

2025
年度報告
ANNUAL REPORT



创新奇智
Ainnovation

AINNOVATION TECHNOLOGY GROUP CO., LTD

创新奇智科技集团股份有限公司

(A joint stock company incorporated
in the People's Republic of China with limited liability)

(於中華人民共和國註冊成立的股份有限公司)

Stock Code 股份代號: 2121

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Chairman's and CEO's Statement

Dear Shareholders,

Greetings to you all!

Currently, artificial intelligence is accelerating into the deep implementation phase, and the focus of development is shifting from a "contest of model scale" to the "implementation of product capabilities", moving from a showcase of frontier technologies to an engineering testing ground driving industrial upgrading and eventually to "the manifestation of commercial value" inevitably. In various intelligent manufacturing sectors, AI has become a default capability deeply integrated into various products and systems, leading a comprehensive wave of intelligent transformation across all scenarios. Even more inspiring is that in 2025, China successively issued guiding policies such as the Opinions on Deepening the Implementation of the "Artificial Intelligence+" Initiative (《關於深入實施“人工智能+”行動的意見》) and the Implementation Opinions on the "AI + Manufacturing" Special Action (《“人工智能+製造”專項行動實施意見》), which will undoubtedly propel 2026 to become the "New Golden Age" for the development of China's AI industry.

Against the backdrop of the continued advancement of the "Artificial Intelligence +" initiative, China's manufacturing sector is ushering in a new round of value transformation. According to statistics, during the entire period of the 14th Five-Year Plan, the incremental increase in value added of China's manufacturing industry reached RMB8 trillion, contributing more than 30% to global manufacturing growth, and the overall scale has ranked first globally for 15 consecutive years. Such a vast market not only provides abundant industrial scenarios for the application of artificial intelligence technologies, but also creates broad growth potential for the expansion and strengthening of "AI + Manufacturing" enterprises.

"Leaping fish enliven the wide water, and hovering birds brighten the expanse sky." Facing the vast blue ocean of intelligent manufacturing with its huge volume and abundant vitality, Alnnovation anchors itself firmly on the core track of "AI + Manufacturing" to forge ahead. The Company has consistently focused on the principal development line of "AI + Manufacturing", deeply implementing the "one model, one agent and two wings" strategy, continuously increasing investment in core technology research and development, and building an industry-leading industrial LLM technology platform and an industrial intelligent agent product system. With the coordinated development of the two wings, the Company constructs a full value-chain for industry applications: first, by deepening the integration of informatisation and intelligence led by industrial software and centered on software services; second, by advancing the integration of automation and intelligence led by industrial robots and featuring deep software-hardware synergy. With both "wings" advancing in tandem and exerting synergistic efforts, the Company has established comprehensive full value-chain service capabilities covering industry applications, fully supporting manufacturing enterprises in their digital transformation and accelerating the development of new-quality productive forces in manufacturing.



In 2025, the Company's "one model, one agent and two wings" strategy showed initial results. With greater emphasis on quality and efficiency, and through structural optimisation and stringent risk control, operating quality improved consistently — annual revenue regained the growth momentum, adjusted losses were substantially improved, and gross margin, the proportion of manufacturing-related revenue, the proportion of software revenue, the number of commercialised customers and the management of accounts receivable collections all improved significantly. Various financial indicators reached historic highs, achieving the 2025 goal of "shifting from being defensive to being aggressive to regain growth".

In the coming decade, artificial intelligence will reshape the modes of production and development of human society with broader application scenarios, a faster pace of implementation, and more disruptive transformative power than we imagine. "AI+manufacturing" is the core track for AI to empower the development of the real economy and cultivate and enhance new quality productivity. Since 2018, Alinnovation has been thoroughly developing on this long and arduous track for 8 years. In the future, we will resolutely pursue its core mission of "Empowering Businesses with AI Technology", and constantly expand the application scenarios of artificial intelligence industry. At the same time, we will strictly adhere to prudent operating principles, proceed steadily and pragmatically, ensure stable operations and high-quality development, and continuously create long-term and stable value returns for all shareholders and stakeholders.

Once again, we would like to express our sincere gratitude to all shareholders for their trust and support!

Kai-Fu Lee

Chairman of Alinnovation

Xu Hui

Executive Director and CEO of Alinnovation

Corporate Information

Below is the basic information of the Company:

COMPANY'S LEGAL NAME

創新奇智科技集團股份有限公司
(formerly known as 青島創新奇智科技集團股份有限公司)

COMPANY'S ENGLISH NAME

Alnnovation Technology Group Co., Ltd*
(formerly known as Qingdao Alnnovation Technology
Group Co., Ltd*)

BOARD OF DIRECTORS

Executive Director

Mr. Xu Hui (*Chief Executive Officer*)

Non-Executive Directors

Dr. Kai-Fu Lee (*Chairman*)
Mr. Wang Hua
Mr. Wang Jinqiao

Independent Non-Executive Directors

Mr. Xie Deren
Ms. Ko Wing Yan Samantha
Ms. Jin Keyu

AUDIT COMMITTEE

Mr. Xie Deren (*Chairman*)
Mr. Wang Hua
Ms. Ko Wing Yan Samantha

REMUNERATION COMMITTEE

Ms. Ko Wing Yan Samantha (*Chairwoman*)
Mr. Wang Jinqiao
Mr. Xie Deren

NOMINATION COMMITTEE

Dr. Kai-Fu Lee (*Chairman*)
Ms. Ko Wing Yan Samantha
Ms. Jin Keyu

SUPERVISORY COMMITTEE

Ms. Lin Ying
Ms. Duan Chengjin
Ms. Gao Lingyan

COMPANY SECRETARY

Ms. Lv Hongyu

AUTHORIZED REPRESENTATIVES

Mr. Xu Hui
Ms. Lv Hongyu

REGISTERED OFFICE AND HEADQUARTER

Room 501
Block A, Haier International Plaza
No. 939 Zhenwu Road, Economic Development Zone
Jimo District, Qingdao
Shandong, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1928, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

* For identification purposes only



AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered Public Interest Entity Auditor*
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISORS

As to Hong Kong Law
Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC Law
King & Wood
18/F, East Tower
World Financial Center
No. 1 Dongsanhuan Zhonglu
Chaoyang District, Beijing
PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANK

Bank of China Jimo Branch
No. 973 Lanao Road,
Jimo District
Qingdao, Shandong
PRC

STOCK CODE

2121

COMPANY'S WEBSITE

<https://www.ainnovation.com>

INVESTOR RELATIONSHIP

Telephone: (86)1082169566
Email: ir@ainnovation.com

Definition

"Articles of Association"	the articles of association of the Company, as amended, modified or supplemented from time to time
"Audit Committee"	audit committee of the Board
"Board" or "Board of Directors"	the board of directors of our Company
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
"China" or "PRC"	the People's Republic of China, but for the purpose of this annual report only, do not apply to Hong Kong, the Special Administrative Region of Macau and Taiwan
"Director(s)"	the director(s) of our Company
"Group" or "our Group" or "we" or "us"	our Company together with our subsidiaries
"H Share(s)"	overseas-listed shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be traded in Hong Kong Dollars and are listed and traded on the Stock Exchange
"HK\$" or "HKD" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Latest Practicable Date"	8 April 2026, being the latest practicable date for ascertaining certain information in this annual report before its publication
"Listing Rules"	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented, or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
"Nomination Committee"	nomination committee of the Board

"Nuosai Yucheng"	Nanjing Nuosai Yucheng Management Consulting Company Limited (南京諾賽育成管理諮詢有限公司, formerly known as Beijing Sinovation Ventures Yucheng Management Consulting Co., Ltd. (北京創新工場育成管理諮詢有限公司)), a company incorporated under the laws of the PRC on 13 July 2015, and a member of our Single Largest Shareholders Group
"our Company" or "Alnnovation" or "Company"	Alnnovation Technology Group Co., Ltd (創新奇智科技集團股份有限公司) (formerly known as Qingdao Alnnovation Technology Group Co., Ltd (青島創新奇智科技集團股份有限公司)), which was established with limited liabilities under the laws of the PRC on 6 February 2018 and converted into a joint stock limited company on 19 May 2021, whose H shares are listed on the Main Board of Stock Exchange on 27 January 2022 (stock code: 2121)
"Prospectus"	the prospectus of the Company dated 17 January 2022
"Remuneration Committee"	remuneration committee of the Board
"Reporting Period"	the year ended 31 December 2025
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Share(s)"	H Share(s)
"Shareholder(s)"	holder(s) of the Shares
"Single Largest Shareholders Group"	a group of entities and individuals collectively holding approximately 27.40% of the share capital in our Company, namely Sinovation Ventures, Nuosai Yucheng, Mr. Wang Hua, Ms. Tao Ning, Ms. Lang Chunhui and Mr. Zhang Ying
"Sinovation Ventures"	Sinovation Ventures (Beijing) Enterprise Management Limited (創新工場(北京)企業管理股份有限公司), a company incorporated under the laws of the PRC on 2 November 2010, and a member of our Single Largest Shareholders Group
"Supervisor(s)"	the supervisor(s) of our Company
"Supervisory Committee"	supervisory committee of the Company
"Treasury Share(s)"	has the meaning ascribed to it under the Listing Rules
"%"	percent

Financial Summary

	Year ended 31 December				2025
	2021	2022	2023	2024	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	861,168	1,557,643	1,751,045	1,221,768	1,512,558
Gross profit	267,241	507,078	588,485	423,071	529,093
Operating loss	(622,841)	(392,291)	(600,012)	(630,586)	(255,280)
Loss for the year	(635,124)	(361,160)	(570,272)	(608,925)	(248,784)
Add:					
Share-based payment expenses	406,967	173,294	290,271	153,815	88,757
Finance cost of financial liabilities of redeemable shares	34,877	—	—	—	—
Listing expenses	51,500	26,457	—	—	—
Amortization of intangible assets arising from acquisition	—	14,292	36,135	43,010	30,691
Impairment loss on goodwill and intangible assets arising from acquisition	—	—	—	227,973	55,655
Gains in fair value of financial assets/liabilities at fair value through profit or loss	—	8,716	89,683	66,862	7,947
Adjusted net loss (Unaudited)	(141,780)	(138,401)	(154,183)	(117,265)	(65,734)

	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	2,264,907	3,268,447	3,289,157	2,623,132	2,262,218
Cash and cash equivalents	1,553,150	1,642,665	1,344,615	1,204,879	830,881
Total liabilities	469,599	909,472	1,065,012	910,904	881,370

Premium customer revenue value

	Year ended 31 December	
	2024	2025
Number of premium customers	68	69
Premium customer revenue (RMB in thousands)	845,185	1,101,180
Premium customer dollar based repeating rate	17.0%	50.9%
Total number of customers	521	633
Total revenue (RMB in thousands)	1,221,768	1,512,558

Revenue-By Type of Products/Services

	Year ended 31 December			
	2024		2025	
	Amount RMB'000	%	Amount RMB'000	%
Sales of products and solutions	1,149,467	94.1	1,393,581	92.1
Services of data solutions	72,301	5.9	118,977	7.9
Total	1,221,768	100.0	1,512,558	100.0

Revenue-By Customer Type

	Year ended 31 December			
	2024		2025	
	Amount RMB'000	%	Amount RMB'000	%
System integrators	392,241	32.1	708,699	46.9
End-users	829,527	67.9	803,859	53.1
Total	1,221,768	100.0	1,512,558	100.0

Financial Summary

Revenue-By Industry Verticals

	Year ended 31 December			
	2024		2025	
	Amount RMB'000	%	Amount RMB'000	%
Manufacturing	980,711	80.3	1,224,276	80.9
Automotive equipment	263,791	21.6	216,741	14.3
Food & Beverage and New Material	158,630	13.0	194,002	12.8
Energy and Power	90,951	7.4	193,214	12.8
3C high-tech	143,309	11.7	158,155	10.5
Iron and steel metallurgy	117,520	9.6	134,547	8.9
Intelligent manufacturing practical training	65,634	5.4	80,390	5.3
Engineering and Construction	58,802	4.8	78,599	5.2
OLED panel semiconductors manufacturing	41,828	3.5	60,784	4.0
Others	40,246	3.3	107,844	7.1
Financial services	127,105	10.4	165,248	10.9
Other industries	113,952	9.3	123,034	8.2
Total	1,221,768	100.0	1,512,558	100.0

Part I: Business Review

In 2025, with the expedited evolution of artificial intelligence, the world has entered a new golden age of AI-driven applications. Throughout the globe, major economies including China, the United States and the European Union consider “Artificial Intelligence +” as the critical focus of reshaping industrial competitiveness and consolidating division of industry chain. In August, the Opinions on Deepening the Implementation of the “Artificial Intelligence+” Initiative (《關於深入實施“人工智能+”行動的意見》), proposing that in 2030, artificial intelligence in China will comprehensively empower high-quality development, with the application and popularization rate of the new generation of intelligent terminals and intelligent agents surpassing 90%, and the intelligent economy will become an important growth driver of the economy development of our nation. The 15th Five-Year Plan lists the “Building a Modernized Industrial System and Reinforcing the Foundations of the Real Economy” as the primary mission, emphasizing that the share of manufacturing in the national economy should be kept at an appropriate level, and a modernized industrial system should be developed with advanced manufacturing as the backbone. At the end of 2025, MIIT and seven other departments jointly published the Implementation Opinions on the “AI + Manufacturing” Special Action (《“人工智能+製造”專項行動實施意見》), pointing out that in 2027, the critical core technology of the artificial intelligence of our nation will realize safe and reliable supply, and, with our industrial scale and empowerment level maintaining a leading position in the world, a group of empowered application service providers who “understand intelligence and are familiar with the industry” will be cultivated. The release of these documents signifies a shift in China’s artificial intelligence focus from infrastructure represented by earlier computing power to downstream AI+ industry applications. As an important pillar of the real economy, manufacturing is becoming a key focal point for the “Artificial Intelligence +” initiative.

Alnovation has remained firmly focused on “AI + Manufacturing”, and it has entered a new stage of large-scale promotion and deepened specialized scenarios from the earlier scattered pilot applications. In 2025, we set the “one model, one agent and two wings” strategy, namely, positioning the AlnoGC industrial LLM as the basis, the industrial intelligent agent as the engine, and industrial software and industrial robots as the two application wings. We focused on constructing five business themes, being “industrial software, digital and intelligent software, industrial logistics, intelligent equipment, and sustainable industry”. We continued to deeply engage in specialized sectors such as steel and metallurgy, display panels and semiconductors, 3C high-tech, automotive equipment, energy and power, engineering and construction, food & beverage and new materials, and intelligent manufacturing training, scaling from pilot projects to comprehensive deployment. Throughout the year, our revenue regained the growth momentum, our adjusted losses were substantially improved, and gross margin, the proportion of manufacturing-related revenue, the proportion of software revenue, the number of commercialised customers and the management of accounts receivable collections all improved significantly. Various financial indicators reached historic highs, achieving the 2025 goal of “shifting from being defensive to being aggressive to regain growth”.



Business Overview

In the past year, Alnnovation's AI commercialization achievements won wide recognition. According to IDC, Alnnovation currently ranks first in China's industrial LLM application market share, the first in China's AI-powered industrial quality inspection solution market share, the third in China's computer vision market share, and the third in China's machine learning platform market share. In 2025, the Company was listed in the Top 50 technology companies of Fortune China, becoming one of the four companies from Shandong Province to be featured. Meanwhile, the Company was honored with the "China Sustainable Growth Enterprise" awarded by the UK's Financial Times, which recognized Alnnovation's sustained operational capabilities shown in a complex market environment. Internationally, our ChatCAD product based on large model was recognized as the "Global AI for Good Innovation Impact Case" (全球AI for Good創新影響力案例) by the International Telecommunication Union of the United Nations, making the Company one of the 14 manufacturing enterprises selected globally. Domestically, Alnnovation was recognized at the national, provincial and municipal levels, and it passed re-evaluation as a "National Specialized, Refined, Distinctive, and Innovative Little Giant" (國家專精特新小巨人). Its large model project was included in Shandong Province's key R&D plan and selected under the province's merit-based open competition mechanism for industrial LLMs of industry field. Additionally, the Company received multiple recognitions such as Shandong Province Top 100 Private Innovative Enterprises, Qingdao Private Sector Leading Benchmark Enterprise, and Qingdao New Quality Pioneering Enterprise.

Alnnovation has consistently prioritized investment in research and development and technological innovation to maintain its technological leadership. As of 31 December 2025, we had applied for a total of 1,411 patents, including 1,192 invention patents, with 634 patents granted, including 445 invention patents. In terms of technology, in the year, we upgraded AlnnoGC industrial LLM and strengthened edge-side inference capabilities. We also built an intelligent agent product series spanning development through deployment, and published the AgentBuilder, an intelligent agent development platform, and the DeepAgent deep reasoning industrial intelligent agent that possesses the closed-loop capability of "thinking – pathfinding – execution". In terms of industry applications, we published AEAM intelligent equipment management system and AEMS intelligent energy management system in combination with industrial software, and jointly launched with Bentley (a global leading infrastructure engineering software company) the first generative AI industrial design product iPID based on multi-modal industrial LLM application, realizing reverse modeling of industrial design drawings. For industrial robots, we published the ChatRobot industrial embodied intelligent robot platform that supports "one brain with multiple bodies" and, based on scenarios such as industrial logistics and underwater operation, widely applied innovative industrial robot solutions including intelligent ship unloader operation system, intelligent hook-handling robot, and underwater operation robot.

Meanwhile, based on the "one model, one agent and two wings" strategy, we actively engaged in extensive collaboration, connecting upstream and downstream enterprises to expand the industrial ecosystem. Over the past year, we have established strategic cooperation with numerous industry leaders, including Bentley (a globally renowned infrastructure engineering software company), KUKA Robotics (a world-class industrial robot manufacturer), KEENON Robotics (a leading service robotics company), as well as Advantech, CR Digital, DingTalk of Alibaba, and Hunlicar. These collaborations cover multiple areas including joint research and development based on industry scenarios, co-creation of products and solutions, sharing of industry resources, collaborative commercialization, and capital cooperation discussion. These partnerships have yielded positive results and will generate greater value.

During the Reporting Period, the Company carried out the following key initiatives:

Enhancing the AlnoGC LLM Platform Technology System

In 2025, the Company resolutely implemented its core strategy of “one model, one agent and two wings”, and continuously strengthened the AlnoGC industrial LLM matrix. Through deep practical application across vast typical industrial scenarios, the Company has significantly enhanced the capabilities of the AlnoGC industrial LLM in the analysis, reasoning, and generation of multimodal data within industrial domains, and made breakthroughs in industrial embodied intelligence (ChatRobot), industrial design generation (ChatCAD) and other fields. In addition, the **AgentBuilder** development platform underwent a generational upgrade, further enhancing support for professional Agent development in industrial domains. The continuous advancement of fundamental models and platform capabilities has also provided robust technical assurance for LLM commercialization in industrial software and industrial robots.

Enterprise-grade Agent Platform: AlnoGC AgentBuilder

During the year of 2025, as the Company’s intelligent transformation has stepped into a critical phase, we have steadfastly implemented our existing strategy, positioning the agent platform as the next-generation infrastructure for reconstructing traditional business processes. During the Reporting Period, we successfully achieved a strategic leap for the agent platform—transitioning from “tool-based empowerment” to “full lifecycle management” and from “passive assistance” to “proactive decision-making and execution”, which has robustly supported manufacturing clients in intelligently reshaping core operations including R&D design, production optimization and business management.

1. Platform ecosystem evolution: delivering on “openness and empowerment” commitments to fortify the enterprise-grade AI foundation

During the Reporting Period, we unveiled groundbreaking **AlnoGC AgentBuilder V3.0.0**, achieving a generational upgrade in platform capabilities.

- Building industry-specific cognitive moats: we introduced a manufacturing ontology management module to address high professional barriers in manufacturing sector, and successfully fulfilled our strategic vision of “building the knowledge base of the vertical domain”. By converting complex industrial foundational data into machine-understandable business language, we endowed agents with an industry-savvy cognitive foundation, which would assist clients in interpreting and leveraging industry data more efficiently, further enhancing the accuracy and timeliness of intelligent decision-making.
- Systematizing full lifecycle management: we transcended the limitations of standalone development tools by establishing a full lifecycle management platform for enterprise-grade agents. This platform encompasses organizational structure management, end-to-end evaluation and intelligent orchestration, which not only helps clients build efficient AI R&D systems but also significantly enhances customer retention through a “ready-to-use” application marketplace and a “flexible and open” tool ecosystem, further accelerating large-scale agent application within enterprises.

2. Intelligent evolution: building a “second brain” for industrial decision-making

We launched **AlnoGC DeepAgent V1.0.0 deep reasoning industrial intelligent agent** based on the **Think-Search-Act architecture**.

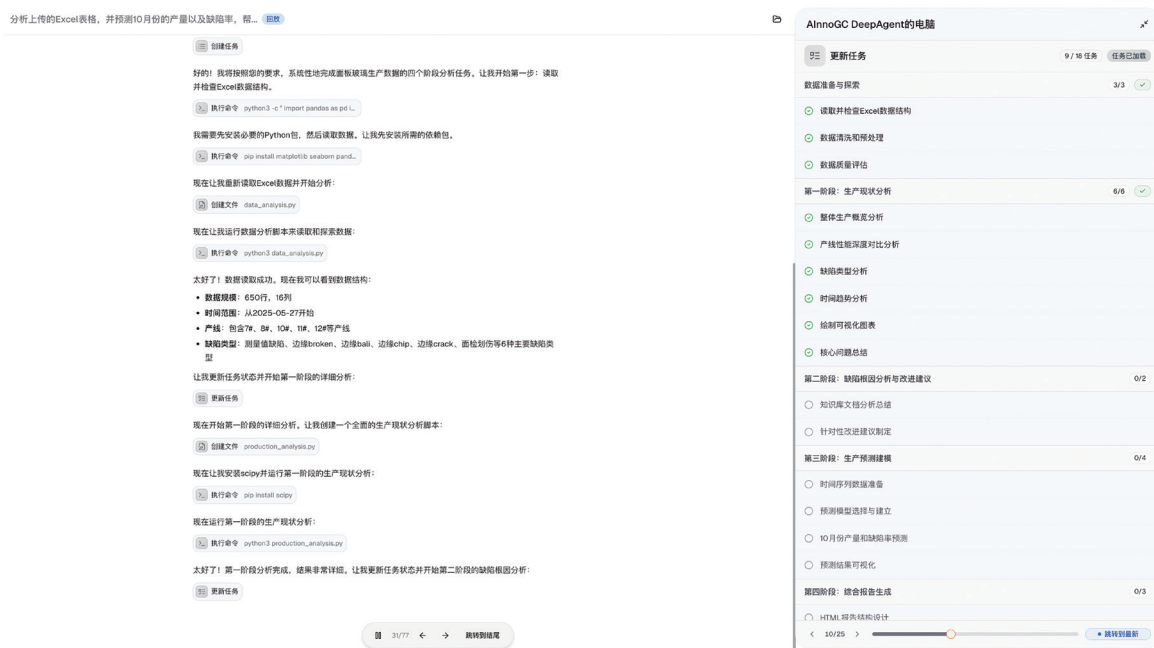


Figure (1) Interface of AlnoGC DeepAgent V1.0.0 product

- Paradigm shift from assistance to autonomous decision-making: achieving a generational leap from “standardized task execution” to “dynamic business reasoning”. Building upon traditional agents’ capabilities in efficient information exchange and process automation, DeepAgent further empowers systems with deep reasoning and autonomous planning abilities to tackle non-deterministic business challenges. In core manufacturing scenarios, such as root-cause tracing for quality issues in the complex production process, dynamic elastic scheduling of supply chains, and predictive maintenance and decision-making for large-scale equipment, DeepAgent has demonstrated human-like “insight” and “tool use” capabilities, enabling it to independently complete the entire business loop from detecting data anomalies and analyzing root causes to formulating strategies.
- A new height in human-machine collaboration: this breakthrough signifies our successful establishment of a “data-driven intelligent decision-making foundation”, which transforms the AI Agents into true “digital employees” that liberate user productivity and work alongside human experts, further achieving a profound conversion of technological value into business value.

3. Deep integration across scenarios: embedding AI Agents into industrial software to reshape business chains

We continuously embed AI Agents deep into our full suite of manufacturing production management software centered on **MOM** (Manufacturing Operations Management).

- Full-chain value penetration: through standardized MCP (Model Context Protocol) and API connections, we bridge isolated industrial software systems, transforming the Agent into a “super connector” that spans the entire design, production, operation and maintenance process. This innovation not only enhances data liquidity and sharing efficiency but also enables seamless integration across all enterprise processes.
- Business outcome realization: in practical application, we not only achieve intelligent upgrades of traditional software but also significantly shorten enterprises’ decision-making period from problem identification to resolution through an automated “data-insight-action” closed loop, which truly embodies our operational principle of scenario-driven and phased deployment of advanced agents.

Industrial Embodied Intelligence Platform: ChatRobot

ChatRobot, as the Company’s core industrial embodied intelligence product, has been designed to “build an industrial embodied intelligence robot platform with high generalization capabilities and multi-scenario applicability” in 2025, achieving comprehensive breakthroughs across three core modules: the control system, intelligent system and data system through in-depth technological development. In particular, the intelligent system, centered on ChatRobot’s end-to-end VLA model, iterates on multimodal fusion algorithms, optimizes model architecture and engineering capabilities, and integrates low-level control with high-level language control chains, enabling precise scenario-specific algorithm deployment. The control system focuses on integrated hardware-software collaboration, deepens ecosystem synergies with leading partners, concentrates on multi-body adaptation and technical coordination, and establishes standardized interface protocols and quantitative adaptation testing matrices to overcome cross-body adaptation barriers and build an efficient cloud-edge collaborative architecture. The data system constructs a full-chain systematic architecture, forming a closed-loop for data collection, governance and evaluation to provide high-quality data support for algorithm iteration. The deep synergy among these three systems significantly enhances product competitiveness and scenario adaptability. The Company has made initial progress in the deployment of “one brain, multiple bodies” ecosystem strategy, laying a robust technological foundation for the high-quality development of the Company’s industrial embodied intelligence business.

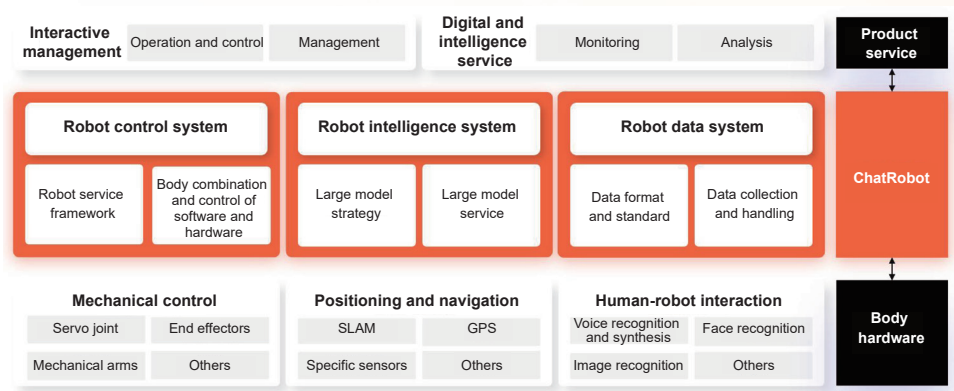


Figure (2) ChatRobot Core System

1. Intelligent System – Algorithmic Breakthrough with a Focus on ChatRobot VLA End-to-End Model

1.1 Optimization of Low-level Control Strategy and Multi-modal Fusion

- An integrated low-level control and multi-modal fusion technology system with ChatRobot VLA end-to-end model as its core is constructed to solidify the execution foundation for embodied intelligence in industrial scenarios. We build an end-to-end action control framework, introduce a dynamic posture constraint algorithm to calibrate joint action parameters, and use unified feature mapping layer and transfer learning to solve cross-ontology control deviations and thereby adapt to the needs of multi-partner ontology collaboration.
- A multi-modal, cross-dimensional alignment model is constructed by integrating environmental semantic perception algorithms and multi-modal inference framework for counterfactual causal inference and combining data enhancement ability and multi-task training enhancement and generalization ability, to accurately avoid action overstepping boundaries while alleviating the problems of high dependence on model data and weak scene generalization, and achieve collaborative driving control of multi-source data.
- The transformer encoder and dual-action generation structure is upgraded by building an efficient training pipeline integrating the Muon optimizer and hash-based block data loading mechanism, and introducing a closed-loop reflection mechanism and fixed validation sample strategy to improve feature extraction, training efficiency and action generation accuracy, and ensure the stability and reproducibility of model training.
- Simultaneously, breakthroughs have been made in time-adaptive perception and historical memory slot technologies, and an asynchronous action smoothing algorithm for multi-step action fusion is built, breaking through the bottlenecks of limited size of robot observation window and poor accuracy of multi-step long-range actions and realizing high-precision long-range action control in industrial scenarios.

1.2 High-level Language Control and Command Break-Down and Execution

- We build an industry-specific command analysis system and optimize the ambiguity recognition logic, realizing a closed-loop of the whole chain of “command- break-down -execution” and improving the accuracy of command analysis for complex tasks and the adaptability of human-computer interaction.
- We iterate action planning algorithms to adapt to various types of robots and optimize weight configuration for general industrial scenarios, with a success rate of nearly 100% for core tasks. We also explore the accelerated inference technology and enhance the collaboration with lower-level control to improve real-time response capabilities.
- We address the pain points of training scheduler compatibility by continuously optimizing the VLA model base, integrating cutting-edge technologies and engineering experience, building a collaborative R&D ecosystem, and linking with hardware and data systems to provide closed-loop chain support.

2. Control System - Multi-ontology Adaptation and Deepened Technological Collaboration

- We build a strategic collaborative ecosystem jointly with leading industry partners such as Keenon Robotics and KUKA Robotics to create an industry-leading multi-ontology whole-chain adaptation system. We build a multi-dimensional quantitative adaptation test matrix by targeting industrial manufacturing scenarios and with standardized interface protocols and integration logic as the core, to overcome cross-ontology adaptation technical barriers and lay a solid technical foundation for large-scale application.
- We make multi-ontology adaptation deployments in multiple typical scenarios, and realize an efficient closed loop through dual optimization of the measured data reverse inference model and the adaptation algorithm. We work with partners to define unified hardware interface standards, deepen the collaborative testing of software and hardware and the sharing of technical experience, and build the core capability of differentiated adaptation, to achieve deep coupling of the characteristics of partners' ontology hardware and the logic of our self-developed software.
- We promote the industrialization of adaptation results, optimize the adaptation accuracy of cross-ontology algorithms, and solve key issues such as operational stability and response latency, significantly improving the task execution efficiency of adapted ontology in industrial scenarios and strengthening the core competitiveness of ecological collaboration.

3. Data Systems - Systematic Building of and Efficiency Improvement across the Entire Chain

3.1 Data Collection

- We construct an all-scenario and multi-modal data collection and empowerment system, build a standardized framework and process covering core dimensions including image, depth, ontology state, and language commands, and establish the mechanism for automated uploading, storage, transformation, and verification of data, laying a solid high-quality data foundation for algorithm iteration.
- To address scenarios prone to model inference errors, supplementary data have been collected for error correction and generalization, to improve model robustness through data enhancement strategies.

3.2 Data Management

- A wide-area data governance system is built and data schema and version management standards for multiple platforms are unified, enabling flexible conversion and loading of multiple versions of data, significantly improving the consistency and reliability of cross-module data interaction, and providing core governance support for algorithm iteration and scenario application.
- The supporting software for multi-dimensional data visualization is upgraded by enabling core functions such as task playback and trajectory display, and adding chart merging and file search functions to adapt to various ontology data needs. Quantitative evaluation standards are established to achieve all-dimensional data review and report output, solidifying the foundation for data-driven R&D.

3.3 Cloud-edge Collaboration

- On the cloud end, we build a unified collaboration platform based on the microservice architecture by integrating such capabilities as concurrent management and control of multi-terminals, real-time visualization, push with low-latency, and device health monitoring, iteratively optimizing the visualization tools and layered architecture, and enhancing the load balancing and fault tolerance mechanisms, to achieve whole-chain traceability of the operation status and thereby improve the efficiency of large-scale data processing.
- On the edge end, modular decoupling is achieved via component-oriented design. Standardized interfaces support multi-scene rapid switching. Lightweight cloud-edge communication protocols and data encapsulation are optimized to reduce transmission costs. We have deepened functional iterations to optimise debugging logic and the audio-visual experience and established a collaborative data processing technology barrier of "cloud coordination + edge execution".

ChatCAD Industrial Design Generation Platform

In 2025, Alnnovation continued to deepen its efforts in the ChatCAD domain, with a strong commitment to advancing intelligent industrial design. By partnering with Bentley Systems, a global leader in infrastructure engineering software, the Company leveraged the combined R&D strengths of both parties in industrial multimodal foundation models and intelligent PID design software to successfully launch iPID (Intelligent Process Piping and Instrument Diagram) version 1.0. The product was officially released on 26 August 2025, marking a critical milestone in the commercialisation of ChatCAD technologies. As an Image-to-CAD intelligent design solution, iPID 1.0 is tailored for industries including petroleum and petrochemical, steel and metallurgy, energy and power, and biopharmaceuticals. It enables automated transformation from static drawings to intelligent PIDs, significantly improving design efficiency and accuracy.

In terms of product functionality, iPID 1.0 supports the parsing of drawings in multiple formats and sizes, accurately recognising equipment, pipelines, valves and other components while intelligently constructing logical topological relationships. Its end-to-end structured output capabilities (including formats such as JSON, DGN and DWG) are deeply integrated with the Bentley OpenPlant PID platform, enabling full-process design editing and attribute management. In addition, the product introduces an innovative unknown component recognition capability. By leveraging cross-domain data synthesis, iPID 1.0 enhances model generalisation performance to meet the requirements of complex industrial scenarios.

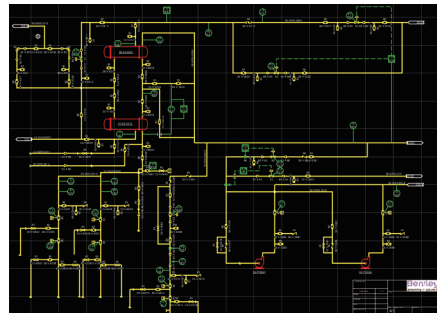
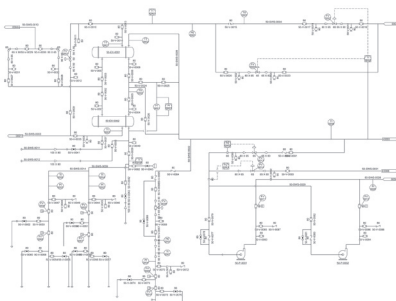


Figure (3) Schematic of iPID function

Powered by the AlnoGC Industrial LLM, iPID 1.0 has achieved systematic breakthroughs across data construction, model optimisation and engineering deployment, with key results reflected in the following five dimensions:

1. **Data construction and augmentation:** Through large-scale, high-quality data synthesis and full-chain data augmentation technologies, a professional dataset containing tens of millions of samples across diverse industrial scenarios has been established. This significantly enhances the model's generalisation capability in recognising unknown drawing styles and non-standard components, laying a solid foundation for high-precision structural understanding.
2. **Model optimisation and accuracy improvement:** Continuous iteration of the end-to-end architecture integrates carefully designed task instructions and attention mechanisms, enabling effective semantic contextual understanding of industrial drawings. The introduction of super-resolution techniques substantially improves fine-grained recognition accuracy. In parallel, multi-level robustness optimisation, incorporating noise and adversarial samples during training, enhances system stability and resilience in complex industrial environments.
3. **Engineering implementation and inference efficiency:** On the engineering side, distributed training frameworks and mixed-precision computation significantly improve training efficiency. Streaming concurrent inference techniques enhance system throughput under high-concurrency scenarios. By adopting INT4 quantisation and structured pruning, storage requirements and computational costs are substantially reduced while maintaining accuracy loss below 0.1%.
4. **Industry-specific evaluation framework:** Moving beyond general-purpose AI metrics, an industry-specific evaluation system has been established to ensure that technical outcomes precisely meet the professional requirements and quality standards of industrial design.
5. **System stability and reliability:** Comprehensive engineering optimisations ensure stable and reliable system performance under high-concurrency industrial environments, meeting stringent requirements for real-time responsiveness and operational reliability.

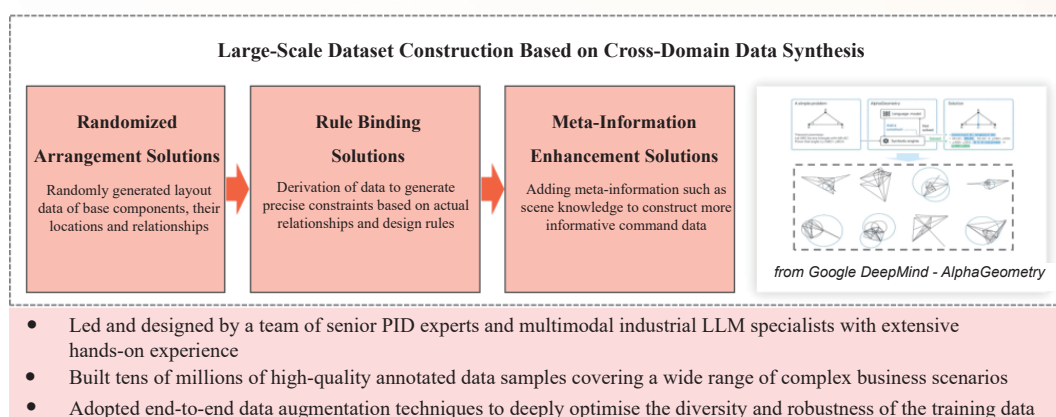


Figure (4) Large-Scale Dataset Construction Based on Cross-Domain Data Synthesis



Business Overview

In terms of industry applications, iPID 1.0 has been successfully deployed among multiple benchmark customers, achieving a reduction of more than 85% in design cycle time, while also supporting intelligent drawing recognition and solution generation during the revamping phase. These achievements have laid a solid foundation for the next stage of innovation in areas such as intelligent drawing review and intelligent drawing generation.

AI Products and Solutions for Industries

In the field of industrial software, we focus on the practical empowerment value of industrial intelligent agents, adhering to a dual strategy of “technological breakthroughs + deep scenario engagement”. We continue to promote the integration of artificial intelligence with industrial software, upgrading industrial software from tool-level applications to decision-level empowerment.

Leveraging our self-developed AlnoGC Industrial LLM matrix, the Company tightly couples industrial intelligent agents with the cognitive and reasoning capabilities of large models and embeds them into end-to-end enterprise production and operational processes. These deployments cover core areas including energy management, equipment management, warehouse management and production task management. For example, in energy management, capabilities such as missing data completion, consumption anomaly detection and energy-saving recommendations establish industry-leading intelligent energy management solutions. In equipment management, the Company focuses on maintenance scenarios, enabling large-scale deployment of deep root-cause analysis to enhance maintenance efficiency and operational reliability. In warehouse management, the Company addresses key pain points such as spare parts redundancy and multiple codes for a single item, improving inventory turnover efficiency and effectively reducing inventory costs through refined management. In production task management, material kitting analysis intelligent agents are introduced to support precise task execution and efficiency improvements.

For benchmark customers in key verticals such as food & beverage and new materials, we leverage the ontology module newly added to the AgentBuilder platform to collaboratively define multi-dimensional operational elements and construct industry- and enterprise-specific scenario frameworks. This significantly improves the precision and efficiency of industrial intelligent agent deployment in real customer production environments.

In the field of industrial logistics, we continue to advance the digital and intelligent transformation of “industrial production logistics,” mainly focusing on productization, scenario scalability and equipment self-reliance. As the business progressed steadily, a series of key achievements were delivered.

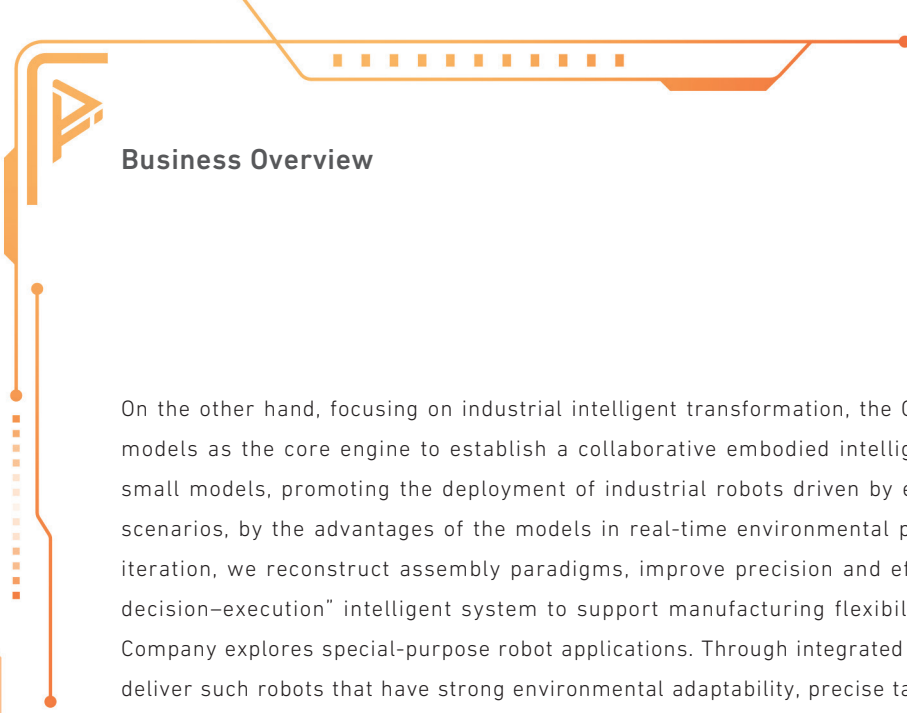
First, the Company has strengthened core product barriers and promoted large-scale replication of benchmark projects. We successfully deployed integrated intelligent iron-steel interface systems and autonomous locomotive driving systems at a large steel enterprise in southern China, and completed iterative optimisation of molten iron scheduling models and dynamic iron-steel balance models. These efforts have significantly improved production and logistics coordination. We have also deployed an intelligent locomotive transportation system at a mining enterprise in northern China, making it among the first in the domestic industry to realise end-to-end intelligent scheduling across both “hot line” and “cold line” operations. In terms of the number of locomotives covered and the scale of operational areas, the deployment there ranks among the leading implementations in the domestic market and serves as a reference case for the industry.

Second, the Company has actively expanded the AI + industrial logistics innovation track. Leveraging the AlnnoGC Industrial LLM, the Company focuses on intelligence-driven multi-scenario applications. In high-risk operational environments, intelligent hook-removal robots were deployed at a northern mining enterprise to enable unmanned operations, enhancing safety and standardisation. In full-domain perception scenarios, drone-based intelligent inspection systems were deployed across multiple steel enterprises in both northern and southern regions, establishing low-altitude intelligent perception networks. In addition, we have launched intelligent electric locomotive robots, integrating autonomous charging operations into the full operational workflow to meet complex working conditions and achieve a closed-loop autonomous energy replenishment process.

Third, the Company accelerated iteration and upgrading of self-developed products and strengthen our core capabilities in equipment self-reliance. H-GNSS high-precision satellite positioning devices for complex industrial scenarios have been successfully deployed across multiple projects, with performance and stability fully validated. Mobile intelligent sensing devices have completed prototype testing and met performance targets. Such devices to be officially launched will further enrich the Company’s self-developed product portfolio.

In the field of intelligent equipment, we steadily advance both technological iteration and business expansion, achieving dual progress in deepening existing businesses and breaking into emerging fields.

On the one hand, the Company targets strategic high ground in high-end inspection equipment. We have built our core technological barriers through innovation and continuously strengthened technology iteration and industry standard leadership in semiconductor, automotive assembly inspection equipment and such other equipment. By deeply integrating multimodal foundation models with hardware, the Company has built a proprietary AI foundation platform and established a high-end, scenario-oriented integrated inspection equipment ecosystem. By harnessing the advantages of large models in multi-source heterogeneous data fusion, complex operational condition analysis and end-to-end intelligent testing optimisation, coupled with self-developed high-precision modules, we achieve ultra-sensitive semiconductor testing and full-scenario SOP compliance for automotive assembly. This addresses the rigidity of traditional testing processes, accuracy bottlenecks and scenario adaptation challenges, providing high-end solutions that combine reliability with forward-looking innovation. We continue to invest in core R&D, uphold technological autonomy and control, and advance testing equipment towards greater intelligence and integration, thereby fortifying our technological moat and empowering the industrial chain with autonomous control and high-quality manufacturing upgrades.



Business Overview

On the other hand, focusing on industrial intelligent transformation, the Company uses industrial embodied intelligence models as the core engine to establish a collaborative embodied intelligence technology system combining large and small models, promoting the deployment of industrial robots driven by embodied models. In production line assembly scenarios, by the advantages of the models in real-time environmental perception, optimal path planning and adaptive iteration, we reconstruct assembly paradigms, improve precision and efficiency, and form a closed-loop “perception–decision–execution” intelligent system to support manufacturing flexibility and digital transformation. Meanwhile, the Company explores special-purpose robot applications. Through integrated software–hardware design, the Company could deliver such robots that have strong environmental adaptability, precise task execution and autonomous decision-making in extreme conditions. Benchmark deployments have been already realised in areas such as underwater infrastructure inspection and maintenance, scientific research operations and emergency rescue.

In the field of intelligent manufacturing practical training, we continue to expand applications of large models through technological innovation across vocational training and broader education industries. Leveraging training bases, we align closely with industrial support policies and customised educational demands, by integrating AI technologies with intelligent education software development and embodied industrial robotics to build a unified “technology–scenario–value” service system.

With the AlInnoGC AgentBuilder platform as a core technological foundation, we have built a large-model-based intelligent education ecosystem focused on empowering the full teaching lifecycle. This includes intelligent upgrades across teaching preparation, instructional delivery, evaluation and feedback, and independent learning. Algorithmic optimisations enable automatic question generation and intelligent grading of subjective questions, significantly improving teaching efficiency. By analysing student learning behaviour data, precise learner profiles are generated with personalised learning performance reports and knowledge gaps to support differentiated instruction. In addition, an intelligent knowledge query engine is constructed to cover both theoretical learning and hands-on skill training, supporting self-directed exploratory learning. For AI + manufacturing training needs, we embed large-model intelligent agents into integrated software–hardware training platforms. Together with structured training curricula, AgentBuilder enables trainees to work within predefined intelligent manufacturing scenarios and use it to build and deploy intelligent industrial agents with a low barrier. These agents can operate in coordination with the platform’s industrial software, digital-twin systems and corresponding physical equipment. This feature enables immersive hands-on experience of large-model applications in representative manufacturing scenarios while cultivating industrial intelligent agent development capabilities. Such solutions have been deployed in training bases and are progressively being rolled out to higher education institutions and vocational colleges.

In the field of digital and intelligent software, the Company continues to deepen development of self-owned data intelligence software and solutions, while actively advancing the integration of large-model intelligent agents with digital intelligence software. On the one hand, large-model intelligent agents enhance data acquisition and analysis capabilities, strengthening data governance and improving efficiency while reducing governance costs. On the other hand, the Company actively expands intelligent data application businesses on enterprise data platforms, gradually forming a flywheel effect between data platforms and data applications.

In the financial sector, the Company delivers differentiated services tailored to regulatory compliance, data security and business application requirements, serving institutions including Bank of Communications, Ping An Asset Management, Pacific Asset Management, Yong'an Futures, Orient Securities, Fullgoal Fund and China Universal Asset. These services strengthen AI agent-driven business data management, data classification and grading, and data quality improvement, meeting regulatory requirements and helping financial institutions optimise data management processes and operational efficiency.

At the same time, aligned with China's national "AI + Manufacturing" strategy and the wave of digital transformation in manufacturing enterprises, the Company accelerates horizontal expansion into the manufacturing sector. Focusing on time-series data governance and intelligent application deployment, the Company serves clients such as SAIC-GM, NARI Technology, Delixi Electric, Thermo Fisher Scientific, Carl Zeiss and Merck, promoting the assetization of time-series and production data to support equipment maintenance, production efficiency improvement and process optimisation.

Part II: Future Outlook

The continuous iteration of core technologies such as industrial LLM, physical AI, edge AI and super agent, as well as the intensive rollout of favorable policies for the artificial intelligence market, will enable artificial intelligence to step into a golden age of widespread application in 2026. A wave of diversified scenarios sweeps in, rapidly propelling the adoption of AI applications by enterprises and triggering an exponential leap in the value of artificial intelligence to the real economy. AI 2.0 ignites a surging intelligence transformation of industries in China. LLM, once confined to the lab, is not only being used in the office but is delving into the core production processes of manufacturing plants. Nowadays, AI technologies are accelerating their transformation into the core engine, powering the profound industrial change through standardized and normalized engineering pathways. In the future, the logic of competition in the AI industry has undergone a fundamental shift. The transformation of AI from "technological innovation" to "value creation" will be the key proposition for enterprises in building their core barriers.

The application of artificial intelligence in manufacturing represents a systematic endeavor to efficiently achieve the productization, scenario-specific implementation, engineering and commercialization of these technologies, rather than a simple aggregation or fragmented use of individual technologies. This requires deep integration between AI companies and manufacturers, instead of superficial attempts during applications. The progression from a general scenario of "cost reduction oriented" to high-value-added exclusive ones of "quality and efficiency improvement" will highlight the integration effect of AI and manufacturing.

As we look toward 2026, the main direction for industrial development is clear despite remaining market uncertainties. There is a growing demand from the real economy, such as manufacturing, for "AI+" empowerment. It sparks a promising future where "+AI" drives integration and innovation across entire industrial chains. AlInnovation is poised to seize the strategic "AI+" opportunities, solidifying its leadership in "AI + manufacturing". For technical products, we will anchor our development in the "AI+" and boost R&D investment in core underlying technologies such as industrial LLM and industrial agents. We will target actual pain points in manufacturing, leveraging industrial software and industrial robots as the key pillars for AI implementation to forge standardized products and tailored solutions that meet industry needs, thereby strengthening our technological and product strength. For commercial applications, we will centre on "+AI" integrative logic. Through collaborative models with joint R&D, scenario co-creation and shared ecosystem growth, we will deepen synergy with upstream and downstream manufacturers to speed up the path to commercial success.

Business Overview

In 2026, the overall strategic layout of “one model, one agent and two wings” will be further consolidated and strengthened. We will increase R&D investment in core underlying technology platforms, promote the coordinated development of “AI + Industrial Software” and “AI + Industrial Robots”, and provide manufacturing enterprises with more comprehensive, user-friendly and practical AI solutions across key business sectors, including industrial software, digital intelligence software, industrial logistics, intelligent equipment and industrial sustainability.

Enterprise-grade Agent Platform: AlnnoGC Agent Builder

Alnovation will dedicate itself to building a “reliable agent in the physical world” to fuel the all-round implementation of agents in the core processes of enterprise production and operation. We will promote agents to evolve from “decision-makers in the digital space” to “executors in the physical world”, continuously enhancing the depth and breadth of industrial agents at the cognitive and execution levels in the most challenging realms of industry.

1. Strategic focus: building a robust foundation for multimodal cognition and explainability with Ontology at its core

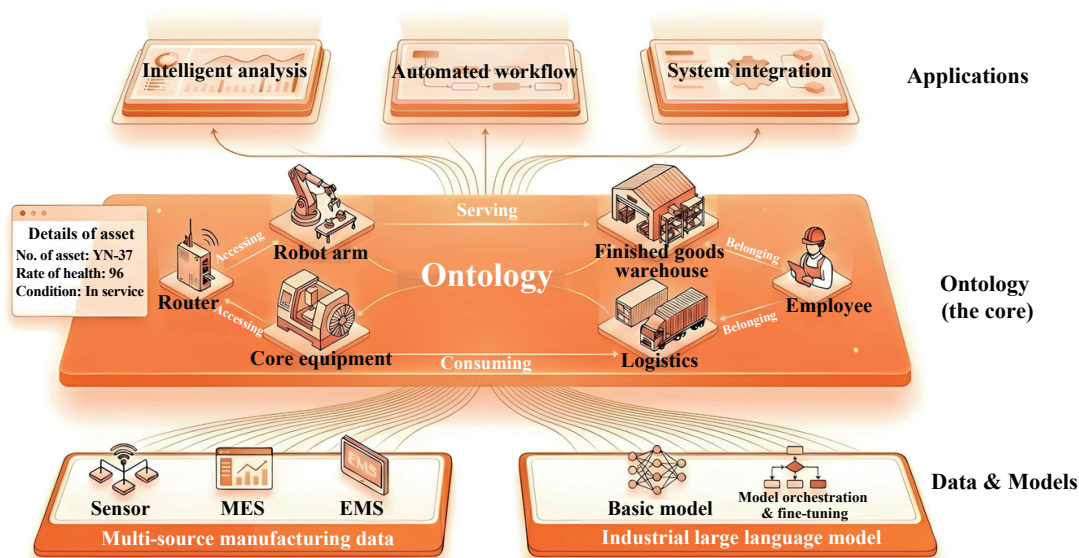


Figure (5) System Architecture of Ontology-based Agent

We will establish a strategy centred on “comprehensively building Ontology-based manufacturing agents”, positioning Ontology as the logical bridge between the physical world and digital space. In order to establish a robust “fully cognitive” industrial brain, we will continuously deepen the integration and reconstructive mapping of LLM with industrial modelling features, visual imagery and specialized contexts. Through the rigorous constraints of Ontology-based business logic, we will prioritize the enhancement of model interpretability as a critical complement. This ensures transparent, rigorous and predictable industrial decision-making, reinforcing our leadership in the industrial agent sector.

2. Core breakthrough: building the “MCP-to-Skills” industrial skills ecosystem

We will establish a standardized conversion mechanism from MCP (Model Context Protocol) to Skills, encapsulating fragmented industrial software APIs and efficient SDKs into standardized "Skills" that can be invoked by agents, so as to foster a thriving industrial agent tool ecosystem. Combined with our proprietary underlying industrial protocol control capabilities, this empowers agents operating physical assets like production equipment, achieving seamless integration between AI and the physical infrastructure of manufacturing. The mechanism will significantly expand the application scope and flexibility of agents, enabling them to penetrate critical enterprise processes and achieve comprehensive upgrades from digital decision-making to physical execution.

3. Governance safeguards: finalizing the principle of “behavioral safety priority over models”

We will develop long-cycle memory mechanisms and automated SOP (Standard Operating Procedure) modelling capabilities designed for extended industrial processes, facilitating seamless mapping from factory regulations to agent workflows. At the same time, edge-side deployment will allow low-latency and high-reliability on-site execution. Stringent boundary controls and security auditing will ensure operational rigor and safety, guaranteeing that AI is “intelligent and beyond trustworthy” when applied to the industrial sites. This integrated governance framework will deliver robust assurance for widespread agent deployment, empowering clients to maintain stable and reliable operations throughout their intelligent transformation.

Industrial Embodied Intelligence Platform: ChatRobot

In 2026, ChatRobot will deeply explore the converged value of embodied intelligence and industrial manufacturing by adhering to a strategy of “innovation-driven technology and product-oriented implementation”. It will strengthen its scenario-based implementation capabilities while solidifying its technological moat. Centered on the goal of “building an end-to-end industrial embodied intelligence robot platform,” ChatRobot will advance three key initiatives of technology, product and business to achieve synergistic breakthroughs in these areas.

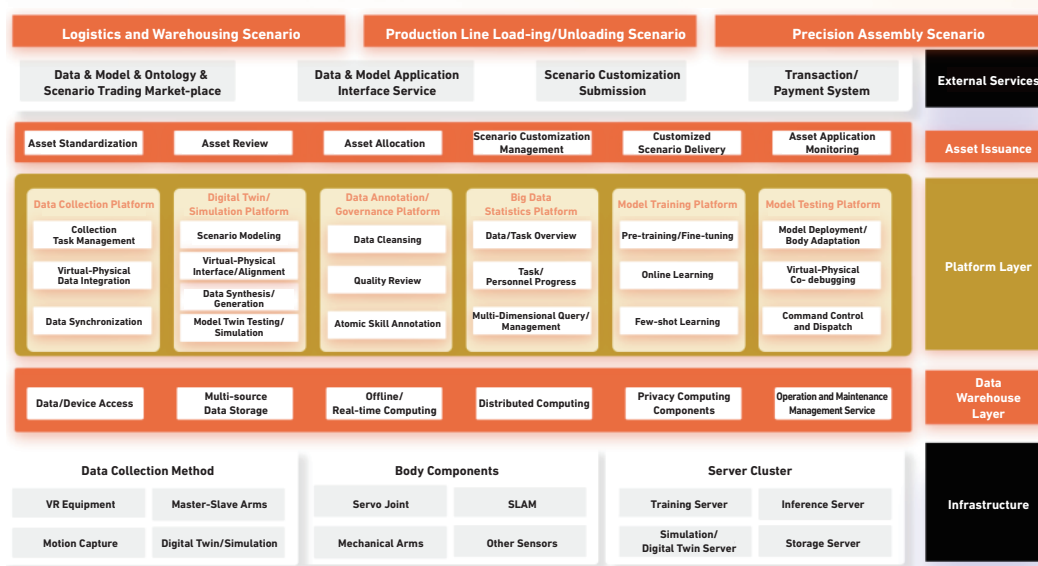


Figure (6) ChatRobot Full-chain Core System

1. Building Core Infrastructure: The Embodied Intelligence Integrated Data Collection and Training Center

Leveraging the existing multimodal data architecture, we will establish an industry-leading Embodied Intelligence Integrated Data Collection and Training Center to solidify the core infrastructure for technological innovation. Focusing on key scenarios such as advanced manufacturing, intelligent classification, and precision assembly, we will create a standardized data collection and governance system that covers comprehensive data dimensions. This will enable fully automated and intelligent operations across the entire data pipeline from “collection, cleansing, annotation, training and iteration”, thereby building a high-quality, highly adaptable data foundation for industrial embodied intelligence. Concurrently, we will develop a flexible automated training platform that deeply integrates core algorithmic capabilities, including dynamic data augmentation and mixed ontology data training, which will support the rapid iteration and performance leap for ChatRobot VLA model and its downstream task-specific models, fostering a closed-loop ecosystem where “data drives algorithms, and algorithms feed back into scenarios” to establish a differentiated technological barrier.

2. Advancing End-to-End Productization: Defining Industrial Embodied Intelligence Product Standards

We will drive a strategic upgrade from “technical components” to “standardized, scalable products”, creating industrial embodied intelligence solutions adaptable across all sectors. In terms of system, we will unify the interface protocols and technical standards for the three core systems, namely control, intelligent and data systems, enabling their deep synergy and seamless hardware-software compatibility, thereby effectively addressing the industry pain points of coordinating multiple devices and systems in industrial scenarios. In terms of algorithms, guided by industrial needs, we will continue to advance embodied intelligence algorithms, strengthen industrial robots’ learning capabilities, reduce learning costs, and promote robots’ active adaptation and collaboration within hardware ecosystems, thereby enhancing product stability and scalability in complex industrial environments. In terms of product, we will iteratively optimize the “cloud-edge-end” architecture, enhance both scalable management and control capabilities on the cloud side, and lightweight adaptation capabilities on the edge side, refine streamlined user interactions, and form both standardized product delivery kits and a matrix of customized solutions that will lower deployment barriers for industry clients and lead the way toward standardized development of industrial embodied intelligence products.

3. Deepening Commercial Implementation: Empowering Intelligent Manufacturing Upgrades Across Multiple Domains and Scenarios

With ecosystem collaboration as the core link, we will focus on creating end-to-end closed-loop solutions for embodied intelligence, driving the critical leap of technologies from pilot verification to large-scale empowerment. We will deepen strategic cooperation with core partners to build a multi-dimensional ecosystem encompassing hardware, algorithms, and application scenarios, and develop industry-specific “one brain, multiple bodies” solutions to strengthen the ecosystem’s core competitiveness. Concentrating on fields such as assembly, logistics, and practical training education, we will establish showcase cases for rapid replication, constructing a commercialization path characterized by “showcase leadership-scenario expansion-value co-creation”. By synergizing the ecosystem to streamline the closed loop from “R&D-adaptation-delivery-iteration”, we will empower the high-quality transformation of intelligent manufacturing to achieve a dual leap in both commercial and social value.

Industrial Design Generative Platform ChatCAD

In 2026, AlInnovation will continue to deepen its cooperation with strategic partner Bentley Systems. On the one hand, the parties will jointly engage more ecosystem partners to promote the commercial implementation of iPID 1.0 products; on the other hand, they will jointly advance the design and research and development of iPID 2.0 products. At present, both parties have officially initiated the planning and design of iPID 2.0 version. Building on version 1.0's intelligent image understanding capabilities, an intelligent image review agent will be introduced to provide online real-time and offline batch design compliance reviews. We will select key industries, comprehensively organise and consolidate industry design specifications, internalise them into the image review intelligent agent, and enable flexible access to enterprises' proprietary design standards, thereby creating for enterprises an intelligent design and review platform that integrates quality control and compliance review.

The new generation of iPID 2.0 will strive to achieve the following breakthroughs:

1. **Automated verification of design specifications:** By integrating industry knowledge bases with a rules engine, the system will be able to automatically identify potential issues in design drawings in accordance with user-defined design specifications (such as insufficient pipeline spacing, incorrect component selection and breaches of safety standards), and generate structured drawing review reports, significantly improving the efficiency and compliance of design reviews.
2. **Knowledge-driven and continuous evolution:** Building a scalable and updatable industrial design knowledge system to enable the system to continuously learn new specifications and standards and flexibly adapt to the personalised needs of different industries and customers.
3. **Platformization and ecosystem development:** While deepening integration with the Bentley product ecosystem, we will further open up APIs and development frameworks and collaborate with more industry partners to jointly build an intelligent industrial software application ecosystem covering the full lifecycle of design, design review and operations and maintenance.

Through the research and development of iPID 2.0, ChatCAD's business scope will extend from the design stage to the core processes of quality control. While improving customer efficiency, this will further safeguard project quality and safety, thereby helping enterprise customers implement their industrial design strategies of "digitalisation + standardisation".

Business Overview

AI Products and Solutions for Industries

In the field of industrial software, we will focus on the core demands in the deep application stage of intelligent empowerment of the manufacturing industry. With an ontology-driven approach as the core model, we will anchor a development path of “ontology as the framework and assets as the carrier”, continue to deepen our understanding of the business essence of various sub-sectors, start from the first principles of business process applications, deeply deconstruct and consolidate core business know-how, and prioritise the implementation of asset visualisation and reusability. We will continue to strengthen the advanced effectiveness of evolving from “technology adapting to business” to “ontology driving business”.

With AlInnoGC LLM as the technical backbone, we will promote the implementation of end-to-end process automation based on the AlInnoGC AgentBuilder platform, working with customers to deeply consolidate full-process data, industry knowledge and business logic from production processes, and transform core elements dispersed across scenarios into standardised, modular and reusable business assets. Driven by ontology, we will enable efficient consolidation and circulation of assets. Leveraging the AlInnoGC AgentBuilder platform to establish deep linkages between assets and the entire production chain, and through a continuous closed-loop iteration mechanism to optimise ontology adaptability and asset effectiveness, we will promote flexible reuse of assets across multiple industries and scenarios, further shorten the implementation cycle of intelligent solutions, enhance the precision of empowerment, and continuously strengthen the scalable value release of assets under the ontology-driven model.

In the field of industrial logistics, grounded in deep industry expertise and technological accumulation, and leveraging the AlInnoGC LLM foundation, we will deepen embodied industrial intelligence technologies to address the intelligence shortcomings of traditional equipment in high-temperature, high-dust and dynamically complex metallurgical scenarios. At the technology level, we will iterate intelligent locomotive robots, upgrade multimodal perception and flexible execution algorithms, overcome bottlenecks under extreme operating conditions, and build an “edge autonomy + cloud collaboration” architecture to establish differentiated technological barriers. At the solution level, we will strengthen integrated empowerment of “LLM + embodied equipment + scenario solutions”, coordinate core products to realise embodied collaboration across multiple pieces of equipment, and refine full-chain closed-loop service capabilities covering “perception – decision-making – execution – optimisation”. In market expansion, we will deepen the dual-wheel drive models of “1+N” and “1×N”, flexibly migrate mature technologies to port, thermal power and other general industrial scenarios to form universal solutions, accelerate overseas expansion, focus on core tracks to upgrade the product portfolio, lead industry iteration with embodied industrial intelligence, and build a global core enabler of intelligent industrial logistics.

In the field of intelligent equipment, we will take technological breakthroughs as the lever to advance in two directions, consolidating the foundations of inspection equipment while upgrading embodied industrial intelligence capabilities. In the inspection equipment field, we will focus on technological enhancement and consolidation, deepen the integration of multimodal large models with hardware, tackle core algorithms and high-precision hardware iterations, upgrade high-end inspection equipment, strengthen core capabilities in data fusion and operating condition assessment, strictly adhere to the bottom line of independent and controllable technologies, and build strong technological barriers in the high-end inspection segment. In the embodied industrial intelligence field, we will continue to strengthen algorithm research and

development, optimise the collaboration system between large and small models, expand the boundaries of intelligent applications, empower production line assembly robots through algorithm iteration to adapt to more scenarios, and improve the efficiency of the “perception–decision-making–execution” closed loop; we will also promote algorithm upgrades and intelligent advancement for specialised robots, break through operational limitations in complex scenarios, gradually expand scenario coverage, and drive growth in emerging businesses.

In the field of intelligent manufacturing practical training, building on achievements in industry–education integration, technology implementation and ecosystem development, and with “deepening training value, strengthening ecosystem synergy and advancing industrial commercialisation” as the core objectives, we will comprehensively upgrade our deployment in intelligent manufacturing practical training. On the one hand, we will continue to solidify the core businesses of practical training education operations and solutions, focusing on specialised training categories such as large AI models and embodied intelligence, while iterating intelligent teaching solutions in parallel and, leveraging AlnoGC AgentBuilder’s scenario adaptability, improving teaching and practical training efficiency. On the other hand, we will focus on ecosystem synergy and solution innovation, increase efforts to build the robotics industry ecosystem, and take full-chain embodied intelligence solutions as the key breakthrough direction. We will deepen strategic cooperation with high-quality ecosystem partners and broadly introduce multiple types of robot body enterprises into the ecosystem; concurrently, we will advance the construction of embodied intelligence system modules to create a standardised and reusable product system adaptable to different industrial manufacturing scenarios, forming a closed-loop solution through “cooperative introduction – product research and development – scenario expansion – professional empowerment”. In addition, we will actively explore diversified new models for robotics practical training, optimise practical training pathways in line with industry trends and user needs, continuously enrich the service dimensions of intelligent manufacturing practical training scenarios, connect the “technology–scenario–commercialisation” closed loop, and support the sustained expansion of the artificial intelligence and robotics industries.

In the field of digital and intelligent software, we will continue to focus on the practical digital and intelligent needs of key customers and pragmatically advance data intelligence-related initiatives, with priority given to the implementation of three major areas of work. First, we will promote the implementation of an ontology-based data intelligence architecture, organise industry data resources and unify data semantic standards with ontology as the core, and build a data intelligence management system to meet the multi-department data collaboration needs of large enterprises. Second, we will continue to deepen applications of intelligent data governance (AI for DataOps), focusing on pain points and challenges in customers’ data governance, optimising functions such as AI active metadata, AI-powered data lineage, AI intelligent inventory and AI closed-loop data quality control, enhancing the automation level of data governance, helping customers reduce governance costs and improve operational efficiency, while deeply embedding compliance requirements into system processes. Third, we will accelerate the implementation of intelligent data applications (DataOps for AI), focusing on customers’ core business scenarios to provide the manufacturing industry with data intelligence applications such as production data optimisation, supply chain data collaboration and time-series data-driven equipment early warning; and to build high-quality data support systems for financial institutions such as banks and securities companies, facilitating the deployment of data intelligent agents for risk management, compliance, investment research and marketing.

Management Discussion and Analysis

OVERVIEW

As an artificial intelligence technology enterprise focused on “AI + Manufacturing”, AlInnovation concentrates on the entire value chain from the research and development and engineering of vertical-domain AI models, to the deployment and implementation of application scenarios and the final delivery of solutions. The Company is committed to providing customers with technology products that are genuinely deployable and capable of creating value. In 2025, riding the wave of generative AI technologies, together with the empowerment of new industrialisation and “Artificial Intelligence +” policies, the Company’s industry competitiveness and brand influence in the “AI + Manufacturing” field continued to strengthen, with its business scale maintaining steady growth. At the same time, the Company has placed equal emphasis on business quality and operating efficiency, with overall financial indicators reaching the best levels since its establishment, laying a solid foundation for long-term sustainable development.

REVENUE

Our revenue increased by 23.8% from RMB1,221.8 million in the fiscal year ended 31 December 2024 to RMB1,512.6 million in the fiscal year ended 31 December 2025. Such increase was primarily due to the Company’s continuous business expansion, the increase in the number of customers and the steady improvement of the operational trend.

In terms of the manufacturing industry, revenue from manufacturing industry increased by 24.8% from RMB980.7 million in the fiscal year ended 31 December 2024 to RMB1,224.3 million in the fiscal year ended 31 December 2025, accounting for 80.9% of total revenue.

In terms of the financial services industry, revenue from financial services industry increased by 30.0% from RMB127.1 million in the fiscal year ended 31 December 2024 to RMB165.2 million in the fiscal year ended 31 December 2025, accounting for 10.9% of total revenue.

Our total number of customers increased from 521 in the fiscal year ended 31 December 2024 to 633 in the fiscal year ended 31 December 2025.



COST OF SALES

Our cost of sales increased by 23.1% from RMB798.7 million in the fiscal year ended 31 December 2024 to RMB983.5 million in the fiscal year ended 31 December 2025. Such increase was primarily due to the cost growth brought about by business expansion.

In terms of the manufacturing industry, cost of sales from manufacturing industry increased by 26.7% from RMB619.2 million in the fiscal year ended 31 December 2024 to RMB784.4 million in the fiscal year ended 31 December 2025, primarily due to the revenue increase in the manufacturing industry.

In terms of the financial services industry, cost of sales from financial services industry increased by 24.2% from RMB92.3 million in the fiscal year ended 31 December 2024 to RMB114.6 million in the fiscal year ended 31 December 2025, primarily due to the revenue increase in the financial industry.

GROSS PROFIT AND GROSS MARGIN

As a result of foregoing, our overall gross profit increased by 25.1% from RMB423.1 million in the fiscal year ended 31 December 2024 to RMB529.1 million in the fiscal year ended 31 December 2025. In 2024 and 2025, our overall gross margin was 34.6% and 35.0% respectively, primarily due to (i) the optimisation of the business structure, leading to a greater contribution from businesses with high gross profit; and (ii) the synergistic effect of economies of scale and technological advantages, resulting in a sustained increase in the gross margin.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses decreased by 22.9% from RMB191.4 million in the fiscal year ended 31 December 2024 to RMB147.5 million in the fiscal year ended 31 December 2025, primarily due to the enhanced customer acquisition efficiency, an optimised client base, and continued improvement in expense ratios.

GENERAL AND ADMINISTRATIVE EXPENSES

Our general and administrative expenses decreased by 19.9% from RMB264.4 million in the fiscal year ended 31 December 2024 to RMB211.8 million in the fiscal year ended 31 December 2025, primarily due to our continuous optimisation of internal operational processes and improvement of management efficiency.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses increased by 11.6% from RMB355.1 million in the fiscal year ended 31 December 2024 to RMB396.3 million in the fiscal year ended 31 December 2025, primarily due to our continuous increase in research and development investment, enhancing our core competitiveness and technological reserves.

Management Discussion and Analysis

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Our net impairment loss on financial assets in the fiscal year ended 31 December 2025 was RMB20.1 million, compared to the net impairment losses of RMB0.9 million in the fiscal year ended 31 December 2024, primarily due to an increase in provision for impairment of trade receivables during the Reporting Period.

OTHER INCOME

Other income primarily consists of government grants, which mainly relate to the financial assistance from local governments in China.

In the fiscal year ended 31 December 2025, our other income was RMB40.8 million.

OTHER GAINS/(LOSSES), NET

Our other gains/(losses), net mainly consists of (i) fair value losses on financial assets and liabilities at fair value through profit or loss ; and (ii) interest income from financial assets at fair value through profit or loss.

In the fiscal year ended 31 December 2025, we recorded other gains, net of RMB6.1 million.

OPERATING LOSS

As a result of the foregoing, we recorded an operating loss of RMB255.3 million in the fiscal year ended 31 December 2025, which represented a significant decrease as compared to the operating loss of RMB630.6 million in the fiscal year ended 31 December 2024.

FINANCE INCOME

Our finance income decreased from RMB13.0 million in the fiscal year ended 31 December 2024 to RMB3.9 million in the fiscal year ended 31 December 2025, primarily due to the decrease in interest income from bank deposits.

FINANCE COSTS

Our finance costs are primarily comprised of (i) interest expenses on lease liabilities; and (ii) interest expenses on bank borrowings.

Our finance costs decreased from RMB7.4 million in the fiscal year ended 31 December 2024 to RMB5.9 million in the fiscal year ended 31 December 2025, primarily due to a decrease in interest expenses on lease liabilities.



LOSS FOR THE YEAR

As a result of the foregoing, our loss for the year decreased by 59.1% from a loss of RMB608.9 million in the fiscal year ended 31 December 2024 to RMB248.8 million in the fiscal year ended 31 December 2025.

NON-IFRS MEASURES

Adjusted Net Loss

We define adjusted net loss as the net loss for the year adjusted by adding back share-based payment expenses, amortization of intangible assets arising from acquisition, impairment loss on goodwill and intangible assets arising from acquisition and changes in fair value of financial assets/liabilities at fair value through profit or loss. The changes in fair value of financial assets/liabilities at fair value through profit or loss mainly include fair value changes of contingent considerations and other financial investments.

The following table reconciles our adjusted net loss for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is net loss for the years.

	Year ended 31 December	
	2024 RMB'000	2025 RMB'000
Reconciliation of net loss to adjusted net loss:		
Loss for the year	(608,925)	(248,784)
Add:		
Share-based payment expenses	153,815	88,757
Amortization of intangible assets arising from acquisition	43,010	30,691
Impairment loss on goodwill and intangible assets arising from acquisition	227,973	55,655
Changes in fair value of financial assets/liabilities at fair value through profit or loss	66,862	7,947
Adjusted net loss (Unaudited)	(117,265)	(65,734)

Management Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents

As at 31 December 2025, cash and cash equivalents of the Group was approximately RMB830.9 million, compared to approximately RMB1,204.9 million as at 31 December 2024. The change was mainly due to the cash outflows from operating, investing and financing activities. Most of the cash and cash equivalents of the Group were denominated in RMB.

Gearing Ratio

The Group monitors capital on basis of the gearing ratio, which is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including related party borrowing) and lease liabilities less cash and cash equivalents. As of 31 December 2025, the Group had a net cash position and the gearing ratio was not applicable.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this report, for the year ended 31 December 2025, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Disclosure Made Pursuant to Rule 14.36B of the Listing Rules

References are made to the announcements of the Company dated 20 May 2022 and 27 November 2025, in relation to the acquisition of 51% equity interest in two target companies.

The Company entered into a share transfer agreement ("**Share Transfer Agreement I**") with three vendors ("**Vendors I**") on 20 May 2022. Pursuant to the Share Transfer Agreement I, the Company has agreed to conditionally purchase, and Vendors I have agreed to conditionally sell, an aggregate of 51% equity interest in AlInnovation EHigher (Shanghai) Intelligence Technology Co., Ltd. (浩亞奇智(上海)智能科技股份有限公司) ("**Target Company I**") at the total consideration of RMB153.0 million. The Company entered into another share transfer agreement ("**Share Transfer Agreement II**") with three vendors ("**Vendors II**") on 20 May 2022. Pursuant to the Share Transfer Agreement II, the Company has agreed to conditionally purchase, and Vendors II have agreed to conditionally sell, an aggregate of 51% equity interest in Qingdao Aolipu Qizhi Intelligent Industrial Technology Co., Ltd. (青島奧利普奇智智能工業技術有限公司) ("**Target Company II**") at the total consideration of RMB122.4 million.

1. Performance commitment of Target Company I

As for Target Company I, all parties agreed that the years of 2022, 2023 and 2024 will be the performance commitment period (the “**Performance Commitment Period**”) of Vendors I, during which, except for the matters that shall be considered and approved by the board of directors, the board of supervisors and the shareholders’ meeting of Target Company I as required by the laws and rules, the articles of association of Target Company I and the transaction documents or the matters that shall be agreed in writing by the Company before being implemented, the major operation and management matters of Target Company I shall be the sole responsibility of Chen Hong, an existing shareholder of Target Company I. Chen Hong undertakes that the following performance indicators will be satisfied:

Item Fiscal Year	Performance Commitment Indicator		
	2022 ¹	2023	2024
Revenue (RMB0'000)	21,818	33,000	44,000
Sales gross margin ²	Meeting the annual business guideline of the Company	Meeting the annual business guideline of the Company	Meeting the annual business guideline of the Company
Financial gross margin ³	Meeting the annual business guideline of the Company	Meeting the annual business guideline of the Company	Meeting the annual business guideline of the Company
Net profit (excluding extraordinary gains and losses) ⁴ (RMB0'000)	660	1,320	1,760

Notes:

1. The performance indicators for 2022 refer to the performance indicators consolidated after the Company acquired Target Company I only.
2. Sales gross margin = (turnover – external procurement costs)/revenue.
3. Financial gross margin = (turnover – costs of revenue)/revenue.
4. Net profit (excluding extraordinary gains and losses) refers to the net profit after deducting the extraordinary gains and losses.

Management Discussion and Analysis

During the Performance Commitment Period, the Company shall calculate the Share Transfer Payment (each amount being referred to as “**Adjusted Share Transfer Price**”) to be paid in the year according to the fulfillment of the Performance Commitment Indicator, and pay it to each of Vendors I separately according to the following formula: Adjusted Share Transfer Payment = Share Transfer Payment before Adjustment × The performance achievement rate after taking into account the collection of payments.

According to the Company’s announcement dated 20 May 2022, 30 June of each year or the date on which the Vendors I make payment application (whichever is earlier) shall be the closing date for collection of payments for the previous year (the “**Collection Date**”). According to the Company’s announcement dated 27 November 2025, the Company has agreed to amend the Collection Date for the performance commitment of Target Company I for the year 2024 to 30 September 2025. The Company shall calculate the performance achievement rate after taking into account the collection of payments based on the actual collection status before the Collection Date. Based on the actual payments collection status before the Collection Date, the revenue of Target Company I has been adjusted to RMB332.5465 million as of 31 December 2024, while the adjusted net profit (excluding extraordinary gains and losses) (unaudited) is RMB27.9359 million. The calculated sales gross margin and financial gross margin meet the annual business guideline of the Company. After taking into consideration the payments collection status, the performance achievement rate has been calculated to be 100%. Therefore, the Company is obligated to pay all Vendors I a total of RMB25.5 million as the Adjusted Share Transfer Price for the 2024 financial year.

2. Performance commitment of Target Company II

As for Target Company II, all parties agreed that the years of 2022, 2023 and 2024 will be the performance commitment period (the "**Performance Commitment Period**") of Vendors II, during which, except for the matters that shall be considered and approved by the shareholders' meeting, the board of directors, the board of supervisors and supervisors of Target Company II as required by the laws and rules, the articles of association of Target Company II and the transaction documents or the matters that shall be agreed in writing by the Company before being implemented, the major operation and management matters of Target Company II shall be the sole responsibility of Li Weiguo, an existing shareholder of Target Company II. Li Weiguo undertakes that the following performance indicators will be satisfied:

Item Fiscal Year	Performance Commitment Indicator		
	2022 ¹	2023	2024
Revenue (RMB0'000)	8,000	15,000	22,500
Sales gross margin ²	Meeting the annual business guideline of the Company	Meeting the annual business guideline of the Company	Meeting the annual business guideline of the Company
Financial gross margin ³	Meeting the annual business guideline of the Company	Meeting the annual business guideline of the Company	Meeting the annual business guideline of the Company
Net profit (excluding extraordinary gains and losses) ⁴ (RMB0'000)	600	1,100	2,300

Notes:

1. The performance indicators for 2022 refer to the performance indicators consolidated after the Company acquired Target Company II only.
2. Sales gross margin = (turnover – external procurement costs)/revenue.
3. Financial gross margin = (turnover – costs of revenue)/revenue.
4. Net profit (excluding extraordinary gains and losses) refers to the net profit after deducting the extraordinary gains and losses.

Management Discussion and Analysis

During the Performance Commitment Period, the Company shall calculate the Share Transfer Payment (each amount being referred to as “**Adjusted Share Transfer Price**”) to be paid in the year according to the fulfillment of the Performance Commitment Indicator, and pay it to each of Vendors II separately according to the following formula: Adjusted Share Transfer Payment = Share Transfer Payment before Adjustment × The performance achievement rate after taking into account the collection of payments.

According to the Company’s announcement dated 20 May 2022, 30 June of each year or the date on which the Vendors II make payment application (whichever is earlier) shall be the closing date for collection of payments for the previous year (the “Collection Date”). For the year 2024, the Collection Date was set for 30 June 2025. The Company shall calculate the performance achievement rate after taking into account the collection of payments based on the actual collection status before the Collection Date. Based on the actual payments collection status before the Collection Date, the revenue of Target Company II has been adjusted to RMB215.4348 million as of 31 December 2024, while the adjusted net profit (excluding extraordinary gains and losses) (unaudited) is RMB26.6498 million. Both the calculated sales gross margin and financial gross margin meet the annual business guidelines of the Company. After taking into consideration the payments collection status, the performance achievement rate has been calculated to be 96.67%. Therefore, the Company is obligated to pay all Vendors II a total of RMB19.7207 million as the Adjusted Share Transfer Price for the 2024 financial year.

MATERIAL INVESTMENTS HELD/FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

As of 31 December 2025, save as disclosed in this annual report, we did not have material investments or future plans for other material investments or acquisition of capital assets.

FOREIGN EXCHANGE EXPOSURE

During the fiscal year ended 31 December 2025, the Group mainly operated in the PRC with most of the transactions settled in RMB. The functional currency of our Company and its subsidiaries is RMB. As of 31 December 2025, our balance of the cash and cash equivalents was mainly denominated in RMB. The Group manages its foreign exchange risk by closely monitoring the movement of the exchange rates and will consider hedging significant foreign currency exposure if necessary. As of 31 December 2025, our business is not exposed to any significant foreign exchange risk.

PLEDGE OF ASSETS

As at 31 December 2025, the Group had no material pledge of assets.

BORROWINGS

As at 31 December 2025, borrowings of the Group were RMB122.2 million (as at 31 December 2024: RMB127.7 million), mainly include short-term borrowings of several subsidiaries.

CONTINGENT LIABILITIES

For the fiscal year ended 31 December 2025, due to a commercial lawsuit by one of the Group's subsidiaries, the subsidiary's bank deposits totalling RMB18.8 million and its equity interests in two subsidiaries have been frozen and the lawsuit is still in progress at present.

Save as disclosed above, we had no other material contingent liabilities as at 31 December 2025.

SUBSEQUENT EVENT

Save as disclosed in this annual report, there was no significant event subsequent to the end of the Reporting Period and up to the Latest Practicable Date.

Report of the Directors

The Board of Directors hereby present to the Shareholders the annual report of the Group for the year ended 31 December 2025, together with the audited consolidated financial statements of the Group for 2025, which were prepared in accordance with IFRS Accounting Standards.

GENERAL INFORMATION

The Company is a joint stock limited company incorporated in the PRC on 6 February 2018. It mainly conducts research and development of artificial intelligence technologies and provides artificial intelligence-based software and hardware technology solutions services. The H Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 27 January 2022.

The general information of the Company was set out on pages 4 to 5 in the section headed "Corporate Information" of this annual report.

DIRECTORS AND SUPERVISORS

For the year ended 31 December 2025 and up to the Latest Practicable Date, the Directors and Supervisors in office were as follows:

Executive Director

Mr. Xu Hui (Chief Executive Officer)

Non-executive Directors

Dr. Kai-Fu Lee (Chairman)

Mr. Wang Hua

Mr. Wang Jinqiao

Independent non-executive Directors

Mr. Xie Deren

Ms. Ko Wing Yan Samantha

Ms. Jin Keyu

Supervisors

Ms. Lin Ying

Ms. Duan Chengjin

Ms. Gao Lingyan

Biographical details of the Directors, Supervisors and the senior management of the Company are set out on pages 78 to 96 in the section headed "Directors, Supervisors, Senior Management and Employees" of this annual report.

BUSINESS REVIEW

The business review of the Company for the year and an indication of likely future development in the business of the Group are set out in the “Business Overview” and “Management Discussion and Analysis” of this annual report.

MAJOR RISKS AND UNCERTAINTIES

The major risks and uncertainties that we face include:

- The AI industries in which we operate are characterized by constant changes, especially in the AIGC areas. If we fail to continuously improve our technology and provide innovative solutions that meet the expectations of our customers, our business, financial condition and results of operations may be materially and adversely affected.
- The AI solutions industries in which we operate are highly competitive and fragmented, and we face competition in several major aspects of our business. If we fail to compete successfully against our current or future competitors, our business, financial condition and results of operations may be materially and adversely affected.
- AI technologies are constantly evolving. Any flaws or misuse of the AI technologies, whether actual or perceived, whether intended or inadvertent, whether committed by us or by other third parties, could have a negative impact on our business, reputation and the general acceptance of AI solutions by the society.
- We have a limited operating history, which makes it difficult to evaluate our business and future prospects.
- We are investing heavily in our R&D efforts, which may negatively impact on our profitability and operating cash flow in the future and may not generate the results we expect to achieve.
- If we fail to retain existing customers, attract new customers or increase the spending by our customers, our business and results of operations may be materially and adversely affected.
- If our expansion into new verticals is not successful, our business, prospects and growth momentum may be materially and adversely affected.
- We may be subject to complex and evolving laws and regulations regarding privacy and data protection. Actual or alleged failure to comply with privacy and data protection laws and regulations could damage our reputation, deter current and potential customers from using our solutions and could subject us to significant legal, financial and operational consequences.

ENVIRONMENTAL POLICIES AND PERFORMANCE

On the way of exploring AI products and business solutions, Alnnovation has always been committed to the original idea of "Technology for Good, Empowering Value" and continues to practice the concept of Environmental, Social and Governance (ESG). Internally, we are committed to providing higher value AI products and solutions to our customers by strengthening our research and development and innovation capabilities through innovation-driven services and relying on a continuously growing talent pipeline. Externally, as an explorer on the path of AI products and business solutions, we promote technological innovation as one of the important ways to fulfill our corporate social responsibility. With customized products and services, we continue to empower digital transformation in various fields, help enterprises reduce costs and increase efficiency, and promote the realization of energy saving and emission reduction and the safe guarding of personnel.

IMPROVING CORPORATE GOVERNANCE

Alnnovation attaches great importance to corporate governance and regards good corporate governance as one of the necessary conditions for the Company to achieve sustainable development. We have established a sound decision-making and management system, with the Board of Directors as the highest responsible body for ESG management, responsible for formulating the Company's ESG management policy and strategy, and a three-level ESG governance structure consisting of the Board of Directors, senior management and ESG working group. We have clearly defined ESG functions at each level and invite external organizations to conduct relevant training for members of the structure every year to help us manage our ESG issues more efficiently and accurately. In addition, we are aware of the importance of artificial intelligence ethics to the development of AI, and have gradually established AI ethics-related management responsibilities and review procedures, and are committed to building a more controllable and credible industry development prospect.

FULFILLING SOCIAL RESPONSIBILITY

Alnnovation takes responsible operation as the cornerstone, continuously improves the R&D innovation mechanism, enhances the R&D innovation ability, and continuously promotes technological innovation and industrial application. We are committed to the development of socially friendly and environmentally friendly sustainable products. Through high-quality products and excellent services, we provide business support for customers in various industries and sectors, and help them build a more sustainable business and development model. During the Reporting Period, we assisted customers' manufacturing plants to efficiently realize intelligent analysis of illegal wearing behavior, escorted safe production, achieved more accurate energy consumption analysis for customers' R&D and manufacturing bases, and improved the efficiency of their energy use and operation and maintenance work. At the same time, we have established a comprehensive information security management system, and take "the reliable and controllable system, the safe and credible data, the legal and compliant behavior, and the preventable and traceable incident" as the overall policy, and implement a series of security control points and paths to build a strong information security defense line.

For employees, we provide our employees with competitive salaries and benefits, and have established a clear and transparent promotion mechanism and a comprehensive training system to continuously tap the potential of employees and support their growth. For partners, we maintain business relationships with integrity, justice and fairness, and give priority to establishing long-term cooperative relationships with suppliers with a strong sense of corporate social responsibility and green environmental awareness. We also conduct supplier performance assessments from multiple dimensions to help suppliers improve their capabilities and work together to promote sustainable ecological construction of supply chain. In addition, we have carried out strategic cooperation with a number of industry partners, to give full play to the advantages of both parties, jointly explore the commercialization of AIGC technology in various industries, and create a digital and intelligent future by sharing technical advantages.

We continue to help the training of industry talents, and have established the "Alnnovation Industrial Robot Innovation Center and High-skilled Talent Cultivation Base" to cultivate and transport high-quality technical talents for the industry. We also do not forget to promote the development of youth education, and provide practical opportunities for young people through the "Youth Artificial Intelligence Education Practice Base", to empower education with innovative cutting-edge technology.

GUARDING THE GREEN ENVIRONMENT

Alnnovation actively fulfills its responsibility for environmental protection. We give priority to buildings with green building certification as our office space, and insist on promoting green operations. We actively take measures such as energy conservation, resource recycling, and enhancing employees' environmental awareness in our daily operations to contribute to the green ecological environment. At the same time, we actively respond to the risks and opportunities brought by climate change. In response to extreme weather, we have formulated emergency plans to ensure the safety of employees and property. At the same time, we actively respond to the national "carbon peak, carbon neutral" goal, and use AI technology to help customers cope with climate change-related risks and jointly move forward on the road of green development.

For details, please refer to the 2025 Environmental, Social and Governance Report of Alnnovation Technology Group Co., Ltd. to be disclosed separately by the Company in due course.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board and the management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach or non-compliance of applicable laws and regulations by the Group and there was no non-compliance which, in the opinion of the Board and the management, individually or collectively, would have a material adverse effect on the business of the Group as a whole.



Report of the Directors

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company recognizes that employees are one of the most significant assets of the Group. The Company provides good working environment and effective incentive mechanism for employees, continuously optimizes employee training system, provides different career development paths for employees, guides employees to grow together with the enterprise, and protects the rights and interests of employees.

The Company maintains a good relationship with its customers and suppliers. The Company deeply understands the changing market demand and maintains a close relationship with customers by strengthening communication with customers. The Group actively and effectively strengthens the business cooperation with suppliers to ensure the timely delivery with good quality and the stability of the Company's business through continuous communication.

CONNECTED TRANSACTIONS

During the Reporting Period, the Company did not enter into any connected transactions or continuing connected transactions that are required to be disclosed under the Listing Rules. No related party transactions set out in Note 41 to the consolidated financial statements constitute disclosable connected transactions or continuing connected transactions under the Listing Rules. During the Reporting Period, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

RESULTS AND APPROPRIATIONS

The Group's results and financial position for the year ended 31 December 2025 are set out on pages 30 to 39 in the section headed "Management Discussion and Analysis" of this annual report. The Board does not recommend the payment of a final dividend for the year ended 31 December 2025.

TAX RELIEF AND EXEMPTION

The Board is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

ISSUED SHARE CAPITAL

As of 31 December 2025, the total share capital of the Company was RMB563,544,438, divided into 563,544,438 Shares of RMB1.00 per each. Details of the movement of the share capital of the Company during the Reporting Period are set out in Note 27 to the financial statements.

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

During the year ended 31 December 2025, the Company repurchased a total of 8,447,700 H Shares (the "Repurchased Shares") on the Hong Kong Stock Exchange for a total consideration of approximately HK\$48,205,755. Details of the Repurchased Shares are as follows:

Month of Repurchase	Repurchased Number of Shares	Highest Price (HKD)	Lowest Price (HKD)	Total Consideration (HKD)
2025				
January	216,000	5.58	5.52	1,199,334
April	1,340,900	3.82	3.28	4,809,858
May	355,600	4.28	4.1	1,498,507
June	2,802,200	6.27	5.59	16,662,126
July	1,488,000	6.17	5.73	8,947,060
September	590,700	8.3	7.83	4,810,602
October	570,100	8.51	6.67	4,305,500
December	1,084,200	5.7	5.23	5,972,768
Total	8,447,700	—	—	48,205,755

The Repurchased Shares during the Reporting Period are held by the Company as Treasury Shares and will be disposed of or utilised based on the comprehensive consideration of market conditions and the Company's capital management needs.

As at 30 June 2025, a total of 1,506,300 shares repurchased from 30 October 2024 to 29 November 2024 have been cancelled by the Company. As at 31 December 2025, the balance of the issued Shares of the Company was 563,544,438 shares (including 8,447,700 Treasury Shares). The Repurchased Shares as referred to in the circular of the Company dated 18 April 2024 and 24 April 2025 was for the purpose of safeguarding the value of the Company and the interests of the Shareholders.

Save as disclosed above, neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including sale of Treasury Shares) during the Reporting Period.

PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment of the Group for 2025 are set out in Note 15 to the financial statements.



Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, total sales to the five largest customers of the Company accounted for approximately 19.4% of the total revenue for the year, while the total sales to the largest customer accounted for 5.1% of the total revenue for the year.

For the year ended 31 December 2025, the total purchase from the five largest suppliers of the Company accounted for approximately 34.9% of the cost of sales for the year, while the total purchase from the largest supplier accounted for 12.6% of the cost of sales for the year.

For the year ended 31 December 2025, to the knowledge of the Directors, none of the Directors, their associates, or Shareholders of the Company (which, to the knowledge of the Directors, owned more than 5% of the Company's share capital) had interests in the five largest customers or suppliers of the Group during the Year.

EMPLOYEES

Employees are the key to the Group's sustainable development. For details of the Group's employees, please refer to "Directors, Supervisors, Senior Management and Employees - Employees and Remuneration Policies" on page 86.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2025, borrowings of the Group were RMB122.2 million (31 December 2024: RMB127.7 million). Details of bank loans and other borrowings of the Group for 2025 are set out in Note 33 to the financial statements.

EXTERNAL DONATION

During the Reporting Period, the Group did not make any donations.

SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

Each of the Directors and Supervisors has entered into a service contract with the Company. The principal particulars of these service contracts: (1) include the term of appointment, which commences from the date of appointment and ends on the date of expiry of the current session of the Board/Supervisory Committee; and (2) are subject to termination in accordance with the respective terms.

None of Directors or Supervisors has entered into a service contract with the Company which is terminable by the Company within one year without payment of compensation (other than statutory compensation).

REMUNERATION OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors and Supervisors receive compensation in the form of fees, salaries, allowance, discretionary bonus, pension scheme contributions and other benefits in kind (if applicable), or in the form of cash and/or incentive shares. The remuneration of the Directors is determined in accordance with reference to the recommendation from the Remuneration Committee, the market levels and the competency, contributions and the responsibilities towards the Company.

Details of the Directors and the five highest paid individuals of the Company are set out in Note 8 and Note 43 to the financial statements.

No Directors waived or agreed to waive any emoluments, and no emoluments were paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

During the Reporting Period, the Group did not participate in, directly or indirectly, concluding transactions, arrangements and contracts of significance in which the Director or the Supervisor or any entity which he or she was related to was materially interested, and related to the businesses of the Company and were subsisting during or by the end of the year.

INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN COMPETING BUSINESSES

During the Reporting Period, none of the Directors, Supervisors, the senior management or their respective associates had any interests in any business which competes or is likely to compete directly or indirectly with the business of the Group or had any other conflicts of interest with the Group.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

During the Reporting Period, the Company has no controlling Shareholders. Save as disclosed under the section headed "Connected Transactions" and paragraphs under Note 41 of the Notes to the Financial Statements of this annual report, there is no contract of significance, whether for the provision of services or otherwise, to the business of the Group between the Company, or any of its subsidiaries, or the Single Largest Shareholders Group or any of its subsidiaries during the Reporting Period.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

For information on the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, please refer to “Changes in Share Capital and Information of Shareholders - Directors’, Supervisors’ and the Company’s Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of The Company and Its Associated Corporation” at on pages 57 to 58.

RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

During the Reporting Period, the Company has no controlling Shareholders. For the year ended 31 December 2025, the Company, or any of its subsidiaries did not have or has participated at any time during the year in any arrangement through which the Directors and Supervisors of the Company may benefit by purchasing shares or debentures of the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2025.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

For details of shareholding of substantial Shareholders in the Company, please refer to “Changes in Share Capital and Information of Shareholders - Interests and Short Positions of Substantial Shareholders in the Shares or Underlying Shares” on pages 58 to 59.

PRE-EMPTIVE RIGHT

During the year ended 31 December 2025, the Company had no pre-emptive right. There are no specific provisions under the PRC laws or the Articles of Association of the Company in relation to pre-emptive rights.

PERMITTED INDEMNITY PROVISIONS

The Company has maintained appropriate liability insurance for its Directors, Supervisors and senior management. Such liability insurance is set out in the permitted indemnity provisions. Save as the above, none of the Directors of the Company was benefited from any effective permitted indemnity provisions as of 31 December 2025.

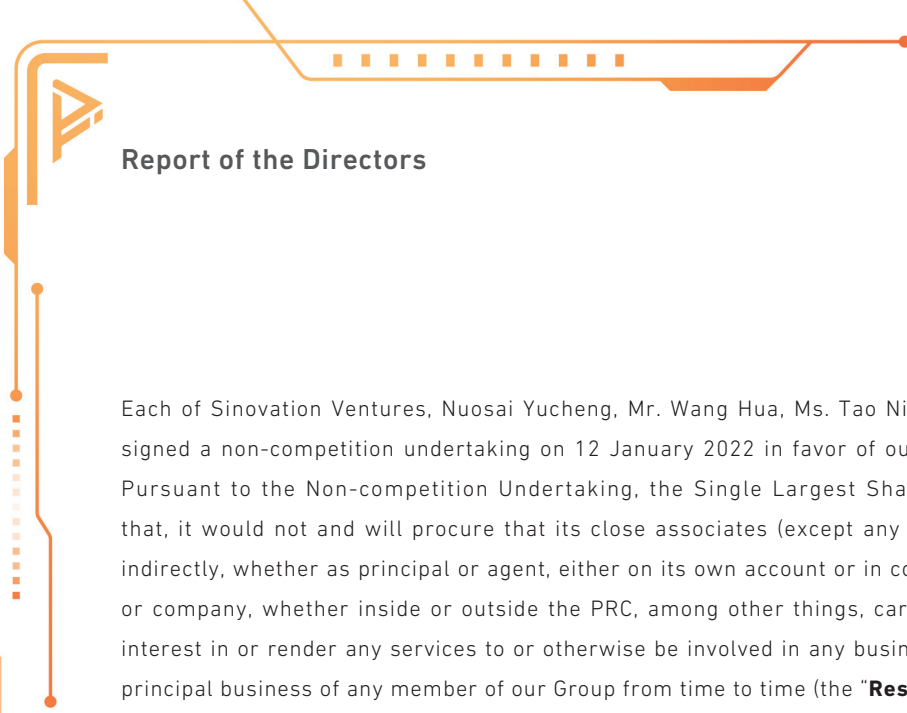
DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company had no reserves available for distribution to Shareholders.

Details of movements in reserves of the Group and the Company are set out in Note 29 and Note 42 to the financial statements, respectively.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS BY THE SINGLE LARGEST SHAREHOLDERS GROUP

None of the members of the Single Largest Shareholders Group is interested in any business which is, whether directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, each of the members of the Single Largest Shareholders Group has entered into the Deed of Non-Competition (as stated below) in favor of the Company.



Report of the Directors

Each of Sinovation Ventures, Nuosai Yucheng, Mr. Wang Hua, Ms. Tao Ning, Ms. Lang Chunhui and Mr. Zhang Ying has signed a non-competition undertaking on 12 January 2022 in favor of our Group (the **"Non-competition Undertaking"**). Pursuant to the Non-competition Undertaking, the Single Largest Shareholders Group has irrevocably undertaken that, it would not and will procure that its close associates (except any members of our Group) would not, directly or indirectly, whether as principal or agent, either on its own account or in conjunction with or on behalf of any person, firm or company, whether inside or outside the PRC, among other things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is or may be in competition with the principal business of any member of our Group from time to time (the **"Restricted Business"**).

PUBLIC FLOAT

The H Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 27 January 2022. As at the Latest Practicable Date, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

USE OF PROCEEDS FROM SHARE PLACING

In order to enhance the financial strength, enhance market competitiveness and comprehensive strength, and promote the long-term healthy and sustainable development of the Company, on 14 June 2023, the Company successfully placed a total of 19,900,000 new H Shares with nominal value of RMB1.00 each to not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) are Independent Persons and not connected persons of the Company, at the Placing Price of HK\$19.70 per H Share (a discount of approximately 16.17% to the closing price of HK\$23.50 per H Share quoted on the Hong Kong Stock Exchange on 6 June 2023 (being the date of the Placing Agreement)).

The net proceeds from the Placing (“**Placing Proceeds**”) amounted to approximately HK\$378,856,331. The Company intends to use the net proceeds for the purposes set forth below:

Use	Amount	Amount (RMB)	Percentage	The unutilized net proceeds as of 31 December 2024	The actual use of net proceeds during the Reporting Period	The unutilized net proceeds as of 31 December 2025	The unutilized net proceeds after change of use announced on 22 August 2025	Expected timeline for utilization of the unutilized net proceeds
Investment in R&D	Approximately HK\$151.5 million	Approximately RMB139.1 million	About 40.0%	Approximately RMB104.08 million	Approximately RMB109.78 million	Approximately RMB4.30 million	Approximately RMB47.34 million	On or before 31 December 2027
Investment in sales and marketing	Approximately HK\$37.9 million	Approximately RMB34.77 million	About 10.0%	Approximately RMB34.77 million	Approximately RMB2.95 million	Approximately RMB31.82 million	Approximately RMB34.77 million	On or before 31 December 2027
Investment in strategic expansion	Approximately HK\$113.7 million	Approximately RMB104.32 million	About 30.0%	Approximately RMB104.32 million	—	Approximately RMB104.32 million	Approximately RMB104.32 million	On or before 31 December 2027
Investment in enhancing our internal system and upgrading our IT infrastructure	Approximately HK\$37.9 million	Approximately RMB34.77 million	About 10.0%	Approximately RMB34.77 million	—	—	—	On or before 31 December 2027
Working capital	Approximately HK\$37.9 million	Approximately RMB34.77 million	About 10.0%	Approximately RMB7.73 million	Approximately RMB20.60 million ⁽¹⁾	Approximately RMB11.90 million	Approximately RMB32.50 million	On or before 31 December 2027

Note:

- (1) RMB14.67 million was used for project procurement and related purposes, and RMB5.93 million was used for professional technical services, staff costs and other expenses.

The Company has published an announcement on 26 August 2024 regarding the extension of the useful life of the Proceeds from the Placing from 31 December 2024 to 31 December 2027. The Company has also published an announcement on 22 August 2025 regarding the reallocation of unutilized net proceeds of approximately RMB34.77 million, originally intended to be used as investment in enhancing our internal system and upgrading our IT infrastructure, with approximately RMB10 million reallocated to investment in R&D and approximately RMB24.77 million reallocated to working capital.

The Company has utilized the net Proceeds from the Placing in accordance with the proposed uses as set out in the aforementioned announcements and schemes. The unutilized net Proceeds from the Placing will be utilized in accordance with the revised use of proceeds as stated above and in the same manner as previously disclosed by the Company. For further details of the Placing, the intended use and the useful life of the Proceeds from the Placing, and reasons and benefits for the change of use and expected timeline of the Proceeds from the Placing, please refer to the announcements of the Company dated 7 June 2023, 14 June 2023, 26 August 2024 and 22 August 2025, as well as the Company's 2024 interim report.

Report of the Directors

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 27 January 2022 and 44,744,400 shares with nominal value of RMB1.00 each were issued to Hong Kong and overseas investors at an offer price of HK\$26.3 per share. The net proceeds received by the Company from the Global Offering ("IPO Proceeds"), after deduction of the underwriting commission and other estimated expenses payable by the Company, are estimated to be approximately HK\$1,070.1 million. The Company currently intends to use such net proceeds for the following purposes:

Uses	Amount	Amount (RMB)	Percentage	The actual The unused net proceeds as of 31 December 2024	The actual use of net proceeds during the Reporting Period	The unused net proceeds as of 31 December 2025	The unused net proceeds after change of use announced on 22 August 2025	Expected timeline for utilization of the unused net proceeds
Enhancing our R&D capabilities	Approximately HK\$481.6 million	Approximately RMB392.05 million	About 45.0%	Approximately RMB11.60 million	Approximately RMB19.36 million	Approximately RMB12.48 million	Approximately RMB20.48 million	On or before 31 December 2027
Enhancing our commercialization capabilities	Approximately HK\$267.5 million	Approximately RMB217.81 million	About 25.0%	Approximately RMB9.98 million	Approximately RMB1.23 million	—	—	On or before 31 December 2027
Potential strategic investments and acquisitions	Approximately HK\$107.0 million	Approximately RMB87.12 million	About 10.0%	—	—	—	—	On or before 31 December 2027
Strengthening internal systems and upgrading information infrastructure	Approximately HK\$107.0 million	Approximately RMB87.12 million	About 10.0%	Approximately RMB20.24 million	—	—	—	On or before 31 December 2027
Working capital and general corporate use	Approximately HK\$107.0 million	Approximately RMB87.12 million	About 10.0%	Approximately RMB109.67 million	Approximately RMB98.46 million ⁽¹⁾	Approximately RMB19.96 million	Approximately RMB68.17 million	On or before 31 December 2027

Note:

- (1) RMB0.65 million was used for project procurement and related purposes, and RMB0.34 million was used for professional technical services, staff costs and other expenses.

To increase the efficiency in use of capital, with the approval of the Board, the Company has extended the use of proceeds as set out in the Prospectus by changing "short-term deposits with banks or qualified financial institutions" to "short-term deposits with banks or qualified financial institutions, or to purchase wealth management products, including but without limitation to structured deposits, treasury bonds, central bank bills, bond repurchase, money funds and bond funds".

The Company has published an announcement on 26 August 2024 regarding the reallocation of approximately RMB87.12 million of the unutilized net proceeds originally intended for potential strategic investments and acquisitions, and approximately RMB27 million of unutilized net proceeds originally intended for strengthening internal systems and upgrading information infrastructure, to working capital and general corporate use and the extension of the useful life of the IPO Proceeds from 31 December 2024 to 31 December 2025. The Company has also published an announcement on 22 August 2025 regarding the reallocation of approximately RMB8.75 million of unutilized net proceeds originally intended for enhancing our commercialization capabilities to working capital and general corporate use, and the reallocation of approximately RMB20.24 million of unutilized net proceeds originally intended for strengthening internal systems and upgrading information infrastructure to enhance our R&D capabilities and the extension of the useful life of the IPO Proceeds from 31 December 2025 to 31 December 2027.

The Company has utilized the net IPO Proceeds in accordance with the proposed uses as set out in the Prospectus and the aforementioned announcements and schemes. The unutilized net IPO Proceeds will be utilized in accordance with the proposed use as set out in the Prospectus, the revised use of proceeds as stated above and in the same manner as previously disclosed by the Company. For details of the Global Offering, the use and the useful life of the IPO Proceeds, and the reasons for and benefits of the change in use of IPO proceeds and expected timeline of the IPO Proceeds, please refer to the Prospectus, the announcements of the Company dated 26 August 2024 and 22 August 2025, as well as the Company's 2024 interim report.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS AND EXPECTED TIMELINE

The Company has published an announcement as at 22 August 2025, pursuant to which the Company approved the further adjustments to the planned use and proportion of the unutilized Initial Public Offering Proceeds as follows: (i) reallocation of the unutilized net proceeds originally intended for enhancing our commercialization capabilities of approximately RMB8.75 million to working capital and general corporate use; (ii) reallocation of the unutilized net proceeds originally intended for strengthening internal systems and upgrading information infrastructure of approximately RMB20.24 million to enhancing our R&D capabilities. The Board of the Company also approved the further adjustments to the planned use and proportion of the unutilized Placing Proceeds as follows: the reallocation of unutilized net proceeds of approximately RMB34.77 million, originally intended to be used for investment in enhancing our internal system and upgrading our IT infrastructure, with approximately RMB10 million reallocated to investment in R&D and approximately RMB24.77 million reallocated to working capital. The reasons are as follows:

- (i) With the effective promotion of the market strategy, the Company's commercialization capability has been continuously improved and recognized by certain organizations. Currently, the Company has a stable sales team, a sound sales network and a moderate market penetration rate. Accordingly, the Company plans to reduce its capital investment in enhancing its commercialization capabilities;
- (ii) Since the listing of the Company on the Hong Kong Stock Exchange, the Company has been promoting the development of internal information systems, including project management system, financial management system and sales management system. At the same time, the Company has adopted a strategy to reduce costs and improve management efficiency. Accordingly, the Company plans to reduce its capital investment in strengthening internal systems and enhancing information infrastructure;

Report of the Directors

- (iii) The Company has always been committed to continuous innovation and breakthroughs in technology. The reallocation of part of the Initial Public Offering Proceeds to enhancing our R&D capabilities and part of the Placing Proceeds to investment in R&D will be conducive to the promotion of technological innovations and product upgrades, and will ensure that the Company's products and services will remain at the forefront of the industry;
- (iv) The reallocation of a portion of the Initial Public Offering Proceeds to working capital and general corporate use and the reallocation of a portion of the Placing Proceeds to working capital will enable the Company to utilize its idle cash in a more efficient and flexible manner, which is conducive to enabling the Company to capture the various business opportunities arising from its daily operations.

In addition, after taking into account that (i) the unutilized Initial Public Offering Proceeds as of 30 June 2025 represent more than 10% of the total Initial Public Offering Proceeds; (ii) there are only six months remaining before the end of the original timetable for the use of the Initial Public Offering Proceeds; and (iii) the Company expects that its future business requirements will be based on a focus on maintaining stable operations for long-term growth, the Board decided to extend the expected timetable for the use of the Initial Public Offering Proceeds from 31 December 2025 to 31 December 2027.

In view of the above, the Board considers that the abovementioned change in use of proceeds and expected timeline is fair and reasonable and in the interest of the Company and its shareholders as a whole.

AUDIT COMMITTEE

The Audit Committee under the Board has reviewed the annual results and the annual report of the Company for 2025 and the audited consolidated financial statements for the year ended 31 December 2025 which was prepared in accordance with the IFRS Accounting Standards.

AUDITOR

The consolidated financial statements of the Group have been audited by PricewaterhouseCoopers, who shall retire from the forthcoming annual general meeting and, being eligible, offer itself for reappointment. The Company did not change its auditor in the past three years.

By Order of the Board

AINNOVATION TECHNOLOGY GROUP CO., LTD

創新奇智科技集團股份有限公司

Xu Hui

Executive Director and Chief Executive Officer

Hong Kong, 25 March 2026

Report of the Supervisory Committee

COMPOSITION OF THE SUPERVISORY COMMITTEE

As of 31 December 2025, the Supervisory Committee consists of three Supervisors, including two Supervisors appointed by shareholders' meeting and one employee representative Supervisor. The Supervisors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

As of 31 December 2025, composition of the Supervisory Committee of the Company is set out as follows:

Name	Position	Date of the first appointment as Supervisor ⁽¹⁾	Duties
Ms. Lin Ying	Supervisor	6 February 2018	Overseeing our operations and financial activities
Ms. Duan Chengjin	Supervisor	27 September 2022	Overseeing our operations and financial activities
Ms. Gao Lingyan	Employee Representative Supervisor	30 January 2024	Overseeing our operations and financial activities

(1) In view of the expiry of the first session of the Supervisory Committee in 2024, the Company conducted election of the new session of the Supervisory Committee in the year. As approved by the annual general meeting of the Company held on 10 May 2024, Ms. Lin Ying and Ms. Duan Chengjin were elected as Supervisors of the second session of the Supervisory Committee of the Company. As approved by the staff meeting of the Company held on 10 May 2024, Ms. Gao Lingyan was elected as an employee representative Supervisor of the second session of the Supervisory Committee of the Company.

MAJOR ACTIVITIES UNDERTAKEN BY THE SUPERVISORY COMMITTEE IN 2025

In 2025, all members of the Supervisory Committee abided by the principle of good faith, strengthened the coordination and cooperation with the Board and the senior management, diligently performed their supervisory duties and effectively safeguarded the legitimate rights and interests of the Company, the Shareholders and employees based on the principle of accountability to all Shareholders of the Company.

(1) Convening the Supervisory Committee meetings according to law and duly performing the duties of the Supervisory Committee

In 2025, the Supervisory Committee convened a total of 2 Supervisory Committee meetings. All Supervisors attended these meetings.

The Supervisors carefully reviewed the meeting materials before attending the Supervisory Committee meetings, and fully studied and discussed the proposals. The Supervisors attended all Supervisory Committee meetings in person and earnestly performed supervisory duties.



Report of the Supervisory Committee

(2) Supervising the Directors and senior management of the Company in their performance of duties

In 2025, the Supervisory Committee earnestly performed its supervision duties, had a better knowledge of corporate governance workflow, major operational decision making and the implementation thereof by attending meetings of the Board and its special committees, implementation of the shareholders' meetings' resolutions by the Board and that of the Board's resolutions by the management, and supervised the performance of duties by the Directors and the senior management of the Company. The Supervisory Committee considered that the operation of the Board and the senior management of the Company were normal and the decision procedures were legal. The Board and senior management of the Company conscientiously and dutifully performed their work and fully performed the duty of diligence. When performing their duties, none of the Directors or senior management of the Company acted illegally or in violation of regulations or in such manner where the rights and interests of the Company and shareholders were damaged.

Changes in Share Capital and Information of Shareholders

SHARE CAPITAL

As of 31 December 2025, the total share capital of the Company was RMB563,544,438 divided into 563,544,438 shares of RMB1.00 each.

DIRECTORS', SUPERVISORS' AND THE COMPANY'S CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors, Supervisors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code are set out below:

Interest in the Shares of the Company

Name of Directors, Supervisors and the Company's Chief Executive	Nature of interest	Number of ordinary shares held	Long position/ short position	Approximate percentage of the issued shares ⁽¹⁾
Mr. Xu Hui	Beneficial interests	87,868,780	Long position	15.59%
	Interests in controlled corporations	29,155,731	Long position	5.17%
Mr. Wang Hua ⁽²⁾	Beneficial interests	8,640,000	Long position	1.53%
	Jointly held interests with another person	145,800,000	Long position	25.87%
Mr. Xie Deren	Beneficial interests	876,226	Long position	0.16%

Notes:

- (1) As at December 31, 2025, the balance of the issued Shares of the Company was 563,544,438 shares (including 8,447,700 Treasury Shares).
- (2) Sinovation Ventures, Nuosai Yucheng, Mr. Wang Hua and Ms. Tao Ning directly held 135,000,000, 8,640,000, 8,640,000 and 2,160,000 Shares in our Company, respectively. Pursuant to concert party arrangement, Sinovation Ventures, Nuosai Yucheng, Mr. Wang Hua, Ms. Tao Ning, Ms. Lang Chunhui and Mr. Zhang Ying formed our Single Largest Shareholders Group. As such, each of Mr. Wang Hua, Ms. Tao Ning, Ms. Lang Chunhui and Mr. Zhang Ying is deemed to be interested in the Shares held by other members of our Single Largest Shareholders Group.

Changes in Share Capital and Information of Shareholders

Save as disclosed above, as at 31 December 2025, none of the Directors, Supervisors or the chief executives had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES OR UNDERLYING SHARES

So far as known to any Director or chief executives of the Company, as at 31 December 2025, the persons (other than Directors and chief executives of the Company) or corporations who had interest or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of shareholder	Nature of interest	Number of ordinary shares held	Long position/ short position	Approximate percentage of the issued shares
Sinovation Ventures ⁽¹⁾	Beneficial interest	135,000,000	Long position	23.96%
	Interest held jointly with another person	19,440,000	Long position	3.44%
Nuosai Yucheng ⁽¹⁾	Beneficial interest	8,640,000	Long position	1.53%
	Interest held jointly with another person	145,800,000	Long position	25.87%
Mr. Wang Hua ⁽¹⁾	Beneficial interest	8,640,000	Long position	1.53%
	Interest held jointly with another person	145,800,000	Long position	25.87%
Ms. Tao Ning ⁽¹⁾	Beneficial interest	2,160,000	Long position	0.38%
	Interest held jointly with another person	152,280,000	Long position	27.02%
Ms. Lang Chunhui ⁽¹⁾	Interest held jointly with another person	154,440,000	Long position	27.40%
Mr. Zhang Ying ⁽¹⁾	Interest held jointly with another person	154,440,000	Long position	27.40%
Mr. Xu Hui	Beneficial interest	87,868,780	Long position	15.59%
	Interest in controlled corporation	29,155,731	Long position	5.17%

Changes in Share Capital and Information of Shareholders

Name of shareholder	Nature of interest	Number of ordinary shares held	Long position/ short position	Approximate percentage of the issued shares
SB Global Advisers Capital Markets Limited	Interest in controlled corporation	39,326,630	Long position	6.98%
SB Global Advisers Limited	Interest in controlled corporation	39,326,630	Long position	6.98%
SoftBank Group Corp.	Interest in controlled corporation	39,326,630	Long position	6.98%
SoftBank Group Overseas GK	Interest in controlled corporation	39,326,630	Long position	6.98%
SoftBank Vision Fund II-2 L.P.	Interest in controlled corporation	39,326,630	Long position	6.98%
SVF II Aggregator (Jersey) L.P.	Interest in controlled corporation	39,326,630	Long position	6.98%
SVF II GP (Jersey) Limited	Interest in controlled corporation	39,326,630	Long position	6.98%
SVF II Holdings (DE) LLC	Interest in controlled corporation	39,326,630	Long position	6.98%
SVF II Holdings (Singapore) Pte Ltd.	Interest in controlled corporation	39,326,630	Long position	6.98%
SVF II Investment Holdings (Subco) LLC	Interest in controlled corporation	39,326,630	Long position	6.98%
SVF II Investment Holdings LLC	Interest in controlled corporation	39,326,630	Long position	6.98%
SVF II Zeal Subco (Singapore) Pte. Ltd.	Beneficial interest	39,326,630	Long position	6.98%
China International Capital Corporation Limited	Interest in controlled corporation	37,729,822	Long position	6.70%
(中國國際金融股份有限公司)		429,900	Short position	0.08%
("CICC") ⁽²⁾	Beneficial interest	10,658,500	Short position	1.89%

Notes:

- (1) Sinovation Ventures, Nuosai Yucheng, Mr. Wang Hua and Ms. Tao Ning directly held 135,000,000, 8,640,000, 8,640,000 and 2,160,000 Shares in our Company, respectively. Sinovation Ventures and Nuosai Yucheng are collectively controlled by Mr. Wang Hua, Ms. Tao Ning, Ms. Lang Chunhui and Mr. Zhang Ying pursuant to a concert party agreement among themselves. Sinovation Ventures, Nuosai Yucheng, Mr. Wang Hua and Ms. Tao Ning have been acting in concert and will continue to act in concert in the Company's Shareholders meetings and Board meetings pursuant to a concert party agreement among themselves. As a result, Sinovation Ventures, Nuosai Yucheng, Mr. Wang Hua, Ms. Tao Ning, Ms. Lang Chunhui and Mr. Zhang Ying form our Single Largest Shareholders Group. As such, each of Sinovation Ventures, Nuosai Yucheng, Mr. Wang Hua, Ms. Tao Ning, Ms. Lang Chunhui and Mr. Zhang Ying is deemed to be interested in the Shares held by other members of our Single Largest Shareholders Group.
- (2) Among the interests in shares of our Company held by CICC, 448,700 shares (long position) and 11,145,100 shares (short position) were non-listed derivative instruments settled in cash.

Save as disclosed above, as at 31 December 2025, the Directors are not aware of any other person or corporation having an interest or short position in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders of the Company, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the CG Code as set out in Appendix C1 of Listing Rules as the basis of the Company's corporate governance practice. The Company is committed to the view that the Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

The Company has complied with all applicable code provisions set out in the CG Code during the Reporting Period.

The Company has also put in place certain recommended best practices as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND EMPLOYEES

The Company has adopted the Model Code to regulate all dealings by Directors, Supervisors and relevant employees of securities in the Company and other matters covered by the Model Code.

All Directors, Supervisors and relevant employees, having made specific enquiries, confirmed that they have been in compliance with the Model Code during the Reporting Period.

The Company has also adopted the Model Code for securities transactions by employees who may hold price-sensitive information of the Company that is not publicly available. The Company was not aware of any incompliance with the Model Code by any employee during the Reporting Period.

THE BOARD

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.



BOARD COMPOSITION

The Board consists of seven Directors, including one executive Director, three non-executive Directors and three independent non-executive Directors. The current members of the Board of the Company are listed as follows:

Executive Director

Mr. Xu Hui (Chief Executive Officer)

Non-executive Directors

Dr. Kai-Fu Lee (Chairman)

Mr. Wang Hua

Mr. Wang Jinqiao

Independent non-executive Directors

Mr. Xie Deren

Ms. Ko Wing Yan Samantha

Ms. Jin Keyu

Biographical details of the Directors are set out on pages 78 to 96 in the section headed "Directors, Supervisors, Senior Management and Employees" of this annual report.

Save as disclosed above, there are no financial, business, family, or other material or relevant relationships among members of the Board, Supervisors, and senior management of the Company.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

Pursuant to code provision C.5.1 of the CG Code, regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of the Directors.

All Directors should be given not less than fourteen days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice should be given.

Other than regular meetings, the Chairman should hold one meeting with the independent non-executive Directors without the presence of other Directors.

For the year ended 31 December 2025, the Company held 5 Board meetings and one shareholders' meeting in total.

All seven Directors (Mr. Xu Hui, as executive Director; Dr. Kai-Fu Lee, Mr. Wang Hua and Mr. Wang Jinqiao, as non-executive Directors; Mr. Xie Deren, Ms. Ko Wing Yan Samantha and Ms. Jin Keyu, as independent non-executive Directors) attended the five Board meetings. All seven Directors (Mr. Xu Hui, as executive Director; Dr. Kai-Fu Lee, Mr. Wang Hua and Mr. Wang Jinqiao, as non-executive Directors; Mr. Xie Deren, Ms. Ko Wing Yan Samantha and Ms. Jin Keyu, as independent non-executive Directors) attended this shareholders' meeting.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dr. Kai-Fu Lee is the Chairman of the Board and Mr. Xu Hui is the Chief Executive Officer of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors play a significant role in the Board by virtue of their independent judgments and their views carry significant weight in the Board's decisions. They are experienced professionals in areas such as financial accounting and financial management. Their extensive experiences significantly contribute to enhancing the decision-making of the Board and achieving a sustainable and balanced development of the Group. In particular, they bring impartial and independent views and opinions on issues of the Company's strategy, performance and control, and take the lead in solving potential conflicts of interests. The Board believes that its culture of openness and debate facilitates the effective contribution of executive Directors, non-executive Directors and independent non-executive Directors, in particular, to the Board and ensures constructive relationship among executive Directors, non-executive Directors and independent non-executive Directors, so as to better provide the Board with independent perspectives and opinions. The Board reviews the implementation and effectiveness of the above-mentioned mechanism every year and it has confirmed that such mechanism was effectively operated in 2025.



During the Reporting Period and up to the Latest Practicable Date, the Board has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board members, with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service agreement with the Company for a fixed term of three years commencing from the appointment date.

Directors shall be elected at a shareholders' meeting and shall serve a term of three years. A Director may serve consecutive terms if re-elected upon the expiration of his/her term. Subject to the relevant laws and regulations and regulatory rules in the PRC and the places where the Company is listed, any person appointed by the Board to fill up a casual vacancy in the Board or as an addition to the Board shall hold office only until the next shareholders' meeting of the Company and shall then be eligible for re-election.

The procedures of appointment, re-election and removal of Directors are set out in the Articles of Association and the nomination policy of the Company. The Nomination Committee is responsible for reviewing the Board structure, size and composition, assessing the independence of independent non-executive Directors and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the affairs of the Company.

The Board leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgments on corporate actions and operations.



Corporate Governance Report

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors have disclosed to the Company details of other offices held by them.

The Board reserves its decision for all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve any conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operations and management of the Company are delegated to the management.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Regular seminars will be arranged to update the Directors on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the performance, position and prospects of the Company to enable the Board as a whole and each of the Directors to discharge their duties.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

All Directors have participated in appropriate continuous professional development to develop and refresh their knowledge and skills. For the year ended 31 December 2025, all Directors (Mr. Xu Hui, as executive Director; Dr. Kai-Fu Lee, Mr. Wang Hua and Mr. Wang Jinqiao, as non-executive Directors; Mr. Xie Deren, Ms. Ko Wing Yan Samantha and Ms. Jin Keyu, as independent non-executive Directors) have attended training on the relevant requirements of the Listing Rules and directors' responsibilities of Hong Kong listed companies.

BOARD COMMITTEES

The Board has established three committees namely, the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the **"Board Committees"**). All Board Committees are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of each of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the Company's website and the Hong Kong Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 4.



AUDIT COMMITTEE

The Audit Committee consists of two independent non-executive Directors and one non-executive Director, namely Mr. Xie Deren, Mr. Wang Hua and Ms. Ko Wing Yan Samantha. Mr. Xie Deren is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting than those set out in the CG Code.

The primary duties of the Audit Committee are as follows: (i) to make recommendations to the Board on the appointment, re-appointment and dismissal of the external auditor; (ii) to review the financial information of the Company; (iii) to review the financial controls, risk management and internal control system of the Company; (iv) to review the operation, financial and accounting policies and practices of the Company and its subsidiaries as well as its consolidated affiliated entities; and (v) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

For the year ended 31 December 2025, three meetings of the Audit Committee were held. All members of the Audit Committee attended these meetings. A summary of work of the Audit Committee during the year is set out below:

- Considered the annual results announcement and annual report of 2024;
- Considered the environmental, social and governance report of 2024;
- Considered the internal control and audit assessment report of 2024;
- Considered the Corporate Governance Report of 2024;
- Considered the financial accounts report of 2024;
- Considered the financial budget report of 2025;
- Considered the interim results announcement and interim report of 2025;
- Considered the audit plan of 2025.

For the year ended 31 December 2025, the Audit Committee also met the external auditor three times without the presence of the executive Directors to discuss matters relating to its audit fees, any issue arising from the audit and any other matters the auditor may wish to raise. The Board has not taken any different view from that of the Audit Committee regarding the re-appointment of the external auditor.

REMUNERATION COMMITTEE

The Remuneration Committee consists of two independent non-executive Directors and one non-executive Director, namely Ms. Ko Wing Yan Samantha, Mr. Wang Jinqiao and Mr. Xie Deren. Ms. Ko Wing Yan Samantha is the chairwoman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting than those set out in the CG Code.

The primary duties of the Remuneration Committee are as follows: (i) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) to make recommendations to the Board on the remuneration packages of executive Directors and senior management of the Company; (iii) to consider the level of remuneration required to attract and retain Directors to run the Company successfully; (iv) to ensure that no Director or any of their associates is involved in deciding their own remuneration; and (v) to review and/or approve the matters referred to Chapter 17 of the Listing Rules in relation to the share plan.

For the year ended 31 December 2025, one meeting of the Remuneration Committee was held. All members of the Remuneration Committee attended the meeting. A summary of work of the Remuneration Committee during the year is set out below:

- Considered the remuneration of the non-executive Directors;
- Considered the remuneration of the executive Directors; and
- Considered the remuneration of the independent non-executive Directors.

The Group's remuneration policy is structured to attract and retain high quality staff and to enable smooth operation. The Group offered competitive remuneration packages which considered factors such as corporate result, individual capability and performance, salaries paid by comparable companies, time commitment, responsibilities and employment conditions. The remuneration packages are subject to review on a regular basis.

In accordance with code provision E.1.5 of the CG Code, the band of emoluments (excluding share-based payments) paid to senior management for the year ended 31 December 2025 is as follows:

Emolument band (RMB)	Number of individuals
0 to 2,000,000	6
2,000,000 to 4,000,000	0

Details of Directors' emoluments and five highest paid individuals, which are disclosable under Appendix D2 to the Listing Rules, are set out in Note 8 and Note 43 to the audited financial statements of this annual report.



NOMINATION COMMITTEE

The Nomination Committee consists of two independent non-executive Directors and one non-executive Director, namely Dr. Kai-Fu Lee, Ms. Ko Wing Yan Samantha and Ms. Jin Keyu. Dr. Kai-Fu Lee is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The primary duties of the Nomination Committee are as follows: (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy; (ii) to identify individuals suitably qualified as potential Directors (including advising whether such individuals will bring knowledge, skills and experience to the Board, and how they will promote the diversity of the Board), and select or make recommendations to the Board on the selection of individuals nominated for directorships pursuant to the nomination policies of the Company; (iii) assess the independence of independent non-executive Directors; and (iv) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy as stated below. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy as stated below that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee conducts extensive searches for candidates after considering the Company's requirements for Directors. With the consent of the nominees for his/her nomination, a meeting of the Nomination Committee will be convened to examine the qualifications of the shortlisted nominees based on the terms for appointment of Directors in accordance with the requirements of the Company Laws of the People's Republic of China and the Listing Rules, and to recommend the candidates and furnish the relevant information to the Board.

For the year ended 31 December 2025, the Nomination Committee did not hold any meeting.

BOARD OF DIRECTORS' INDEPENDENCE EVALUATION

The Company has established a Board Independence Evaluation Mechanism (the “**Mechanism**”) which sets out the processes and procedures to ensure a strong independent element on the Board, aiming to allow the Board to effectively exercise independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximize strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement.

All Directors have completed the Board independence evaluation in 2025 using individual questionnaires supplemented by individual interviews. The Board has reviewed the implementation and effectiveness of the Mechanism and the results were satisfactory.

BOARD AND EMPLOYEE DIVERSITY POLICY

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced and diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to knowledge, skills, professional experience, gender, age, cultural and educational background, ethnicity, length of service and any other factors that the Board may consider appropriate from time to time taking into account the Company's business model and specific needs.



The Board of Directors consists of seven Directors with a balanced mix of knowledge and skills and a balanced age distribution, with knowledge and experience in the fields of computing, business administration, software engineering, finance and economics. Since the 1st session of the Board on 14 May 2021, the proportion of female Directors to the total number of Directors has been maintained at 28.6%, meeting the target figure of gender diversity on the Board of Directors. The Company values the importance and benefits of gender diversity on the Board. The Company's nomination and diversity policies can ensure that the Board will have potential successors to continue the existed gender diversity on the Board. At the same time, the Company has taken and will continue to take steps to promote gender diversity at all levels of the Company.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

At present, the composition of the Board is in compliance with the gender diversity requirements of the Board under the Listing Rules and is in line with the Company's nomination policy and diversity policy. The Nomination Committee will review the Board diversity policy (if appropriate) to ensure its effectiveness.

Details of the Group's employees are set out in the section headed "Directors, Supervisors, Senior Management and Employees – Employees and Remuneration Policies" on page 86 in this annual report. As at 31 December 2025, among total employees of the Group (including senior management), approximately 68.98% were male and approximately 31.02% were female. The Group recognizes and embraces the benefits of having a diverse team and promotes diversification whenever practicable. The Group targets to have both genders at all levels of its employees and increase the proportion of female members in all employees (including senior management) to 28%, and the Company has achieved its diversity goals in 2025. The Group's recruitment process will mainly consider the aspects of educational background, professional qualifications, skills, knowledge and industry experiences of candidates, and apply the principle of appointments based on merits with reference to the diversity policy to mitigate factors or circumstances which make achieving gender diversity across workforce (including senior management) more challenging or less relevant.

DIRECTOR NOMINATION POLICY

The ultimate responsibility for the selection and appointment of Directors rests with the Board.

The Company has adopted the Director Nomination Policy, which sets out the selection criteria and process for the nomination and appointment of Directors and the succession planning considerations, so as to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to business operations of the Company.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Achievements and experience in related industries and other professional qualifications related to the businesses of the Company;
- Commitment for responsibilities of the Board in respect of available time and relevant interest;
- Diversity in the aspects, amongst others, of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
- Potential contributions that proposed candidate, can bring to the Board; and
- A succession plan for the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

The Board will review the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.



RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness.

Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks the Group is willing to take in achieving its strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems for the Group.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed an authorization and approval mechanism that is suitable for the organizational structure and defined authority for implementation by key business processes and office functions, including project management, sales, financial reporting, human resources and information technology.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

The Board will cautiously review any material risk related to significant business decisions before making or approving such decisions.

Each department head and senior management of the Group monitor daily operations and any associated operational risks of the Group. They are also responsible for identifying and assessing potential market risks related to changes in macroeconomic environment and movements in market variables and report irregularities in connection with operational and market risks to the executive Directors for formulating policies to mitigate these risks.

The Internal Audit Department of the Company is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems and simultaneously examining key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, through the Audit Committee, has continuously monitored and annually reviewed the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational and compliance controls).

The Group has appointed a PRC legal adviser to advise us on PRC laws and regulations related to the Group's business operations.



Corporate Governance Report

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2025.

The Company has conducted an annual review on the risk management and internal control systems during the Reporting Period. The scope of annual review covered each and every key aspect of the control systems, including financial controls, operational controls and compliance controls, so as to ensure the sufficiency of resources, staff qualifications and experiences, their training programs and relevant resources for accounting, internal audit and financial reporting functions. Based on the above review, we considered that such systems for the year ended 31 December 2025 were effective and adequate.

Whistle-blowing procedures are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. As of 31 December 2025, we have not received such reports in any forms.

The Internal Audit Department of the Company conducts independent and objective confirmation and provides consulting services in respect of the appropriateness, compliance and effectiveness of the Company's business activities, internal controls and risk management by applying systematic and standardized auditing procedures and methods. The Internal Audit Department also assists the Company in improving the effectiveness of corporate governance, risk management and internal controls, with an aim to increasing its corporate value, improving its operations, and promoting its sustainable and healthy development as well as contributing to the achievement of its strategic objectives.

During the Reporting Period, the Internal Audit Department of the Company focused on the audits on segments such as recognition of sales revenue, research and development projects management and human resources management, and provided specific guidance on issues identified to ensure the effectiveness of the internal audit function. The Internal Audit Department made improvement recommendations in respect of its findings in the course of the audits and requested the management of the Company to undertake and to confirm the improvement plans, methods and timeline. In 2026, the Internal Audit Department will complete the planned audit works, and monitor the status of the implementation of the audit recommendations last year to ensure the execution of the relevant improvement plans.

The Company aims to achieve the following overall risk management objectives through comprehensive risk management: (i) to ensure that risks are kept within tolerable limits that are appropriate to the overall objective; (ii) to ensure real and reliable information communication internally and externally, particularly that between the Company and the Shareholders, in respect of, among other things, the preparation and representation of truthful and reliable financial reports; (iii) to ensure compliance with relevant laws and regulations; (iv) to ensure the implementation of the Company's relevant rules and regulations and major measures taken to achieve business objectives and ensure the effectiveness of management, to guarantee the efficiency and effectiveness of business activities, and reduce uncertainty in achieving business objectives; (v) to ensure that the Company establishes crisis management plans upon occurrence of various major risks to protect the Company from significant losses due to catastrophic risks or human errors.

All relevant departments and business units of the Company shall conduct self-examinations and inspection according to implementation plan of risk management work, identify deficiencies and improve them in a timely manner, and proactively report to the Internal Control Department of the Company. The Internal Control Department of the Company will verify the implementation and effectiveness of risk management work of all departments and business units by ways of consultation and examine, evaluate risk management strategies according to relevant management requirements, assess cross-department and business unit risk management solutions and propose adjustments or improvements.

The Company has established its information disclosure policy, and acknowledged its responsibilities under the Listing Rules and the SFO and the major principle that any inside information must be announced on a timely basis. The Company has developed a comprehensive and appropriate internal process and internal control measures for handling and disclosing information to ensure timely, accurate, and appropriate disclosure of relevant information to Shareholders and regulatory authorities. In addition, the Internal Audit Department of the Company assists in continuously monitoring the implementation of the above policies of the Company, and if serious internal control deficiencies are found, it will promptly report to the Board and the Audit Committee to ensure immediate remedial actions are taken.

DIVIDEND POLICY

The Company did not declare or distribute any dividend to our Shareholders during the Reporting Period. However, we may distribute dividends in the future by way of cash or by other means that we consider appropriate. Pursuant to the Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. The Company may distribute dividends in the form of cash, Shares or a combination of cash and Shares. As long as it is in profit for the year and has positive accumulative undistributed profits, the Company distributes cash dividends. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association, applicable PRC laws and approval by our Shareholders. Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends should be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2025.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the independent auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 97 to 108 in this annual report.

AUDITOR'S REMUNERATION

The remuneration paid or payable to the external auditor of the Company, PricewaterhouseCoopers, in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Amount (RMB'000)
Audit Services	5,000
Non-audit Services	1,026
Total	6,026

During the Reporting Period, non-audit services mainly comprised tax advisory and services related to environmental, social and governance report. Details of remuneration paid or payable are set out in Note 7 of the financial statements.

COMPANY SECRETARY

Ms. Lv Hongyu ("Ms. Lv") is the Company Secretary of the Company. For the year ended 31 December 2025, Ms. Lv has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules

Ms. Kwan Sau In has resigned as the Joint Company Secretary of the Company under Rule 3.28 and Rule 8.17 of the Listing Rules due to work arrangements, with effect from 31 March 2025. The other Joint Company Secretary of the Company, Ms. Lv (who possesses the qualification of a company secretary as required by Rule 3.28 of the Listing Rules), will remain in office and act as the sole Company Secretary of the Company. The biographical details of Ms. Lv are set out in the section headed "Directors, Supervisors, Senior Management and Employees" on pages 78 to 96 in this annual report.

All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters.



SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at shareholders' meetings, including the election of individual Director. All resolutions put forward at shareholders' meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Hong Kong Stock Exchange after each shareholders' meeting.

Convening shareholders' meeting and putting forward proposals at shareholders' meetings

Pursuant to Article 55 of the Articles of Association, shareholders who individually or together hold more than 10% of the Company's shares carrying voting rights shall have the right to propose to the Board on convening of an extraordinary shareholders' meeting, and shall do so in writing. The Board shall issue a written feedback on consent or non-consent to convening of the extraordinary shareholders' meeting within 10 days from receipt of the requisition pursuant to the provisions of laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association. The shareholdings referred to above shall be calculated as at the date of request made. Where the Board does not give consent to convening of extraordinary shareholders' meeting, or does not issue a feedback within 10 days from receipt of the requisition, holders of shares who hold 10% or more of the Company's shares carrying voting rights singly or in aggregate shall have the right to propose to the Supervisory Committee on convening of an extraordinary shareholders' meeting, and shall do so in writing. Where the Supervisory Committee fails to issue a notice of convening a shareholders' meeting within 5 days upon receipt of the above written requests, the Supervisory Committee shall be deemed as not convening and chairing the shareholders' meeting and shareholders, for more than 90 consecutive days, individually or collectively holding more than 10% of the shares carrying voting rights may convene and chair the meeting on their own accord. The convening procedures shall, to the extent possible, be identical to procedures according to which general meetings are to be convened by the Board.

Pursuant to Article 58 of the Articles of Association, necessary expenses arising from convening of a shareholders' meeting by the Supervisory Committee or shareholders shall be borne by the Company.

Pursuant to Article 60 of the Articles of Association, the shareholders who individually or jointly, hold more than 1% of the total number of voting shares of the Company, have the right to put forward a temporary proposal in written form to the Company and submit it to the convener not less than 10 days before the shareholders' meeting is held. The convener of the shareholders' meeting shall, within 2 days after receiving the proposal, issue a supplementary notice of the shareholders' meeting to inform other shareholders and include the matters which are within the scope of responsibilities of the shareholders' meeting in the agenda of the meeting and submitted to the shareholders' meeting for deliberation.



Corporate Governance Report

Putting forward enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may also make enquiries to the Board at the shareholders' meeting of the Company. In addition, Shareholders can contact Computershare Hong Kong Investor Services Limited, the Company's H Share registrar, if they have any enquiries about their shareholdings and entitlements to dividend.

CONTACT DETAILS

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 501, Block A, Haier International Plaza, No. 939 Zhenwu Road, Economic Development Zone, Jimo District, Qingdao, Shandong, PRC

Tel: (86) 1082169566

Email: ir@ainnovation.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other shareholders' meetings. At the annual general meetings, Directors or their proxies (as appropriate) are available to meet Shareholders and answer their enquiries.



CHANGE IN CONSTITUTIONAL DOCUMENTS

The amendments for the Articles of Association were approved by the Shareholders at the annual general meeting held on 16 May 2025. In view of updates to the relevant laws and regulations in the PRC, the Company has amended the Articles of Association to reflect the reduction in the Company's registered capital and the updates including but not limited to the following rules:

- (1) The amended Company Law issued by the Standing Committee of the National People's Congress on 29 December 2023 and effective on 1 July 2024;
- (2) The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) issued by China Securities Regulatory Commission on 17 February 2023 and effective on 31 March 2023 and its accompanying guidelines (the **"Trial Measures"**). Pursuant to the provisions of the Trial Measures, the Notice on Implementation of the Mandatory Provisions for the Articles of Association of Companies Listed Overseas (《關於執行<到境外上市公司章程必備條款>的通知》) was repealed as of the date of implementation of the Trial Measures. In the event of a direct overseas listing of a domestic enterprise, it shall comply with the provisions of Article 6 of the Trial Measures and formulate the articles of association with reference to the relevant provisions of the China Securities Regulatory Commission on corporate governance, such as the Guidelines on the Articles of Association of Listed Companies (《上市公司章程指引》), in order to regulate corporate governance; and
- (3) Certain amendments to the Listing Rules made by the Hong Kong Stock Exchange accordingly.

The relevant amendments shall take effect from 16 May 2025.

For the full text of the amended Articles of Association, please refer to the website of the Hong Kong Stock Exchange at <https://www.hkexnews.hk> and the website of the Company at <https://www.ainnovation.com>.

COMMUNICATION POLICY RELATING TO SHAREHOLDERS

The Company has established the shareholder communication policy, which is reviewed annually to ensure its effectiveness and has been reviewed and confirmed to be effective during 2025. The Company attaches great importance to the opinions and suggestions of shareholders, actively engaging in investor relations activities to maintain communication with shareholders, regularly having a fair communication with them in time, on major issues through interim reports, annual reports, announcements and circulars to meet the reasonable needs of shareholders in a timely manner.

Directors, Supervisors, Senior Management and Employees

MEMBERS OF THE BOARD

Name	Position in the Company	Date of the first appointment as Director ⁽¹⁾
Executive Director		
Mr. Xu Hui	Executive Director and Chief Executive Officer	23 April 2018
Non-executive Directors		
Dr. Kai-Fu Lee	Chairman and non-executive Director	6 February 2018
Mr. Wang Hua	Non-executive Director	6 February 2018
Mr. Wang Jinqiao	Non-executive Director	27 September 2022
Independent non-executive Directors		
Mr. Xie Deren	Independent non-executive Director	14 May 2021
Ms. Ko Wing Yan Samantha	Independent non-executive Director	14 May 2021
Ms. Jin Keyu	Independent non-executive Director	16 November 2021

- (1) In view of the expiry of the first session of the Board in 2024, the Company conducted election of the new session of the Board in the year. As approved by the annual general meeting of the Company held on 10 May 2024, Mr. Xu Hui was elected as an executive Director of the second session of the Board of the Company, Dr. Kai-Fu Lee, Mr. Wang Hua and Mr. Wang Jinqiao were elected as non-executive Directors of the second session of the Board of the Company, and Mr. Xie Deren, Ms. Ko Wing Yan Samantha and Ms. Jin Keyu were elected as independent non-executive Directors of the second session of the Board of the Company.

Directors, Supervisors, Senior Management and Employees

Mr. Xu Hui (徐輝), aged 52, is the co-founder of our Group and has served as the Chief Executive Officer since our Company's incorporation in February 2018 and an executive Director since April 2018. Mr. Xu has more than 20 years of experience in AI-related industry. Mr. Xu held various senior leadership capacities including serving as the General Manager of the Insurance and Securities Division, the Deputy General Manager of Banking Division in China Region of Financial Services Sector; the General Manager of Services and Products Line Group and Alliances in Greater China Region and the General Manager of Geography Expansion in China Region of Global Technology Services Sector in IBM from November 1996 to November 2009, responsible for sales management of AI software and solutions covering IT infrastructure, cloud computing, data storage, IT operation and maintenance for manufacturing and financial industry; the Vice President in Greater China Region and General Manager in East and Central Region in SAP from October 2009 to February 2013, responsible for sales management of AI software and solutions covering intelligent integrated information management platform and IT consulting services for manufacturing industry; the Vice President and General Manager of Microsoft Enterprise & Partner Group (EPG) in Greater China Region, the General Manager of Customer Service and Support (CSS) in Greater China Region and Cloud Executive Sponsor in Asia Pacific Region from March 2013 to November 2016, responsible for sales and technical management of AI software and solutions covering enterprise O2O intelligent transfer, cloud computing and big data analytics; and the Vice President of Wanda Internet Technology Group from November 2016 to January 2018, primarily engaged in providing full-chain business management services of digitalized and intelligent transformation solutions covering cloud computing, big data analytics, intelligent marketing and operations, intelligent supply chains and IOT. He has been an independent non-executive director of Honma Golf Limited, a company listed on the Hong Kong Stock Exchange (stock code: 6858), since September 2016. As of the Latest Practicable Date, Mr. Xu also held directorships in certain subsidiaries.

Mr. Xu obtained his bachelor's degree in electronic engineering from Shanghai Jiaotong University (上海交通大學) in Shanghai, the PRC in July 1995, and his EMBA degree from Peking University (北京大學) in Beijing, the PRC in January 2007.

Dr. Kai-Fu Lee (李開復), aged 64, has served as the Chairman and a non-executive Director since February 2018. He is the Chairman of the Nomination Committee. Dr. Kai-Fu Lee has more than 30 years of experience in AI-related industry. He served as a researcher and an assistant professor at school of computer science of Carnegie Mellon University from 1988 to 1991; successively holding several positions including a Vice President of Apple Inc., a company listed on NASDAQ (stock code: AAPL), from 1990 to 1996; the Managing Director of Microsoft Research China and the Corporate Vice President of Natural Interactive Services Division of Microsoft Corporation, a company listed on NASDAQ (stock code: MSFT), from 1998 to 2005, where he acted as the Dean of Microsoft Research Asia, which was established in 1998 and one of the world's top research labs which nurtured a large number of top AI talents; the President in Greater China Region of Google Inc., a company listed on NASDAQ (stock code: GOOG), from 2005 to 2009; and the Chairman and Chief Executive Officer of Sinovation Ventures Group, a leading venture capital firm, since 2009. Dr. Kai-Fu Lee is the Co-Chair of Artificial Intelligence Council for World Economic Forum Center for the Fourth Industrial Revolution and recognized as Times 100 in 2013.

Directors, Supervisors, Senior Management and Employees

Dr. Kai-Fu Lee served as an independent non-executive director of Shangri-La Asia Limited (香格里拉(亞洲)有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 069), from November 2015 to June 2019; an independent director of LightInTheBox Holding Co., Ltd., a company listed on the New York Stock Exchange (stock code: LITB), from June 2013 to July 2019; an independent non-executive director of Hon Hai Precision Industry Co., Ltd., a company listed on the Taiwan Stock Exchange (stock code: 2317), from July 2016 to June 2019; a non-executive director of Meitu, Inc. (美圖公司), a company listed on the Hong Kong Stock Exchange (stock code: 1357), from August 2016 to June 2024; and an independent non-executive director of Fosun International Limited (復星國際有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 656), since March 2017.

Dr. Kai-Fu Lee obtained his bachelor's degree in computer science from Columbia University in New York, the United States in June 1983, and his doctor's degree in computer science from Carnegie Mellon University in Pennsylvania, the United States in April 1988.

Mr. Wang Hua (汪華), aged 48, has served as a non-executive Director since February 2018. He is a member of the Audit Committee. Mr. Wang served as the General Manager of Shanghai Yinda Technology Industry Co., Ltd. (上海音達科技事業有限公司) from December 2001 to August 2004; the Strategic Partner and Development Manager in Google Information Technology (China) Co., Ltd. (谷歌信息技術(中國)有限公司) from September 2006 to October 2009; and a partner of Sinovation Ventures Group since October 2009. He has served as an independent non-executive director of Maoyan Entertainment (貓眼娛樂), a company listed on the Hong Kong Stock Exchange (stock code: 1896), since January 2019; and an independent director of Haier Smart Home Co., Ltd.* (海爾智家股份有限公司), a dual-listed company on the Shanghai Stock Exchange and the Hong Kong Stock Exchange (A shares stock code: 600690, H shares stock code: 6690), since May 2025.

Mr. Wang obtained his master's degree in business administration from Stanford University in California, the United States in June 2006.

Directors, Supervisors, Senior Management and Employees

Mr. Wang Jinqiao (王金橋), aged 47, has served as a non-executive Director since September 2022. He is currently a member of the Remuneration Committee. Mr. Wang has served as the deputy chief engineer, researcher and doctoral advisor of the Institute of Automation of the Chinese Academy of Sciences at the National Laboratory of Pattern Recognition of the Institute of Automation of the Chinese Academy of Sciences since June 2008. He is also the deputy executive director of the Zidong Taichu Large Model Center, a professor at the School of Artificial Intelligence at the University of Chinese Academy of Sciences, the secretary general of the Multimodal Artificial Intelligence Industry Alliance and the vice chairman of the Technology Innovation Working Committee of the China Association of Technology Entrepreneurship. Mr. Wang has been engaged in applied basic research on video analysis and retrieval, multimodal large model, object detection and identification, behavioral analysis and understanding, and industrial visual inspection. At the same time, he participates in relevant theoretical research on pattern recognition and machine learning. Mr. Wang has published over 300 articles through world-class and top-tier journals and conferences such as the IEEE TPAMI, TIP, TNNLS, ICCV, CVPR, NeurIPS, AAAI, IJCAI and ECCV, which include more than 70 articles in international journals and 220 articles at conferences worldwide. His works have been cited 5787 times on Google Scholar, with an H-index of 34. Mr. Wang has developed five national standards and obtained patents for 36 inventions. He has won the championship in 20 international visual computing competitions, and various honorary titles including "Beijing Leading High-caliber Talent", "Guangzhou Leading Innovation Team" and "Shandong Province Taishan Leading Talent". Besides, he has been awarded the Second Prize of the Wu Wenjun AI Science and Technology Progress Award, the China Invention and Innovation Silver Award and the Second Prize of the Chinese Academy of Sciences Technology Achievement Transformation Award. Mr. Wang is a member of the procedure committee and the area chair of international conferences such as the ICME, ACM Multimedia and NeurIPS. In addition, he is the reviewer of international journals and conferences including the IEEE TPAMI, TIP, TNNLS, ICCV, CVPR, NeurIPS, AAAI, IJCAI and ECCV.

Mr. Wang obtained a doctoral degree in pattern recognition and intelligent system from the Institute of Automation of the Chinese Academy of Sciences in 2008.

Mr. Xie Deren (謝德仁), aged 54, has served as an independent non-executive Director since May 2021. He is currently the chairman of the audit committee and a member of the remuneration committee. Mr. Xie successively served as a lecturer and an associate professor, and served as a professor since December 2005, in the School of Economics and Management, Tsinghua University (清華大學經濟管理學院). Mr. Xie is now a council member of Accounting Society of China (中國會計學會) and the vice Chairman of Enterprise Accounting Standards Committee of Accounting Society of China. He was a member of the 17th Issuance Review Committee of the China Securities Regulatory Commission (中國證監會發行審核委員會) from September 2017 to February 2019. He was a member of the First, Second and Third Advisory Committee for Enterprises Accounting Standards of the Ministry of Finance of the PRC (中國財政部) from August 2016 to August 2023. Mr. Xie has been a member of the Auditing Standards Committee of the Chinese Institute of Certified Public Accountants since December 2023. He also serves as the first group of corporate finance advisors of the Ministry of Finance, since September 2025.

Directors, Supervisors, Senior Management and Employees

Since October 2020, Mr. Xie has been an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of Beijing Jingwei Hirain Technologies Co., Ltd. (北京經緯恒潤科技股份有限公司), which was listed on the Shanghai Stock Exchange (stock code: 688326) in April 2022. He has been serving as an independent non-executive director, the chairman of audit committee and a member of remuneration committee of Xiamen Bank Co., Ltd. (廈門銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601187), since January 2021. He has been serving as an independent non-executive director, the chairman of audit and risk management committee and a member of remuneration and appraisal committee of China Electronics Engineering Design Institute Co., Ltd. (中國電子工程設計院股份有限公司) since November 2023. He has been an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of Knowledge Atlas Technology Joint Stock Company Limited (北京智譜華章科技股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2513), since January 2026. In addition, Mr. Xie served as an independent non-executive director, and the chairman of the audit committee and remuneration committee of HengTai Securities Co., Ltd. (恒泰證券股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1476), from February 2020 to September 2023; and an independent non-executive director of Liaoning Chengda Co., Ltd. (遼寧成大股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600739), from August 2021 to November 2021.

Mr. Xie obtained his bachelor's degree and doctor's degree in accounting from Xiamen University (廈門大學) in Xiamen, the PRC in July 1993 and July 1998, respectively.

Ms. Ko Wing Yan Samantha (高穎欣), aged 46, has served as an independent non-executive Director since May 2021. She is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Ms. Ko served as senior manager of J.P. Morgan (London) from January 2003 to June 2005; senior manager of Morgan Stanley (Hong Kong) from August 2005 to August 2006; executive general manager in global market — structured credit and fund solutions department of HSBC from September 2006 to July 2009; an executive director of Concord New Energy Group Limited (formerly known as China WindPower Group Limited), a company listed on the Hong Kong Stock Exchange (stock code: 182), from October 2009 to September 2014; an executive director of Yunfeng Financial Group Limited (formerly known as REORIENT GROUP LIMITED), a company listed on the Hong Kong Stock Exchange (stock code: 376), from August 2011 to November 2015; an executive director of BOE Varitronix Limited, a company listed on the Hong Kong Stock Exchange (stock code: 710), since October 2014; an executive director of Neon Group Limited (formerly known as Cityneon Holdings Limited), a company previously listed on the Singapore Exchange Limited (stock code: 5HJ) since April 2019; and a consultant of OSL Group Limited, a company listed on the Hong Kong Stock Exchange (stock code: 863), from January 2020 to December 2023.

Ms. Ko obtained her bachelor's degree in economics and mathematics from Mount Holyoke College in Massachusetts, the United States in May 2001, and her master's degree in finance from Imperial College London in London, England in November 2002.

Directors, Supervisors, Senior Management and Employees

Ms. Jin Keyu (金刻羽), aged 43, has served as an independent non-executive Director since November 2021. She is a member of the Nomination Committee. Ms. Jin served as an assistant professor from September 2009 to October 2013, and an associate professor since October 2013 in London School of Economics. She has served as a tenured professor from 2011 to December 2024 in London School of Economics. She currently serves as a professor of finance at The University of Hong Kong.

Ms. Jin obtained her bachelor's degree in economics and doctorate's degree in economics from Harvard University in Massachusetts, the United States in July 2004 and July 2009, respectively.

MEMBERS OF THE SUPERVISORY COMMITTEE

Name	Position in the Company	Date of the first appointment as Supervisor ⁽¹⁾
Ms. Lin Ying	Supervisor	6 February 2018
Ms. Duan Chengjin	Supervisor	27 September 2022
Ms. Gao Lingyan	Employee Representative Supervisor	30 January 2024

Note:

- (1) In view of the expiry of the first session of the Supervisory Committee in 2024, the Company conducted election of the new session of the Supervisory Committee in the year. As approved by the annual general meeting of the Company held on 10 May 2024, Ms. Lin Ying and Ms. Duan Chengjin were elected as Supervisors of the second session of the Supervisory Committee of the Company. As approved by the staff meeting of the Company held on 10 May 2024, Ms. Gao Lingyan was elected as an employee representative Supervisor of the second session of the Supervisory Committee of the Company.

Ms. Lin Ying (林鶯), aged 46, has served as a Supervisor since February 2018. Ms. Lin served as a director and the Legal Head of Sinovation Ventures Group since 2011.

Ms. Lin obtained her bachelor's degree in economics, master's degree in law and doctor's degree in law from University of International Business and Economics (對外經濟貿易大學) in Beijing, the PRC in July 2002, June 2005 and October 2015, respectively.

Ms. Duan Chengjin (段成錦), aged 55, has served as the managing director of Shanghai Lingyue Investment Management Co., Ltd. since 2017. She was a director of Beijing Meilin Lianhu Investment Management Co., Ltd. from 2015 to 2017, an executive director of UBS Group from 2010 to 2015, a director of Bank of America Merrill Lynch from 2004 to 2010, and a manager of Lone Star Funds from 2002 to 2004.

Ms. Duan obtained a bachelor's degree in English from Tsinghua University in 1993 and a master's degree in business administration from Pepperdine University in the United States in 2001.

Directors, Supervisors, Senior Management and Employees

Ms. Gao Lingyan (高凌燕), aged 49, joined the Company in April 2018 and has served as the vice president of the Company since July 2020. Ms. Gao served as the head of marketing for industry markets and innovative products in Greater China of SAP (China) Co., Ltd. from October 2006 to March 2018; she served as the marketing public relations director of Yonyou Network Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600588) from May 2001 to September 2006; before that, she also served as the research and development manager of Beijing Kelihua Network Technology Co., Ltd. (北京科利華網絡技術有限責任公司).

Ms. Gao obtained a bachelor's degree in economics from Beijing Jiaotong University and is studying doctoral degree in DBA management at Golden Gate University in the United States; she was elected as a representative of the Qingdao Municipal People's Congress and a member of the Finance and Economics Committee in January 2022.

SENIOR MANAGEMENT

Name	Position in the Company	Date of the first appointment as senior management
Mr. Xu Hui	Executive Director and Chief Executive Officer	26 February 2018
Mr. He Tao	Chief Revenue Officer	2 April 2018
Dr. Li Fan ⁽¹⁾	Chief Technology Officer	25 March 2026
Ms. Lv Hongyu	Chief Capital Officer, Secretary to the Board and Company Secretary	30 January 2024
Ms. Yu Jin	Chief Financial Officer	30 January 2024
Mr. Zhang Fa'en ⁽¹⁾	Chief Technology Officer	18 May 2018

Note:

- (1) Mr. Zhang Fa'en has resigned as the Chief Technical Officer of the Company with effect from 25 March 2026 due to work arrangement and was re-designated as the Chief Scientist of the Company on the same date. On 25 March 2026, Dr. Li Fan was appointed as the Chief Technical Officer of the Company.

Mr. Xu Hui is our Chief Executive Officer. For the biographical details of Mr. Xu Hui, please refer to "Members of the Board".

Mr. He Tao (何濤), aged 55, has joined the Company and served as the general manager for Western China of the Company since April 2018 and our Chief Revenue Officer since May 2021. Mr. He has more than 20 years of experience in management, including eight years of AI-related management experience. He successively held several positions of Wanda Group (萬達集團) including the General Manager of Fuzhou branch of Wanda Department Stores (萬達百貨) from July 2007 to May 2013; General Manager for Sichuan and Chongqing branches of Shanghai Red Star Macalline Business Management (Group) Co., Ltd. (上海紅星美凱龍商業管理(集團)有限公司) from June 2013 to July 2015 where he introduced the O2O business model and digitalized marketing tools; the General Manager of Chongqing Zhida Tianya Business Management Co., Ltd. (重慶智達天雅商業管理有限公司) from August 2015 to January 2017; the General Manager of Southern China of Wanda Information Technology Co., Ltd. (萬達網絡科技有限公司) from March 2017 to March 2018 where he led the digitalized upgrading of offline retail stores. As of the Latest Practicable Date, Mr. He Tao also served as the chairman and executive director of certain subsidiaries.

Directors, Supervisors, Senior Management and Employees

Mr. He obtained his bachelor's degree in Russian from Sichuan International Studies University (四川外國語大學) in Sichuan, the PRC in July 1994, and completed the master courses in industrial information and enterprise management from Sichuan Academy of Social Sciences (四川省社會科學院) in Sichuan, the PRC in August 1997.

Dr. Li Fan, aged 46, joined the Company in April 2021 and is currently the Chief Product Officer and Senior Vice President of the Company. He is responsible for the construction of the AlInnovation large industrial model technology platform, promoting the deep integration and large-scale application of artificial intelligence technology and typical scenarios of intelligent manufacturing. Before joining AlInnovation, Dr. Li was a postdoctoral researcher at Microsoft Research Asia (MSRA), head of innovative digital education products in the Asia-Pacific region of Pearson Education Group (Pearson), senior product manager of artificial intelligence platform at Amazon Web Services (AWS) headquarters in the United States, and a member of the founding team of DawnLight, an AI medical start-up incubated by Stanford University. Dr. Li has profound technical accumulation in artificial intelligence, cloud computing, Internet of Things and other fields, and rich practical experience in the empowerment of new technologies in manufacturing, health care, education, finance and other industries.

Dr. Li received a bachelor's degree and a doctorate degree in communication and information systems from the University of Science and Technology of China in 2001 and 2006, respectively, and a master's degree in business administration (MBA) from Cornell University in May 2016.

Ms. Lv Hongyu (呂虹燭), aged 44, joined the Company in January 2024. From 30 January 2024, she served as the Chief Capital Officer, the Secretary to the Board and the Company Secretary of the Company. From October 2013 to January 2024, Ms. Lv successively served as Director General of Company Secretary Office, the Secretary to the Board and the Company Secretary in Kingsoft Corporation Limited (a company listed on the Hong Kong Stock Exchange, stock code: 3888). From July 2006 to October 2013, she served as legal counsel to AviChina Industry & Technology Company Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2357). Previously, she also worked in several law firms.

Ms. Lv obtained a bachelor's degree in law and a master's degree in economic law from China University of Political Science and Law. Ms. Lv is a Fellow of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute, holding Chartered Secretary and Chartered Governance Professional dual designations. She also holds the Chinese legal professional qualification certificate and the board secretary qualification granted by the Shanghai Stock Exchange.

Ms. Yu Jin (余瑾), aged 41, joined the Company in October 2020 and has been an internal control and audit officer of the Company since October 2020, the joint financial officer of the Company since November 2022 and the Chief Financial Officer of the Company since 30 January 2024. Ms. Yu has served in PricewaterhouseCoopers Zhong Tian LLP as the senior manager of audit department from September 2009 to October 2020. As of the Latest Practicable Date, Ms. Yu Jin also served as a director and supervisor of the subsidiaries.

Ms. Yu obtained a Master's degree in International Business and Economics from the University of International Business and Economics in June 2009.

Directors, Supervisors, Senior Management and Employees

COMPANY SECRETARY

Ms. Lv Hongyu (呂虹燭) has served as our Company Secretary since 30 January 2024. For the biographical details of Ms. Lv Hongyu, please refer to “Senior Management”.

Ms. Kwan Sau In (關秀妍) has resigned as the Joint Company Secretary of the Company under Rule 3.28 and Rule 8.17 of the Listing Rules due to work arrangements, with effect from 31 March 2025, and another Joint Company Secretary of the Company, Ms. Lv Hongyu (who possesses the qualification of a company secretary as required by Rules 3.28 of the Listing Rules) continued to serve and act as the sole company secretary of the Company.

CHANGES TO INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed in this annual report, the Directors, Supervisors and senior management confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CURRENT POSITIONS HELD BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THE SHAREHOLDERS' COMPANIES DURING THE REPORTING PERIOD AND AS OF THE LATEST PRACTICABLE DATE

Name	Company name	Current position	Term commencing from
Mr. Kai-Fu Lee	Sinovation Ventures Group	Director and chief executive officer	2009
Mr. Wang Hua	Sinovation Ventures Group	Partner	2009
Ms. Lin Ying	Sinovation Ventures Group	Director and legal head	2011

EMPLOYEES AND REMUNERATION POLICIES

The Group is committed to promoting gender diversity. As at 31 December 2025, the Group had 835 employees in total, of which 576 were male and 259 were female. The Group integrates its human resources strategy with remuneration plans based on different job sequences to provide competitive salaries and incentives based on performance contributions to all employees. The Group also contributes to social security and provident funds for all employees in accordance with the law, and provides a comprehensive benefit plan including retirement schemes, supplementary medical insurance, accident insurance, annual health checks and various subsidies.

EMPLOYEE TRAINING

Based on the Company's business goals and employee career development needs, the Group matches the corresponding capacity enhancement resources with employees at all levels and various career development stages. For all employees, we focus on cultivating workplace skills, and help them improve their professional quality and work efficiency through classroom learning and picture and text sharing; for new employees, we focus on cultivating corporate culture and company environment, efficient office and institutional processes, etc., through NEO (New Employee Orientation), partnership system, On Boarding newcomer introduction, etc., to help them successfully integrate in and become qualified Qizhi people (奇智人); for new managers and core employees, we focus on cultivating business ability, initial leadership and management experience, through classroom learning, IDP personal development plan, etc., to stimulate team momentum; for executives, we focus on cultivating business maturity, leadership, capital markets and strategic strength to promote organizational development.

EMPLOYEE INCENTIVE

Employee Incentive Scheme

The Group has adopted the Employee Incentive Scheme ("**Employee Incentive Scheme**") pursuant to the resolution of the shareholders' meeting on 31 March 2021 as an amendment, restatement and consolidation of the previous versions of employee share incentive schemes adopted by the Group since 2018.

(1) Purpose

The purpose of the Employee Incentive Scheme is to motivate the management team, retain talent and promote the long-term sustainable development of the Company.

(2) Participant

The participants of the Employee Incentive Scheme were selected by the administrator, Mr. Xu Hui, from among the senior management, existing employees and advisors of the Company or any other member of the Group.

(3) Total number of shares available for issue and the percentage of shares in issue as at the date of the annual report

The awards under the Employee Incentive Scheme entitle the participants of the Employee Incentive Scheme to a conditional right to obtain interests in the Employee Incentive Platforms at the time of grant of the awards at the sole discretion of the administrator of the Employee Incentive Scheme. Accordingly, the Company is not required to issue new shares in respect of the Employee Incentive Scheme.

(4) Maximum number of awards that may be granted to each Participant

The Company has not set a limit on the awards that may be granted to each participant under the Employee Incentive Scheme.

(5) The period during which the grantee may exercise the options under the Employee Incentive Scheme

The Employee Incentive Scheme does not involve the granting of options by the Company to subscribe for new Shares.

(6) Vesting period for awards granted under the Employee Incentive Scheme

Subject to and in accordance with the restrictions and conditions of the Employee Incentive Scheme, the administrator may, in its sole discretion, determine the un-restricted conditions and the un-restricted period (i.e., vesting conditions and vesting period), which generally range from one to four years and may vary among participants.

A participant shall not have any interest or right (including the right to receive dividends) in the awards prior to the date on which an award is vested on the participants. No instructions shall be given by a participant (including, without limitation, voting rights) in respect of the awards that have not been vested.

(7) The amount to be paid for the application or acceptance of an award and the period for payment or notification of payment

Upon the administrator's decision to offer an award to any participant, the participant shall pay the amount required to be paid on the date of execution of the relevant agreement.

(8) Basis for determining the purchase price of the granted shares

Under the Employee Incentive Scheme, the shareholdings in the Company held by Employee Incentive Platforms are divided into equal shares ("**Restricted Shares**") on the basis of ten for every 18 shares held by it, with each Restricted Share corresponding to a purchase price of RMB0.1.

(9) Remaining validity period of the Employee Incentive Scheme

The provisions of the Employee Incentive Scheme shall be in full force and effect in all respects and the Employee Incentive Scheme shall remain in effect unless terminated in accordance with the relevant provisions of the Employee Incentive Scheme.



(10) Information on the granting of awards

Name or type of Participant	Grant date	Vesting period	Grant price (RMB/Share)	Number of shares granted but not yet vested as at 1 January 2025 (shares)	Number of shares granted during the Reporting Period (shares) ¹	Number of shares vested during the Reporting Period (shares)	Number of shares cancelled during the Reporting Period (shares)	Number of shares lapsed during the Reporting Period (shares)	Number of shares granted but not yet vested as at 31 December 2025 (shares)	Weighted average closing price of shares vested during the Reporting Period (HKD)
Directors	—	—	—	—	—	—	—	—	—	—
Supervisors	—	—	—	—	—	—	—	—	—	—
Gao Lingyan (高凌燕)	Granted from time to time during the term of the incentive scheme	Vesting periods range from 1 to 4 years and may vary among different participants.	0.056	60,000	0	0	—	—	60,000	—
Five individuals whose total emoluments were the highest during the Reporting Period (in aggregate)	Granted from time to time during the term of the incentive scheme	Vesting periods range from 1 to 4 years and may vary among different participants.	0.056	6,624,156	0	349,684	—	—	6,274,472	5,398
Other employees (in aggregate)	Granted from time to time during the term of the incentive scheme	Vesting periods range from 1 to 4 years and may vary among different participants.	0.056	3,062,565	900,000	749,186	—	—	2,863,596	5,611
Total	—	—	—	9,746,721	900,000	1,098,870	—	—	9,198,068	—

Notes:

1 For awards granted during the Reporting Period,

- (1) Corresponding performance targets have been set for the vesting of awards granted during the Reporting Period, including annual performance appraisal targets and quarterly performance appraisal targets, and the vesting of the awards shall depend on the results of the appraisal. The performance targets may vary among different participants;
- (2) During the Reporting Period, no shares were granted to Directors, Supervisors and the five individuals whose emoluments were the highest. The closing prices of the shares granted to other people on the trading day before the grant date were as follows:

Name or type of participant	Grant date	Closing prices on the trading day before the grant date (HKD)
Other employees (in aggregate)	2 January 2025	5.82

- (3) Details of the fair values of the awards on the grant date and the accounting standards and policies adopted were set out in Note 30 and Note 46.16 to the financial statements.
- (4) "Number of shares granted during the Reporting Period (shares)" was derived from the shares forfeited during the Reporting Period, and details of the shares forfeited during the Reporting Period are set out in Note 30 to the financial statements.

Directors, Supervisors, Senior Management and Employees

2023 Directors and Senior Management H Share Incentive Scheme

The Group has adopted the 2023 Directors and Senior Management H Share Incentive Scheme in accordance with the resolution of the shareholders' meeting on 13 January 2023 ("**2023 Directors and Senior Management H Share Incentive Scheme**").

(1) Purpose

The purposes of the 2023 Directors and Senior Management H Share Incentive Scheme are: (i) to encourage, motivate and retain directors and employees who contribute to the Group's ongoing operations, development and long-term growth, and to enhance the Company's ability to attract new talents; and (ii) to send positive signals to the market and boost market confidence.

(2) Participant

Eligible employees who may participate in the 2023 Directors and Senior Management H Share Incentive Scheme include management personnel, including Directors (if any) and senior management of the Group, who play an important role in the operating results and future development of the Group and who comply with the laws and regulations and the rules of the Group. The Board or its authorized person may select participants from time to time in accordance with the relevant provisions of the Company Law of the PRC, the Securities Law of the PRC and other applicable laws, regulations and regulatory documents and the Articles of Association of the Company and taking into account the actual situation of the Company, and subject to the provisions of the scheme, provide the participants with incentive awards on such terms and conditions as the Board or its authorized person may determine from time to time during the term of the scheme.

(3) Total number of shares available for issue and the percentage of shares in issue as at the date of the annual report

Subject to the decision of the Board or its authorized person, the Company will transfer the necessary funds to the Trustee and instruct the Trustee to purchase H Shares at the then prevailing market price or at a specified price/price range, subject to the restrictions imposed by laws and regulations. Accordingly, the Company is not required to issue new shares in connection with the 2023 Directors and Senior Management H Share Incentive Scheme.

(4) Maximum number of awards that may be granted to each participant

The Company has not set a limit on the awards that may be granted to each participant under the 2023 Directors and Senior Management H Share Incentive Scheme.

(5) The period during which the grantee may exercise the options under the 2023 Directors and Senior Management H Share Incentive Scheme

The 2023 Directors and Senior Management H Share Incentive Scheme does not involve the granting of options by the Company to subscribe for new shares.

(6) Vesting period of awards granted under the 2023 Directors and Senior Management H Share Incentive Scheme

The Board or its authorized person may determine the criteria and conditions for vesting and the vesting period from time to time during the term of the 2023 Directors and Senior Management H Share Incentive Scheme, subject to compliance with all applicable laws, regulations and ordinances.

(7) The amount to be paid for the application or acceptance of an award and the period for payment or notification of payment

The participant shall receive the incentive shares by way of capital contribution from its own funds within five business days after the grant date in accordance with the corresponding capital contribution amount calculated based on the grant price and the number of incentive shares accepted for grant.

(8) Basis for determining the purchase price of the granted shares

Unless otherwise determined by the Board or its authorized person or as otherwise specified in the notice of grant approved by it, the grant price of the incentive shares under the 2023 Directors and Senior Management H Share Incentive Scheme is 20% of the closing price of the H Shares of the Company on the grant date of the incentive shares. Pursuant to the resolution considered and passed by the Board on 31 March 2025, the price of the incentive shares granted under the 2023 Directors and Senior Management H Share Incentive Scheme was adjusted to nil consideration.

Directors, Supervisors, Senior Management and Employees

(9) Remaining validity period of the 2023 Directors and Senior Management H Share Incentive Scheme

Unless the 2023 Directors and Senior Management H Share Incentive Scheme is terminated earlier in accordance with the rules of the scheme, its valid period is 10 years from the date of adoption (i.e. 10 years from 13 January 2023) and no further award will be granted after the expiry of the incentive period, provided that so long as there are any incentive shares granted prior to the expiry of the 2023 Directors and Senior Management H Share Incentive Scheme which have not yet vested, 2023 Directors and Senior Management H Share Incentive Scheme will continue to be extended until the vesting of such incentive shares becomes effective.

(10) Information on the granting of awards

Name or type of participant	Vesting period and performance targets	Grant price (HKD/share)	Number of shares granted but not yet vested as at 1 January 2025 (shares)	Number of shares granted during the Reporting Period (shares) ²	Number of shares vested during the Reporting Period (shares)	Number of shares cancelled during the Reporting Period (shares)	Number of shares lapsed during the Reporting Period (shares)	Number of shares granted but not yet vested as at 31 December 2025 (shares)	Weighted average closing price of shares vested during the Reporting Period (HKD)
Directors									
Xu Hui	Upon satisfaction of the vesting qualifications specified in the notice of grant, vesting shall be subject to the approval of the Board or a person authorized by the Board.	0	0	10,402,300	0	—	—	10,402,300	—
Xie Deren		0	0	450,000	0	—	—	450,000	—
Supervisors									
Gao Lingyan (高凌燕)	Same with Directors	0	0	270,000	0	—	—	270,000	—
Five individuals whose total emoluments were the highest during the Reporting Period (in aggregate) ¹	Same with Directors	0	0	12,202,300	0	—	—	12,202,300	—
Other employees (in aggregate)	Same with Directors	0	0	2,340,000	0	—	—	2,340,000	—
Total	—	—	0	15,262,300	0	—	—	15,262,300	—

Notes:

- The "Five individuals whose total emoluments were the highest during the Reporting Period (in aggregate)" include Mr. Xu Hui, a Director, and the "Total" only performs one sum calculation of the relevant number of Mr. Xu Hui.
- "Number of shares granted during the Reporting Period" refers to the number of Shares granted by the Company to all participants under the 2023 Directors and Senior Management H Share Incentive Scheme on 28 April 2025, of which:
 - During the Reporting Period, the closing price of the shares granted on the trading day before the grant date was HKD3.72;
 - Details of the fair value of the awards at the grant date and the accounting standards and policies adopted are set out in Note 30 and Note 46.16 to the financial statements.



2024 H Share Incentive Scheme

The Group has adopted the 2024 H Share Incentive Scheme in accordance with the resolution of the shareholders' meeting on 10 May 2024 ("**2024 H Share Incentive Scheme**").

(1) Purpose

The purposes of the 2024 H Share Incentive Scheme are: (i) to encourage, motivate and retain directors and employees who contribute to the Group's ongoing operations, development and long-term growth, and to enhance the Company's ability to attract new talents; and (ii) to send positive signals to the market and boost market confidence.

(2) Participant

Eligible employees who may participate in the 2024 H Share Incentive Scheme include management personnel, including Directors (if any), senior management and other key employees of the Group, who play an important role in the operating results and future development of the Group and who comply with the laws and regulations and the rules of the Group. The Board or its authorized person may select participants from time to time in accordance with the relevant provisions of the Company Law of the PRC, the Securities Law of the PRC and other applicable laws, regulations and regulatory documents and the Articles of Association of the Company and taking into account the actual situation of the Company, and subject to the provisions of the scheme, provide the participants with incentive awards on such terms and conditions as the Board or its authorized person may determine from time to time during the term of the scheme.

(3) Total number of shares available for issue and the percentage of shares in issue as at the date of the annual report

Subject to the decision of the Board or its authorized person, the Company will transfer the necessary funds to the Trustee and instruct the Trustee to purchase H Shares at the then prevailing market price or at a specified price/price range, subject to the restrictions imposed by laws and regulations. Accordingly, the Company is not required to issue new shares in connection with the 2024 H Share Incentive Scheme.

(4) Maximum number of awards that may be granted to each participant

The Company has not set a limit on the awards that may be granted to each participant under the 2024 H Share Incentive Scheme.

(5) The period during which the grantee may exercise the options under the 2024 H Share Incentive Scheme

The 2024 H Share Incentive Scheme does not involve the granting of options by the Company to subscribe for new shares.

(6) Vesting period of awards granted under the 2024 H Share Incentive Scheme

The Board or its authorized person may determine the criteria and conditions for vesting and the vesting period from time to time during the term of the 2024 H Share Incentive Scheme, subject to compliance with all applicable laws, regulations and ordinances. The Board or its authorized person may determine the vesting in batches according to market conditions.

(7) Basis for determining the purchase price of the granted shares

Unless otherwise determined by the Board or its authorized person or as otherwise specified in the notice of grant approved by it, the grant price of the incentive shares under the scheme is RMB0.

Therefore, amounts payable for application or acceptance of awards and term of payment or demand notice are not applicable.

(8) Remaining validity period of the 2024 H Share Incentive Scheme

Unless the 2024 H Share Incentive Scheme is terminated earlier in accordance with the rules of the scheme, its valid period is 10 years from the date of adoption (i.e. 10 years from 10 May 2024) and no further award will be granted after the expiry of the incentive period, provided that so long as there are any incentive shares granted prior to the expiry of the 2024 H Share Incentive Scheme which have not yet vested, 2024 H Share Incentive Scheme will continue to be extended until the vesting of such incentive shares becomes effective.



(9) Information on the granting of awards

Name or type of participant	Grant date	Vesting period and performance targets	Grant price (RMB/share)	Number of shares granted but not yet vested as at 1 January 2025 (shares)	Number of shares granted during the Reporting Period (shares) ²	Number of shares vested during the Reporting Period (shares)	Number of shares cancelled during the Reporting Period (shares)	Number of shares lapsed during the Reporting Period (shares)	Number of shares granted but not yet vested as at 31 December 2025 (shares)	Weighted average closing price of shares vested during the Reporting Period (HKD)
Directors										
Xu Hui	28 April 2025	Shares are qualified for vesting after the satisfaction of the set performance targets. Shares qualified for vesting shall be vested upon the approval of the Board or a person authorized by the Board when certain conditions specified in the notice of grant are satisfied.	0	0	27,385,092	0	—	—	27,385,092	—
Xie Deren	28 April 2025		0	0	403,226	0	—	—	403,226	—
Supervisor										
Gao Lingyan (高凌燕)	11 July 2025	Same with Directors	0	0	26,882	0	—	—	26,882	—
Five individuals whose total emoluments were the highest during the Reporting Period (in aggregate) ¹	Granted from time to time during the term of the incentive scheme	Same with Directors	0	0	29,944,568	0	—	—	29,944,568	—
Other employees (in aggregate)	Granted from time to time during the term of the incentive scheme	Same with Directors	0	0	2,029,490	0	—	23,522	2,005,968	—
Total	—	—	—	0	32,404,166	0	—	23,522	32,380,644	—

Notes:

- The "Five individuals whose total emoluments were the highest during the Reporting Period (in aggregate)" include Mr. Xu Hui, a Director, and the "Total" only performs one sum calculation of the relevant number of Mr. Xu Hui.
- For awards granted during the Reporting Period,
 - Corresponding performance targets have been set for the vesting of awards granted during the Reporting Period, including group performance score and individual performance score, and the awards will be qualified for vesting after reaching the set performance target. The performance targets may vary among different participants;

Directors, Supervisors, Senior Management and Employees

- (2) During the Reporting Period, the closing price of the shares granted on the trading day before the grant date were as follows:

Name or type of participant	Grant date	Closing prices on
		the trading day before the grant date (HKD)
Directors		
Xu Hui	28 April 2025	3.720
Xie Deren	28 April 2025	3.720
Supervisor		
Gao Lingyan	11 July 2025	5.900
Five individuals whose total emoluments were the highest during the Reporting Period (in aggregate)	28 April 2025	3.720
	11 July 2025	5.900
Other employees (in aggregate)	28 April 2025	3.720
	11 July 2025	5.900

- (3) Details of the fair value of the awards at the grant date and the accounting standards and policies adopted are set out in Note 30 and Note 46.16 to the financial statements.

Pension Plan

The Group's employees in the PRC are entitled to participate in various housing provident fund, medical insurance and other social insurance schemes administered by the government. The Group makes monthly contributions to these funds at a certain percentage of the salaries of these employees (subject to certain caps). The Group's obligations in respect of these funds are limited to the annual contributions payable. Contributions to housing provident fund, health insurance and other social insurance are expensed as incurred. As of 31 December 2025, the Group does not have the matter referred to in paragraph 26(2) of Appendix D2 to the Listing Rules where an employer may use forfeited contributions under a defined contribution plan to reduce the level of existing contributions.

Independent Auditor's Report



To the Shareholders of Alnnovation Technology Group Co., Ltd.

(incorporated in the People's Republic of China with limited liability)

Opinion

What we have audited

The consolidated financial statements of Alnnovation Technology Group Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 109 to 222, comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.



Independent Auditor's Report

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Hong Kong Institute of Certified Public Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition
- Impairment assessment of trade receivables
- Impairment assessment of goodwill and intangible assets arising from business acquisitions

Key Audit Matters (Continued)

Key Audit Matter

Revenue recognition

Refer to Note 6 to the consolidated financial statements.

During the year ended 31 December 2025, the Group's revenue represented income from the sales of integrated products and solutions of RMB1,393,581,000 and provision of data solution services of RMB118,977,000.

The revenue from sales of integrated products and solutions are recognized at a point of time when the customers accept the products and solutions after the installation is complete or when the customers obtain the control of the products and solutions if no installation is required. For certain sales contracts, the revenue is recognized over time since the performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The revenue from provision of data solution services are recognized over time as the performance obligation is satisfied over time with reference to the customers' usage of services to the satisfaction of the performance obligation of the projects.

How our audit addressed the Key Audit Matter

Our audit procedures performed on revenue recognition for the sale of integrated products and solutions and provision of data solution services included:

- We understood and evaluated the relevant controls in respect of revenue recognition for the sales of integrated products and solutions and provision of data solution services, validated the key controls and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors;
- We reviewed, on a sample basis, the sales contracts with customers and identified the terms and conditions relating to the timing of transfer of controls of promised goods or services, to assess the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards and whether the judgements made in revenue recognition would give rise to indicators of possible management bias;
- We tested, on a sample basis, revenue transactions recognized during the year by checking to the key terms of sales contracts, customers' acceptance reports and service settlement reports, delivery documents and underlying sales invoices to determine whether revenue had been recognized in accordance with the Group's revenue recognition policies;

Independent Auditor's Report

Key Audit Matters (Continued)

Key Audit Matter

Revenue recognition (Continued)

We focused our audit effort in this area due to the magnitude of revenue transactions and the variety of the relevant contract terms. Hence significant audit resources were allocated to audit this area.

How our audit addressed the Key Audit Matter

- We performed confirmation procedures on trade receivables balances and revenue transactions. The items were selected on a sample basis by considering the amount, nature and characteristic of the customers; and
- We tested, on a sample basis, revenue transactions before and after the financial year-end to delivery documents and customers' acceptance reports or service settlement reports to determine whether the sales of integrated products and solutions and the provision of data solution services had been recognized in the appropriate financial period.

Based upon the above procedures performed, we considered that the recognition of revenue from the sales of integrated products and solutions and provision of data solution services were supported by the evidences that we have gathered.

Key Audit Matters (Continued)

Key Audit Matter

Impairment assessment of trade receivables

Refer to Notes 3.1 and 22 to the consolidated financial statements.

As at 31 December 2025, the Group had gross trade receivables of approximately RMB568,359,000, against which allowance for impairment of approximately RMB169,490,000 was made.

Management applied judgement and estimates to measure the expected credit loss allowance. The trade receivables were grouped based on shared credit risk characteristics and aging, and assessed collectively or individually for likelihood of recovery. The expected credit loss rates were based on the payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates were adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables.

How our audit addressed the Key Audit Matter

Our audit procedures performed on impairment assessment of trade receivables included:

- We understood and evaluated the relevant controls in respect of its assessment of impairment of trade receivables, validated the key controls and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors;
- We performed retrospective review by comparing previous estimates to actual outcome. We evaluated the outcome of prior period assessment of impairment of trade receivables to assess the effectiveness of management's estimation process;
- We assessed the appropriateness of the expected credit losses model adopted by management;
- We assessed the appropriateness of the assumptions used in the expected credit losses model with reference to historical payment records, ageing analysis and default rates;

Key Audit Matters (Continued)

Key Audit Matter

Impairment assessment of trade receivables (Continued)

We focused on auditing the impairment of trade receivables because of the magnitude of the trade receivables and the high degree of judgement and estimation uncertainty due to the subjectivity of assumptions and the complexity of the expected credit losses model.

How our audit addressed the Key Audit Matter

- We evaluated the reasonableness of the forward-looking information including relevant macroeconomic variables by considering the industry and macroeconomic information obtained from our independent internet search;
- We tested, on a sample basis, the accuracy of the aging of trade receivables to respective supporting documents;
- We considered whether the judgement made in the grouping of trade receivables and the selection of significant assumptions and data in the determination of expected credit loss rates would give rise to indicators of possible management bias; and
- We also assessed the adequacy of the disclosures related to impairment of trade receivables in the context of the applicable financial reporting framework.

Based upon the above procedures performed, we considered that the expected credit loss model, management's judgement and estimates applied in respect of the impairment of trade receivables were supportable by the evidences that we have gathered.

Key Audit Matters (Continued)

Key Audit Matter

Impairment assessment of goodwill and intangible assets arising from business acquisitions

Refer to Notes 17 and 18 to the consolidated financial statements.

As at 31 December 2025, the Group had goodwill of RMB135,140,000 and intangible assets of RMB157,789,000 in relation to the business acquisitions in past years. Impairment losses of RMB40,073,000 and RMB15,582,000 were recognized for goodwill and intangible assets arising from previous acquisitions during the year ended 31 December 2025, respectively.

Management assessed goodwill impairment on an annual basis or more frequently if events or changes in circumstances indicate that they might be impaired. Intangible assets arising from acquisitions are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group engaged an independent external valuation expert to assist in the impairment testing of goodwill and intangible assets arising from acquisitions. Management considered each of the acquired entity a separate group of cash generating units ("CGU"). Management assessed the impairment of goodwill and intangible assets arising from acquisition with reference to the recoverable amounts of the CGUs or respective assets which were taken as the higher of the fair value less disposal cost and value-in-use. Significant management judgements and estimates were involved in the impairment assessment, including the adoption of significant assumptions and parameters, which mainly included revenue growth rates, gross profit margins and discount rate.

How our audit addressed the Key Audit Matter

Our audit procedures performed on impairment assessment of goodwill and intangible assets arising from acquisition included:

- We understood and evaluated the management's internal control and process of impairment assessment of goodwill and intangible assets arising from acquisition and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors;
- We assessed the competence, capabilities and objectivity of the external valuation expert who assisted management in impairment assessment;
- We compared the current period actual results with previous forecast to consider, with hindsight, whether key assumptions included in that forecast had been subject to management bias and to assess the effectiveness of management's estimate process;

Key Audit Matters (Continued)

Key Audit Matter

Impairment assessment of goodwill and intangible assets arising from business acquisitions (Continued)

We focused our audit effort in this area because of the significance of the amounts of goodwill and intangible assets arising from acquisitions, and the estimation of recoverable amount involved high degree of subjectivity and estimation uncertainty.

How our audit addressed the Key Audit Matter

- We assessed management's future cash flow forecast and calculation of recoverable amount of each CGU. Our procedures included:
 - i) assessing the appropriateness of the valuation methodology adopted by reference to market practices with the assistance from our internal valuation expert;
 - ii) assessing the key assumptions, including the revenue growth rates and gross profit margins by comparing with the historical financial results and future business plans;
 - iii) assessing the discount rate by reference to external data, including the risk factor of comparable companies and market risk premium with the assistance from our internal valuation expert; and
 - iv) testing the mathematical accuracy of the discounted cash flows calculation;
- We assessed the allocation of impairment losses among goodwill and respective assets comprising the CGUs;
- We assessed management's sensitivity analysis to evaluate the assumptions to which the outcome of the discounted cash flows are more sensitive and the degree and likelihood that these assumptions may move to trigger an impairment; and

Key Audit Matters (Continued)

Key Audit Matter

How our audit addressed the Key Audit Matter

Impairment assessment of goodwill and intangible assets arising from business acquisitions (Continued)

- We also assessed the adequacy of the disclosures related to impairment assessment of goodwill and intangible assets arising from acquisition in the context of the applicable financial reporting framework.

Based upon the above procedures performed, we considered that the methodology, significant assumptions, parameters and management estimates adopted in the impairment assessment of goodwill and intangible assets were supported by available evidence that we have gathered.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independent Auditor's Report

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dou Wang, Angel.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 March 2026

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2025

		Year ended 31 December	
	Note	2025	2024
		RMB'000	RMB'000
Revenue	6	1,512,558	1,221,768
Cost of sales	7	(983,465)	(798,697)
Gross profit		529,093	423,071
Selling and distribution expenses	7	(147,525)	(191,385)
General and administrative expenses	7	(211,794)	(264,350)
Research and development expenses	7	(396,291)	(355,109)
Net impairment losses on financial assets	3.1	(20,070)	(905)
Impairment loss on goodwill and intangible assets arising from acquisition	17,18	(55,655)	(227,973)
Other income	9	40,836	37,457
Other gains/(losses) – net	10	6,126	(51,392)
Operating loss		(255,280)	(630,586)
Finance costs	11	(5,872)	(7,410)
Finance income	11	3,871	13,010
Finance (costs)/income – net	11	(2,001)	5,600
Loss before income tax		(257,281)	(624,986)
Income tax credit	12	8,497	16,061
Loss for the year		(248,784)	(608,925)
Other comprehensive loss, net of tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value change of financial assets at fair value through other comprehensive income		(2,048)	—
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation difference		129	(94)
Other comprehensive loss for the year, net of tax		(1,919)	(94)
Total comprehensive loss for the year		(250,703)	(609,019)

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2025

		Year ended 31 December	
	Note	2025	2024
		RMB'000	RMB'000
Loss for the year attributable to:			
Owners of the Company		(250,079)	(593,810)
Non-controlling interests		1,295	(15,115)
Loss for the year		(248,784)	(608,925)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(251,959)	(593,875)
Non-controlling interests		1,256	(15,144)
Total comprehensive loss for the year		(250,703)	(609,019)
Basic and diluted loss per share for loss attributable to the owners of the Company (in RMB)	14	(0.48)	(1.09)

The notes on pages 117 to 222 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2025

	Note	As at 31 December 2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	42,973	38,957
Right-of-use assets	16	30,557	39,643
Intangible assets	17	159,712	207,017
Goodwill	18	135,140	175,213
Deferred income tax assets	32	7,007	5,901
Financial assets at fair value through other comprehensive income	24	1,803	9,000
Financial assets at fair value through profit or loss	25	16,750	—
Other non-current assets	19	11,169	12,010
Total non-current assets		405,111	487,741
Current assets			
Inventories	21	208,602	156,686
Trade and notes receivables	22	416,631	477,913
Prepayments and other receivables	23	364,274	277,498
Financial assets at fair value through other comprehensive income	24	10,004	9,393
Financial assets at fair value through profit or loss	25	3,414	2,439
Restricted cash	26	23,301	6,583
Cash and cash equivalents	26	830,881	1,204,879
Total current assets		1,857,107	2,135,391
Total assets		2,262,218	2,623,132
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	563,545	565,051
Share premium	27	2,626,071	2,631,580
Less: Treasury share	28	(482,131)	(313,711)
Other reserves	29	1,192,287	1,103,042
Accumulated losses		(2,694,189)	(2,442,062)
		1,205,583	1,543,900
Non-controlling interests		175,265	168,328
Total equity		1,380,848	1,712,228

The notes on pages 117 to 222 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2025

		As at 31 December	
	Note	2025	2024
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	16	23,061	33,406
Deferred income tax liabilities	32	18,070	27,546
Other non-current liabilities	31	11,718	3,741
Financial liabilities at fair value through profit or loss	36	—	26,205
Total non-current liabilities		52,849	90,898
Current liabilities			
Borrowings	33	122,244	127,735
Lease liabilities	16	15,552	19,918
Trade and notes payables	34	317,684	289,704
Contract liabilities	37	155,533	109,242
Other payables and accruals	35	179,310	190,335
Current income tax liabilities		4,670	3,268
Financial liabilities at fair value through profit or loss	36	33,528	79,804
Total current liabilities		828,521	820,006
Total liabilities		881,370	910,904
Total equity and liabilities		2,262,218	2,623,132

The notes on pages 117 to 222 are an integral part of these consolidated financial statements.

The consolidated financial statements on page 109 to 222 were approved by the Board of Directors of the Company on 25 March 2026 and were signed on its behalf by:

Xu Hui
Director

Wang Hua
Director

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2025

		Attributable to owners of the Company							
		Less:					Non-		
		Share	Treasury	Share	Other	Accumulated	controlling	Total	
		Note	capital	share	premium	reserves	losses	Total	interests
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025		565,051	(313,711)	2,631,580	1,103,042	(2,442,062)	1,543,900	168,328	1,712,228
Loss for the year		—	—	—	—	(250,079)	(250,079)	1,295	(248,784)
Other comprehensive loss									
– Fair value change of financial assets at fair value through other comprehensive income		—	—	—	(2,048)	—	(2,048)	—	(2,048)
– Currency translation differences		—	—	—	168	—	168	(39)	129
Total other comprehensive loss for the year		—	—	—	(1,880)	—	(1,880)	(39)	(1,919)
Transactions with owners in their capacity as owners									
– Share cancelled		28	(1,506)	7,015	(5,509)	—	—	—	—
– Repurchase of shares		28	—	(175,435)	—	—	(175,435)	—	(175,435)
– Share-based payment expenses		30	—	—	—	88,757	88,757	—	88,757
– Capital injection by non-controlling interests			—	—	—	—	—	9,160	9,160
– Capital withdrawal by non-controlling interests			—	—	—	320	320	(2,450)	(2,130)
– Derecognition of financial assets at fair value through other comprehensive income			—	—	—	2,048	(2,048)	—	—
– Dividends of subsidiaries distributed to non-controlling interests			—	—	—	—	—	(1,029)	(1,029)
Total transactions with owners in their capacity as owners			(1,506)	(168,420)	(5,509)	91,125	(2,048)	(86,358)	(80,677)
Balance at 31 December 2025			563,545	(482,131)	2,626,071	1,192,287	(2,694,189)	1,205,583	175,265
									1,380,848

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2025

		Attributable to owners of the Company							
		Less:					Non-		
	Note	Share capital	Treasury share	Share premium	Other reserves	Accumulated losses	Total	controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024		565,051	(264,349)	2,631,580	949,292	(1,848,252)	2,033,322	190,823	2,224,145
Loss for the year		—	—	—	—	(593,810)	(593,810)	(15,115)	(608,925)
Other comprehensive loss									
– Currency translation differences		—	—	—	(65)	—	(65)	(29)	(94)
Total other comprehensive loss for the year		—	—	—	(65)	—	(65)	(29)	(94)
Transactions with owners in their capacity as owners									
– Repurchase of shares	28	—	(49,362)	—	—	—	(49,362)	—	(49,362)
– Share-based payment expenses	30	—	—	—	153,815	—	153,815	—	153,815
– Capital injection by non-controlling interests		—	—	—	—	—	—	10,400	10,400
– Capital withdrawal by non-controlling interests		—	—	—	—	—	—	(17,751)	(17,751)
Total transactions with owners in their capacity as owners		—	(49,362)	—	153,815	—	104,453	(7,351)	97,102
Balance at 31 December 2024		565,051	(313,711)	2,631,580	1,103,042	(2,442,062)	1,543,900	168,328	1,712,228

The notes on pages 117 to 222 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2025

	Note	Year ended 31 December 2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash used in operations	38	(46,990)	(48,477)
Interest received		3,871	13,010
Income taxes paid		(683)	(321)
Net cash used in operating activities		(43,802)	(35,788)
Cash flows from investing activities			
Payments of property, plant and equipment and intangible assets		(20,668)	(4,014)
Proceeds from disposals of property, plant and equipment		14	139
Payments of financial assets at fair value through profit or loss		(3,025,120)	(1,419,714)
Proceeds from disposal of financial assets at fair value through profit or loss		3,008,350	1,468,111
Payments of financial assets at fair value through other comprehensive income	24	(1,803)	—
Proceeds from financial assets at fair value through other comprehensive income		4,106	—
Interest received on financial assets at fair value through profit or loss	10	8,813	8,088
Payments of contingent consideration	36	(80,626)	(82,322)
Loans to a related party	41	(690)	(2,012)
Loans receivables repaid by a related party	41	690	2,012
Loans to a third party		—	(7,970)
Loans receivables repaid by a third party		—	7,970
Net cash used in investing activities		(106,934)	(29,712)

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2025

	Note	Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
Cash flows from financing activities			
Capital injection in subsidiaries from non-controlling interests		9,160	10,400
Capital withdrawal by non-controlling interests		(9,480)	(10,400)
Dividends paid to non-controlling interests		(1,029)	—
Proceeds from bank borrowings		126,411	138,832
Repayments of bank borrowings		(129,001)	(85,950)
Interest paid of bank borrowings		(3,810)	(3,459)
Proceeds from related parties borrowing	41	28,210	40,690
Repayments of related parties borrowing	41	(23,781)	(37,476)
Proceeds from third parties borrowing		—	21,940
Repayments of third parties borrowing		—	(21,835)
Payments of lease liabilities	16	(22,347)	(22,227)
Repurchase of shares		(197,531)	(63,205)
Proceeds from award of restricted shares under the employee equity incentive scheme		—	2,204
Repayments of award of restricted shares under the employee share incentive scheme		—	(43,530)
Net cash used in financing activities		(223,198)	(74,016)
Net decrease in cash and cash equivalents		(373,934)	(139,516)
Cash and cash equivalents at beginning of the year	26	1,204,879	1,344,615
Exchange losses on cash and cash equivalents		(64)	(220)
Cash and cash equivalents at the end of the year	26	830,881	1,204,879

The notes on pages 117 to 222 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

1 General information of the Group

AlInnovation Technology Group Co., Ltd. (the "Company") was incorporated in the People's Republic of China (the "PRC") on 6 February 2018 as a limited liability company and changed the type of enterprise from a limited liability company to a joint stock company on 19 May 2021. The address of the Company's registered office is Room 501, Block A, Haier International Plaza, No. 939 Zhenwu Road, Economic Development Zone, Jimo District, Qingdao, Shandong, PRC.

The Company and its subsidiaries (collectively, the "Group") mainly conduct research and development of artificial intelligence technologies and provide artificial intelligence-based software and hardware technology solutions services in the PRC.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 27 January 2022.

These consolidated financial statements are presented in Renminbi ("RMB") unless otherwise stated.

2 Basis of preparation and changes in accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities that are measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Other than those material accounting policies information as disclosed in the notes to the relevant financial line items or transactions in the financial statements, a summary of the other accounting policies information has been set out in Note 46 to these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

2 Basis of preparation and changes in accounting policies (continued)

2.2 Changes in accounting policies

(i) New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Standards and amendments	Key requirements	Effective for annual periods beginning on or after
IAS21 (Amendments)	Lack of Exchangeability	1 January 2025

(ii) New and amended standards not yet adopted by the Group

The followings are new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting period and have not been early adopted by the Group. These standards, amendments or interpretations, except for IFRS 18 which will impact the presentation of statement of profit and loss, are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Standards and amendments	Key requirements	Effective for annual periods beginning on or after
IFRS 9 and IFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 9 and IFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to IFRS Accounting Standards	Annual Improvements	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IAS21 (Amendments)	Translation to a Hyperinflationary Presentation Currency	1 January 2027

2 Basis of preparation and changes in accounting policies (continued)

2.2 Changes in accounting policies (continued)

(a) IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- **Impact on consolidated statements of comprehensive income**

Although the adoption of IFRS 18 will have no impact on the Group's net loss, the Group expects that grouping items of income and expenses in the income statement into the new categories will impact how operating loss is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating loss:

Foreign exchange differences

Foreign exchange differences currently aggregated in the line item "other gains/(losses) – net" in operating loss might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit, unless doing so would involve undue cost or effort.

Gain or loss of investments measured at fair value through profit or loss

The gain or loss of investments measured at fair value through profit or loss currently aggregated in the line item "other gains/(losses) – net" in operating loss and will be presented below operating loss.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

2 Basis of preparation and changes in accounting policies (continued)

2.2 Changes in accounting policies (continued)

(a) IFRS 18 Presentation and Disclosure in Financial Statements (continued)

- **Impact on consolidated balance sheets:**

The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

- **Impact on disclosures:**

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for the first annual period of application of IFRS 18, a reconciliation for each line item in the income statement between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use any derivative financial instruments to hedge certain risk exposures during the years.

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective group entities' functional currency. The Group mainly operates in the PRC with most of the transactions settled in RMB. The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's major exposure to foreign currency risk at 31 December 2025 and 2024, expressed in RMB, was as follows:

	Year ended 31 December					
	2025			2024		
	HKD RMB'000	SGD RMB'000	USD RMB'000	HKD RMB'000	SGD RMB'000	USD RMB'000
Cash and cash equivalents	2,621	—	11	9,382	7,375	1,972
Trade and note receivables	—	—	1,835	—	—	81
Other receivables	19,407	—	70	2,203	—	—

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(i) Foreign exchange risk (continued)

As at 31 December 2025 and 2024, if a foreign currency had strengthened/weakened by 10% against the RMB with all other variables held constant, the Group's loss before income tax for the year would have changed mainly as a result of foreign exchange gains/losses on translation of the foreign currency denominated cash and cash equivalents and receivables. Details of the changes are as follows:

	Loss before income tax	
	for the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
HKD strengthened/weakened by 10%	2,203 lower/higher	1,159 lower/higher
SGD strengthened/weakened by 10%	N/A	738 lower/higher
USD strengthened/weakened by 10%	192 lower/higher	205 lower/higher

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets and liabilities, except for lease liabilities (Note 16), financial liabilities at fair value through profit and loss("FVTPL") (Note 36), borrowings (Note 33), cash and cash equivalents (Note 26) and restricted cash (Note 26). Lease liabilities, financial liabilities at FVTPL, borrowings, cash and cash equivalents and restricted cash expose the Group to fair value interest rate risk.

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(iii) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents and restricted cash, financial assets at fair value through other comprehensive income ("FVTOCI") and trade and notes receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(a) Credit risk of cash and cash equivalents and restricted cash

To manage this risk, cash at banks are mainly placed with state-owned and reputable financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are immaterial.

(b) Credit risk of trade receivables

The Group has policies in place to ensure that trade receivables with credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing days, and assessed collectively or individually for likelihood of recovery.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (GDP), the Consumer Price Index (CPI) and Producer Price Index (PPI) to be the most relevant factors, and accordingly adjusted the historical loss rates based on expected changes in these factors.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(iii) Credit risk (continued)

(b) Credit risk of trade receivables (continued)

Individually impaired trade receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and has recognized impairment losses.

	Less than 3 months RMB'000	3 months to 6 months RMB'000	6 months to 12 months RMB'000	1 year to 2 years RMB'000	Over 2 years RMB'000	Total RMB'000
31 December 2025						
Trade receivables (Note 22)						
Gross carrying amount	270,910	35,523	104,061	91,429	66,436	568,359
Expected loss rate	(6.95%)	(14.60%)	(27.13%)	(55.57%)	(100.00%)	(29.82%)
Collectively impaired loss allowance	(18,823)	(5,188)	(28,236)	(50,807)	(61,984)	(165,038)
Individually impaired loss allowance	—	—	—	—	(4,452)	(4,452)
Total loss allowance	(18,823)	(5,188)	(28,236)	(50,807)	(66,436)	(169,490)

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(iii) Credit risk (continued)

(b) Credit risk of trade receivables (continued)

	Less than 3 months RMB'000	3 months to 6 months RMB'000	6 months to 12 months RMB'000	1 year to 2 years RMB'000	Over 2 years RMB'000	Total RMB'000
31 December 2024						
Trade receivables (Note 22)						
Gross carrying amount	309,098	56,318	79,636	81,539	72,468	599,059
Expected loss rate	(4.94%)	(8.86%)	(17.96%)	(62.19%)	(100.00%)	(26.33%)
Collectively impaired loss allowance	(15,257)	(4,990)	(14,299)	(41,073)	(68,850)	(144,469)
Individually impaired loss allowance	—	—	—	(9,636)	(3,618)	(13,254)
Total loss allowance	(15,257)	(4,990)	(14,299)	(50,709)	(72,468)	(157,723)

(c) Credit risk of notes receivables and other receivables

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

Other receivables mainly comprise deposits and other receivables. The Group considers the probability of default on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(iii) Credit risk (continued)

(c) Credit risk of notes receivables and other receivables (Continued)

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the third party's ability to meet its obligations;
- actual or expected significant changes in the operating results of the third party;
- significant changes in the expected performance and behavior of the third party, including changes in the payment status of the third party.

Notes receivables are mostly settled by state-owned banks or other reputable banks therefore the management considers that they will not expose the Group to any significant credit risk. The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for notes receivables.

Impairment of other receivables is measured as either 12-month expected credit loss or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Trade and other receivables are written off when there is no reasonable expectation of recovery.

Impairment losses on trade and other receivables are presented as net impairment losses within operating loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(iii) Credit risk (continued)

(c) Credit risk of notes receivables and other receivables (Continued)

The movement of loss allowance for trade receivables and other receivables during the year ended 31 December 2025 and 2024 are as below:

	Trade receivables RMB'000	Other receivables RMB'000	Total RMB'000
As at 1 January 2024	169,063	12,238	181,301
Provisions/(reversal of provisions)	1,951	(1,046)	905
Written off as uncollectible	(13,291)	—	(13,291)
As at 31 December 2024	157,723	11,192	168,915
As at 1 January 2025	157,723	11,192	168,915
Provisions/(reversal of provisions)	23,279	(3,209)	20,070
Written off as uncollectible	(11,512)	(2,847)	(14,359)
As at 31 December 2025	169,490	5,136	174,626

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(iv) Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 December 2025				
Trade and notes payables	317,684	—	—	317,684
Other payables and accruals (excluding payroll and welfare payables, warranty and other tax payables)	77,073	—	—	77,073
Borrowings	124,136	—	—	124,136
Financial liabilities at FVTPL	36,485	—	—	36,485
Lease liabilities	17,225	10,928	15,263	43,416
	572,603	10,928	15,263	598,794

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(iv) Liquidity risk (continued)

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 December 2024				
Trade and notes payables	289,704	—	—	289,704
Other payables and accruals (excluding payroll and welfare payables, warranty and other tax payables)	82,664	—	—	82,664
Borrowings	129,948	—	—	129,948
Financial liabilities at FVTPL	86,861	38,250	—	125,111
Lease liabilities	21,312	14,197	21,386	56,895
	610,489	52,447	21,386	684,322

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

3 Financial risk management (continued)

3.2 Capital management (continued)

Consistent with others in the industry, the Group monitors capital on the basis of the net debt equity ratio. This ratio is calculated as "net debt" divided by "total equity". Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. The net debt equity ratios of 31 December 2025 and 2024 were as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Borrowings (including related party borrowing)	144,244	144,777
Lease liabilities	38,613	53,324
Less: Cash and cash equivalents	(830,881)	(1,204,879)
Net debt	(648,024)	(1,006,778)
Total equity	1,380,848	1,712,228
Net debt equity ratio	N/A	N/A

3.3 Fair value estimation

Financial instruments carried at fair value or where fair value was disclosed can be categorised by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2025				
Assets				
Financial assets at FVTOCI				
– Notes receivables	—	—	10,004	10,004
– Unlisted company investment	—	—	1,803	1,803
	—	—	11,807	11,807
Financial assets at FVTPL				
– Unlisted company investment	—	—	16,750	16,750
– Listed equity securities	3,414	—	—	3,414
	3,414	—	16,750	20,164
Liabilities				
Financial liabilities at FVTPL				
– Contingent considerations	—	—	33,528	33,528

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2024				
Assets				
Financial assets at FVTOCI				
– Notes receivables	—	—	9,393	9,393
– Unlisted company investment	—	—	9,000	9,000
	—	—	18,393	18,393
Financial assets at FVTPL				
– Listed equity securities	2,439	—	—	2,439
Liabilities				
Financial liabilities at FVTPL				
– Contingent considerations	—	—	106,009	106,009

There were no transfers between level 1, 2 and 3 during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market (Level 2 and Level 3) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

As at 31 December 2025, the discounted cash flow method was used to determine the fair value of notes receivables and contingent liabilities. The key assumption under the discounted cash flow method is discount rate (1.61% - 14.00%). The net asset value method was used to determine the fair value of unlisted company investment and no key assumption is applicable for the net asset value method.

The following table presents the changes in level 3 items for the years ended 31 December 2025 and 2024:

	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000	Financial liabilities at FVTPL RMB'000
Opening balance as at 1 January 2024	48,481	12,203	174,355
Additions	—	81,824	—
Disposals/paid	(21,915)	(75,634)	(82,322)
Change in fair value	(26,566)	—	13,976
Closing balance as at 31 December 2024	—	18,393	106,009
Additions	16,750	62,245	—
Disposals/paid	—	(68,831)	(80,626)
Others	—	—	(663)
Change in fair value	—	—	8,808
Closing Balance as at 31 December 2025	16,750	11,807	33,528
includes unrealised losses recognized in profit or loss attributable to balances held for year ended 31 December 2025	—	—	7,132
includes unrealised losses recognized in profit or loss attributable to balances held for year ended 31 December 2024	—	—	12,113

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

	Fair value		Significant un-observable inputs	Range of inputs (probability-weighted average)		Relationship of unobservable inputs to fair value
	As at 31 December			Year ended 31 December		
	2025 RMB'000	2024 RMB'000		2025	2024	
Notes receivables	10,004	9,393	Discount rates	1.61%	2.07%	An increase/decrease in the discount rate by 50 basis points (bps) would decrease/increase the fair value by approximately RMB11,000 and RMB11,000 respectively (31 December 2024: RMB15,000 and RMB15,000).
Unlisted company investment	18,553	9,000	Net asset value	N/A	N/A	The higher the net asset value, the higher the fair value.
Contingent considerations	33,528	106,009	Discount rates	14%	14%	An increase/decrease in the discount rate by 50 bps would decrease/increase the fair value by approximately RMB85,000 and RMB86,000 respectively (31 December 2024: RMB384,000 and RMB388,000).

4 Critical estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below.

(i) Estimation of goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2025 and 2024 reporting periods, the recoverable amount of cash-generating units (CGUs) was determined based the higher of the fair value less disposal cost and value-in-use calculated based on the discounted cash flow forecast. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in Note 18. These growth rates are extrapolated using the estimated general inflation rate.

Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in Note 18.

(ii) Impairment of trade receivables

The loss allowance for financial assets disclosed in Note 3.1 is based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The carrying amounts of the Group's trade receivables are disclosed in Note 22.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

4 Critical estimates and judgements (continued)

(iii) Income taxes and deferred income tax

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group recognizes deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgements and estimations about the timing and the amount of taxable profits of the companies who had tax losses. Deferred income tax liabilities relating to business combination are recognized when the fair value of the assets transferred exceeds its carrying amount. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and deferred tax liabilities and income tax charges in the period in which such estimates are changed.

(iv) Share-based payments

As disclosed in Note 30, the Company granted equity-settled share options and restricted share units ("RSUs") to certain directors, senior management, employees and consultants. Significant estimate on assumptions in determining the fair value of the granted share options and RSUs include risk-free interest rate, expected volatility and dividend yield.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

5 Segment information

The executive director of the Company has been identified as the chief operating decision-maker of the Group who reviews the Group's internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

The revenue of the Group is primarily derived from artificial intelligence products and services. Therefore, the Group regards that there is only one segment which is used to make strategic decisions.

No geographical segment information is presented as most of the revenue and operating losses of the Group are derived within the PRC and most of the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

No individual customer contributed over 10% of the total revenue of the Group for the year ended 31 December 2025 and 2024.

6 Revenue

An analysis of revenue is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Point in time		
– Sales of integrated products and solutions	1,343,135	1,065,383
Over time		
– Sales of integrated products and solutions	50,446	84,084
– Services of data solutions	118,977	72,301
	1,512,558	1,221,768

The total sales of integrated products and solutions are RMB1,393,581,000 for the year ended 31 December 2025 (2024: RMB1,149,467,000).

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

6 Revenue (continued)

(i) Revenue recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

In determining whether revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether the Group is acting as the principal or agent in offering goods or services to the customer, the Group needs to first identify who controls the specified goods or services before they are transferred to the customer. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified goods or service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified goods or service; (b) whether the entity has inventory risk before the specified goods or service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on each different circumstance.

The following is a description of the accounting policy for the principal revenue streams of the Group.

6 Revenue (continued)

(i) Revenue recognition (continued)

(a) Sales of products and solutions

The Group provides multiple deliverables to customers, including the design of artificial intelligence solution, delivery of products and software, and installation of products and software. It is accounted for as a single performance obligation since the Group provides an integrated products and solutions.

The revenue of such integrated products and solutions is recognized at a point of time when the customers accept the products and solutions after the installation is complete or when the customers obtain the control of the products and solutions if no installation is required. For certain sales contracts, the revenue is recognized over time since the performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

(b) Services of data solutions

The Group provides services of data solutions to customers during a certain period. Data solutions include cloud services, and data analysis, etc.

Revenue from data solutions are accounted for as a single performance obligation and recognized when the Group has provided the promised relevant services. As the customer simultaneously receives and consumes the services provided by the Group over the period, the performance obligation is satisfied over time with reference to the customers' usage of services to the satisfaction of the performance obligation of the projects.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

7 Expenses by nature

Expenses included in cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses were analysed as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Subcontracting costs	573,296	435,985
Materials costs	565,127	456,357
Employee benefit expenses (Note 8)	361,440	471,181
Computing power service fees	43,487	—
Amortisation of intangible assets (Note 17)	31,723	44,336
Professional service and other consulting fees	23,516	37,715
Marketing expenses	20,963	22,627
Depreciation of property, plant and equipment (Note 15)	18,088	24,175
Depreciation of right-of-use assets (Note 16)	14,925	22,805
Travelling expenses	12,487	13,575
Rental and property management expenses	8,152	7,619
Auditors' remuneration – audit services	5,000	5,200
– non-audit services	1,026	1,135
Recruiting and training expenses	4,866	5,080
Other expenses	54,979	61,751
	1,739,075	1,609,541

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

8 Employee benefit expenses

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Wages, salaries and bonuses	226,622	267,410
Pension costs-defined contribution plans	16,993	22,641
Other social security and housing fund	18,456	21,724
Share-based payment expenses	88,757	153,815
Other employee benefits	10,612	5,591
	361,440	471,181

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2025 and 2024 included 1 director and 1 director, respectively, whose emoluments are reflected in the analysis presented in Note 43. The emoluments paid or payable to the remaining individuals during the reporting periods are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Wages, salaries and bonuses	5,166	3,560
Pension costs-defined contribution plans	253	244
Other social security and housing fund	289	246
Share-based payment expenses	37,056	57,596
	42,764	61,646

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

8 Employee benefit expenses (continued)

The emoluments of the five highest paid individuals except for the director, whose emoluments have been disclosed in Note 43, fell within the following bands:

	Year ended 31 December	
	2025	2024
HKD 4,000,001 to HKD 4,500,000	1	—
HKD 7,500,001 to HKD 8,000,000	—	1
HKD 9,000,001 to HKD 9,500,000	1	—
HKD 16,500,001 to HKD 17,000,000	1	—
HKD 17,000,001 to HKD 17,500,000	1	—
HKD 17,500,001 to HKD 18,000,000	—	2
HKD 23,000,001 to HKD 23,500,000	—	1
	4	4

9 Other income

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Government grants	40,836	37,457

Government grants obtained by the Group mainly related to financial subsidy from the local governments in the PRC.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income (Note 31) and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

10 Other gains/(losses) – net

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interests received on financial assets at FVTPL	8,813	8,088
Gains on disposal of property, plant and equipment and right-of-use assets	178	5,620
Fair value losses on financial assets and liabilities at FVTPL	(7,947)	(66,862)
Others	5,082	1,762
	6,126	(51,392)

11 Finance (costs)/income – net

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Finance income:		
Interest income from bank deposits	3,871	13,010
Finance costs:		
Interest expenses on lease liabilities (Note 16)	(2,062)	(3,951)
Interest expenses on bank borrowings	(3,810)	(3,459)
	(5,872)	(7,410)
Finance (costs)/income, net	(2,001)	5,600

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

12 Income tax credit

The amount of income tax charged to the consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current tax on profits for the year	2,085	2,971
Deferred income tax (Note 32)	(10,582)	(19,032)
Income tax credit	(8,497)	(16,061)

The difference between the actual income tax expense charged to the consolidated statement of comprehensive income and the amounts which would result from applying the enacted tax rates to loss before taxation can be reconciled as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Loss before taxation	(257,281)	(624,986)
Tax calculated at tax rates applicable to profits of the respective subsidiaries	(64,320)	(156,249)
Preferential tax of certain subsidiaries	18,293	68,878
Expenses not deductible for tax purposes	24,804	45,958
Super deductions from research and development expenditures	(17,631)	(27,509)
Utilisation of the tax losses unrecognized deferred income tax previously	(4,312)	(4,260)
Temporary difference for which no deferred tax asset was recognized	4,973	(19,761)
Tax losses for which no deferred tax asset was recognized	29,696	76,882
Income tax credit	(8,497)	(16,061)

12 Income tax credit (continued)

The Group's subsidiaries in the PRC are subject to the PRC corporate income tax at a rate of 25% on estimated assessable profits.

A number of subsidiaries of the Group obtained or kept the status as High and New Technology Enterprises in 2025. According to the tax incentives of the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") for High New Tech Enterprises, these companies are subject to a reduced corporate income tax rate of 15% for three years commencing from the years when these companies are recognized as High New Tech Enterprises.

A number of subsidiaries of the Group are entitled to the preferential policy of Small and Micro-sized enterprises, for which the applicable income tax rate is 5%.

The Group mainly operates within Chinese Mainland. It is within the scope of the OECD Pillar Two model rules. As of the reporting date, there is no public announcement in Chinese Mainland.

Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exemption to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in July 2023.

In addition, since the Pillar Two legislation in the jurisdictions that the Group operates in was not enacted or substantively enacted as at the reporting date, and due to the uncertainty of the announcement of the legislation and the complexities in applying the legislation and calculating GloBE income, the Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect.

13 Dividends

The Board does not recommend a final dividend for the year ended 31 December 2025 (2024: Nil).

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

14 Loss per share

(i) Basic loss per share

The basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares (excluding treasury shares) issued during the year ended 31 December 2025 and 2024.

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Loss from continuing operation attributable to the owners of the Company	(250,079)	(593,810)
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	525,478	546,571
Basic loss per share (RMB)	(0.48)	(1.09)

(ii) Diluted loss per share

As the Group incurred losses for the year ended 31 December 2025 and 2024, the potential diluted ordinary shares related to treasury shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the diluted loss per share for the year ended 31 December 2025 and 2024 are the same as basic loss per share of the respective year.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

15 Property, plant and equipment

	Leasehold improvements RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Transportation equipment and vehicles RMB'000	Production equipment RMB'000	Buildings RMB'000	Construction in-progress RMB'000	Total RMB'000
Year ended 31 December 2025								
Opening net book amount	19,970	6,981	1,965	2,024	7,114	903	—	38,957
Additions	—	18,053	2,400	—	—	—	1,899	22,352
Disposals	(89)	(130)	(29)	—	—	—	—	(248)
Depreciation (Note 7)	(11,343)	(3,460)	(1,383)	(1,076)	(758)	(68)	—	(18,088)
Transfers	1,899	—	—	—	—	—	(1,899)	—
Net book amount	10,437	21,444	2,953	948	6,356	835	—	42,973
As at 31 December 2025								
Cost	98,719	37,644	8,358	3,936	9,021	1,078	—	158,756
Accumulated depreciation	(88,282)	(16,200)	(5,405)	(2,988)	(2,665)	(243)	—	(115,783)
Net book amount	10,437	21,444	2,953	948	6,356	835	—	42,973

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

15 Property, plant and equipment (continued)

	Leasehold improvements RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Transportation equipment and vehicles RMB'000	Production equipment RMB'000	Buildings RMB'000	Construction in-progress RMB'000	Total RMB'000
Year ended 31 December 2024								
Opening net book amount	34,805	6,397	3,455	3,100	7,872	971	—	56,600
Additions	—	5,251	134	136	—	—	1,171	6,692
Disposals	—	(58)	(46)	(56)	—	—	—	(160)
Depreciation (Note 7)	(16,006)	(4,609)	(1,578)	(1,156)	(758)	(68)	—	(24,175)
Transfers	1,171	—	—	—	—	—	(1,171)	—
Net book amount	19,970	6,981	1,965	2,024	7,114	903	—	38,957
As at 31 December 2024								
Cost	106,025	21,391	6,117	3,936	9,021	1,078	—	147,568
Accumulated depreciation	(86,055)	(14,410)	(4,152)	(1,912)	(1,907)	(175)	—	(108,611)
Net book amount	19,970	6,981	1,965	2,024	7,114	903	—	38,957

Depreciation of the Group's property, plant and equipment has been recognized as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Cost of sales	90	294
General and administrative expenses	4,454	7,722
Research and development expenses	12,333	12,343
Selling expenses	1,211	3,816
	18,088	24,175

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For the Year Ended 31 December 2025

15 Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	3 years, or over lease term, whichever is the shorter
Electronic equipment	1 - 5 years
Office equipment	5 years
Transportation equipment and vehicles	4 - 10 years
Production equipment	5 - 10 years
Buildings	20 years

16 Leases

(i) Amounts recognized in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Right-of-use assets		
Offices	29,737	38,325
Plants	820	1,318
	30,557	39,643
Lease liabilities		
Current	15,552	19,918
Non-current	23,061	33,406
	38,613	53,324

Additions to the right-of-use assets during the years ended 31 December 2025 were RMB7,412,000 (2024: RMB20,167,000).

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For the Year Ended 31 December 2025

16 Leases (continued)

(ii) Amounts recognized in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Depreciation charge of right-of-use assets (Note 7)		
Offices	13,443	19,893
Plants	1,482	2,912
	14,925	22,805
Interest expense (included in finance costs)	2,062	3,951

The total cash outflow for leases presented as financing activities of the years ended 31 December 2025 were RMB22,347,000 (2024: RMB22,227,000).

The total cash outflow short-term leases presented as operating activities of the years ended 31 December 2025 were RMB9,342,000 (2024: RMB5,057,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices and plants. Rental contracts are typically made for fixed periods of 6 months to 10 years with extension options in some of the Group's companies. Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise small items of IT equipment.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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For the Year Ended 31 December 2025

17 Intangible assets

	Software RMB'000	Customer relationship RMB'000	Technology RMB'000	Total RMB'000
Year ended 31 December 2025				
Opening net book amount	2,955	178,911	25,151	207,017
Impairment charge	—	(15,582)	—	(15,582)
Amortisation charge (Note 7)	(1,032)	(22,338)	(8,353)	(31,723)
Net book amount	1,923	140,991	16,798	159,712
As at 31 December 2025				
Cost	11,962	309,400	63,900	385,262
Accumulated amortisation	(10,039)	(88,093)	(36,035)	(134,167)
Accumulated impairment	—	(80,316)	(11,067)	(91,383)
Net book amount	1,923	140,991	16,798	159,712
Year ended 31 December 2024				
Opening net book amount	4,158	274,057	48,816	327,031
Additions	123	—	—	123
Impairment charge	—	(64,734)	(11,067)	(75,801)
Amortisation charge (Note 7)	(1,326)	(30,412)	(12,598)	(44,336)
Net book amount	2,955	178,911	25,151	207,017
As at 31 December 2024				
Cost	11,962	309,400	63,900	385,262
Accumulated amortisation	(9,007)	(65,755)	(27,682)	(102,444)
Accumulated impairment	—	(64,734)	(11,067)	(75,801)
Net book amount	2,955	178,911	25,151	207,017

As at 31 December 2025 and 2024, the Group had intangible assets arising from acquisition of RMB157,789,000 and RMB204,062,000 respectively, which included customer relationship and technology.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

17 Intangible assets (continued)

Amortisation of the intangible assets has been recognized as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
General and administrative expenses	753	965
Research and development expenses	8,632	12,959
Selling and distribution expenses	22,338	30,412
	31,723	44,336

(i) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Software	3-5 years
Customer relationship	10 years
Technology	5 years

(a) Software

Acquired software is initially capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Software is stated at historical cost less accumulated amortisation and impairment losses, if any.

The amortisation period and amortisation method of intangible assets are reviewed at each reporting period. The effects of any revision are recognized as profit or loss when the changes arise.

17 Intangible assets (continued)

(i) Amortisation methods and periods (continued)

(b) Customer relationship and technology

Customer relationship and technology is acquired through business combinations. They are initially recognized and measured at estimated fair value and are amortized using the straight-line method.

When determining the length of useful lives of these intangible assets, management take into account the (i) estimated period during which such asset can bring economic benefits to the Group; and (ii) the useful life estimated by comparable companies in the market.

(ii) Intangible assets impairment

Customer relationship and technology are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. During year ended 31 December 2025, the intense competition within the financial industry has led to a partial loss of the customer relationship of Shanghai Compass Information Technology Co., Ltd. ("Shanghai Compass"). Therefore, the management assessed the impairment of customer relationship with reference to the recoverable amounts of the CGUs.

Customer relationship and technology impairment assessment is based on recoverable amounts which are determined based on the higher of the fair value less disposal cost and value-in-use calculations. Customer relationship and technology cannot generate cash separately, accordingly, they are included in a CGU which contains other non-current assets for impairment assessment. The carrying amounts of the CGU of Shanghai Compass exceeded its recoverable amounts, which resulted in impairment losses on the customer relationship of Shanghai Compass of RMB15,582,000. See Note 18 for more details.

As at 31 December 2025, apart from the impairment for the customer relationship owned by Shanghai Compass, no other impairment loss is considered necessary.

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For the Year Ended 31 December 2025

17 Intangible assets (continued)

(iii) Research and development

The Group incurs significant costs and efforts on research and development activities, which include expenditures on artificial intelligence technology. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred. Development costs are recognized as assets if they can be directly attributable to a newly developed artificial intelligence products and all the following can be demonstrated (if applicable):

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible assets;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. No development costs met these criteria and therefore, were capitalised as intangible assets during the reporting periods.

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For the Year Ended 31 December 2025

18 Goodwill

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cost	327,385	327,385
Accumulated impairment	(192,245)	(152,172)
Net carrying amount	135,140	175,213

A summary of the goodwill allocation by CGU is presented below:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Qingdao Aolipu Qizhi Intelligent Industrial Technology Co., Ltd. ("Qingdao Aolipu Qizhi")	88,529	88,529
Shanghai Compass	46,611	86,684
	135,140	175,213

Qingdao Aolipu Qizhi mainly provides integrated solutions for intelligent industrial automation systems in area of intelligent manufacturing in the PRC. Shanghai Compass is mainly engaged in data governance and data platform products for the financial industries in the PRC.

Impairment losses of RMB40,073,000 was recognized for goodwill arising from the acquisition of Shanghai Compass during the year ended 31 December 2025.

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For the Year Ended 31 December 2025

18 Goodwill (continued)

(i) Impairment tests for CGUs containing goodwill

The Group carries out annual impairment test on goodwill by comparing the recoverable amounts of CGUs to the carrying amounts. Goodwill arising from the acquisition of Qingdao Aolipu Qizhi and Shanghai Compass were monitored separately and assessed as separate CGUs for the purpose of impairment testing.

The Group assesses the impairment of goodwill with reference to the recoverable amounts of the CGUs which are taken as the higher of the fair value less disposal cost and value-in-use of the respective CGUs. Based on the result of impairment assessment, the recoverable amount of the CGUs of Qingdao Aolipu Qizhi and Shanghai Compass was determined based on fair value less disposal cost as of 31 December 2025 and 2024. These calculations use cash flow projections based on financial budgets approved by management generally covering a five-year period. Cash flows beyond the projection period are extrapolated using the estimated terminal growth rates stated below.

The following table sets out the key assumptions:

	Qingdao Aolipu Qizhi	Shanghai Compass
2025		
Revenue growth rate	2.0%~31.8%	-24.5%~14.2%
Gross profit margin	51.0%~52.5%	32.0%~36.4%
Post-tax discount rate	14.0%	14.0%
2024		
Revenue growth rate	2.0%~13.3%	2.0%~17.5%
Gross profit margin	50.7%~51.0%	44.9%~45.0%
Post-tax discount rate	14.0%	14.0%

* The revenue growth rate and gross profit margin listed above are both projected from 2026 to the perpetual period.

In calculating the recoverable amounts of these CGUs, management has prudently revised key assumptions in light of strategic and operational changes:

18 Goodwill (continued)

(i) Impairment tests for CGUs containing goodwill (continued)

Qingdao Aolipu Qizhi

Revenue Growth Rate: Management expects that Qingdao Aolipu Qizhi will further focus on its core business. Taking into account market conditions, orders in hand, and the actual revenue performance in 2025, management has raised the forecast for the revenue growth rate from the original range of 2.0%–13.3% to 2.0%–31.8%.

Shanghai Compass

Revenue Growth Rate: Due to the strategic adjustments to the business structure and intensified competition in the financial industry market, the management anticipates that Shanghai Compass will be unable to meet its previous revenue growth expectations. Consequently, the forecast for Shanghai Compass's future revenue growth rate has been revised downward from 2.0%~17.5% to -24.5%~14.2%.

Budgeted Gross Margin: Owing to intensified competition in the financial industry market and the ongoing strategic realignment, Shanghai Compass plan to include more hardware-involved solutions in the future, with relatively lower gross margin. Considering the combined impact of these two factors, management has concurrently revised downward the forecast for Shanghai Compass's overall budgeted gross margin from the original range of 44.9%~45.0% to 32.0%~36.4%.

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue growth rate	Annual growth rate over the five-year forecast period; based on current industry trends, past performance and management's expectations for the future.
Gross profit margin	Historic performance and management's expectations for the future.
Discount rate	Specific risks relating to the relevant segments and the country in which they operate.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

18 Goodwill (continued)

(i) Impairment tests for CGUs containing goodwill (continued)

Shanghai Compass (continued)

Due to strategic focus and adjustments to the business structure at the end of 2025, Shanghai Compass experienced a partial loss of its core team, and management expects a decrease in future revenue, revenue growth rate, and budgeted gross margin. The management has therefore recalculated the recoverable amount of the CGU and thus an impairment loss of RMB40,073,000 was recognized for goodwill during the year ended 31 December 2025.

(ii) Impact of possible changes in key assumptions

Qingdao Aolipu Qizhi

The recoverable amount of this CGU is estimated to exceed the carrying amount of the CGU at 31 December 2025 by RMB26,189,000(2024: RMB40,715,000).

The recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change separately as follows:

	As at 31 December 2025	
	From	To
Revenue (% annual growth rate)	2.0%~31.8%	2.0%~31.0%
Budgeted gross margin	51.0%~52.5%	50.3%~51.8%
Post-tax discount rate	14.0%	15.1%

The Directors and management have considered and assessed reasonably possible changes for other key assumptions, and they have not identified any instances that could cause the carrying amount of this CGU to exceed its recoverable amount.

18 Goodwill (continued)

(ii) Impact of possible changes in key assumptions (continued)

Shanghai Compass

If the budgeted gross margin used in the recoverable amount calculation for Shanghai Compass had been 1% lower than management's estimates at 31 December 2025, the impairment charge of goodwill would be increased to RMB44,428,000.

If the annual growth rate of revenue for a five-year period used in the recoverable amount calculation for Shanghai Compass had been 1.5% lower than management's estimates at 31 December 2025, the impairment charge of goodwill would be increased to RMB59,934,000.

If the post-tax discount rate used in the recoverable amount calculation of Shanghai Compass had been 0.5% higher than management's estimates, the impairment charge of goodwill would be increased to RMB44,109,000.

(iii) Accounting policy of Goodwill

Goodwill arising from the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use ("VIU") and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

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19 Other non-current assets

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Deposits	11,169	12,010

20 Financial instruments by category

	Note	As at 31 December	
		2025	2024
		RMB'000	RMB'000
Financial assets at fair value:			
Financial assets at FVTOCI	24	11,807	18,393
Financial assets at FVTPL	25	20,164	2,439
		31,971	20,832
Financial assets at amortised cost:			
Other non-current assets	19	11,169	12,010
Trade and notes receivables	22	416,631	477,913
Other receivables	23	48,676	30,031
Restricted cash	26	23,301	6,583
Cash and cash equivalents	26	830,881	1,204,879
		1,330,658	1,731,416
		1,362,629	1,752,248

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

20 Financial instruments by category (continued)

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Financial liabilities at fair value:			
Financial liabilities at FVTPL	36	33,528	106,009
Financial liabilities at amortised cost:			
Trade and notes payables	34	317,684	289,704
Other payables and accruals (excluding other tax payables, payroll and welfare payables and warranty)	35	77,073	82,664
Lease liabilities	16	38,613	53,324
Borrowings	33	122,244	127,735
		555,614	553,427
		589,142	659,436

21 Inventories

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Raw materials	63,713	40,403
Work in progress	143,484	117,167
Finished goods	1,941	598
	209,138	158,168
Less: allowance for impairment of inventories	(536)	(1,482)
	208,602	156,686

The cost of inventories recognized as expenses and included in cost of sales amounted to RMB983,465,000 and RMB798,697,000 for the years ended 31 December 2025 and 2024 respectively.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

22 Trade and notes receivables

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivable	568,359	599,059
Less: Provision for impairment	(169,490)	(157,723)
	398,869	441,336
Notes receivables	17,762	36,577
	416,631	477,913

As at 31 December 2025 and 2024, notes receivables were bank and commercial notes receivables aged less than six months.

The majority of the Group's receivables are with credit term mostly from 30 days to 180 days. As at 31 December 2025 and 2024, the aging analysis of trade receivables based on the recognition date of the gross trade receivables at the respective reporting dates are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivable		
Less than 3 months	270,910	309,098
3 months to 6 months	35,523	56,318
6 months to 12 months	104,061	79,636
1 year to 2 years	91,429	81,539
Over 2 years	66,436	72,468
	568,359	599,059

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

22 Trade and notes receivables (continued)

The carrying amounts of the Group's trade and notes receivables, excluding provision for impairment, are denominated in the following currencies:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
RMB	584,279	635,426
USD	1,835	81
EUR	7	129
	586,121	635,636

(i) Accounting policy of trade receivables

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

For the trade receivables, the Group has assessed the expected credit losses by taking into account historical default rates, existing market conditions and forward-looking information. Based on the assessment, the creation and reversal for impaired receivables have been included in the net impairment losses on financial assets. Amounts charged to allowance account are written off when there is no expectation of receiving the receivables. See Note 3.1 for a description of the trade receivables impairment policies.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

23 Prepayments and other receivables

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Other receivables		
– Deposits for share repurchase	30,715	14,247
– Deposits	12,150	12,272
– Staff advances	2,023	2,120
– Others	8,924	12,584
Other receivables, gross	53,812	41,223
Provision for impairment	(5,136)	(11,192)
Other receivables, net	48,676	30,031
Prepayments to vendors	107,699	50,805
Recoverable value-added tax ("VAT")	207,236	195,999
Recoverable income tax	663	663
	364,274	277,498

The carrying amounts of the Group's other receivables, excluding provision for impairment, are denominated in the following currencies:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
RMB	34,335	39,020
HKD	19,407	2,203
USD	70	—
	53,812	41,223

The carrying amounts of other receivables approximate their fair values as at the balance sheet dates.

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24 Financial assets at fair value through other comprehensive income

The financial assets at FVTOCI comprise:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Current		
Debt investments		
– Notes receivables aged less than six months	10,004	9,393
Non-Current		
Unlisted company investment		
– Hunlcar Chainnovation Limited (i)	1,803	—
– Beijing Tongwei Private Equity Management Co., Ltd.	—	9,000
	11,807	18,393

- (i) The Group made investment in an unlisted company investment with amount of HK\$2,000,000 (equivalent to approximately RMB1,803,000) in August 2025 and designated above investment as a financial asset measured at fair value through other comprehensive income, as the investment is held for strategic purpose.

25 Financial assets at fair value through profit or loss

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Unlisted company investment (i)	16,750	—
Listed equity securities	3,414	2,439
	20,164	2,439

- (i) The Group made investment in an unlisted company with amount of RMB16,750,000 in March 2025, and classified it as a financial asset measured at fair value through profit or loss due to the redemption right obtained.

Notes to the Consolidated Financial Statements

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26 Cash and cash equivalents and restricted cash

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cash at bank and in hand	854,182	1,211,462
Less: Restricted cash	(23,301)	(6,583)
Cash and cash equivalents	830,881	1,204,879

The breakdown of restricted cash by nature as at 31 December 2025 and 2024 is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Deposits frozen due to a commercial lawsuit (Note 40)	18,800	—
Deposits for issue of letters of guarantee (i)	2,561	4,813
Deposits for issue of bank acceptance notes payable	1,195	1,768
Other restricted cash	745	2
	23,301	6,583

(i) There are no material contingent liabilities relating to issue of letters of guarantee.

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For the Year Ended 31 December 2025

26 Cash and cash equivalents and restricted cash (continued)

Cash at bank and in hand are denominated in the following currencies:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
RMB	850,853	1,192,254
HKD	2,621	9,382
EUR	697	479
SGD	—	7,375
USD	11	1,972
	854,182	1,211,462

27 Share capital and share premium

The movements in share capital and share premium are set out below:

	Number of issued and fully paid shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
As at 31 December 2023				
and 31 December 2024	565,050,738	565,051	2,631,580	3,196,631
Shares cancelled (i)	(1,506,300)	(1,506)	(5,509)	(7,015)
As at 31 December 2025	563,544,438	563,545	2,626,071	3,189,616

(i) On 30 June 2025, the cumulative shares repurchased by the Company of 1,506,300 shares were cancelled (Note 28).

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28 Treasury shares

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	313,711	264,349
Shares repurchased under 2024 Share Repurchase Mandate (i)	6,958	7,015
Shares repurchased under 2025 Share Repurchase Mandate (ii)	37,096	—
Shares repurchased through a trustee (iii)	131,381	42,347
Shares cancelled (iv)	(7,015)	—
At the end of the year	482,131	313,711

- (i) Pursuant to the resolution passed by the shareholders of the Company at the annual general meeting convened on 10 May 2024, the Board of Directors of the Company was granted a general mandate (the "2024 Share Repurchase Mandate") to repurchase the shares of the Company up to no more than 10% of the total number of the shares of the Company in issue at the time of the passing of the resolution at the annual general meeting which shall expire on the earliest of: (a) the conclusion of the annual general meeting of 2024 of the Company; or (b) the date on which the Share Repurchase Mandate is withdrawn or amended by a special resolution at the shareholders' meeting. On 25 October 2024, the Board of the Company duly resolved to exercise the 2024 Share Repurchase Mandate to repurchase the shares of the Company in the open market from time to time for a maximum amount not exceeding HK\$100,000,000.

For the year ended 31 December 2025, the number of shares repurchased by the Company under 2024 Share Repurchase Mandate totalled 1,912,500 shares with total consideration amounting to approximately HK\$7,508,000 (equivalent to approximately RMB6,958,000).

- (ii) Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting convened on 16 May 2025, the Board of Directors of the Company was granted a general mandate (the "2025 Share Repurchase Mandate") to repurchase the shares of the Company up to no more than 10% of the total number of the shares of the Company in issue (excluding treasury shares) at the time of the passing of the resolution at the annual general meeting which shall expire on the earliest of: (a) the conclusion of the annual general meeting of 2025 of the Company; or (b) the date on which the Share Repurchase Mandate is withdrawn or amended by a special resolution at the shareholders' meeting. On 16 May 2025, the Board of the Company duly resolved to exercise the 2025 Share Repurchase Mandate and planned to repurchase the shares of the Company in the open market from time to time for a maximum amount not exceeding RMB100,000,000.

For the year ended 31 December 2025, the number of shares repurchased by the Company under 2025 Share Repurchase Mandate totalled 6,535,200 shares with total consideration amounting to approximately HK\$40,698,000 (equivalent to approximately RMB37,096,000).

- (iii) During the year ended 31 December 2025 and 2024, the Company, through trustees, repurchased 22,635,600 and 11,010,000 shares at a total cash consideration of approximately HK\$143,943,000 and HK\$46,274,000 (equivalent to approximately RMB131,381,000 and RMB42,347,000) on the Hong Kong Stock Exchange. The repurchased shares were recognized as treasury shares and will be fully used as awards shares, see Note 30 for more details.
- (iv) For the year ended 31 December 2025, the number of shares cancelled by the Company totalled 1,506,300 shares with total consideration amounting to approximately HK\$7,608,000 (equivalent to approximately RMB7,015,000).

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29 Other reserves

	Share-based payment reserve RMB'000	Currency translation differences RMB'000	Others RMB'000	Total RMB'000
Balance at 31 December 2023	1,080,851	63	(131,622)	949,292
Share-based payment expenses (Note 30)	153,815	—	—	153,815
Currency translation differences	—	(65)	—	(65)
Balance at 31 December 2024	1,234,666	(2)	(131,622)	1,103,042
Fair value change of financial assets at fair value through other comprehensive income	—	—	(2,048)	(2,048)
Derecognition of financial assets at fair value through other comprehensive income	—	—	2,048	2,048
Share-based payment expenses (Note 30)	88,757	—	—	88,757
Currency translation differences	—	168	—	168
Transactions with non-controlling interests	—	—	320	320
Balance at 31 December 2025	1,323,423	166	(131,302)	1,192,287

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30 Share-based payments

(i) Old Employee Incentive Scheme

The Group has adopted the Employee Incentive Scheme since 2018 and share-based compensation benefits are provided to certain directors, senior management, employees and consultants via the Company's share incentive schemes, which includes the grant of RSUs through several limited partnership entities, as rewards for their services, full time devotion and professional expertise to the Company and certain of its subsidiaries.

10-unit RSUs granted before the Company converted into stock company are equivalent to 1 Unit Capital and equivalent to 18 share capital of the Company after the Company converted into stock company and completed the share conversion from share premium into share capital at the conversion ratio of 1:17 during the year ended 31 December 2021.

The following table summarizes the Group's RSU activities:

	Year ended 31 December	
	2025	2024
	Number of	Number of
	RSUs	RSUs
	'000	'000
Granted but not yet vested at the beginning of the year	5,415	9,701
Granted during the year	500	740
Forfeited during the year	(195)	(1,046)
Vested during the year	(610)	(3,980)
Granted but not yet vested at the end of the year	5,110	5,415

The share-based payment expenses in relation to RSUs will be amortized according to different vesting schedules which mainly range from one year to four years with the proportion of achieving performance conditions.

30 Share-based payments (continued)

(i) Old Employee Incentive Scheme (continued)

The inputs into the model

The fair values of RSUs granted to certain directors, senior management, employees and consultants during the reporting years were as follows:

	Year ended 31 December	
	2025	2024
	RMB	RMB
Fair value of one RSU	8.92	8.49~12.47

(ii) 2023 Employee Incentive Scheme

At the extraordinary general meeting of shareholders on 13 January 2023, the Company adopted a directors and management equity incentive scheme ("the 2023 Scheme") for the purpose to encourage, motivate and retain directors and management personnel who contribute to the Group's continued operation, development and long-term growth, to enhance the Company's appeal for new talents, and to send positive signals to the market and boost market confidence.

On 28 February 2023, 25,000,000 restricted shares were granted at the grant price of HK\$3.056 per share (equivalent to approximately RMB2.71 per share). The fair value of restricted shares granted was determined at HK\$15.28 per share (equivalent to approximately RMB13.54 per share) based on the closing price of Company's share as at the grant date.

Having considered the Company's current results and market condition, the Board of the Company has approved that, for the qualified employees who have been granted incentive shares under the 2023 Scheme and who still have labour relations or service relations with the Company, their incentive shares granted shall lapse from the date of the approval on a voluntary basis from participants.

As at 31 December 2024, all the Shares granted under the 2023 Scheme have been cancelled or lapsed.

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For the Year Ended 31 December 2025

30 Share-based payments (continued)

(ii) 2023 Employee Incentive Scheme (continued)

On 28 April 2025, 15,262,300 restricted shares under the 2023 Scheme were re-granted, which shall vest in full no later than 31 December 2028, upon the satisfaction of the performance conditions stipulated. All the restricted shares were granted at the grant price of HK\$0 per share and the fair value of restricted shares granted was determined at HK\$3.72 per share (equivalent to approximately RMB3.46 per share) based on the closing price of Company's share as at the grant date.

	Year ended 31 December	
	2025	2024
	Number of restricted shares granted '000	Number of restricted shares granted '000
Granted at the beginning of the year	—	15,262
Granted during the year	15,262	—
Revoked during the year	—	(15,262)
Granted at the end of the year	15,262	—

In order to operate the 2023 Scheme, the Company entrusted a qualified agent, an independent third party, to act as the trustee for the restricted shares of the Company granted under the 2023 Scheme. For the year ended 31 December 2023, the trustee repurchased 15,262,300 shares at a total cash consideration of approximately HK\$353,049,000 (equivalent to approximately RMB264,349,000) on the Hong Kong Stock Exchange through the trustee (Note 28). The repurchased shares were recognized as treasury shares and will be fully used as awards shares under the 2023 Scheme. The Company instructed the trustee to purchase and/or dispose shares under the 2023 Scheme, thus the financial statements of the 2023 Scheme are consolidated in the consolidated financial statements of the Group.

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30 Share-based payments (continued)

(ii) 2023 Employee Incentive Scheme (continued)

Shares held by the trustee under the 2023 Scheme are shown below:

	As at 31 December	
	Number	Number
	of shares	of shares
	2025	2024
	'000	'000
Shares held under the 2023 Scheme	15,262	15,262

(iii) 2024 H Share Equity Incentive Scheme

In order to improve the Company's incentive mechanism, motivate the Company's Directors, senior management and employees to continue to innovate, retain key personnel, enhance the Company's ability to attract new talents, achieve sustainable development for the Company's business, and balance long-term growth and short-term performance goals, the Board of the Company proposed to adopt the 2024 H Share Equity Incentive Scheme ("the 2024 Scheme").

On 28 April 2025, 30,843,507 restricted shares under the 2024 Scheme were granted, which shall vest in full upon the satisfaction of the performance conditions stipulated. All the restricted shares were granted at the grant price of HK\$0 and the fair value of restricted shares granted was determined at HK\$3.72 per share (equivalent to approximately RMB3.46 per share) based on the closing price of Company's share as at the grant date.

On 11 July 2025, 1,560,659 restricted shares under the 2024 Scheme were granted, which shall vest in full upon the satisfaction of the performance conditions stipulated. All the restricted shares were granted at the grant price of HK\$0 and the fair value of restricted shares granted was determined at HK\$5.90 per share (equivalent to approximately RMB5.37 per share) based on the closing price of Company's share as at the grant date.

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30 Share-based payments (continued)

(iii) 2024 H Share Equity Incentive Scheme (continued)

	Year ended 31 December	
	2025	2024
	Number of restricted shares granted '000	Number of restricted shares granted '000
Granted at the beginning of the year	—	—
Granted during the year	32,404	—
Forfeited during the year	(23)	—
Granted at the end of the year	32,381	—

In order to operate the 2024 Scheme, the Company entrusted qualified agents, the independent third parties, to act as the trustees for the restricted shares of the Company granted under the 2024 Scheme. For the year ended 31 December 2025 and 2024, the trustee repurchased 22,635,600 shares and 11,010,000 shares at a total cash consideration of approximately HK\$143,943,000 and HK\$46,274,000 (equivalent to approximately RMB131,381,000 and RMB42,347,000) on the Hong Kong Stock Exchange through the trustee (Note 28). The repurchased shares were recognized as treasury shares and will be fully used as awards shares under the 2024 Scheme. The Company instructed the trustee to purchase and/or dispose shares under the 2024 Scheme, thus the financial statements of the 2024 Scheme are consolidated in the consolidated financial statements of the Group.

Shares held by the trustee under the 2024 Scheme are shown below:

	As at 31 December	
	Number of shares 2025 '000	Number of shares 2024 '000
Shares held under the 2024 Scheme	33,646	11,010

Share-based payment expenses of RMB88,757,000 have been recognized in profit or loss for the year ended 31 December 2025 (2024: RMB153,815,000).

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For the Year Ended 31 December 2025

31 Other non-current liabilities

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Government grants	11,718	3,741

Government grants provided to the Group mainly related to financial subsidy from the local government in the PRC. These government grants were related to the purchase of assets or certain research and development projects, accordingly when the required criteria set by the government are met, the portion of the qualified fund is recognised as "other income" and the remaining balance is recorded as "Other non-current liabilities".

32 Deferred income tax

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Deferred income tax assets:		
– to be recovered after more than 12 months	197	121
– to be recovered within 12 months	13,055	9,393
Offset by deferred tax liabilities	(6,245)	(3,613)
	7,007	5,901
Deferred income tax liabilities:		
– to be recovered after more than 12 months	(19,526)	(26,292)
– to be recovered within 12 months	(4,789)	(4,867)
Offset by deferred tax assets	6,245	3,613
	(18,070)	(27,546)

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

32 Deferred income tax (continued)

(i) Deferred tax assets

	As at 31 December	
	2025 RMB'000	2024 RMB'000
The balance comprises temporary differences attributable to:		
Provision for impairment of inventories and loss allowance of trade receivables	10,483	7,739
Deferred income	1,041	—
Accrued employee benefits	1,029	1,089
Fair value change on financial liabilities at FVTPL	209	425
Lease liabilities	490	261
Total deferred tax assets	13,252	9,514

The movements in deferred income tax assets are as follows:

	Provisions and accruals RMB'000	Accrued employee benefits RMB'000	Fair Value change on financial liabilities at FVTPL RMB'000	Lease liabilities RMB'000	Deferred income RMB'000	Total RMB'000
At 1 January 2025	7,739	1,089	425	261	—	9,514
Credit/(charged) to profit or loss	2,744	(60)	(216)	229	1,041	3,738
At 31 December 2025	10,483	1,029	209	490	1,041	13,252
At 1 January 2024	7,461	1,389	309	451	—	9,610
(Charged)/credit to profit or loss	278	(300)	116	(190)	—	(96)
At 31 December 2024	7,739	1,089	425	261	—	9,514

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For the Year Ended 31 December 2025

32 Deferred income tax (continued)

(ii) Deferred tax liabilities

	As at 31 December	
	2025 RMB'000	2024 RMB'000
The balance comprises temporary differences attributable to:		
Intangible assets	(23,678)	(30,622)
Right-of-use assets	(570)	(465)
Property, plant and equipment	(67)	(72)
Total deferred tax liabilities	(24,315)	(31,159)

The movements in deferred income tax liabilities are as follows:

	Right-of-use assets RMB'000	Intangible assets RMB'000	Property, plant and equipment RMB'000	Total RMB'000
At 1 January 2025	(465)	(30,622)	(72)	(31,159)
Credit/(charged) to profit or loss	(105)	6,944	5	6,844
At 31 December 2025	(570)	(23,678)	(67)	(24,315)
At 1 January 2024	(704)	(49,505)	(78)	(50,287)
Credit to profit or loss	239	18,883	6	19,128
At 31 December 2024	(465)	(30,622)	(72)	(31,159)

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

32 Deferred income tax (continued)

(iii) Unrecognized deferred income tax

The information of the expiration of tax losses carried forward for which deferred income tax assets is not recognized is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Tax losses expiring within 1 year	20,546	3,866
Tax losses expiring between 1-2 years	35,928	22,716
Tax losses expiring between 2-3 years	102,068	35,928
Tax losses expiring between 3-4 years	245,916	114,435
Tax losses expiring between 4-5 years	228,418	297,827
Tax losses expiring between 5-6 years	156,648	156,249
Tax losses expiring between 6-7 years	237,174	170,144
Tax losses expiring between 7-8 years	165,580	238,432
Tax losses expiring between 8-9 years	187,304	187,580
Tax losses expiring between 9-10 years	126,308	432,795
	1,505,890	1,659,972

Unrecognized temporary differences are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Temporary difference for which no deferred tax asset was recognized:		
– Provisions for impairment	106,577	118,958
– Accrued expenses and others	141,918	111,555
	248,495	230,513

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

33 Borrowings

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current		
– Borrowings in relation to discounting notes receivable (i)	3,254	735
– Bank loans, guaranteed (ii)	105,990	106,000
– Bank loans, unsecured	13,000	21,000
	122,244	127,735

(i) As at 31 December 2025, borrowings in relation to discounting notes receivable with aggregated amount of RMB3,254,000 represented the proceeds received from the discounting of the Group's notes receivable with recourse. As these notes receivable had not yet matured, the proceeds were recorded as borrowings.

(ii) As at 31 December 2025, the bank loans with aggregated amount of RMB105,990,000 were guaranteed by: 1) Mr. Chen Hong, the director and non-controlling shareholder of Alnnovation EHigher (Shanghai) Intelligence Technology Co., Ltd. ("Shanghai EHigher"), to the extent of RMB27,990,000; 2) Mr. Li Weiguo, the director and non-controlling shareholder of Qingdao Aolipu Qizhi, to the extent of RMB26,000,000; 3) Mr. Li Weiguo and his spouse, to the extent of RMB23,000,000; 4) Mr. Chen Hong and Ms. Liao Lu, the non-controlling shareholder of Shanghai EHigher, to the extent of RMB17,000,000; 5) Mr. Ma Li, the director and non-controlling shareholder of Shanghai Compass, and his spouse, and a guarantee company, to the extent of RMB10,000,000; 6) Mr. Ma Li, the director and his spouse, to the extent of RMB2,000,000.

For the year ended 31 December 2025, the interest rates relating to the Group's bank borrowings ranged from 2.50% to 3.20% per annum (31 December 2024: 2.75% to 3.85% per annum). The borrowings of the Group are all loans denominated in RMB.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

34 Trade and notes payables

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Accounts payable	316,276	287,006
Notes payable	1,408	2,698
	317,684	289,704

As at 31 December 2025 and 2024, the aging analysis of the trade and notes payables based on transaction date were as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 3 months	134,645	146,321
Between 3 months and 6 months	31,587	36,158
Between 6 months and 1 year	55,700	46,541
Between 1 year and 2 years	68,340	37,234
Between 2 years and 3 years	27,412	23,450
	317,684	289,704

The carrying amounts of trade and notes payables approximate their fair values as at the balance sheet dates.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

35 Other payables and accruals

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Payroll and welfare payables	74,989	74,080
Accruals and other payables	45,797	55,817
Other taxes payable	25,873	30,934
Other payables to related parties	22,000	17,571
Interest payable on convertible bond	9,276	9,276
Warranty	1,375	2,657
	179,310	190,335

The carrying amounts of other payables and accruals approximate their fair values as at the balance sheet dates.

36 Financial liabilities at fair value through profit or loss

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Contingent considerations (i)	33,528	106,009

- (i) In May 2022 and 2023, the Company entered into transfer agreements with the then shareholders of three companies to acquire an aggregate 51% interests in each of the three companies with fixed considerations and contingent considerations which would be adjusted according to the performance commitments of the three companies. The contingent considerations represented liabilities measured at fair value, and the fair values were determined using valuation model for which not all inputs are observable and are therefore within level 3 of the fair value hierarchy (Note 3.3).

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

36 Financial liabilities at fair value through profit or loss (continued)

The movements of contingent considerations for the year ended 31 December 2024 and 2025 are set out below:

	Contingent considerations RMB'000
Opening balance as at 1 January 2024	174,355
Payments of contingent considerations	(82,322)
Change in fair value	13,976
Closing balance as at 31 December 2024	106,009
Payments of contingent considerations	(80,626)
Unpaid considerations transfer to other payables	(663)
Change in fair value	8,808
Closing balance as at 31 December 2025	33,528

37 Contract liabilities

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Contract liabilities		
– Sales of products and solutions	155,533	109,242

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

37 Contract liabilities (continued)

(i) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year	77,286	96,273

(ii) Unsatisfied performance obligations

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Sales of products and solutions, to be recognized:		
– Within 1 year	675,027	538,460
– After 1 year but less than 3 years	83,754	110,323
	758,781	648,783

The revenue relating to data solutions are recognized based on the actual usage by the customer and thus the Group applied the expedient under IFRS 15 for not disclosing of unsatisfied performance obligation.

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For the Year Ended 31 December 2025

38 Cash flow information

(i) Cash used in operations

The reconciliation from loss before income tax to cash used in operations is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Loss before income tax	(257,281)	(624,986)
Adjustment for:		
Depreciation of property, plant, and equipment and right-of-use assets and amortisation of intangible asset	64,736	91,316
Gains on disposal of property, plant and equipment and right-of-use assets	(178)	(5,620)
Fair value losses on financial assets and liabilities at FVTPL	7,947	66,862
Interests received on financial assets at FVTPL	(8,813)	(8,088)
Interest expenses on lease liabilities	2,062	3,951
Interest income	(3,871)	(13,010)
Provision for impairment of inventories	2,145	—
Impairment loss on goodwill	40,073	152,172
Impairment loss on intangible assets arising from acquisition	15,582	75,801
Net impairment losses on financial assets	20,070	905
Share-based payment expenses	88,757	153,815
Interest expenses on bank borrowings	3,810	3,459
Net foreign exchange losses/(gains)	789	(658)
Operating loss before changes in working capital	(24,172)	(104,081)
Changes in working capital:		
Increase in inventories	(54,061)	(26,021)
Decrease in trade and notes receivables	33,632	183,695
Increase in prepayments and other receivables	(52,591)	(43,848)
(Increase)/decrease in other operating assets	(15,877)	12,230
Increase/(decrease) in trade and notes payables	27,980	(64,003)
Increase/(decrease) in contract liabilities	46,289	(12,536)
(Decrease)/increase in other operating liabilities	(8,190)	6,087
Cash used in operations	(46,990)	(48,477)

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

38 Cash flow information (continued)

(ii) Non-cash investing and financing activities

Except for those disclosed in Note 16 and Note 30, there were no material non-cash transactions during the year ended 31 December 2025 and 2024.

(iii) Net debt reconciliation

	Cash and cash equivalents RMB'000	Lease liabilities RMB'000	Borrowings (Including related party borrowing) RMB'000	Total RMB'000
Net debt as at 31 December 2023	1,344,615	(79,736)	(91,221)	1,173,658
Cash flows	(139,516)	22,227	(56,096)	(173,385)
Acquisitions and other non-cash movement	(220)	4,185	2,540	6,505
Net debt as at 31 December 2024	1,204,879	(53,324)	(144,777)	1,006,778
Cash flows	(373,934)	22,347	(2,368)	(353,955)
Acquisitions and other non-cash movement	(64)	(7,636)	2,901	(4,799)
Net debt as at 31 December 2025	830,881	(38,613)	(144,244)	648,024

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

39 Capital commitments

As at 31 December 2025 and 2024, the Group had the following capital commitments:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Contracted but not provided for		
– Leasehold improvement	—	1,184

40 Contingencies

Contingent liabilities

For the year ended 31 December 2025, due to a commercial lawsuit by one of the Group's subsidiaries, the subsidiary's bank deposits totalling RMB18,800,000 and its equity interests in two subsidiaries have been frozen. No provision in relation to the lawsuit has been recognized in the financial statements, as the lawsuit is ongoing and management considered that the outcome of the lawsuit cannot be reasonably estimated.

41 Related party transactions

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

- (a) The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the reporting periods:

Name of related parties	Relationship with the Company
Sinovation Ventures (Beijing) Enterprise Management Limited ("Sinovation Ventures")	Shareholder of the Company
CISDI (Chongqing) Information Technology Co., Ltd. ("CISDI Information")	Non-controlling shareholder of a subsidiary
CISDI Group Co., Ltd.	The parent company of CISDI Information
CISDI Engineering Co., Ltd.	Controlled by CISDI Group Co., Ltd.
Chongqing CISDI Engineering Consulting Co., Ltd. ("CISDI Engineering Consulting")	Controlled by CISDI Group Co., Ltd.
Mr. Li Weiguo	Director and non-controlling shareholder of a subsidiary
Qingdao Channell Filtration & Purification Equipment Co., Ltd. ("Qingdao Channell")	Controlled by Mr. Li Weiguo
Mr. Chen Hong	Director and non-controlling shareholder of a subsidiary
Mr. Ma Li	Director and non-controlling shareholder of a subsidiary
Qingdao Shupu Intelligent Interconnection Technology Co., Ltd. ("Qingdao Shupu")	Associate of the Group for the period from 20 May 2022 to 24 December 2025

Other than as disclosed elsewhere in this report, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the reporting period.

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For the Year Ended 31 December 2025

41 Related party transactions (continued)

(b) Transactions with related parties

Significant related party transactions of the Group are listed as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
(i) Sales and services to related parties		
CISDI Group Co., Ltd. and its subsidiaries	1,868	6,237
Sinovation Ventures	—	1,386
	1,868	7,623
(ii) Services provided by a related party		
Qingdao Shupu	2,211	1,387
(iii) Loans to a related party		
Qingdao Shupu	690	2,012
(iv) Repayment of loans from a related party		
Qingdao Shupu	690	2,012
(v) Received loans from related parties		
Mr. Chen Hong	28,210	—
Mr. Li Weiguo and a company controlled by him	—	39,800
Mr. Ma Li	—	890
	28,210	40,690
(vi) Repayment of loans to related parties		
Mr. Li Weiguo and a company controlled by him	17,571	37,328
Mr. Chen Hong	6,210	—
Mr. Ma Li	—	890
	23,781	38,218

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

41 Related party transactions (continued)

(c) Balances with related parties

		As at 31 December	
		2025	2024
		RMB'000	RMB'000
(i)	Receivables from related parties		
	Trade		
	Trade receivable		
	– CISDI Group Co., Ltd. and its subsidiaries	7,342	11,066
		7,342	11,066
	Provisions	(4,238)	(3,603)
		3,104	7,463

		As at 31 December	
		2025	2024
		RMB'000	RMB'000
(ii)	Payables to a related party		
	Non-Trade		
	Other payables and accruals		
	– Mr. Chen Hong	22,000	—
	– Mr. Li Weiguo	—	17,571
		22,000	17,571

(d) Key management compensation

Key management includes directors (executive and non-executive), supervisors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

		Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
	Salaries, bonus and other welfare	10,942	8,976
	Share-based payment expenses	46,830	77,642
		57,772	86,618

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

42 Balance sheet and reserve movement of the Company

(a) Balance sheet of the Company

	As at 31 December	
	2025 RMB'000	2024 RMB'000
ASSETS		
Non-current assets		
Investment in subsidiaries	2,199,412	1,064,704
Property, plant and equipment	21,440	10,406
Right-of-use assets	—	801
Intangible assets	78	571
Other non-current assets	120	—
	2,221,050	1,076,482
Current asset		
Inventories	585	4,598
Prepayments and other receivables	258,997	1,244,255
Trade and notes receivables	204,827	267,597
Financial assets at fair value through other comprehensive income	450	577
Restricted cash	161	161
Cash and cash equivalents	539,702	1,024,151
	1,004,722	2,541,339
Total assets	3,225,772	3,617,821

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

42 Balance sheet and reserve movement of the Company (continued)

(a) Balance sheet of the Company (continued)

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
EQUITY		
Equity attributable to owners of the Company		
Share capital	563,545	565,051
Share premium	2,626,071	2,631,580
Less: Treasury share	(44,054)	(7,015)
Other reserves	1,323,423	1,234,666
Accumulated losses	(1,515,124)	(1,397,142)
Total equity	2,953,861	3,027,140
LIABILITIES		
Non-current liabilities		
Lease liabilities	—	507
Other non-current liabilities	650	—
	650	507
Current liabilities		
Lease liabilities	—	310
Trade and notes payables	120,642	189,546
Contract liabilities	43,146	13,910
Other payables and accruals	107,473	342,051
Financial liabilities at fair value through profit or loss	—	44,357
	271,261	590,174
Total liabilities	271,911	590,681
Total equity and liabilities	3,225,772	3,617,821

The balance sheet of the Company was approved by the Board of Directors of the Company on 25 March 2026 and was signed on its behalf by:

Xu Hui
Director

Wang Hua
Director

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

42 Balance sheet and reserve movement of the Company (continued)

(b) Reserve movements of the Company

	Other reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000
Balance at 31 December 2023	1,080,851	(837,840)	243,011
Loss for the year	—	(559,302)	(559,302)
Transactions with owners in their capacity as owners			
– Share-based payment expenses (Note 30)	153,815	—	153,815
Balance at 31 December 2024	1,234,666	(1,397,142)	(162,476)
Loss for the year	—	(117,982)	(117,982)
Transactions with owners in their capacity as owners			
– Share-based payment expenses (Note 30)	88,757	—	88,757
Balance at 31 December 2025	1,323,423	(1,515,124)	(191,701)

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

43 Benefits and interests of directors

(a) Directors' and the chief executive officer's emoluments

For the year ended 31 December 2025:

Name	Fees RMB'000	Wages, salaries and bonuses RMB'000	Pension costs-defined contribution plans RMB'000	Other social security and housing fund RMB'000	Total RMB'000
<u>Chairman:</u>					
Dr. Kai-Fu Lee	—	—	—	—	—
<u>Chief executive officer:</u>					
Mr. Xu Hui (i)	—	2,101	71	81	2,253
<u>Directors:</u>					
Mr. Wang Hua	—	—	—	—	—
Mr. Wang Jinqiao	369	—	—	—	369
Mr. Xie Deren (i)	462	—	—	—	462
Ms. Jin Keyu	369	—	—	—	369
Ms. Ko Wing Yan Samantha	369	—	—	—	369
<u>Supervisor:</u>					
Ms. Lin Ying	—	—	—	—	—
Ms. Duan Chengjin	—	—	—	—	—
Ms. Gao Lingyan (i)	—	877	68	81	1,026
Total:	1,569	2,978	139	162	4,848

- (i) Apart from the directors' and the chief executive officer's emoluments listed above, during the year ended 31 December 2025, share-based payment expenses relating to Mr. Xu Hui, Mr. Xie Deren and Ms. Gao Lingyan are RMB33,107,000, RMB747,000 and RMB911,000, respectively.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

43 Benefits and interests of directors (continued)

(a) Directors' and the chief executive officer's emoluments (continued)

For the year ended 31 December 2024:

Name	Fees RMB'000	Wages, salaries and bonuses RMB'000	Pension costs-defined contribution plans RMB'000	Other social security and housing fund RMB'000	Total RMB'000
<u>Chairman:</u>					
Dr. Kai-Fu Lee	—	—	—	—	—
<u>Chief executive officer:</u>					
Mr. Xu Hui (i)	—	1,637	71	65	1,773
<u>Directors:</u>					
Mr. Wang Hua	—	—	—	—	—
Mr. Wang Jinqiao	370	—	—	—	370
Mr. Xie Deren (i)	463	—	—	—	463
Ms. Jin Keyu	370	—	—	—	370
Ms. Ko Wing Yan Samantha	370	—	—	—	370
<u>Supervisor:</u>					
Ms. Lin Ying	—	—	—	—	—
Ms. Duan Chengjin	—	—	—	—	—
Mr. Nie Mingming*	—	21	3	3	27
Ms. Gao Lingyan (i)**	—	656	66	64	786
Total:	1,573	2,314	140	132	4,159

* Mr. Nie Mingming resigned as supervisor in January 2024.

** Ms. Gao Lingyan was appointed as supervisor in January 2024.

(i) Apart from the directors' and the chief executive officer's emoluments listed above, during the year ended 31 December 2024, share-based payment expenses relating to Mr. Xu Hui, Mr. Xie Deren and Ms. Gao Lingyan are RMB56,693,000, RMB6,367,000 and RMB3,418,000 respectively under the 2023 Scheme. As at 31 December 2024, all the shares granted under the 2023 Scheme have been cancelled or lapsed by the Board of the Company after considering the Company's current results and market condition (Note 30).

43 Benefits and interests of directors (continued)

(a) Directors' and the chief executive officer's emoluments (continued)

(i) *Directors' retirement benefits*

None of the directors received or will receive any retirement benefits for the reporting periods.

(ii) *Directors' termination benefits*

None of the directors received or will receive any termination benefits for the reporting periods.

(iii) *Consideration provided to third parties for making available directors' services*

During the reporting periods, the Company did not pay consideration to any third parties for making available directors' services.

(iv) *Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors*

There are no loans, quasi-loans and other dealing in favour of directors, controlled bodies corporate by and connected entities with such directors during the reporting periods.

(v) *Directors' material interests in transactions, arrangements or contracts*

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the reporting periods.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

44 Subsidiaries

As at 31 December 2025, the Company had direct and indirect interest in the following subsidiaries:

Company name	Type of legal entity	Country/Place and date of incorporation	Paid-in capital (' 000)	Attributable equity interest to the Company	Principal activities and place of operation
Alnovation (Beijing) Technology Co., Ltd. (創新奇智(北京)科技有限公司) (i)	Limited liability company	The PRC 24 April 2018	RMB540,000	100.00	Technology and software development, artificial intelligence research and product development, in the PRC
Alnovation (Chongqing) Technology Co., Ltd. (創新奇智(重慶)科技有限公司) (i)	Limited liability company	The PRC 7 June 2018	RMB97,100	100.00	Technology and software development, artificial intelligence research and product development, in the PRC
Alnovation (Nanjing) Technology Co., Ltd. (創新奇智(南京)科技有限公司)	Limited liability company	The PRC 15 June 2018	RMB6,820	51.00	Technology and software development, artificial intelligence research and product development, in the PRC
Alnovation (Guangzhou) Technology Co., Ltd. (創新奇智(廣州)科技有限公司) (i)	Limited liability company	The PRC 3 July 2018	RMB48,000	100.00	Technology and software development, artificial intelligence research and product development, in the PRC
Alnovation (Hefei) Technology Co., Ltd. (創新奇智(合肥)科技有限公司) (i)	Limited liability company	The PRC 25 July 2018	RMB32,000	100.00	Technology and software development, artificial intelligence research and product development, in the PRC
Alnovation (Chengdu) Technology Co., Ltd. (創新奇智(成都)科技有限公司)	Limited liability company	The PRC 26 February 2019	RMB10,000	100.00	Technology and software development, artificial intelligence research and product development, in the PRC
Chongqing CISAI Technology Co., Ltd. (重慶賽迪奇智人工智能科技有限公司)	Limited liability company	The PRC 29 March 2019	RMB50,000	51.00	Technology and software development, artificial intelligence research and product development, in the PRC
Alnovation (Qingdao) Technology Co., Ltd. (創新奇智(青島)科技有限公司) (i)	Limited liability company	The PRC 1 April 2019	RMB65,000	100.00	Technology and software development, artificial intelligence research and product development, in the PRC

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44 Subsidiaries (continued)

As at 31 December 2025, the Company had direct and indirect interest in the following subsidiaries: (Continued)

Company name	Type of legal entity	Country/Place and date of incorporation	Paid-in capital (' 000)	Attributable equity interest to the Company	Principal activities and place of operation
RewinCloud (Chongqing) Technology Co., Ltd. (睿雲奇智(重慶)科技有限公司) (i)	Limited liability company	The PRC 14 June 2019	RMB284,700	100.00	Technology and software development, artificial intelligence research and product development, in the PRC
Alnovation (Shanghai) Technology Co., Ltd. (創新奇智(上海)科技有限公司) (i)	Limited liability company	The PRC 30 September 2019	RMB128,500	100.00	Technology and software development, artificial intelligence research and product development, in the PRC
Alnovation (Xi'an) Technology Co., Ltd. (創新奇智(西安)科技有限公司)	Limited liability company	The PRC 28 October 2019	RMB10,000	100.00	Technology and software development, artificial intelligence research and product development, in the PRC
Alnovation (Shenzhen) Technology Co., Ltd. (創新奇智(深圳)技術有限公司)	Limited liability company	The PRC 10 June 2020	RMB10,000	100.00	Technology and software development, artificial intelligence research and product development, equipment manufacture, in the PRC
Alnovation (Zhejiang) Technology Co., Ltd. (創新奇智(浙江)科技有限公司) (i)	Limited liability company	The PRC 23 February 2021	RMB20,000	100.00	Technology and software development, artificial intelligence research and product development, in the PRC
Alnovation (Bengbu) Technology Co., Ltd. (創新奇智(蚌埠)科技有限公司) (i)	Limited liability company	The PRC 16 January 2023	RMB9,000	100.00	Technology and software development, artificial intelligence research and product development, in the PRC
Alnovation Yiming (Anhui) Technology Co., Ltd. (依明奇智(安徽)科技有限公司)	Limited liability company	The PRC 9 December 2022	RMB1,000	51.00	Technology and software development, artificial intelligence research and product development, in the PRC
Shanghai Zhicheng Zhiqi Technology Co., Ltd. (上海智成智奇科技有限公司) (i)	Limited liability company	The PRC 26 January 2022	RMB26,010	100.00	Technology and software development, artificial intelligence research and product development, in the PRC
Alnovation Technology Pte. Ltd.	Limited liability company	Singapore 10 April 2023	Nil paid	100.00	Technology and software development, artificial intelligence research and product development, in Singapore

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44 Subsidiaries (continued)

As at 31 December 2025, the Company had direct and indirect interest in the following subsidiaries: (Continued)

Company name	Type of legal entity	Country/Place and date of incorporation	Paid-in capital (' 000)	Attributable equity interest to the Company	Principal activities and place of operation
Chengdu Robot Innovation and Development Co., Ltd. (成都機器人創新發展有限公司)	Limited liability company	The PRC 24 May 2023	RMB4,000	100.00	Technology and software development, artificial intelligence research and product development, in the PRC
Chengdu AlInnovation Huacheng Technology Co., Ltd. (成都華成奇智科技有限公司) (i)	Limited liability company	The PRC 18 September 2023	RMB10,000	75.00	Technology and software development, artificial intelligence research and product development, in the PRC
Chengdu Chenghua District Huachuang Qizhi Vocational Training School Co., Ltd. (成都市成華區華創啟智職業培訓學校有限公司) (ii)	Limited liability company	The PRC 12 December 2025	RMB1,000	75.00	Technology and software development, artificial intelligence research and product development, in the PRC
AlInnovation EHigher (Shanghai) Intelligence Technology Co., Ltd. (浩亞奇智(上海)智能科技股份有限公司)	Limited liability company	The PRC 21 July 2003	RMB64,000	51.00	Technology and software development, artificial intelligence research and product development, in the PRC
Qingdao Aolipu Qizhi Intelligent Industrial Technology Co., Ltd. (青島奧利普奇智智能工業技術有限公司)	Limited liability company	The PRC 5 February 2010	RMB33,038	51.00	Technology and software development, artificial intelligence research and product development, in the PRC
Shenzhen AlInnovation Eye Technology Co., Ltd. (深圳慧眼奇智科技有限公司)	Limited liability company	The PRC 5 June 2017	RMB12,200	80.00	Technology and software development, artificial intelligence research and product development, in the PRC
AlInnovation Anlian (Anhui) Technology Co., Ltd. (安聯奇智(安徽)科技有限公司)	Limited liability company	The PRC 30 November 2022	RMB5,000	51.00	Technology and software development, artificial intelligence research and product development, in the PRC
RewinCloud (Qingdao) Technology Co., Ltd. (睿雲奇智(青島)科技有限公司)	Limited liability company	The PRC 3 June 2021	RMB50,000	100.00	Technology and software development, artificial intelligence research and product development, in the PRC
Shanghai Jiaqian Construction Engineering Co., Ltd. (上海嘉乾建設工程有限公司) (iii)	Limited liability company	The PRC 30 November 2011	RMB14,000	35.70	Housing, road and municipal construction, communication technology development, in the PRC

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44 Subsidiaries (continued)

As at 31 December 2025, the Company had direct and indirect interest in the following subsidiaries: (Continued)

Company name	Type of legal entity	Country/Place and date of incorporation	Paid-in capital (' 000)	Attributable equity interest to the Company	Principal activities and place of operation
Shanghai HaoChen Asset Management Co., Ltd. (上海浩臣資產管理有限公司)	Limited liability company	The PRC 13 November 2015	RMB10,000	51.00	Asset and investment management, enterprise management consulting, in the PRC
Shanghai Epsa Automation Technology Co., Ltd. (上海易普莎自動化科技有限公司)	Limited liability company	The PRC 20 March 2019	Nil paid	51.00	Electromechanical equipment development, electromechanical technology development, in the PRC
Alnovation EHigher (Qingdao) Intelligence Technology Co., Ltd. (浩亞奇智(青島)智能科技有限公司)	Limited liability company	The PRC 22 December 2023	Nil paid	51.00	Technology and software development, artificial intelligence research and product development, in the PRC
ePSA Himatic GmbH	Limited liability company	Germany 9 January 2017	EUR50	51.00	Technology and software development, artificial intelligence research and product development, in Germany
Ovipri (Shanghai) Intelligent Technology Co., Ltd. (奧為普利(上海)智能科技有限公司)	Limited liability company	The PRC 21 November 2019	RMB2,679	51.00	Technology and software development, artificial intelligence research and product development, in the PRC
Qingdao Aoliqizhi Technology Co., Ltd. (青島奧利奇智科技有限公司)	Limited liability company	The PRC 28 June 2022	Nil paid	51.00	Technology and software development, artificial intelligence research and product development, in the PRC
Alnovation Technology HK Limited (創新奇智科技香港有限公司)	Limited liability company	HK 28 June 2022	Nil paid	100.00	Software sales and development, artificial intelligence software development, in HK
Alnovation Eye (Guangzhou) Technology Co., Ltd. (慧眼奇智(廣州)精密技術有限公司)	Limited liability company	The PRC 29 December 2022	Nil paid	80.00	Technology and software development, artificial intelligence research and product development, in the PRC
Shanghai Compass Information Technology Co., Ltd. (上海羅盤信息科技有限公司)	Limited liability company	The PRC 2 September 2002	RMB10,000	51.00	Technology and software development, artificial intelligence research and product development, in the PRC
Manstro Alnovation (Qingdao) Information Technology Co., Ltd. (萬洲奇智(青島)息科技有限公司) (i)	Limited liability company	The PRC 19 April 2024	RMB13,200	51.00	Technology and software development, artificial intelligence research and product development, in the PRC
Qingdao Shuke Qizhi Information Technology Co., Ltd. (青島數科奇智信息科技有限公司) (ii)	Limited liability company	The PRC 11 September 2025	RMB6,000	51.00	Technology and software development, artificial intelligence research and product development, in the PRC

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For the Year Ended 31 December 2025

44 Subsidiaries (continued)

- (i) As at 31 December 2025, the paid-in capital of Alnnovation (Beijing) Technology Co., Ltd., Alnnovation (Chongqing) Technology Co., Ltd., Alnnovation (Guangzhou) Technology Co., Ltd., Alnnovation (Hefei) Technology Co., Ltd., Alnnovation (Qingdao) Technology Co., Ltd., RewinCloud (Chongqing) Technology Co., Ltd., Alnnovation (Shanghai) Technology Co., Ltd., Alnnovation (Zhejiang) Technology Co., Ltd., Alnnovation (Bengbu) Technology Co., Ltd., Shanghai Zhicheng Zhiqi Technology Co., Ltd., Chengdu Alnnovation Huacheng Technology Co., Ltd. and Manstro Alnnovation (Qingdao) Information Technology Co., Ltd. was increased to RMB540,000,000, RMB97,100,000, RMB48,000,000, RMB32,000,000, RMB65,000,000, RMB284,700,000, RMB128,500,000, RMB20,000,000, RMB9,000,000, RMB26,010,000, RMB10,000,000 and RMB13,200,000, respectively.
- (ii) For the year ended 31 December 2025, two subsidiaries were established. Qingdao Shuke Qizhi Information Technology Co., Ltd. was established under the laws of the PRC with limited liability on 11 September 2025 and Chengdu Chenghua District Huachuang Qizhi Vocational Training School Co., Ltd. was established under the laws of the PRC with limited liability on 12 December 2025, with the paid-in capital of amount RMB6,000,000 and RMB1,000,000 as at 31 December 2025.
- (iii) Shanghai Jiaqian Construction Engineering Co., Ltd. was accounted for as a subsidiary of the Group as they were controlled by Shanghai EHigher, a 51% owned subsidiary of the Group.

Except for the changes above, there were no changes to the equity interests held by the Company in these subsidiaries since 31 December 2025 as of the date of this report.

- * The English name of the Company referred above represents the best effort made by management of the Company to directly translate the Chinese names as they have not registered any official English names.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

44 Subsidiaries (continued)

Non-controlling interests (NCI)

Set out below is summarized financial information for Qingdao Aolipu Qizhi Intelligent Industrial Technology Co., Ltd., Shanghai Compass Information Technology Co., Ltd. and its subsidiaries that has non-controlling interests that are material to the Group. The amounts disclosed for Shanghai Compass and Qingdao Aolipu Qizhi are before inter-company eliminations.

Summarized balance sheet	Shanghai Compass		Qingdao Aolipu Qizhi	
	As at 31 December		As at 31 December	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	125,286	96,991	177,061	169,505
Current liabilities	(58,937)	(59,019)	(143,259)	(161,333)
Current net assets	66,349	37,972	33,802	8,172
Non-current assets	98,836	134,278	62,274	73,963
Non-current liabilities	(13,465)	(18,676)	(12,083)	(8,759)
Non-current net assets	85,371	115,602	50,191	65,204
Net assets	151,720	153,574	83,993	73,376
Accumulated NCI	74,501	75,409	63,975	58,773

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For the Year Ended 31 December 2025

44 Subsidiaries (continued)

Non-controlling interests (NCI) (continued)

Summarized statement of comprehensive income	Shanghai Compass		Qingdao Aolipu Qizhi	
	For the year ended 31 December		For the year ended 31 December	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	265,003	203,865	197,262	223,174
(Loss)/Profit for the year	(1,853)	9,721	10,617	19,763
Other comprehensive loss	—	—	—	—
Total comprehensive (loss)/income	(1,853)	9,721	10,617	19,763
(Loss)/profit allocated to NCI	(908)	4,763	5,202	9,684
Dividends paid to NCI	—	—	—	—

Summarized cash flows	Shanghai Compass		Qingdao Aolipu Qizhi	
	For the year ended 31 December		For the year ended 31 December	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities	18,055	15,713	4,521	(22,619)
Cash flows from investing activities	(1,143)	(2,227)	—	(22)
Cash flows from financing activities	197	(5,352)	(10,341)	9,870
Increase/(decrease) in cash and cash equivalents	17,109	8,134	(5,820)	(12,771)

45 Subsequent events

The Group had no significant events after the reporting period and up to the date of the approval of the audited consolidated financial statements.

46 Summary of other potentially material accounting policies

46.1 Subsidiaries

Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated and unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

46 Summary of other potentially material accounting policies (continued)

46.2 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in reserves is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of profit or loss, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit of an associate' in the consolidated statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognized in the comprehensive income.

46 Summary of other potentially material accounting policies (continued)

46.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in the subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

46.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

During the reporting periods, the Group has been focusing on research and development of artificial intelligence solutions. Accordingly, the management considers that the Group is operated and managed as a single operating segment and hence no segment information is presented.

46.5 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since most of the assets and operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

46 Summary of other potentially material accounting policies (continued)

46.5 Foreign currencies (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in the consolidated statement of comprehensive income on a net basis within "Other losses, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income.

46 Summary of other potentially material accounting policies (continued)

46.5 Foreign currencies (continued)

Group companies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

46.6 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the year in which they are incurred.

Construction in progress represents leasehold improvements under construction or pending installation and is stated at cost. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to relevant category within property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

46 Summary of other potentially material accounting policies (continued)

46.6 Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 46.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other losses, net" in the consolidated statement of comprehensive income.

46.7 Financial assets

(i) Classification

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

46 Summary of other potentially material accounting policies (continued)

46.7 Financial assets (continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

46 Summary of other potentially material accounting policies (continued)

46.7 Financial assets (continued)

(iii) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other losses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **Financial assets at FVTOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("OCI"). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the consolidated statement of comprehensive income and recognized in "Other losses, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other losses and impairment expenses are presented as separate line item in the statement of profit or loss.
- **Financial assets at FVTPL:** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in "Other losses, net" in the period in which it arises.

46 Summary of other potentially material accounting policies (continued)

46.7 Financial assets (continued)

(iii) Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets measured at FVTPL are recognized in "Other losses, net" in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

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For the Year Ended 31 December 2025

46 Summary of other potentially material accounting policies (continued)

46.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

46.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventories are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

46.10 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, demand deposits held at banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

46 Summary of other potentially material accounting policies (continued)

46.11 Trade and other payables

Trade and notes payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

46.12 Paid-in capital, share capital, capital reserve and share premium

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Group as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Where the Company issued shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums over share capital shall be classified as share premium.

46.13 Treasury shares

Own equity instruments which are reacquired and held by the Company are recognized directly in equity at cost. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

46 Summary of other potentially material accounting policies (continued)

46.14 Current and deferred income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet dates in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

46 Summary of other potentially material accounting policies (continued)

46.14 Current and deferred income tax (continued)

Deferred income tax (continued)

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

46.15 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Pension obligations

Full-time employees in the PRC are covered by various government-sponsored defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no further payment obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred and contributions paid to the defined-contribution pension plans for an employee are not available to reduce the Group's future obligations to such defined contribution pension plans even if the employee leaves.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

46 Summary of other potentially material accounting policies (continued)

46.16 Share-based payments

The Group operates an equity-settled share-based compensation plan, under which the Group receives service from its employees in exchange for the equity instruments of the Group. As disclosed in Note 30, during the reporting periods, equity-settled share options and restricted stock unit were granted to certain directors, senior management, employees and consultants. The fair value of the employee service received in exchange for the grant of share options and RSUs is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognized over the vesting period, in which all of the specified vesting conditions are to be satisfied.

At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is excess of the fair value of the modified equity instrument over that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period. Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based compensation plan, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

46 Summary of other potentially material accounting policies (continued)

46.16 Share-based payments (continued)

Share-based payment transaction among group entities

The grant by the Company of its equity instruments to the employees of its subsidiaries is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity.

46.17 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

46.18 Interest income

Interest income from financial assets at FVTPL is included in other losses, net (Note 10). Any other interest income is included in finance income.

Interest income from cash at bank is recognized on a time-proportion basis using the effective interest method.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

46 Summary of other potentially material accounting policies (continued)

46.19 Earnings per share

- (i) Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Company, and
 - by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.
- (ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
 - the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

46.20 Leases

The Group mainly leases office and plant as lessee. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

46 Summary of other potentially material accounting policies (continued)

46.20 Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

46 Summary of other potentially material accounting policies (continued)

46.20 Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

To determine the incremental borrowing rate, the Group:

- uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise small items of IT equipment.

Lease income from operating leases where the Group is a lessor is recognized in revenue on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

46.21 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

46 Summary of other potentially material accounting policies (continued)

46.21 Borrowings (continued)

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as “financial income” or “finance costs”.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the group is required to comply with after the reporting period do not affect the classification at the reporting date.

46.22 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.



Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2025

46 Summary of other potentially material accounting policies (continued)

46.23 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Note 9 provides further information on how the group accounts for government grants.

46.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's directors or shareholders, where applicable.



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