2025, High Court 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Performance Review and Prospects

The Company and its subsidiaries 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 2025 (the “**Year**”), the Group recorded revenue of approximately HK\$63.0 million, representing a year-on-year decrease of 16.6%. The Group also recorded a net loss of HK\$141.2 million. Although the net loss increased significantly, this was mainly due to the provision of approximately HK\$117.7 million in relation to a claim arising from a legal dispute involving a subsidiary. Excluding this one-off provision, the Group’s underlying performance improved by HK\$24.0 million compared to the year ended 31 December 2024 (“**FY2024**”). The Group will continue to enhance its products to strengthen competitiveness and lay a solid foundation for future profit growth. In addition, the Group will accelerate the promotion of comprehensive paperless and AI-enabled office practices to systematically reduce operating costs and improve management efficiency.

Strengthening Core Businesses and Expanding into Strategic Areas

As of 31 December 2025, the Group has made substantial and steady progress in the application of AI technology. The Group’s team continues to refine its proprietary algorithms and big data platform infrastructure while driving the implementation of these technologies across multiple vertical industries. During the Year, while maintaining the stability of its core business, the Group expanded into new business directions. The customised intelligent systems business primarily focused on two areas: first, smart wearable devices, where police helmets underwent multiple rounds of functional upgrades and solution optimisation, resulting in steady improvements in product performance; second, the newly launched smart firefighting helmets, which have completed the first batch of mass production deliveries and achieved practical application and deployment in emergency scenarios. Furthermore, our smart industrial inspection systems have evolved from single-point detection to comprehensive management of the entire production process, with their adaptability to various scenarios and deployment efficiency receiving recognition from clients. Notably, the high-end aviation tooling business has demonstrated stable performance. This business not only generates substantial revenue but, more importantly, has helped the team build capabilities in product definition, system integration, and project delivery within the high-end precision manufacturing sector. These experiences, in turn, have driven the deeper application of AI technology in industrial settings, fostering a virtuous cycle between manufacturing capabilities and technological expertise.

Based on an in-depth analysis of global technology trends and its own technical expertise in artificial intelligence, industrial big data platforms, and precision manufacturing, the Group has established a dual-track strategic direction for new energy and new materials, with AI empowerment at its core. In the new energy sector, the Group will focus on niche markets with differentiated competitive advantages, such as high energy density, fast-charging capabilities, wide temperature ranges, and long cycle life. Through AI-driven R&D optimization and intelligent production processes, we will enhance battery performance and market competitiveness. In the new materials sector, we will prioritize the development of new battery materials as well as novel functional and protective materials, driving breakthroughs in material performance and innovations in application scenarios. This strategy aims to deeply integrate AI technology with materials engineering to systematically address core pain points in the industrial chain regarding energy efficiency, product durability, and environmental adaptability. It seeks to create high-value-added, sustainable solutions for customers and unlock new engines of sustainable growth for the Group.

To ensure the steady implementation of this strategy, the Group will deepen industry-academia-research collaboration with leading global academic institutions, research organizations, and industry partners to jointly build an open and inclusive innovation ecosystem, accelerating the R&D validation and commercial application of AI-integrated new materials technologies. Concurrently, we will establish a dynamic risk assessment mechanism to continuously monitor and optimize technical feasibility, market adaptability, and resource allocation efficiency, ensuring the precision and sustainability of our strategic advancement. The management team will consistently uphold the principles of prioritizing customer value and quality-first, strengthen internal R&D synergy and market responsiveness, and continuously enhance technological barriers and core competitiveness to build a future-oriented technological moat for the Group.

Manpower Development

With regard to manpower development, to improve the innovation talent cultivation system and development mechanisms and further enhance the quality of our talent pool, the Group continues to prioritize attracting and cultivating outstanding innovative talent as a key strategic objective. We are recruiting high-tech talent globally in fields such as AI algorithms, new energy, new materials, electronics and information technology, industrial design, and smart manufacturing engineering. Internally, we have established a tiered training system and multi-channel promotion mechanisms to accelerate talent development. Externally, we have implemented measures such as coordinated, targeted training programs and the introduction of external expert resources. As of 31 December 2025, the Group had a total of approximately 125 full-time, part-time employees, and consultants. The Group offers employees competitive compensation packages, including share option scheme. The Group also provides attractive discretionary bonus payables to employees with outstanding performance and contributions to the Group, thereby achieving a dynamic alignment between talent reserves and business expansion through these mechanisms.

FINANCIAL REVIEW

Revenue and operating performance

The Group's revenue decreased from approximately HK\$75.5 million for FY2024 to approximately HK\$63.0 million for the Year, a decrease of approximately HK\$12.5 million or 16.6%. The decrease was mainly due to the decline in sales of the Group's (1) metal components products and (2) artificial intelligence (AI) coverage systems and related 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\$93.8 million from approximately HK\$47.4 million for FY2024 to approximately HK\$141.2 million for the Year. Compared with the same period last year, the increase in net loss was mainly attributable to the provision of approximately HK\$118 million in relation to a claim arising from a legal dispute involving a subsidiary.

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 Year were nil (FY2024: HK\$7,000).

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Company’s consolidated financial statements for the year ended 31 December 2025:

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

As detailed in note 39 to the consolidated financial statements, a subsidiary of the Company was involved in a litigation relating to alleged non-performance under a sales contract with a customer. In November 2024, the Dongguan Intermediate People’s Court (the “**Intermediate Court**”) overturned the first instance judgement in favour of the Group and ordered the subsidiary to repay the amount of RMB103.5 million plus legal costs and accrued interest thereon to the customer and also dismissed the court order awarded in December 2023 that the customer has to settle the outstanding receivable of RMB44.0 million to the subsidiary (the “**Second-Instance Judgement**”). On 17 December 2024, the subsidiary filed an application of final appeal to the High People’s Court of Guangdong Province (the “**High Court**”).

Notwithstanding the Second-Instance Judgement of the Intermediate Court in November 2024 that the Group was requested to pay compensation of RMB103.5 million together with legal costs and accrued interest thereon, the directors of the Company did not make a provision for the legal claim as at 31 December 2024 in accordance with the requirements of Hong Kong Accounting Standard 37 “Provisions, Contingent Liabilities and Contingent Assets” (“**HKAS 37**”) on the grounds that, based on legal advice obtained by the Group, and they considered it probable the High Court would accept the Group’s application of appeal and the Second-Instance Judgement would not be upheld on retrial. Accordingly, a contingent liability in respect of the litigation was disclosed in the consolidated financial statements of the Group for the year ended 31 December 2024.

In November 2025, the High Court dismissed the Group’s application for final appeal (the “**2025 Decision**”). Following the 2025 Decision, the Group recognised expenses of approximately RMB108.3 million in its consolidated profit or loss for the year ended 31 December 2025 in relation to the legal claim.

Considering that the case had been tried by two levels of the courts, the result of the Second-Instance Judgement in favour of the customer and the fact that, as at 31 December 2024, the High Court had completed the filing of the retrial case but had not been accepted, there is significant uncertainty as to whether the Group would have been able to successfully overturn the decision of the Intermediate Court through the retrial process as at 31 December 2024. Accordingly, we have been unable to obtain sufficient appropriate audit evidence to determine whether adequate provision had been made for the claim arising from the litigation as at 31 December 2024 in accordance with HKAS 37, and consequently whether any adjustment is required to the corresponding figures for the year ended 31 December 2024 and the opening balances as at 1 January 2025. As the amount recognised as an expense for the year ended 31 December 2025 relates to the same litigation matter, we have also been unable to obtain sufficient appropriate audit evidence to determine whether, and to what extent, such amount should have been reflected through adjustments to opening balances as at 1 January 2025 rather than recognised in the current year's consolidated profit or loss. Any adjustments found to be necessary in respect of the provision for litigation claims would have affected the corresponding figures for the year ended 31 December 2024, the opening balances as at 1 January 2025, and the Group's consolidated profit or loss for the year ended 31 December 2025 and related disclosures and the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (“**the Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MANAGEMENT'S RESPONSE TO QUALIFIED AUDIT OPINION

The Group entered into the “Cloud” sales and purchase contract with a state-owned enterprise (“**Company A**”) in December 2015, with a total contract sum of RMB150,000,000. The Group has fulfilled its obligations according to the contract, and recognized gains of RMB145,000,000 and received payment from Company A in a total amount of RMB103,500,000 in 2016. As Company A failed to pay the remaining balance according to the contract, the Group filed a litigation with the First People's Court of Dongguan, Guangdong Province in 2022 to assert its legitimate rights and interests. In 2023, the court of first instance ruled in favor of the Group and decided that Company A shall have to pay compensation in an amount of RMB44,000,000 to the Group.

Subsequently, Company A filed an appeal. In November 2024, the second-instance judgment of the Intermediate People’s Court of Dongguan overturned the original ruling and decided that the Group shall have to return the amount of RMB103,500,000 received plus legal costs. In response to this overturning, upon careful assessment and based on professional legal advice obtained from its PRC legal advisers, the Group was of the view that the Second-Instance Judgment contained disputes over the application of law and the determination of facts, and has submitted a retrial application to the High People’s Court of Guangdong Province in accordance with the law. The High People’s Court of Guangdong Province has completed the filing of the retrial case and the Company received the civil ruling on the retrial (the “**Retrial Ruling**”) of the relevant case from the High Court in December 2025. According to the Retrial Ruling, the second-instance judgment rendered by the Intermediate People’s Court of Dongguan was upheld.

Following the conclusion of the final retrial proceedings in November 2025 which upheld the judgment against the Group, management reassessed the litigation matter and determined that a loss of RMB108,300,000 in respect of the legal claim should be recognised in the consolidated statement of profit or loss for the year ended 31 December 2025. Management considers that the final court ruling represents a new event that confirms the amount and timing of the obligation in the current year, rather than an adjusting event that requires prior year restatement.

CAPITAL STRUCTURE

As at 31 December 2025, the balance of issued ordinary shares of the Company 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 2025, the total shareholders’ funds of the Group amounted to approximately HK\$2,764,896,000 (2024: HK\$2,727,382,000), the total assets of approximately HK\$3,240,164,000 (2024: HK\$3,201,631,000) and the total liabilities of approximately HK\$475,268,000(2024: HK\$474,249,000).

As at 31 December 2025, the Group had bank balances, time deposits and cash of approximately HK\$208,839,000 (2024: HK\$147,259,000), the restricted bank deposits of approximately HK\$187,000 (2024: Nil) and the pledged bank deposits of approximately HK\$1,945,000 (2024: HK\$841,000). The gearing ratio as of 31 December 2025, 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\$65,535,000 (2024: HK\$90,493,000), to total capital, was not applicable (2024: Nil) due to net cash.

As at 31 December 2025, the Group's total bank borrowings of approximately HK\$65,535,000 (2024: HK\$90,493,000), of which approximately HK\$16,057,000 (2024: HK\$21,202,000) and HK\$49,478,000 (2024: HK\$69,291,000) will be repayable within one year and after one year respectively, carried interest rate at the floating rates from 3.20% to 6.30% (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 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 2025, the Group had a total capital commitment of HK\$47.9 million, contracted for but not yet incurred (as of 31 December 2024: HK\$50.9 million). Such capital commitments are expected to be funded by the Group's internal resources and/or borrowings.

CONTINGENT LIABILITIES

Save as disclosed in Note 15 to these financial statements, as at 31 December 2025, the Group had no other contingent liabilities (as at 31 December 2024: nil).

PLEDGE OF ASSETS

As at 31 December 2025, the right-of-use assets amounted to HK\$65,828,000 (2024: HK\$64,714,000) and construction-in-progress amounted to HK\$475,388,000 (2024: HK\$442,551,000) were pledged for the Group's bank borrowings. The bank deposits amounted to nil as at 31 December 2025 (2024: HK\$841,000) were pledged for the construction work and service contracts.

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 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 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.

The Group disposed of a total of 3,893,724 KCT shares (“**KCT Disposal in 2025**”) on the open market through a series of transactions during the period from 11 November 2025 to 2 December 2025, at the aggregate consideration of approximately RMB186,000,000. The average selling price of KCT Disposal in 2025 was approximately RMB47.76. After the KCT Disposal in 2025, the net sale proceeds were approximately HK\$190,383,000, the Group recognised a fair value loss of approximately HK\$172,000 for the KCT Disposal in 2025 in other comprehensive income for the Year.

As at 31 December 2025, the Group held 40,799,936 ordinary shares of KCT, which represented approximately 1.89% of the total number of the KCT shares in issue. As at 31 December 2025, the carrying amount of the share of KCT is HK\$2,216,993,000 (2024: HK\$2,264,752,000), which represented 68.4% (2024: 70.7%) of the total assets of the Group.

For the Year, the fair value gain, net of tax of HK\$26.0 million (FY2024: HK\$1,329.8 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 Year.

EVENT AFTER THE REPORTING YEAR

Pursuant to the announcement made by the Company on 3 February 2026 and the circular published on 27 March 2026, the Group holds an aggregate of 40,799,936 KCT Shares, representing 1.89% of the total number of the KCT Shares in issue. After obtaining the Shareholders' approval, the Group intends to continue the disposal of all these KCT Shares within the KCT Share Sales Mandate Period (i.e. a 12-month period) on the open market through the trading system of the Shenzhen Stock Exchange or by way of entering into the block trade transactions. The selling price for each KCT Share is expected to be not less than the minimum selling price of RMB33.56.

As of the date of this announcement, the transaction is subject to shareholders' approval at the forthcoming special general meeting and has not been completed.

Save as disclosed above, there is no material subsequent event undertaken by the Group after 31 December 2025 and up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENT

The Group has no plan for any material investments or additions of capital assets as at the date of this announcement.

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 2025, the Group had approximately 125 employees (2024: 179 employees). The Group provides competitive remuneration packages to employees with the share option schemes. The Group also provides attractive discretionary bonus payable to those with outstanding performance and contribution to the Group.

SHARE OPTION SCHEMES

The share option scheme adopted by the Company on 31 July 2012 (the “**2012 Share Option Scheme**”) has expired on 30 July 2022, the tenth anniversary of its adoption. As at 31 December 2025, the total number of shares available for issue upon exercise of all outstanding options granted under the 2012 Share Option Scheme is 510,000.

In view of the expiration of the 2012 Share Option Scheme, the Company adopted a new share option scheme on 1 December 2025 (the “**2025 Share Option Scheme**”) pursuant to an ordinary resolution passed at the special general meeting of the Company held on 1 December 2025. The 2025 Share Option Scheme will remain in force for a period of ten (10) years commencing on 1 December 2025. No share options have been granted under the 2025 Share Option Scheme during the Year and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Board acknowledges the importance of the highest standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhance the shareholders’ value and safeguard the interests of the shareholders. Accordingly, the Company has adopted sound corporate governance principles that emphasise effective internal control and accountability to all shareholders.

The Board is responsible for performing the corporate governance functions with the applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules (the “**CG Code**”). During the Year, the Board reviewed the Company’s corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, the compliance of the Company’s code of conduct, and the Company’s compliance with the Code Provision and disclosure in the corporate governance report.

During the Year, the Company has complied with the Code Provisions in the CG Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

As at 31 December 2025, there were no treasury shares (as defined in the Listing Rules) held by the Company.

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

DIVIDEND

No dividend was paid, declared or proposed during the Year, nor had any dividend been proposed for the Year (FY2024: Nil).

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules ("**Model Code**") as its model code for securities transactions by Directors. Having made specific enquiries, all the Directors confirmed that they had complied with the Model Code during the Year.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**") comprises three independent non-executive Directors of the Company. The Audit Committee has adopted terms of reference which are in line with the CG Code. The Audit Committee has reviewed the Group's audited results for the Year and agreed with the accounting treatment adopted. The Audit Committee is satisfied with the Group's internal control procedures and financial reporting disclosures.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the consolidated financial statements of the Group for the Year. Also, the figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this announcement have been compared and agreed by the Company's external auditor, Prism Hong Kong Limited, to the amounts set out in the audited consolidated financial statements of the Group for the Year. The work performed by Prism Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Prism Hong Kong Limited on this results announcement.

PUBLICATION OF THE 2025 ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.genesis-scale.com), respectively. The Company will make available the annual report of the Company for the Year to the shareholders of the Company in due course, which will also be published on the websites of the Company and the Stock Exchange.

By order of the Board
Genesis Scale Holdings Limited
Dr. Zhang Yangyang
Chairman and Executive Director

Hong Kong, 30 March 2026

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