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瀚源控股
Genesis scale

Genesis Scale Holdings Limited
瀚源控股有限公司
(Incorporated in the Bermuda with limited liability)
(Stock Code: 439)

DISCLOSABLE TRANSACTION
FORMATION OF JOINT VENTURE

Leveraging proprietary artificial intelligence (AI) algorithms and a big data platform, Genesis Scale Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") systematically addresses core bottlenecks in the industrial chain, such as energy efficiency, product durability and environmental adaptability, through the deep integration and synergy of AI technology and materials engineering. This enables the Group to create solutions for its clients that combine high added value with sustainability, thereby establishing a core engine for the Group's sustainable growth. Building on this strategic framework, the Group continues to deepen its industry-academia-research collaborative innovation system with leading global academic institutions, research organisations and industry partners. The Group have achieved breakthrough progress in the vertical application of lithium-ion batteries, having established an in-depth strategic partnership with Professor Chen Libao's team at Central South University to jointly set up the Joint Venture dedicated to cutting-edge new energy battery business.

Due to limitations in material properties, traditional lithium-ion battery cells struggle to meet the demands of complex applications across all geographical regions, including high-altitude, frigid environments, deserts and islands. In low-temperature conditions, they frequently suffer from performance degradation, such as sudden capacity drops and charging failures, necessitating reliance on additional battery thermal management systems for preheating and temperature regulation, which significantly increases system costs. These

challenges have long hindered technological advancement and the expansion of application scenarios within the industry. However, Professor Chen Libao's team at Central South University, drawing on their accumulated expertise in wide-temperature-range lithium-ion battery technology, has successfully overcome key technical barriers. These include the development of cathode materials with rapid ion transport properties, wide-temperature-range electrolyte systems, and composite carbon anodes. The team has established a comprehensive intellectual property framework, with the overall technology reaching internationally advanced standards, thereby providing an excellent solution to the industry's long-standing challenges.

The establishment of the Joint Venture will lay the groundwork for the deep integration of the Group's AI technology and wide-temperature-range battery technology, thereby accelerating the process of translating cutting-edge research from the laboratory into industrial applications. The wide-temperature battery product series that the Company intends to launch will focus specifically on applications in extreme cold, extreme heat and wide-temperature environments. By restructuring the material system, the batteries will achieve all-climate adaptability, enabling them to directly replace conventional room-temperature batteries in standard environments, whilst effectively extending service life and significantly optimising life-cycle costs. Furthermore, multiple safety designs will ensure stable operation under extreme conditions. Moving forward, both parties will leverage the joint venture platform to deepen technological iteration and scenario validation, accelerating the in-depth application and market penetration of wide-temperature-range batteries across multiple sectors, thereby injecting new momentum into the high-quality development of the new energy industry.

FORMATION OF JOINT VENTURE

The board of Directors (the "**Board**") of the Company is pleased to announce that on 20 May 2026, Shenzhen Kerong, a wholly-owned subsidiary of the Company, entered into the Capital Contribution Agreement with Central South University, CSU Asset Management and Changsha Libao pursuant to which the parties will jointly establish the Joint Venture by way of capital contribution. The initial registered capital of the Joint Venture is RMB45,000,000, of which Shenzhen Kerong will contribute RMB30,000,000 in cash, representing approximately 66.67% of the registered capital of the Joint Venture; CSU Asset Management and Changsha Libao will contribute RMB4,500,000 and RMB10,500,000 respectively by way of patents, representing approximately 10.00% and 23.33% of the registered capital of the Joint Venture, respectively. The aforementioned contribution by way of patents will be effected by transferring the patent rights held by Central South University in respect of the Patents (as defined below) to the Joint Venture. The patents are valued at RMB15,000,000 for the purpose of the capital contribution. In accordance with the provisions of "Measures for the Administration of the Commercialization of Scientific and Technological Achievements"

of Central South University, 70% of the contribution will be awarded to the research team responsible for the innovation of the relevant technology, to be held by Changsha Libao on behalf of the team, whilst 30% will be held by CSU Asset Management on behalf of Central South University.

The principal terms of the Capital Contribution Agreement are set out below:

Date

20 May 2026

Parties

1. Shenzhen Kerong;

2. Central South University;

3. CSU Asset Management; and

4. Changsha Libao.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Central South University, CSU Asset Management and Changsha Libao and their ultimate beneficial owners are independent of the Company and connected persons of the Company (as defined in the Listing Rules).

Subject Matter

The parties shall establish the Joint Venture in accordance with the terms of the Capital Contribution Agreement.

It is expected that the Joint Venture will be primarily engaged in the research, development and industrialization of new energy battery technology.

Amount and Percentage of Capital Contribution

According to the terms of the Capital Contribution Agreement, the initial registered capital of the Joint Venture shall be RMB45,000,000. Upon the establishment of the Joint Venture, its shareholding structure shall be as follows:

Shareholder	**Capital contribution amount** *(RMB'000)*	**Shareholding percentage** *(approximate)*
Shenzhen Kerong	30,000	66.67%
CSU Asset Management	4,500	10.00%
Changsha Libao	10,500	23.33%
Total	45,000	100.00%

The capital contribution distribution between CSU Asset Management and Changsha Libao under the Capital Contribution Agreement is based on the provisions of the Administrative Measures for the Transformation of Scientific and Technological Achievements of the University* (《大學科技成果轉化管理辦法》adopted by Central South University), whereby 70% of the equity obtained through technology contribution is awarded to the scientific research team inventing the relevant technology, and 30% is held by CSU Asset Management on behalf of Central South University.

Form and Timing of Capital Contribution

Shenzhen Kerong will contribute RMB30,000,000 in cash. CSU Asset Management and Changsha Libao will contribute RMB4,500,000 and RMB10,500,000 respectively by way of patents. The patents used for the capital contribution are 7 core patents (the "**Patents**") related to the "Wide-temperature-range Lithium Battery Electrolyte and Separator Core Technologies and Intelligent Management System" held by Central South University. According to the Capital Contribution Agreement, Shenzhen Kerong shall pay the initial contribution of RMB15,000,000 within 60 days of the establishment of the Joint Venture, and the remaining contribution amount shall be paid before the completion of the Transfer (as defined below). CSU Asset Management and Changsha Libao shall, within 60 days of full payment of Shenzhen Kerong's contribution amount, procure that the owner of the Patents be changed from Central South University to the Joint Venture (the "**Transfer**"). The respective capital contribution amount undertaken by CSU Asset Management and Changsha Libao shall be treated as fully paid when the change of owner of the Patent is completed.

The board of directors of the Joint Venture will consist of 3 directors, of which Shenzhen Kerong shall have the right to nominate 2 directors (including the chairman of the Joint Venture), and may also recommend the candidates for the general manager and the chief financial officer of the Joint Venture, while CSU Asset Management and Changsha Libao are entitled to jointly nominate one director. Upon incorporation of the Joint Venture, the Company will beneficially hold 66.67% equity interest in the Joint Venture, and the Joint Venture will become a non-wholly owned subsidiary of the Company. Accordingly, it is expected that the financial results of the Joint Venture will be consolidated and recorded in the consolidated financial statements of the Group.

Basis of Consideration

The respective amount of capital contribution of each initial shareholder of the Joint Venture was determined after arm's length negotiations among the parties with reference to the initial capital requirements of the Joint Venture, and the value of the Patents was determined after arm's length negotiations among the parties with reference to the Asset Valuation Report on the Patents as at 28 February 2026 (the "**Valuation Date**") issued by Hunan Sida Asset Appraisal Co., Ltd.* (湖南四達資產評估有限公司) (the "**Independent Valuer**"). The Independent Valuer adopted the income approach for the valuation of the Patents. Such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. The Company's capital contribution will be funded by the internal resources of the Group.

The Company has taken into account the valuation of the Patents set out in the Asset Valuation Report issued by the Independent Valuer to support the fairness of the transaction price. The Independent Valuer was selected for its extensive expertise and proven capabilities in providing financial and tax due diligence and valuation services for complex transactions. The Independent Valuer has a strong global network and deep knowledge in key industries directly relevant to the transaction, such as new energy batteries.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Independent Valuer is an independent third party. As at the date of this announcement, the Independent Valuer does not hold, directly or indirectly, any equity interest in any member of the Group, nor does it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

VALUATION OF THE PATENTS

The following is an extract from the Asset Valuation Report prepared by the Independent Valuer:

Purpose of Valuation

Central South University proposes to make an external investment with its proprietary technological achievements in "wide-temperature range lithium-ion battery technology". The Independent Valuer has been commissioned to conduct a valuation on the involved "wide-temperature range lithium-ion battery technology" owned by Central South University, in order to provide a value reference for the external investment of the said technological achievements.

Subject Matter and Scope of Valuation

The subject of the valuation includes the Patents related to the "Wide-temperature-range Lithium Battery Electrolyte and Separator Core Technologies and Intelligent Management System"* (寬溫域鋰電電解質與隔膜核心技術及智能管理系統) proposed to be contributed to the Joint Venture, comprising 7 invention Patents.

Valuation Benchmark Date

The asset valuation benchmark date is 28 February 2026.

Valuation Methodology

Adoption of the Income Approach

There are mainly three methods for asset valuation: the cost approach, the market approach, and the income approach.

It is generally considered that the cost method is difficult to accurately reflect the value of intangible assets related to technology. This is because the value of such assets is mainly embodied in the creative intellectual labor of scientific and technological personnel, and it is difficult to measure the results of such labor solely based on labor costs. Therefore, the cost approach was not adopted in this valuation.

The market approach requires the existence of identical or similar transaction cases, and the transactions must be conducted on an arm's length basis. Considering the characteristics of the intangible assets being evaluated and the current market transaction conditions, and based on the Independent Valuer's market research and relevant data, no comparable historical transaction cases or transaction price data could be found for this valuation. Therefore, the market approach is also not applicable.

Due to the limitations of the above methods, the income approach is adopted for this valuation.

Valuation Inputs

1. Valuation Model

   The income approach is adopted as the valuation method for this appraisal. Corresponding to the valuation method, the pricing standard for this valuation is the present value of income standard. The formula of the valuation model is as follows:

   Value of intangible assets $P=B\times M$

   $$M = \sum_{i=1}^{n} M_i \, (1 + r)^{-i}$$

   Where:

   B: the profit sharing rate of the technological intangible assets;

   M: the cumulative expected income (net profit or cash flow) generated by the intangible assets over their economic life;

   Mi: the expected income (net profit or cash flow) generated by the technological intangible assets in the i-th year;

   r: the income discount rate;

   n: the expected number of years for the technological intangible assets to generate excess income.

2. Key Parameters

(1) Expected income: Based on the encouragement and restrictions of national macroeconomic policies on the project technology, the market capacity for technology promotion, the investment scale of project industrialization, and the feasibility study report provided by the client, the annual net profit during the excess income period of the project is analyzed and calculated on the basis of on-site inspection and reasonableness verification.

(2) Profit sharing rate of the technological intangible assets: The expert scoring method is adopted. The logic of this method is to evaluate a specific technical service from 10 aspects, including technical level, technical maturity, market prospect, economic benefits, and implementation risks, to determine the weight of the impact of each factor on the formation of technical assets. Experts score each indicator. Based on the maximum technology profit sharing rate (33%) proposed by the "Rule of One-Third" as the base, the reasonable profit sharing rate of the technology is determined to be 25.8225%.

(3) Income period: According to the laws of Mainland China, the remaining protection periods of the 7 invention Patents involved in the technology being evaluated range from 11.24 years to 17.29 years. During the valuation process, the valuers comprehensively considered various factors such as the technical characteristics of the appraised project, the pace of technological progress in the industry, and the realistic and potential competition that the industrialization of the technology will face, and analyzed and judged the remaining useful life of the technology in combination with the opinions of industry experts. Based on the principle of prudence in asset valuation, the future excess economic income period of the technology is determined to be 6 years.

(4) Income discount rate: In this valuation, the discount rate is determined to be 26.6989% according to the Capital Asset Pricing Model (CAPM), of which the risk-free rate (rf) is the 6-year government bond yield of 1.6070%; the risk premium (rm) refers to the return on equity of the industry as the risk premium for the valuation of this project, which is 14.90%; the beta (β) coefficient is selected as 1.8876, being the average beta coefficient of four comparable listed companies in the same industry, namely Zhongke Electric, Pylontech, Xiangfenghua, and Azure Lithium Core.

PRINCIPAL ASSUMPTIONS UPON WHICH THE VALUATION WAS BASED

Basic Assumptions

1. This valuation is based on the basic assumption of the specific valuation purpose set out in the Asset Appraisal Report, and the scope of valuation is strictly based on the relevant materials provided by the client or the property right holder;

2. There are no material changes in the current relevant national laws, regulations and policies, and the national macroeconomic situation; and there are no material changes in the political, economic and social environment of the regions where the parties to this transaction are located;

3. In view of the actual condition of the appraised technology as at the valuation benchmark date, it is assumed that the technology receiving company will operate on a going concern basis within the excess income period of the intangible assets;

4. It is assumed that the operators of the technology receiving company are responsible, and the management of the company is capable of assuming their duties;

5. Unless otherwise stated, it is assumed that the technology receiving company fully complies with all relevant laws and regulations;

6. It is assumed that the accounting policies to be adopted by the technology receiving company in the future are consistent in all material respects with the accounting policies adopted in the preparation of this report or those generally adopted by companies;

7. There are no material changes in relevant China bond yields, bank interest rates, foreign exchange rates, taxation bases and tax rates, policy-based levies, etc.;

8. There are no other force majeure factors or unforeseeable factors that will cause a material adverse impact on the technology receiving company; and

9. It is assumed that all investors participating in the investment of the transformation of project achievements are of equal status; they all have the opportunity and time to obtain sufficient market information and information of the technology receiving company, so as to make rational judgments on the behavior, market position, development space and investment return of the technology receiving company; and they each act astutely and prudently, free from any coercion or suppression.

Special Assumptions

1. The materials provided by the client and the property right holder are legal, true and complete;

2. The core team of the project of the client and the property right holder shall continue to provide technical services to the technology receiving company, and shall not hold any position in companies that are in direct competition with the business of the technology receiving company;

3. In forecasting the future conditions of the unit, the personal conduct of the management of the technology receiving company that damages the company's operations has not been taken into account;

4. The shareholders of the technology receiving company shall not damage the interests of the company, the operations shall proceed normally in accordance with the provisions of the articles of association and the joint venture contract, and they shall not engage in any competing businesses that conflict with the technology being evaluated;

5. There are no material abnormal changes in the costs and expenses of the technology receiving company, which are in line with the historical development trends of enterprises in the same technical field;

6. The technology receiving company will make project industrialization investments as expected by the client and complete them within the time determined in the plan;

7. The calculation of net profit is based on the accounting year, and it is assumed that the income and expenditure of the technology receiving company occur evenly within the accounting year; and

8. The impact of inflationary factors is not considered in this valuation. Should there be any discrepancies between the actual situation in the future and the above assumptions, the valuation conclusion will be affected, and the magnitude of such impact will depend on the extent of the difference between the actual situation and the assumptions. Users of the report are reminded to consider the impact of uncertainties that may exist in the above assumptions on the valuation conclusion when using this report.

Valuation Conclusion

Based on the Asset Appraisal Report, after implementing the above asset valuation procedures and methods, the Independent Valuer appraised the value of such Patents at RMB15,060,000 as at the Valuation Date.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The parties intend to cooperate to jointly establish the Joint Venture focusing on the research, development and industrialization of new energy battery technology. The establishment of the Joint Venture will enable the integration of the financial resources, research and development expertise, and manufacturing capabilities of the parties in the production and sales of new energy batteries. Leveraging the wide-temperature-range lithium-ion battery technology of Central South University, this innovation has overcome challenges associated with key materials such as cathode materials with rapid ion transport properties, wide-temperature-range electrolyte systems and composite carbon anodes, with the overall technology reaching internationally advanced standards. Building on these technologies, the Joint Venture plans to target diverse environmental applications, including extreme cold and heat, by launching products suitable for use across all geographical regions, including high-altitude, frigid environments, deserts and islands. This aims to address the industry-wide challenges faced by conventional lithium-ion battery cells, namely reduced discharge power and inability to charge at low temperatures, thereby effectively extending service life and reducing total life-cycle costs.

The Board considers that the consideration is fair and reasonable, as the consideration is not solely based on the valuation, but also determined with reference to the prospects of new energy batteries, long-term strategic development and the registered capital, as well as the synergies to be generated between the Group and the Joint Venture in the future. The Joint Venture will transform the university's scientific research achievements into commercialized products and expand their application scenarios. The Group is principally engaged in the research, development and manufacturing of innovative products for future technology businesses, as well as the provision of other innovative technology service solutions. Therefore, the abundant resources of the Joint Venture and the resource integration capabilities of the Group complement each other, and the consideration has reflected such long-term strategic benefits.

The Directors consider that the terms of the Capital Contribution Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the formation of the Joint Venture exceeds 5% but is less than 25%, the formation of the Joint Venture constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

INFORMATION ON THE PARTIES

The Company

The Company is an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and is principally engaged in investment holding. The Group is principally engaged in the research, development and manufacturing of innovative products for future technology businesses, as well as the provision of other innovative technology service solutions.

Shenzhen Kerong

Shenzhen Kerong Technology Co., Ltd.* (深圳科熔技術有限公司) is an indirect wholly-owned subsidiary of the Company established in the PRC, and its business scope includes the development of basic artificial intelligence software and industry application systems, integration of intelligent control and information systems, and data processing services.

Central South University

Central South University is a national key university directly under the Ministry of Education located in Changsha, Hunan Province, the PRC, and an independent third party.

CSU Asset Management

Central South University Asset Management Co., Ltd.* (中南大學資產經營有限公司) is a direct wholly-owned subsidiary of Central South University established in the PRC, and an independent third party.

Changsha Libao

Changsha Libao Technology Partnership (Limited Partnership)* (長沙力保科技合夥(有限合夥)) is a partnership established by the team (Professor Chen Libao's team) that invented the technologies related to the Patents, and an independent third party.

INFORMATION ON THE EXPERTS

The qualifications of the experts who have given their conclusions or opinions contained in this announcement are as follows:

Name	Qualification
Prism Hong Kong Limited	Certified Public Accountants
Hunan Sida Asset Appraisal Co., Ltd.* (湖南四達資產評估有限公司)	Independent professional valuer

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the experts is an associate independent of the Company and its connected persons. As at the date of this announcement, none of the experts has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the experts has given and has not withdrawn its written consent to the issue of this announcement with the inclusion herein of its letter or statement and references to its name in the form and context in which they appear.

The reporting accountants of the Company, Prism Hong Kong Limited ("**Prism**"), has reported on the arithmetical accuracy of the calculations of the discounted estimated future cash flows on which the valuation is based, which does not involve the adoption of accounting policies.

The Board has reviewed and considered the valuation, including the principal assumptions upon which the valuation is based. The Board has also considered the abovementioned report from Prism. Based on the above, the Board is of the view that the valuation has been made after due and careful enquiry. The letters from the Board and Prism issued pursuant to Rules 14.60A(2) and 14.60A(3) of the Listing Rules are set out in Appendix I and Appendix II to this announcement, respectively.

"Asset Appraisal Report"	the valuation report dated 29 March 2026 issued by Hunan Sida Asset Appraisal Co., Ltd.* (湖南四達資產評估有限公司);
"Board"	the board of Directors;
"Capital Contribution Agreement"	the capital contribution agreement dated 20 May 2026 entered into among Shenzhen Kerong, Central South University, CSU Asset Management and Changsha Libao in relation to the establishment of the Joint Venture;
"Central South University"	Central South University, a national key university directly under the Ministry of Education located in Changsha, Hunan Province, the PRC, and an independent third party;
"Changsha Libao"	Changsha Libao Technology Partnership (Limited Partnership)* (長沙力保科技合夥(有限合夥)), a partnership enterprise established in the PRC by the team (Professor Chen Libao's team) that invented the technologies related to the Patents, is an independent third party
"Company"	Genesis Scale Holdings Limited (瀚源控股有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 00439);
"CSU Asset Management"	Central South University Asset Management Co., Ltd.* (中南大學資產經營有限公司), a direct wholly-owned subsidiary of Central South University established in the PRC
"Director(s)"	the director(s) of the Company;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;

"Joint Venture"	the limited liability company to be established by Shenzhen Kerong, CSU Asset Management and Changsha Libao in accordance with the Capital Contribution Agreement and the PRC laws;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"PRC"	the People's Republic of China which, for the purpose of this announcement, does not include Hong Kong, the Macau Special Administrative Region and Taiwan;
"RMB"	Renminbi, the lawful currency of the PRC;
"Shareholder(s)"	holder(s) of the share(s) of the Company from time to time;
"Shenzhen Kerong"	Shenzhen Kerong Technology Co., Ltd.* (深圳科熔技術有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules;
"%"	per cent

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

Hong Kong, 20 May 2026

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

This announcement was prepared in Chinese; in the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

* *For identification purposes only*

Hong Kong, 20 May 2026

The Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square,
8 Connaught Place Central, Hong Kong

Dear Sirs/Madams,

DISCLOSEABLE TRANSACTION IN RELATION TO THE FORMATION OF THE JOINT VENTURE

We refer to the valuation report issued by Hunan Sida Asset Appraisal Co., Ltd.* (the "**Independent Valuer**") dated 29 March 2026 in relation to the valuation of (among others) the valuation of 7 core Patents held by Central South University related to the "Wide-temperature-range Lithium Battery Electrolyte and Separator Core Technologies and Intelligent Management System" (collectively, the "**Valuation**"), which constitutes a profit forecast under Rule 14.61 of the Listing Rules.

We have discussed different aspects with the Independent Valuer, including the bases and assumptions upon which the Valuation has been prepared, and have reviewed the Valuation for which the Independent Valuer is responsible. We have also considered the report from Prism Hong Kong Limited, regarding whether the calculations of the profit forecast have been properly compiled in accordance with the bases and assumptions set out in the valuation report. We note that the calculations of the profit forecast in the Valuation are arithmetically accurate, and the discounted cash flows will not be affected by the adoption of accounting policies.

Pursuant to the requirements of Rule 14.60A(3) of the Listing Rules, the board of directors (the "**Board**") of the Company confirms that the Valuation prepared by the Independent Valuer has been made after due and careful enquiry.

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

The following is the text extracted from a report received from Prism Hong Kong Limited, for the purpose of incorporation in this announcement.

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF THE PATENTS

To the directors of Genesis Scale Holdings Limited (the "**Company**")

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the "**Forecast**") on which the valuation dated 29 March 2026 (the "**Valuation**") prepared by Hunan Sida Asset Appraisal Co., Ltd.* (湖南四達資產評估有限公司) (the "**Valuer**") in respect of the valuation of patents in connection with the proposed formation of joint venture jointly owned by the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**"), Central South University Asset Management Co., Ltd.* (中南大學資產經營有限公司) ("**CSU Asset Management**") and Changsha Libao Technology Partnership (Limited Partnership)* (長沙力保科技合夥(有限合夥)("**Changsha Libao**") through a contribution of non-monetary assets by CSU Asset Management and Changsha Libao (the "**Target Assets**"). as set out in the announcement of the Company dated 20 May 2026 (the "**Announcement**"). The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities

The directors of the Company (the "**Directors**") are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the "**Assumptions**"), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out on page 9-10 of the Announcement.

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 Hong Kong Institute of Certified Public Accountants ("**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 Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 14.60A(2) of the Listing Rules, on the arithmetical accuracy of the calculations of the Forecast used in the Valuation based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target Assets. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respect in accordance with the Assumptions adopted by the Directors.

Prism Hong Kong Limited
Certified Public Accountants
Yip Chi Chiu

Practising Certificate Number: P06934

Hong Kong
20 May 2026

* *For identification purposes only*