瀚源控股
Genesis scale

Genesis Scale Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code：439)

2026
Interim Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Zhang Yangyang *(Chairman)*
Dr. Liu Weiwen
Mr. Lin Ge

Non-executive Directors

Mr. Li Chiu Ho (resigned on 8 April 2026)
Dr. Wong Kai Kit (resigned on 8 April 2026)

Independent Non-executive Directors

Mr. Choi Wing Koon
Mr. Zhang Xinxing
Ms. Chiu Wing Yan

AUDIT COMMITTEE

Mr. Choi Wing Koon *(Chairman)*
Mr. Zhang Xinxing
Ms. Chiu Wing Yan

REMUNERATION COMMITTEE

Ms. Chiu Wing Yan *(Chairman)*
Dr. Zhang Yangyang
Mr. Zhang Xinxing

NOMINATION COMMITTEE

Dr. Zhang Yangyang *(Chairman)*
Mr. Zhang Xinxing
Ms. Chiu Wing Yan

COMPANY SECRETARY

Mr. Cheng Chi Chung Kevin

AUDITOR

CLA Prism Hong Kong Limited
(formerly known as Prism Hong Kong Limited; name changed with effect from 21 August 2026)
Certified Public Accountants
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CORPORATE INFORMATION

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Bermuda

LEGAL ADVISOR AS TO HONG KONG LAW

Charles Wilson LLP
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100 Queen's Road Central,
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Construction Bank Corporation
PingAn Bank Co., Ltd.

STOCK CODE

439

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE REVIEW AND PROSPECTS

Genesis Scale Holdings Limited (the "**Company**") together with its subsidiaries (the "**Group**") are mainly engaged in the provision of AI-empowered terminal products and integrated technical services and solutions in various vertical fields ("**AI Business**") as well as the design, production and manufacturing of high-end industrial components ("**High-end Industrial Business**"). For the six months ended 30 June 2026 (the "**Period**"), the Group recorded a revenue of approximately HK$18.9 million, representing a year-on-year decrease of 43.8% (for the six months ended 30 June 2025: approximately HK$33.7 million); net loss for the Period was approximately HK$9.8 million (for the six months ended 30 June 2025: net profit of approximately HK$1.8 million). During the Period, sales of smart firefighting helmets increased; however, net profit declined due to a slowdown in demand for metal industrial components, and an increase in administrative expenses. During the Period, the Company actively advanced the implementation of its dual-track strategy – centered on AI-enabled new energy and new materials – and entered into an in-depth strategic partnership with Professor Chen Libao's team of Central South University, established a joint venture focused on the R&D and industrial production of wide-temperature range lithium-ion battery technology, which is expected to open up a new growth engine for the Group. In addition, the Group will also accelerate the implementation of a fully paperless and AI-driven office operation model to systematically reduce operating costs and improve management efficiency.

Strengthening Core Businesses and Expanding Strategic Areas

As of 30 June 2026, the Group, as a technological innovation enterprise focusing on AI technology, continues to cultivate AI products and empowering vertical industry applications by relying on its independently developed core underlying algorithms and big data platform. During the Period, driven by rising market demand, the Group's smart firefighter helmet business has recorded a steady growth since the completion of the first batch of mass- production deliveries. These helmets have been successfully deployed and put into practical use in emergency scenarios, leading to steady expansion of the business scale. On the other hand, due to a slowdown on the demand side, the Group's metal industrial components business experienced a decline in revenue during the Period. The management will continue to optimize product portfolios and market strategies to actively address cyclical industry fluctuations, while deepening the integration of artificial intelligence technology with industrial applications to foster a virtuous cycle between manufacturing capabilities and technological capabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

At the same time, with an eye on the cutting-edge trends in future industrial transformation and technological advancements, the Group, drawing on its in-depth analysis of global technology trends and its accumulated technical expertise in AI, industrial big data platforms, and precision manufacturing, is actively advancing the implementation of a dual-track strategy focused on new energy and new materials, with AI empowerment at its core, as well as reshaping the paradigm of R&D and innovation to establish a technological foundation that can be consolidated and reused. Building on this foundation, the Group can expand into diverse downstream industries such as healthcare, semiconductors and high-end manufacturing. On 20 May 2026, the Group's indirect wholly-owned subsidiary, 深圳瀚源科熔技術有限公司 ("**Shenzhen Kerong**", formerly known as Shenzhen Kerong Technology Co., Ltd.), entered into a capital contribution agreement with Central South University, Central South University Asset Management Co., Ltd. ("**CSU Asset Management**"), and Changsha Libao Technology Partnership (Limited Partnership) ("**Changsha Libao**"), pursuant to which the parties would jointly establish a joint venture, marking the establishment of an in-depth strategic partnership between the Group and Professor Chen Libao's team at Central South University. The joint venture has become a non-wholly-owned subsidiary of the Group; for details, please refer to the Company's announcement dated 20 May 2026. The joint venture will primarily engage in the research, development, and industrialization of new energy battery technology ("**Wide-temperature range lithium-ion battery technology**"), it is expected to generate synergies with the Group's existing businesses, such as smart helmets and smart industrial inspection systems, in areas including core component upgrades, scenario validation, and technology transfer. This will help the Group build core capabilities in market segments where it holds differentiated competitive advantages, such as high energy density, fast-charging performance, wide temperature range, and long cycle life, thereby creating a new growth engine for the Group.

In addition, during the Period, the Group actively optimized its asset structure and capital allocation. As disclosed in the Company's announcements dated 2 March 2026 and 15 April 2026, the Company received approval from its shareholders at the extraordinary general meeting held on 15 April 2026, for the authorization of disposal of KCT Shares, and within a 12-month period, the Group may dispose a total of 40,799,936 shares of KuangChi Technologies Co., Ltd. ("**KCT**") (representing approximately 1.89% of the total issued shares of KCT) held by the Group through the trading system of the Shenzhen Stock Exchange or by way of entering into the Block Trade Transactions at a price of not less than RMB33.56 per share. During the Period, the Group has sold a total of 2,770,000 KCT shares at an average selling price of approximately RMB38.88 per share, and the net proceeds from the disposal were approximately RMB107.6 million (after deducting the transaction costs and expenses incurred by the Group). The management believes that the sale will help the Group to withdraw funds, optimize its investment portfolio, and provide financial support for business expansion in strategic areas such as artificial intelligence, new energy and new materials.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and operating performance

The Group's revenue decreased by 43.8% from approximately HK$33.7 million for the six months ended 30 June 2025, to approximately HK$18.9 million for the Period. The change in revenue was primarily attributable to the net effect of (1) a decline in sales of metal industrial components due to a slowdown in demand; and (2) an increase in sales from the smart systems and smart firefighting helmet businesses, driven by rising market demand.

The net loss of the Group for the Period was approximately HK$9.8 million (for the six months ended 30 June 2025: net profit of approximately HK$1.8 million). This change was primarily due to an increase in administrative expenses during the Period, netting off by a higher base of financial income in the corresponding period in previous year.

Other Matters

On 8 April 2026, Dr. Wong Ka Kit and Mr. Li Chiu Ho resigned from their positions as non-executive directors of the Company, with effect from 8 April 2026, in order to devote more time to their other personal affairs. Following these resignations, the Board consists of three executive directors (Dr. Zhang Yangyang, Dr. Liu Weiwen, and Mr. Lin Ge) and three independent non-executive directors (Mr. Choi Wing Koon, Mr. Zhang Xinxing, and Ms. Chiu Wing Yan).

On 30 April 2026, the Company granted a total of 12,310,000 share options to certain eligible participants under its share option scheme, with an exercise price of HK$0.71 per share, representing approximately 2% of the Company's issued shares as of the grant date. During the Period, the Group recognized share-based payment expense of approximately HK$0.61 million for these options.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE INFORMATION AND REMUNERATION POLICIES

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

As of 30 June 2026, the Group had an aggregate of 90 employees (as of 31 December 2025: 125 employees). The decrease in the total number of employees during the Period was primarily due to the Group's ongoing efforts to optimize its organizational structure and streamline certain basic and replaceable functions. The Group will recruit highly skilled talents in AI algorithms, big data, electronic information, industrial design, intelligent manufacturing engineering and other areas from all over the world, and promote individual persons according to their strengths and development potential. During the Period, the Group recruited several high-level R&D and management professionals with expertise in the aforementioned cutting-edge technologies, upgrading its overall workforce structure toward high-value-added, technology-intensive roles. The Group determines the compensation packages for all employees (including directors) based on individual performance and current market salary levels.

During the Period, employee benefit expenses (including directors' remuneration) amounted to approximately HK$10,276,000 (for the six months ended 30 June 2025: approximately HK$8,286,000). Although the number of employees decreased, employee benefit expenses still increased, primarily due to: (i) the higher compensation levels for the high-end technology talents recruited by the Group, which drove up per-capita compensation expenses; (ii) an increase in directors' remuneration resulting from adjustments to their responsibilities and performance evaluations; and (iii) adjustments to compensation packages made by the Group to retain and motivate core talent in line with long-term development needs.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Period (2025: nil).

CAPITAL STRUCTURE

As at 30 June 2026, the Company has issued 615,692,886 ordinary shares. The Group finances its working capital requirements through cash generated from its business operation. The Group had bank and cash balances of approximately HK$227.2 million as at 30 June 2026, an increase of approximately HK$18.4 million as compared to 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2026, the Group's total shareholders' funds amounted to approximately HK$2,149.8 million (31 December 2025: HK$2,764.9 million). Total assets were approximately HK$2,413.7 million (31 December 2025: HK$3,240.2 million) and total liabilities were approximately HK$263.9 million (31 December 2025: HK$475.3 million).

As at 30 June 2026, the Group had bank and cash balances of approximately HK$227.2 million (31 December 2025: HK$208.8 million), the restricted bank deposits of approximately HK$31,000 (31 December 2025: HK$187,000) and no pledged bank deposits (31 December 2025: HK$1,945,000). The gearing ratio as of 30 June 2026, is calculated as net debt divided by total capital, defined as the percentage of the total interest-bearing debt, including bank borrowings of nil (31 December 2025: HK$65,535,000), to total capital, was not applicable (31 December 2025: nil) due to net cash.

As at 30 June 2026, the Group had no outstanding bank borrowings (31 December 2025: HK$65,535,000, of which approximately HK$16,057,000 and HK$49,478,000 were repayable within one year and after one year respectively, carried interest rate at the floating rates from 3.20% to 6.30% per annum).

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

Particulars of bank borrowings of the Group as at 30 June 2026 and 31 December 2025 are set out in note 22 to the interim condensed consolidated financial information.

PLEDGE OF ASSETS

As at 30 June 2026, right-of-use assets amounted to nil (31 December 2025: HK$65.8 million) and construction-in-progress amounted to nil (31 December 2025: HK$475.4 million) were pledged for the Group's bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As of 30 June 2026, the Group had a total capital commitment of approximately HK$47.7 million, contracted for but not yet incurred (31 December 2025: HK$47.9 million). Such capital commitments are expected to be funded by the Group's internal resources and/or borrowings.

CONTINGENT LIABILITIES

Save as disclosed elsewhere in the interim condensed consolidated financial information, as at 30 June 2026, the Group had no other contingent liabilities (31 December 2025: nil).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS

Investments in Financial Assets

Maintaining a Prudent Investment Strategy

In 2025, the domestic and international macroeconomic environment became increasingly complex, with intensifying geopolitical tensions, a sluggish global economic recovery, and growing industry competition. Against this backdrop, we adopted a prudent investment strategy while closely monitoring macroeconomic conditions, policy developments, and geopolitical shifts. We have maintained the same strategy during the Period.

During the year 2025, the Group had sold 3,893,724 shares of Kuang-Chi Technologies Co., Ltd. ("**KCT**") at an average price of RMB47.76 per share, generating net proceeds of RMB186.0 million (after deducting transaction costs and expenses incurred by the Group). Following shareholder approval on 15 April 2026, the Group will complete the sale of the remaining KCT shares, totaling 40,799,936 shares, representing 1.89% of the total issued shares of KCT. 2,770,000 shares of KCT had been sold during the Period.

In accordance with the Group's overall capital planning, in 2025, aside from the aforementioned shares of KCT, the Group has not undertaken any other investments or disposals involving stocks, bonds, or cryptocurrencies; in the equity investment sector, the Group continues to focus on AI and its role in driving and empowering the new energy and new materials sectors. The Group maintained continuous dialogue with leading global academic institutions, research organizations, and industry-leading partners, while continuously monitoring market conditions. On 20 May 2026, as stated in section headed "Formation of Joint Venture" in this announcement, the Group has formed a joint venture primarily engaged in the research, development and industrialization of new energy battery technology "Wide-temperature range lithium-ion battery technology".

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Risks: Major Risks and Uncertainties Faced by the Group

Investment operations serve as a key means for the Group to enhance shareholder value, generate returns, and maintain financial flexibility. During the term of the investments, the Group will also be exposed to risks such as fluctuations in stock and bond market prices, adverse changes in regulatory policies within the invested industries, and exchange rate fluctuations. The Group strictly adhere to established processes and policies in investment decision-making and subsequent management to mitigate such risks as much as possible; however, it cannot guarantee that events giving rise to such risks will not occur.

Investment Policy:

I. Objectives and Scope of the Investment Policy

The Group has established an investment management policy (the "Investment Policy") to ensure that the utilization of the Group's cash aligns with shareholder expectations and the Group's overall strategy, while adhering to the principles of prudence, transparency, and accountability. When the Group holds cash in excess of its medium-term operational and strategic needs, the Board will consider implementing a strictly controlled investment program to enhance shareholder value, generate returns, and maintain financial flexibility.

With respect to listed equities, the Directors confirm that the Group's investment objective, as set forth in the Investment Policy, is to invest cash in liquid publicly traded equities to generate income and potential capital appreciation while maintaining flexibility. Such investments are classified by nature into strategic (medium- to long-term) and non-strategic (short-term) categories, with no intention of acquiring control of or significant influence over the issuer. These investments will be managed against appropriate benchmarks and adhere to a rigorous risk budget and defined holding periods.

Permitted investment instruments include listed equities, time deposits with licensed banks, high-quality money market instruments, investment-grade fixed-income securities, and (where applicable) exchange-traded funds and regulated funds that meet pre-set liquidity, concentration, and credit quality standards. With respect to listed equities, the investment policy emphasizes investments in highly liquid securities listed on recognized exchanges and entities with acceptable corporate governance and disclosure standards. The Group may also make investments in cryptocurrencies in accordance with parameters established under the investment policy.

MANAGEMENT DISCUSSION AND ANALYSIS

Prohibited investments include unregulated collective investment schemes, short selling activities not specifically approved by the Board, and any investments that may result in excessive concentration, insufficient liquidity, or conflicts of interest.

The objectives of the Investment Policy include (a) establishing measurable limits, performance benchmarks, and review cycles to ensure the investment portfolio remains within the Group's acceptable risk tolerance and meets shareholder expectations, and (b) promoting the effective allocation of resources to improve asset quality through capital appreciation, effective risk mitigation, and the protection and enhancement of shareholder equity value and the value of the Group's business activities, while achieving the targeted investment returns. The Group regularly measures the performance of each permitted investment against the aforementioned objectives.

II. Approval and Oversight Mechanisms

The Board bears ultimate responsibility for Investment Policy, risk tolerance, and capital allocation. Day-to-day investment operations are delegated to the Investment Department pursuant to clear delegations of authority, which includes defined decision-making limits and escalation thresholds.

The Investment Department consists of professionals with extensive investment and financial experience. They possess the capability to manage investments and risks and are responsible for overseeing portfolio strategies, approving investments within authorized limits, monitoring performance and risk indicators against benchmarks and limits, and reviewing compliance with investment policies.

(a) Pre-trade compliance reviews, including issuer and industry restrictions, liquidity thresholds, screening against restricted lists, and market conduct regulations, are mandatory requirements for trading listed securities.

(b) Post-trade monitoring must comply with risk limits. Transactions exceeding management's delegated authority or standard business parameters must be approved in advance by the Board or its designated committee.

MANAGEMENT DISCUSSION AND ANALYSIS

All transactions involving related parties or potential conflicts of interest must undergo enhanced review, independent verification, and (where applicable) full compliance with the Listing Rules. Transactions in the Company's own securities and those of related parties must comply with the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers, and adhere to prescribed lock-up periods, pre-approval requirements, and disclosure procedures.

In addition to the Investment Department, the Group's Legal Department will also support the Investment Department in maintaining ongoing compliance with applicable laws and regulations, including the Listing Rules. The Company maintains up-to-date information on its investment projects, covering asset ratios, consideration ratios, profit ratios, and revenue ratios. Furthermore, the Company maintains a list of related parties to determine whether relevant transactions constitute related-party transactions for the Company. All investments are executed within authorized limits and comply with the provisions of Chapters 13, 14, and 14A of the Listing Rules.

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

In addition to the Investment Department, the Finance Department is also responsible for the financial management of investment projects, including collaborating with the Investment Department on feasibility analysis, fundraising, capital allocation, and utilization; performing accounting tasks for relevant projects; and reviewing and supervising their legality and authenticity.

The Audit Committee will conduct spot checks and inspections on a regular or ad hoc basis to ensure compliance with the Group's investment decision-making process and will report to the Board on a regular basis.

MANAGEMENT DISCUSSION AND ANALYSIS

III. *Risk Management and Internal Controls*

The Group's investment risk management functions span the entire investment lifecycle, as detailed below:

(a) Investment policies establish quantitative risk limits, including maximum allocation ratios by asset class, issuer, counterparty, and instrument type; minimum average credit quality for fixed-income portfolios; duration; and stop-loss trigger mechanisms and escalation procedures. For listed equities, concentration risk is controlled by identifying single-issuer, sector, and index weighting limits, as well as minimum free float and average daily trading volume thresholds.

(b) Counterparty risk is managed through onboarding review and ongoing monitoring standards, minimum counterparty credit ratings, and diversified counterparty allocation.

(c) Liquidity management is ensured through a tiered liquidity ladder designed to cover operating cash flows and committed obligations. Eligibility for listed equities is limited to securities that meet minimum liquidity and settlement standards, and bid-ask spreads, market depth, and trading volume are continuously monitored.

To implement the aforementioned risk management functions, the Group also implements the following ongoing measures:

(1) The Group's Investment Department monitors and analyzes changes in the value of the investment portfolio and issues risk investment reports. The reports cover investment decisions, the quality of investment assets, investment gains and losses, risk monitoring, and other significant matters for evaluation purposes;

(2) The Group's Finance Department works with the Board to oversee investment projects, promptly proposes corrective measures for non-compliance, and submits special reports on significant matters for review;

(3) The Group's investment project managers conduct regular qualitative and quantitative analyses to comprehensively assess the macroeconomic environment, national policies, market liquidity, and valuation levels, in order to determine financial market trends and the relative investment value of different asset classes across various stages of the economic cycle;

MANAGEMENT DISCUSSION AND ANALYSIS

(4) If the Group plans to engage in overseas equity, futures, and derivatives trading, the Investment Department will assess the political, economic, and legal risks of the relevant countries and regions to determine the necessity of such transactions, while fully considering market liquidity, exchange rate fluctuations, and other relevant factors; and

(5) If an investment project triggers a risk warning or meets exit criteria, the Group will continuously reassess alternative options and exit strategies.

The Group establishes quantitative risk limits (including various parameters) for different asset classes of investments.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

At the special general meeting held on 15 April 2026, the Company's shareholders duly passed an ordinary resolution authorising the directors to dispose of up to 40,799,936 KCT shares (the "**KCT Share Sales Mandate**") at a minimum price of RMB33.56 per share, through the Shenzhen Stock Exchange or block trades, with the mandate valid for 12 months from that date. As at 30 June 2026, the Group held 38,029,936 ordinary shares of KCT, which represented approximately 1.77% of the total number of the KCT shares in issue. 2,770,000 KCT shares were disposed under the KCT Share Sales Mandate and during the Period. The Board will continue to monitor market conditions and will consider executing the disposals when appropriate, in the best interests of the Company and its shareholders. Details please refer to the Company's announcement on 3 February 2026 and the circular published on 27 March 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

KCT declared dividend of RMB0.35 per every 10 KCT shares on 24 June 2026 and the Group received approximately RMB1,331,000 (equivalent to approximately HK$1,521,000) on 30 June 2026.

As at 30 June 2026, the carrying amount of the share of KCT is HK$1,331,678,000 (31 December 2025: HK$2,216,993,000), which represented 55.2% (31 December 2025: 68.4%) of the total assets of the Group.

For the Period, the fair value loss of approximately HK$707.8 million (31 December 2025: fair value gain HK$26.0 million) was recognised in other comprehensive income.

FORMATION OF JOINT VENTURE

On 20 May 2026, Shenzhen Kerong Technology Co., Ltd.("**Shenzhen Kerong**", now known as 深圳瀚源科熔技術有限公司), an indirect wholly-owned subsidiary of the Company, entered into the Capital Contribution Agreement with Central South University, Central South University Asset Management Co., Ltd.("**CSU Asset Management**") and Changsha Libao Technology Partnership (Limited Partnership) ("**Changsha Libao**") pursuant to which the parties will jointly establish a joint venture company (the "**Joint Venture**"). 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 Joint Venture has become a non-wholly owned subsidiary of the Group. Please refer to the Company's announcement dated 20 May 2026 for details.

The Joint Venture will be primarily engaged in the research, development and industrialization of new energy battery technology "wide-temperature range lithium-ion battery technology".

Save as disclosed elsewhere in this report, 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 Period.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUING CONNECTED TRANSACTIONS, CONNECTED TRANSACTIONS AND OTHER RELATED PARTY TRANSACTIONS

Save as disclosed below, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this report in compliance with the requirements of Chapter 14A of the Listing Rules during the Period. The Directors confirm that they have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Continuing connected transactions

During the Period, the Group did not have any continuing connected transactions which are required to be disclosed in this report.

Connected transactions

During the Period, the Group did not have any connected transactions which are required to be disclosed in this report.

Other related party transactions

The other related party transactions during the Period as disclosed in note 26 to the interim condensed consolidated financial information are de minimis transactions that are exempted from announcement and/or independent shareholders' approval under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions entered into by the Group during the Period.

EVENT AFTER THE REPORTING PERIOD

There was no significant event which would cause material impact on the Group from the end of the Period to the date of this report.

FUTURE PLANS FOR MATERIAL INVESTMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

UPDATE ON THE AUDIT QUALIFICATION FOR THE YEAR ENDED 31 DECEMBER 2025

We refer to details contained in the 2025 annual report in connection with the qualified opinion as disclosed in the independent auditor's report for the year ended 31 December 2025 (the "**Audit Qualification**") relating to a litigation claim arising from a dispute between the Group and the customer on a sales contract. Full provision of the loss of RMB108,300,000 in respect of the legal claim had been made in the consolidated financial statements for the year ended 31 December 2025. The Board of directors (including the Audit Committee) considers that the relevant audit issue has been addressed as the financial effects of the litigation claim had been fully reflected in the consolidated financial statements for the year ended 31 December 2025.

Management understands that the matter giving rise to the qualified opinion related to the effect on the Group's opening balances, comparative figures and profit and loss for the year ended 31 December 2025, and that, as the financial effects of the litigation claim had been fully reflected in the consolidated financial statements for the year ended 31 December 2025, the relevant financial impact had been addressed as at 31 December 2025. Accordingly, based on the information currently available, the Board considers that the matter does not have a material impact on the Group's interim consolidated financial statements for the six months ended 30 June 2026, and is not expected, in itself, to have a material impact on the Group's consolidated financial statements for the year ending 31 December 2026.

SHARE OPTION SCHEME

Share option scheme adopted on 31 July 2012 (the "2012 Share Option Scheme")

The Company maintains a share option scheme of the Company for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Group.

The 2012 Share Option Scheme expired on 31 July 2022 in accordance with its terms, being the 10th anniversary of its adoption. No further options could be granted after such expiry.

All options previously granted under the 2012 Share Option Scheme had several exercise periods from their respective dates of grant. The final tranche of outstanding options under the 2012 Share Option Scheme expired on 21 April 2026. Accordingly, all options granted under the 2012 Share Option Scheme have now lapsed in full, and there are no outstanding options under the 2012 Share Option Scheme as at the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Movement of options granted under the Share Option Scheme is as follows:

Category of participant	Date of Grant	Exercise price (HK$)	Exercisable period[1]	Closing price immediately prior to date of grant (HK$)	Outstanding as at 1 January 2026	Granted during the Period	Exercised during the Period	Weighted average closing price immediately prior to date of exercise of options (HK$)	Lapsed during the Period	Cancelled during the Period	Outstanding as at 30 June 2026
Executive Director											
Liu Weiwen	22.4.2021	2.290	22.4.2022 to 21.4.2026[2]	2.290	120,000	–	–	N/A	(120,000)	–	0
Employees	22.4.2021	2.290	22.4.2022 to 21.4.2026[2]	2.290	390,000	–	–	N/A	(390,000)	–	0

1) Vesting of the share options is conditional upon the achievement of certain performance targets as set out in respective offer letters.

2) Commencing from the first, second and third anniversaries of the date of grant of the options, the relevant grantee may exercise up to 33%, 33% and 34% respectively of the options granted.

Save as disclosed above, no share options were granted, exercised or cancelled during the Period.

Share option scheme adopted on 1 December 2025 (the "2025 Share Option Scheme")

The 2025 Share Option Scheme was adopted on 1 December 2025. The total number of shares available for issue upon exercise of all options to be granted under the 2025 Share Option Scheme is 61,569,288 shares, representing 10% of the total number of issued shares of the Company (excluding treasury shares) at the adoption date 1 December 2025 unless approval from the Company's shareholders.

The following table discloses the movements in the Company's share options held by each of the directors, chief executive or substantial shareholders or their respective associates, and the employees of the Company in aggregate granted under the 2025 Share Option Scheme during the period ended 30 June 2026:

MANAGEMENT DISCUSSION AND ANALYSIS

Movement of options granted under the 2025 Share Option Scheme is as follows:

Category of participant	Date of Grant	Exercise price (HK$)	Exercisable period[1]	Closing price immediately prior to date of grant (HK$)	Outstanding as at 1 January 2026	Granted during the Period	Exercised during the Period	Weighted average closing price immediately prior to date of exercise of options (HK$)	Lapsed during the Period	Cancelled during the Period	Outstanding as at 30 June 2026
(i) Executive Directors											
Zhang Yangyang	30 April 2026	0.71	30/04/2027 to 30/04/2028	0.71	–	6,150,000	–	N/A	–	–	6,150,000
Liu Weiwen	30 April 2026	0.71	30/04/2027 to 30/04/2028	0.71	–	2,850,000	–	N/A	–	–	2,850,000
Lin Ge	30 April 2026	0.71	30/04/2027 to 30/04/2028	0.71	–	400,000	–	N/A	–	–	400,000
(ii) Other Employees											
Other Employees in aggregate	30 April 2026	0.71	30/04/2027 to 30/04/2028	0.71	–	2,910,000	–	N/A	–	–	2,910,000
Total					–	12,310,000	–	N/A	–	–	12,310,000

1) Vesting of the share options is conditional upon the achievement of certain performance targets as set out in respective offer letters.

2) Commencing from the first and second anniversaries of the date of grant of the options, the relevant grantee may exercise up to 50% and 50% respectively of the options granted.

The number of share options available for grant under the 2025 Share Option Scheme as at 30 June 2026 was 49,259,288 (31 December 2025: 61,569,288).

Save as disclosed above, no share options were granted, exercised or cancelled during the Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2026, the following Directors or chief executives of the Company or his associates had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), or as recorded in the register to be kept under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

	Number of shares held				
Name of Director/ Chief executive	Personal interest	Corporate interests	Number of underlying shares held Personal interest	Total	Approximate percentage of total issued shares
Dr. Zhang Yangyang	–	–	6,150,000 (L) (note 2)	6,150,000 (L) (note 2)	0.99%
Dr. Liu Weiwen	–	–	2,850,000 (L) (note 2)	2,850,000 (L) (note 2)	0.46%
Mr. Lin Ge	–	–	400,000 (L) (note 2)	400,000 (L) (note 2)	0.065%

Notes:

1. "L" represents long position in shares/underlying shares and "S" represents short position in shares.

2. This represents interests in the share options of the Company held by each executive Director.

3. As of 30 June 2026, the issued shares of the company were 615,692,886.

Save as disclosed above, as at 30 June 2026, no interests or short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company or their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2026, the following shareholders had interests, directly or indirectly, or short positions in the shares and underlying shares of the Company would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Substantial Shareholder	Capacity	Number of shares held	Approximate percentage of total issued shares
Freedom Bless Limited (note 2)	Beneficial owner	178,550,936 (L)	28.99%
Lam Ka Yan	Interest of controlled corporation	178,550,936 (L)	28.99%
Ms. Huang Weizi (note 3)	Interest of spouse	73,615,064 (L)	11.96%
Dr. Liu Ruopeng (note 3)	Interest of controlled corporation	73,615,064 (L)	11.96%
New Horizon Wireless Technology Limited	Beneficial owner	60,786,205 (L)	9.87%
Wireless Connection Innovative Technology Limited	Interest of controlled corporation	60,786,205 (L)	9.87%
深圳光啟融合科技集團有限公司 (*Shenzhen Kuang-Chi Convergence Technology Group Co., Ltd.) (formerly known as 深圳光啟合眾科技有限公司 (*Shenzhen Kuang-Chi Hezhong Technology Ltd.))	Interest of controlled corporation	60,836,205 (L)	9.88%
深圳大鵬光啟投資諮詢有限責任公司(*Shenzhen Dapeng Kuang-Chi Investment Consulting Co., Ltd.)	Interest of controlled corporation	73,565,064 (L)	11.94%
Central Faith International Ltd.	Beneficial owner and Interest of controlled corporation	97,298,101 (L)	15.80%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

Name of Substantial Shareholder	Capacity	Number of shares held	Approximate percentage of total issued shares
World Treasure Global Limited (note 4)	Beneficial owner	61,898,101 (L)	10.05%
Ye Cheng (note 5)	Interest of controlled corporation	34,747,198 (L)	5.64%

* *For identification purpose only*

Notes:

1. "L" represents long position in shares/underlying shares and "S" represents short position in shares.

2. Freedom Bless Limited is wholly owned by Lam Ka Yan.

3. This represents the interest in the shares of the Company held by (i) New Horizon Wireless Technology Limited ("New Horizon Wireless"); (ii) New Horizon Wireless Communication Limited ("New Horizon Communication"); and (iii) Sky Asia Holdings Limited ("Sky Asia"). Ms. Huang Weizi ("Ms. Huang"), being the spouse of Dr. Liu Ruopeng, is deemed to be interested in the same number of shares held by (i) New Horizon Wireless; (ii) New Horizon Communication; and (iii) Sky Asia.

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

5. Based on the disclosure of interests' forms submitted by the substantial shareholders respectively as of 30 June 2026.

6. As of 30 June 2026, the issued shares of the Company were 615,692,886.

Save as disclosed above, as at 30 June 2026, the Company was not aware of any other person (other than the Directors or chief executives of the Company) who had an interest, directly or indirectly, or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The board (the "**Board**") of Directors acknowledges the importance of a high standard 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 emphasis an effective internal control and accountability to all shareholders.

The Board is responsible for performing the corporate governance functions in accordance with the applicable code provisions of the Corporate Governance Code ("**CG Code**") as set out in Part 2 of Appendix C1 to the Listing Rules. The Board is committed to complying with the code provisions as stated in the CG Code to the extent that the Directors consider it is applicable and practical to the Company.

During the Period, the Company has complied with all the code provisions in the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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 (the "**Model Code**") as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry procedures by the Company, that they had complied with the requirements as set out in the Model Code throughout the Period.

CHANGE OF DIRECTORS' INFORMATION

On 8 April 2026, Mr. Li Chiu Ho and Dr. Wong Kai Kit resigned from their positions as non-executive Directors of the Company.

On 28 July 2026, Mr. Lin Ge, an executive Director of the Company, appointed as an independent non-executive Director of DL Holdings Group Limited (stock code: 1709, a company listed on the Main Board of the Stock Exchange).

On 10 August 2026, Mr. Choi Wing Koon, an independent non-executive Director of the Company, resigned from the position of the financial controller, company secretary and authorised representative of the Huanxi Media Group Limited (stock code: 1003, a company listed on the Main Board of the Stock Exchange).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, during the six months ended 30 June 2026 and up to the date of this report, there has been no changes to the information of Directors and chief executives of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at 30 June 2026, the Company did not hold any of treasury shares.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

The Group had no major litigation or arbitration proceedings during the Period.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

Save as disclosed in this report, the Group had no significant investment, disposals and acquisition of subsidiaries, associates or joint ventures during the Period.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Directors confirmed that as at the date of this report, there are no current plans to acquire any material investment or capital assets.

CONSTITUTIONAL DOCUMENTS

The proposed amendments to the Company's Bye-laws and the adoption of the new Bye-laws were approved by shareholders at the annual general meeting on 30 June 2026.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the interim results of the Group for the six months ended 30 June 2026. The Audit Committee is satisfied with the review and the Board is also satisfied with the Audit Committee's report.

On behalf of the Board
Genesis Scale Holdings Limited
Dr. Zhang Yangyang
Chairman and executive Director

Hong Kong, 31 August 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Notes	Six months ended 30 June 2026 HK$'000 (unaudited)	2025 HK$'000 (unaudited)
Revenue	6	**18,902**	33,656
Cost of sales		**(11,548)**	(24,750)
Gross profit		**7,354**	8,906
Other income	7	**5,097**	1,495
Other gains, net	8	**461**	3,791
Impairment loss on trade receivables		**(1,727)**	(3,152)
Selling and distribution expenses		**(974)**	(639)
Research and development expenses		**(2,495)**	(3,076)
Administrative expenses		**(16,050)**	(11,829)
Operating loss	9	**(8,334)**	(4,504)
Finance income		**57**	7,195
Finance costs		**(65)**	(9)
Finance (costs)/income, net		**(8)**	7,186
Share of losses of an associate		**(893)**	(703)
(Loss)/profit before tax		**(9,235)**	1,979
Income tax expense	10	**(547)**	(158)
(Loss)/profit for the period		**(9,782)**	1,821
(Loss)/profit for the period attributable to:			
Owners of the Company		**(9,782)**	1,821
		(9,782)	1,821
(Loss)/earnings per share			
Basic (HK cents per share)	12	**(1.59)**	0.30
Diluted (HK cents per share)	12	**(1.59)**	0.30

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Notes	Six months ended 30 June **2026** **HK$'000** **(unaudited)**	 2025 HK$'000 (unaudited)
(Loss)/profit for the period		**(9,782)**	1,821
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**91,331**	87,537
Items that will not be subsequently reclassified to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income ("FVOCI"), net of deferred tax	17	**(707,773)**	(325,836)
Other comprehensive loss, net of tax		**(616,442)**	(238,299)
Total comprehensive loss for the period		**(626,224)**	(236,478)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(626,224)**	(236,478)
		(626,224)	(236,478)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Notes	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	**541,144**	512,959
Investment properties	14	**102,325**	101,218
Right-of-use assets	15	**67,081**	65,828
Intangible assets	16	**263**	–
Financial assets at fair value through other comprehensive income	17	**1,331,678**	2,216,993
Investment in an associate		**49,684**	48,812
Total non-current assets		**2,092,175**	2,945,810
CURRENT ASSETS			
Inventories		**15,269**	14,577
Contract assets		**10,027**	9,676
Trade and other receivables	18	**68,959**	59,130
Loan receivables	19	**–**	–
Pledged bank deposits		**–**	1,945
Restricted bank deposits		**31**	187
Bank and cash balances		**227,247**	208,839
Total current assets		**321,533**	294,354
Total assets		**2,413,708**	3,240,164

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Notes	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
EQUITY			
Share capital	20	**61,569**	61,569
Other reserves	21	**2,793,655**	3,449,329
Accumulated losses		**(705,452)**	(746,002)
Total equity		**2,149,772**	2,764,896
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank borrowings	22	**–**	49,478
Deferred tax liabilities		**172,120**	303,945
Total non-current liabilities		**172,120**	353,423
CURRENT LIABILITIES			
Trade and other payables	23	**84,156**	95,117
Contract liabilities		**731**	535
Deferred government grants		**6,929**	7,233
Current tax payable		**–**	2,903
Bank borrowings	22	**–**	16,057
Total current liabilities		**91,816**	121,845
Total liabilities		**263,936**	475,268
Total equity and liabilities		**2,413,708**	3,240,164

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Share capital HK$'000 (Note 20)	Other reserves HK$'000 (Note 21)	Accumulated losses HK$'000	Total HK$'000
At 1 January 2026	61,569	3,449,329	(746,002)	2,764,896
Loss for the period	–	–	(9,782)	(9,782)
Other comprehensive income/(loss) for the period:				
– Currency translation differences	–	91,331	–	91,331
– Changes in fair value of FVOCI, net of deferred tax	–	(707,773)	–	(707,773)
Total comprehensive loss for the period	–	(616,442)	(9,782)	(626,224)
Transfer upon disposal of financial assets at FVOCI, net of deferred tax	–	(37,927)	48,416	10,489
Lapse of share options	–	(1,916)	1,916	–
Recognition of share-based compensation expenses	–	611	–	611
At 30 June 2026 (unaudited)	61,569	2,793,655	(705,452)	2,149,772

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Share capital HK$'000 (Note 20)	Other reserves HK$'000 (Note 21)	Accumulated losses HK$'000	Total HK$'000
At 1 January 2025	61,569	3,380,055	(714,242)	2,727,382
Profit for the period	–	–	1,821	1,821
Other comprehensive income/(loss) for the period:				
– Currency translation differences	–	87,537	–	87,537
– FVOCI, net of deferred tax	–	(325,836)	–	(325,836)
Total comprehensive income/(loss) for the period	–	(238,299)	1,821	(236,478)
At 30 June 2025 (unaudited)	61,569	3,141,756	(712,421)	2,490,904

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
CASH FLOW FROM OPERATING ACTIVITIES		
NET CASH USED IN OPERATING ACTIVITIES	**(27,511)**	(87,790)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	**(11,655)**	(7,118)
Interest received	**57**	7,186
Decrease in restricted bank deposits	**156**	–
Decrease in pledged bank deposits	**1,945**	–
Proceeds from disposal of financial assets at FVOCI	**117,712**	–
NET CASH GENERATED FROM INVESTING ACTIVITIES	**108,215**	68
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from bank borrowings	**–**	30,000
Repayment of bank borrowings	**(65,535)**	(14,227)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(65,535)**	15,773
NET INCREASE/(DECREASE) IN BANK AND CASH BALANCES	**15,169**	(71,949)
BANK AND CASH BALANCES AT THE BEGINNING OF THE PERIOD	**208,839**	147,259
Effect of foreign exchange rate changes	**3,239**	2,454
BANK AND CASH BALANCES AT THE END OF THE PERIOD	**227,247**	77,764
ANALYSIS OF BANK AND CASH BALANCES		
Cash and cash equivalents	**227,247**	77,764

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

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 Richmond House, 12 Par-la-ville Road, Hamilton HM 08, 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, development and manufacturing of innovative products for future technology business and provision of other innovative technology service solution.

The interim condensed consolidated financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated.

The interim condensed consolidated financial information has been approved for issue by the Board on 31 August 2026. The interim condensed consolidated financial information has not been audited or reviewed by the external auditor.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

This interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2025, which have been prepared in accordance with HKFRS Accounting Standards issued by HKICPA. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

The interim condensed consolidated financial information has been prepared on the historical cost basis, except for investment properties and financial assets at fair value through other comprehensive income which are measured at fair values.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other than changes in accounting policies resulting from application of new and amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the interim condensed consolidated financial information for the six months ended 30 June 2026 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2025.

(a) New and amended standards adopted by the Group

In the period, the Group has applied the following new standards and amendments to HKFRS Accounting Standards for the first time for their reporting period commencing 1 January 2026:

Amendments to HKFRS 7 and 9	Classification and Measurement of Financial Instruments
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11
Amendments to HKFRS 7 and 9	Contracts Referencing Nature-dependent Electricity

The adoption of these amendments to standards did not result in a significant impact on the Group's financial position and results.

(b) Impact of standards issued but not yet applied by the Group

The following new standards and amendment to standards and interpretations have been issued but are not mandatory for the financial period beginning 1 January 2026 and have not been early adopted:

HKFRS 18	Presentation and Disclosure in Financial Statements(1)
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency(1)
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(2)

(1) Effective for the Group for annual period beginning on 1 January 2027.

(2) Effective date to be determined.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Impact of standards issued but not yet applied by the Group (Continued)

Management is assessing the impact of the above amendments to standards and interpretations, which have been issued but are not yet effective for 2026, on the operations of the Group, and is yet to be in the position to conclude the impact.

There are no other HKFRS Accounting Standards that are effective for the first time for this period that could be expected to have a material impact on the Group.

4 ESTIMATES

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgements made by management in applying the accounting policies of the Group and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2025.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The activities of the Group expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2025.

5.2 Fair value estimation

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows the underneath table.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.2 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

The following table presents the financial assets and financial liabilities of the Group which are measured and recognised at fair value at 30 June 2026 and 31 December 2025 on a recurring basis:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 30 June 2026				
Financial assets				
Financial assets at fair value through other comprehensive income – Listed equity security	**1,331,678**	**–**	**–**	**1,331,678**
	1,331,678	**–**	**–**	**1,331,678**
At 31 December 2025				
Financial assets				
Financial assets at fair value through other comprehensive income – Listed equity security	2,216,993	–	–	2,216,993
	2,216,993	–	–	2,216,993

The policy of the Group is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.2 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(b) Valuation processes

The finance department of the Group includes a team that performs the valuation of financial asset required for financial reporting purposes, including Level 3 fair values. This team reports directly to the Chief Financial Officer (“CFO”) and the Audit Committee (“AC”). Discussion of valuation processes and results are held between the CFO, AC and the valuation team.

6 REVENUE AND SEGMENT INFORMATION

The financial information provided to the chief operating decision-maker ("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.

(a) An analysis of the Group's revenue for the period is as follows:

	Unaudited Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sale of wearable smart helmets	**1,736**	874
– Sale of metal component products	**17,166**	32,782
	18,902	33,656

(b) Geographical information

Information about the revenue from operations of the Group from external customers is presented based on the location of the goods or services delivered. Information about the non-current assets of the Group is presented based on the geographical locations of the assets.

	Revenue from external customers Six months ended 30 June		Non-current assets*	
			30 June	31 December
	2026	2025	**2026**	2025
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
PRC	**18,902**	33,656	**760,497**	728,817

* Non-current assets exclude financial assets at FVOCI.

7 OTHER INCOME

	Unaudited Six months ended 30 June 2026 HK$'000	2025 HK$'000
Government grants	**622**	32
Rental income from investment properties	**1,156**	874
Dividend income from financial assets at FVOCI	**1,521**	–
Sundry income	**1,798**	589
	5,097	1,495

8 OTHER GAINS, NET

	Unaudited Six months ended 30 June 2026 HK$'000	2025 HK$'000
Exchange gains, net	**461**	692
Gain on deregistration of a subsidiary	**–**	3,099
	461	3,791

9 OPERATING LOSS

Operating loss has been arrived at after charging:

	Unaudited Six months ended 30 June 2026 HK$'000	2025 HK$'000
Cost of sales	**11,548**	24,750
Salaries, wages and other benefits	**8,048**	7,432
Amortisation of intangible assets	**2**	3
Depreciation of property, plant and equipment	**2,213**	450
Amortisation of right-of-use assets	**1,128**	1,063
Directors' emoluments	**2,228**	854
Operating lease expenses relating to short-term leases	**73**	79
Impairment loss on trade receivables	**1,727**	3,152

10 INCOME TAX EXPENSE

	Notes	Unaudited Six months ended 30 June **2026** **HK$'000**	 2025 HK$'000
Current income tax expenses			
Hong Kong profits tax	(i)	**–**	–
PRC Corporate Income Tax	(ii)	**547**	158
		547	158

Notes:

(i) During the six months ended 30 June 2026 and 2025, Hong Kong profits tax is calculated at the rate of 16.5% on the estimated assessable profit for each reporting period. No Hong Kong profits tax has been provided for the six months ended 30 June 2026 and 2025 as the Group has no assessable profits derived in Hong Kong.

(ii) The PRC Corporate Income Tax represents taxation charged on assessable profits for the periods at the rates of taxation prevailing in the cities in the PRC in which the Group operates.

The tax rate applicable to subsidiaries in the PRC is 25% (2025: 25%), except for the PRC subsidiaries established in Qianhai and a PRC subsidiary that was approved as High and New Technology Enterprise which are subject to PRC Corporate Income Tax at a rate of 15% for 3 years from 2025 to 2028 (2025: 15%).

11 DIVIDEND

No dividend was paid, declared or proposed by the Company during the six months ended 30 June 2026 and 2025.

12 (LOSS)/EARNINGS PER SHARE

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

	Unaudited Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
(Loss)/earnings for the purpose of computing basic and diluted (loss)/earnings per share	**(9,782)**	1,821

	Unaudited Six months ended 30 June	
	2026	2025
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purpose of computing basic and diluted (loss)/earnings per share	**615,693**	615,693

For the six months ended 30 June 2026 and 2025, the computation of diluted (loss)/earnings per share does not assume the exercise of the outstanding share options issued because the exercise price of these options was higher than the average market price of the Company's shares.

13 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Furniture and fixture HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST						
At 1 January 2025	10,307	200	5,566	2,033	442,551	460,657
Additions	28,595	–	52	2,593	9,922	41,162
Disposal/written-off	–	(46)	(814)	–	–	(860)
Currency translation differences	1,241	8	266	132	22,915	24,562
At 31 December 2025	**40,143**	**162**	**5,070**	**4,758**	**475,388**	**525,521**
Additions	**–**	**–**	**–**	**9,317**	**2,338**	**11,655**
Currency translation differences	**1,459**	**6**	**179**	**246**	**17,306**	**19,196**
At 30 June 2026	**41,602**	**168**	**5,249**	**14,321**	**495,032**	**556,372**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2025	4,123	200	5,446	2,033	–	11,802
Depreciation	680	–	50	318	–	1,048
Disposal/written-off	–	(46)	(814)	–	–	(860)
Currency translation differences	228	8	260	76	–	572
At 31 December 2025	**5,031**	**162**	**4,942**	**2,427**	**–**	**12,562**
Depreciation	**1,839**	**–**	**33**	**341**	**–**	**2,213**
Currency translation differences	**202**	**6**	**179**	**66**	**–**	**453**
At 30 June 2026	**7,072**	**168**	**5,154**	**2,834**	**–**	**15,228**
CARRYING AMOUNTS						
At 30 June 2026	**34,530**	**–**	**95**	**11,487**	**495,032**	**541,144**
At 31 December 2025	35,112	–	128	2,331	475,388	512,959

14 INVESTMENT PROPERTIES

The Group leases out properties under operating leases with rentals payable monthly. The leases typically run for an initial period of one year.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
COST		
At 1 January	**125,083**	118,988
Currency translation differences	**4,546**	6,095
At 30 June/31 December	**129,629**	125,083
ACCUMULATED DEPRECIATION		
At 1 January	**23,865**	14,940
Charge for the period/year	**2,482**	4,842
Impairment loss recognised during the period/year	**–**	3,119
Currency translation differences	**957**	964
At 30 June/31 December	**27,304**	23,865
CARRYING AMOUNTS		
At 30 June/31 December	**102,325**	101,218

The investment properties are held under leases by the Group as a right-of-use asset to earn rentals.

15 LEASES

(a) Right-of-use assets

	Leasehold land HK$'000
Balance as at 1 January 2026	65,828
Amortisation charge	(1,128)
Exchange translation	2,381
Balance as at 30 June 2026 (unaudited)	**67,081**

(b) Amounts recognised in the condensed consolidated statement of profit or loss

	Unaudited Six months ended 30 June	
	2026 **HK$'000**	2025 HK$'000
Amortisation of right-of-use assets	**1,128**	1,063
Expense relating to short-term leases	**73**	79
	1,201	1,142

16 INTANGIBLE ASSETS

	Technical knowhow and patents HK$'000
COST	
At 1 January 2025	14,661
Deregistration of a subsidiary	(79)
Currency translation differences	749
At 31 December 2025 and 1 January 2026	**15,331**
Addition	**263**
Currency translation differences	**559**
At 30 June 2026	**16,153**
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 January 2025	14,658
Amortisation	3
Deregistration of a subsidiary	(79)
Currency translation differences	749
At 31 December 2025 and 1 January 2026	**15,331**
Amortisation	**2**
Currency translation differences	**557**
At 30 June 2026	**15,890**
CARRYING AMOUNTS	
At 30 June 2026	**263**
At 31 December 2025	–

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
Listed security:		
– Equity security (Note)	**1,331,678**	2,216,993

Note: As at 30 June 2026, the Group hold 38,029,936 (31 December 2025: 40,799,936) ordinary shares of Kuang-Chi Technologies Co., Ltd. ("KCT"), representing 1.77% (31 December 2025: 1.89%) of the issued ordinary shares of KCT. Dr. Liu Ruopeng is the controlling shareholder of Shenzhen Kuang-Chi Hezhong Technology Limited and 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 six months ended 30 June 2026, the Group disposed of 2,770,000 ordinary shares of KCT in the open market through a series of transactions. The net proceeds from disposal were approximately HK$117,712,000 (equivalent to approximately RMB107.6 million).

As at 30 June 2026, the carrying amount of the share of KCT is HK$1,331,678,000 (31 December 2025: HK$2,216,993,000). For the period, the fair value loss of HK$707.8 million (31 December 2025: fair value gain HK$26.0 million) was recognised in other comprehensive income.

18 TRADE AND OTHER RECEIVABLES

	Notes	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
Trade receivables		**46,647**	61,336
Less: allowance for expected credit loss	(b)	**(26,061)**	(23,464)
Trade receivables, net	(a), (c)	**20,586**	37,872
Deposits and other receivables	(c)	**1,314**	2,670
Consideration receivable		**–**	8
Prepayment		**30,005**	2,236
Value-added tax and other tax recoverable		**17,054**	16,344
		68,959	59,130

Notes:

(a) The following is an ageing analysis of trade receivables presented based on date of revenue recognition and net of allowance as at 30 June 2026 and 31 December 2025:

	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
0 to 90 days	**3**	7,379
91 to 180 days	**6,986**	6,069
181 to 365 days	**3,019**	6,415
1 to 2 years	**3,203**	9,350
2 to 3 years	**7,375**	7,108
Over 3 years	**–**	1,551
	20,586	37,872

18 TRADE AND OTHER RECEIVABLES (Continued)

(b) Movements in the loss allowance account for the trade receivables and contract assets are as follows:

	Trade receivables HK$'000	Contract assets HK$'000	Total HK$'000
At 1 January 2025	12,975	166	13,141
Provision for impairment loss	9,585	26	9,611
Currency translation differences	904	9	913
At 31 December 2025 and 1 January 2026	**23,464**	**201**	**23,665**
Provision for impairment loss	**1,727**	**–**	**1,727**
Currency translation differences	**870**	**8**	**878**
At 30 June 2026	**26,061**	**209**	**26,270**

(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.

19 LOAN RECEIVABLES

	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
Loan to a third party	**2,368**	2,368
Less: provision for impairment of loan receivables	**(2,368)**	(2,368)
	–	–

As at 30 June 2026 and 31 December 2025, the balance represented a loan to Beyond Verbal of HK$2,368,000, which is unsecured, bearing interest at 6% per annum and mature on 31 March 2018. The loan was fully impaired in 2017 as management considered the recoverability of the loan is remote. No repayment was made by Beyond Verbal during the period.

20 SHARE CAPITAL

Ordinary shares	30 June 2026 Number of shares	30 June 2026 Equivalent to HK$'000	31 December 2025 Number of shares	31 December 2025 Equivalent to HK$'000
Authorised:				
Ordinary shares of HK$0.1 each at 31 December 2025 and 30 June 2026	**731,666,666**	**73,167**	731,666,666	73,167
Issued and fully paid:				
Ordinary shares of HK$0.1 each at 31 December 2025 and 30 June 2026	**615,692,886**	**61,569**	615,692,886	61,569

21 OTHER RESERVES

	Share premium HK$'000	Financial assets at FVOCI reserve HK$'000	Capital reserve HK$'000 (Note a)	Contributed surplus HK$'000 (Note b)	Share-based payment reserve HK$'000 (Note c)	Exchange translation HK$'000	Total HK$'000
At 1 January 2026	2,339,550	1,099,262	17,900	103,941	1,916	(113,240)	3,449,329
Currency translation differences	–	–	–	–	–	91,331	91,331
Fair value changes of financial assets at FVOCI, net of deferred tax	–	(707,773)	–	–	–	–	(707,773)
Other comprehensive (loss)/income for the period	–	(707,773)	–	–	–	91,331	(616,442)
Transfer upon disposal of financial assets at FVOCI	–	(37,927)	–	–	–	–	(37,927)
Lapse of share options	–	–	–	–	(1,916)	–	(1,916)
Recognition of share-based compensation expense	–	–	–	–	611	–	611
At 30 June 2026 (unaudited)	2,339,550	353,562	17,900	103,941	611	(21,909)	2,793,655

21 OTHER RESERVES (Continued)

	Share premium HK$'000	Financial assets at FVOCI reserve HK$'000	Capital reserve HK$'000 (Note a)	Contributed surplus HK$'000 (Note b)	Share-based payment reserve HK$'000 (Note c)	Exchange translation HK$'000	Total HK$'000
At 1 January 2025	2,339,550	1,157,263	17,900	103,941	1,916	(240,515)	3,380,055
Currency translation differences	–	–	–	–	–	87,537	87,537
Fair value changes of financial assets at FVOCI, net of deferred tax	–	(325,836)	–	–	–	–	(325,836)
Other comprehensive income /(loss) for the period	–	(325,836)	–	–	–	87,537	(238,299)
At 30 June 2025 (unaudited)	2,339,550	831,427	17,900	103,941	1,916	(152,978)	3,141,756

Notes:

(a) The balance of capital reserve represents the capital reserve arising from the Group's restructuring which took place in 1992.

(b) The balance of contributed surplus arose as a result of the Company's capital reduction exercises which took place in the financial years of 2003 and 2006.

(c) The balance of share-based payment reserve as at 30 June 2026 represents share options granted on 30 April 2026 (30 June 2025: share options granted on 22 April 2021).

22 BANK BORROWINGS

	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
Bank borrowings		
– Within 1 year	**–**	16,057
– Between 1 and 2 years	**–**	16,057
– Between 2 and 5 years	**–**	33,421
Total bank borrowings	**–**	65,535

Bank borrowings were obtained for the purposes of working capital and construction in progress.

As at 31 December 2025, the bank borrowings carried interest of approximately 3.20% to 6.30% p.a. which were secured by the right-of-use assets and the construction-in-progress, amounting to HK$65,828,000 and HK$475,388,000 respectively, and were guaranteed by the Company and a company which is controlled by Dr. Liu Ruopeng, who was a executive director of the Company.

As at 31 December 2025, the carrying amounts of bank borrowings are all denominated in RMB.

23 TRADE AND OTHER PAYABLES

	Notes	**Unaudited 30 June 2026 HK$'000**	Audited 31 December 2025 HK$'000
Trade payables	(a),(b)	**32,908**	34,273
Accrued employee benefits		**1,918**	3,919
Value-added tax and other tax payable		**8,894**	15,714
Other payables and accruals	(b)	**7,910**	8,649
Other payables for the acquisition of property, plant and equipment		**17,817**	18,369
Accrued construction costs		**14,709**	14,193
		84,156	95,117

23 TRADE AND OTHER PAYABLES (Continued)

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

	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
0 – 90 days	**2,406**	2,873
91-365 days	**1,016**	4,453
Over 1 year	**29,486**	26,947
	32,908	34,273

(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.

24 SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to an ordinary resolution passed at the special general meeting of the Company held on 31 July 2012, a share option scheme (the "Scheme") was adopted by the Company. The purpose of the Scheme is to enable the Company to provide incentive to participants in recognition of their contribution to the Group. The directors of the Company may offer to grant any employee or director of the Company or any adviser, consultant, agent, contractor, customers and supplier of any member of the Group or whom the Board in its sole discretion considers eligible for the Scheme on the basis of his or her contribution to the Group.

Pursuant to an ordinary resolution passed at the special general meeting of the Company held on 1 December 2025, a share option scheme (the "2025 Share Option Scheme") was adopted by the Company. The 2025 Share Option Scheme is designed to provide incentives to eligible participants in recognition of their contributions to the Group. Eligible participants include directors and employees of the Company or its subsidiaries, with eligibility determined by the Board based on factors such as experience, service length, performance, and potential future contributions to the Group.

24 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) On 22 April 2021, a total of 27,000,000 share options under the Scheme were granted (the "2021 Share Options"). The exercise price was HK$0.229. The details of the 2021 Share Options are summarised as follows:

		2021 Share Options	
	% of the total shares	**Vesting period**	**Exercisable period**
Tranche 1	33%	22 April 2021 to 22 April 2022	22 April 2022 to 21 April 2026
Tranche 2	33%	22 April 2021 to 22 April 2023	22 April 2023 to 21 April 2026
Tranche 3	34%	22 April 2021 to 22 April 2024	22 April 2024 to 21 April 2026

The following table lists the inputs to the fair value as at 22 April 2021 of the 2021 Share Options:

	2021 Share Options
Share price at the date of grant (HK$)	0.229
Exercise price (HK$)	0.229
Expected volatility	71%
Expected life (no. of years)	5
Risk-free interest rate	0.602%
Exercise multiple	1.6
Expected dividend yield	Nil

Pursuant to the special general meeting held by the Company on 29 January 2024, an ordinary resolution was passed to approve the Share Consolidation where every ten (10) issued and unissued ordinary shares with a par value of HK$0.01 each in the share capital of the Company be consolidated into one (1) ordinary share with a par value of HK$0.10 each. The Share Consolidation took effect on 31 January 2024. Details please refer to the Company's announcements dated 21 December 2023 and 29 January 2024, and circular dated 12 January 2024. After the Share Consolidation, the exercise price of the 2021 Share Options was adjusted to HK$2.29.

During the six months ended 30 June 2026, a total of 510,000 units of the share options granted on 22 April 2021 were lapsed.

24 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) On 30 April 2026, a total of 12,310,000 new share options under the 2025 Share Option Scheme (the "2026 Share Options") were granted to certain directors and employees. The details of these share options are summarised as follows:

Grantees	Number of 2026 Share Options
Executive director:	
Dr. Zhang Yangyang	6,150,000
Dr. Liu Weiwen	2,850,000
Mr. Lin Ge	400,000
Employees	2,910,000
Total	12,310,000

	% of the total shares	Vesting period	Exercise period
Tranche 1	50%	30 April 2026 to 30 April 2027	30 April 2027 to 29 April 2036
Tranche 2	50%	30 April 2026 to 30 April 2028	30 April 2028 to 29 April 2036

The following table lists the inputs to the fair value as at 30 April 2026 of the 2026 Share Options:

	2026 Share Options
Share price at the date of grant (HK$)	0.71
Exercise price (HK$)	0.71
Expected volatility	78.35%
Expected life (no. of years)	10
Risk free interest rate	2.48%
Expense multiple	2.20-2.75
Expected dividend yield	Nil

During the six months ended 30 June 2026, no 2026 Share Option was vested, exercised or cancelled.

24 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(c) The following table discloses movements of the Company's share options held by directors and employees during the period:

	Number of share options	30 June 2026 weighted average exercise price (HK$)
Outstanding at 1 January 2026	510,000	2.290
Lapsed during the period	(510,000)	2,290
Granted during the period	12,310,000	0.710
Outstanding at 30 June 2026	12,310,000	0.710

The Group recognised an expense of HK$611,000 for the six months period ended 30 June 2026 in relation to share options granted by the Company.

25 CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the period/year but not yet incurred is as follows:

	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
Contracted for		
Property, plant and equipment	**47,656**	47,879
	47,656	47,879

26 RELATED PARTY TRANSACTIONS

(a) Related party balances

	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
Trade receivables, gross		
– 佛山順德光啟尖端裝備有限公司（「**佛山順德光啟**」）(Note (i))	**11,967**	27,866
– 深圳光啟超材料微電子技術有限公司 (Note (i))	**–**	6
Contract assets, gross		
– 佛山順德光啟	**10,236**	9,877

(b) Related party transactions

Name of parties	Nature of transactions	Unaudited Six months ended 30 June 2026 HK$'000	2025 HK$'000
佛山順德光啟	Purchase of materials	**–**	1,044
佛山順德光啟	Sale of metal component products	**17,166**	32,782
佛山順德光啟	Lease of property	**1,162**	–
深圳光啟超材料技術有限公司 (Note (i))	Purchase of materials	**26**	–

26 RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transactions (Continued)

Notes:

(i) During the year ended 31 December 2025, Dr. Liu Ruopeng, a director and controlling shareholder of the Company, resigned as an executive director with effect from 10 September 2025 and disposed of his shareholding in the Company, thereby ceasing to be the ultimate controlling party of the Company.

In September 2025, Dr. Liu Ruopeng reduced its shareholding in Kuang-Chi Technologies to below 30%, and as a result, Kuang-Chi Technologies and its subsidiaries ceased to be connected parties of the Company with effect from that date. Accordingly, transactions with Kuang-Chi Technologies and its subsidiaries conducted before September 2025 constituted continuing connected transactions, while transactions conducted after that date do not fall under the definition of connected transactions in Chapter 14A of Listing Rules. All such transactions were conducted in the ordinary and usual course of business of the Company on normal commercial terms or in accordance with the terms of the underlying agreements, where applicable.

As Dr. Liu Ruopeng remains as substantial shareholder of the Company and Kuang-Chi Technologies, the balances and transactions among the group entities of the Company and Kuang-Chi Technologies are disclosed as related party balances and transactions for the period ended 30 June 2026.

(ii) As at 31 December 2025, a company which is controlled by Dr. Liu Ruopeng provided a guarantee to a bank for the Group's banking facilities amounted to HK$315,309,000, of which HK$90,493,000 were utilised as at 31 December 2025. During the six months ended 30 June 2026, the bank borrowings were fully repaid.

Saved as disclosed above and elsewhere in the interim condensed consolidated financial information, there was no other related party transaction during the periods ended 30 June 2026 and 2025.

27 SUBSEQUENT EVENT

Save as disclosed above and elsewhere in this interim condensed consolidated financial information, there were no other material events occurred after the period ended 30 June 2026.