

2025 ANNUAL REPORT



Black Sesame International
Holding Limited
黑芝麻智能國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2533

*For identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. SHAN Jizhang (單記章) (*Chairman of the Board*)
Mr. ZENG Daibing (曾代兵)

Non-executive Directors

Mr. LIU Weihong (劉衛紅)
(*re-designated on January 29, 2026*)
Dr. YANG Lei (楊磊)

Independent non-executive Directors

Prof. LI Qingyuan (李青原)
Prof. LONG Wenmao (龍文懋)
Prof. XU Ming (徐明)

AUDIT COMMITTEE

Prof. LI Qingyuan (李青原) (*Chairperson*)
Prof. LONG Wenmao (龍文懋)
Prof. XU Ming (徐明)

REMUNERATION COMMITTEE

Prof. LONG Wenmao (龍文懋) (*Chairperson*)
Prof. XU Ming (徐明)
Mr. SHAN Jizhang (單記章)

NOMINATION COMMITTEE

Mr. SHAN Jizhang (單記章) (*Chairperson*)
Prof. LONG Wenmao (龍文懋)
Prof. LI Qingyuan (李青原)

JOINT COMPANY SECRETARIES

Mr. SUN Xiaoxiang (孫曉祥)
Ms. KWOK Siu Ying Sarah (郭兆瑩) (*ACG, HKACG*)

AUTHORIZED REPRESENTATIVES

Mr. SHAN Jizhang (單記章)
Mr. SUN Xiaoxiang (孫曉祥)

AUDITOR

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

REGISTERED OFFICE

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Hibiscus Way
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HONG KONG LEGAL ADVISOR

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One Connaught Place
Central
Hong Kong

COMPLIANCE ADVISOR

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Sheung Wan
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HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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PRINCIPAL BANKS

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Wuhan City
Hubei Province
China

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DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore
018982

STOCK CODE

2533

COMPANY'S WEBSITE

<http://www.blacksesame.com>

KEY HIGHLIGHTS

FIVE-YEAR FINANCIAL SUMMARY

	Year ended December 31,				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	60,504	165,442	312,391	474,252	822,328
Cost of sales	(38,632)	(116,811)	(235,248)	(279,544)	(485,239)
Gross profit	21,872	48,631	77,143	194,708	337,089
Operating loss	(722,660)	(1,052,821)	(1,696,897)	(1,753,982)	(1,448,320)
(Loss)/profit before income tax	(2,356,502)	(2,753,936)	(4,855,118)	313,315	(1,424,679)
(Loss)/profit for the year attributable to the equity holders of the Company	(2,356,502)	(2,753,936)	(4,855,118)	313,315	(1,424,700)
Non-IFRS Measures:					
Adjusted net loss	(613,583)	(700,330)	(1,254,247)	(1,304,251)	(1,075,674)

	As of December 31,				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	1,763,984	2,152,885	1,920,340	2,317,235	2,646,713
Total liabilities	5,426,322	8,659,063	13,013,956	1,224,020	1,487,762
Total (deficit in equity)/equity	(3,662,338)	(6,506,178)	(11,093,616)	1,093,215	1,158,951

2025 marked the first full fiscal year following Black Sesame's listing. Over the course of the year, we delivered a performance that surpassed our expectations in the face of a dynamic and challenging market.

The global intelligent vehicle industry is evolving rapidly, AI technology has made the leap from the lab to real – world applications, and the embodied AI opportunity has quickly emerged. As a company focused on AI inference chips, our course of action has been clear: solidify our position in the intelligent driving sector, while resolutely opening the door to embodied AI.

On the intelligent driving front, we have made steady progress. The "Huashan" and "Wudang" chip series have become a pillar of the industry. Vehicles powered by our A1000 family of chips continue to roll out, bringing our technology into the lives of countless consumers – from Geely Galaxy to Dongfeng Yipai, and then to Hongqi – earning this chip the "China Core" Outstanding Product Award for Complete Vehicle Application. The C1200 family has enabled the commercial deployment of integrated cockpit – driving solutions and achieved independent and controllable certification, paving the way for the industry to reduce costs.

This year, we also achieved a key breakthrough with the A2000 chip. This chip, designed for advanced intelligent driving, after undergoing the relevant review, tape-out was completed by the end of the year. As a result, we became the only company in China to have passed such reviews and gained the ability to sell such chips globally. As the only high – performance intelligent driving chip in China committed to building an open platform, the A2000 will provide strong support for the implementation of core intelligent driving solutions developed in – house by automakers and for technological innovation from third party ecosystem partners. The chip has already secured designated project from leading automakers, with more designated projects to follow. It is expected to start mass production this year. As one of the mainstream advanced intelligent driving computing platforms in the industry, the A2000 is set to become a key engine for our future growth.

Beyond intelligent driving, we took a pivotal step forward in 2025. In November, we officially launched the SesameX Multidimensional Embodied Intelligence Platform. In response to the wave of embodied AI commercialization driven by large models, SesameX stands as the industry's first dedicated computing platform focused on the commercial deployment of embodied AI. This shift marks our evolution from "building the brain for vehicles" to "building the brain for the intelligent world." Together with partners like Lenovo, Deep Robotics, and Fourier Intelligence, we are expanding our chip capabilities into the robotics field, achieving initial results in areas such as logistics and manufacturing.

In our journey of development, only continuous transformation can equip us to meet evolving challenges. In 2025, we implemented a comprehensive organizational and management upgrade. With the optimization of our organization and the continued addition of more outstanding talent, we have built a more efficient and dynamic organization. The entire team is filled with confidence and vigor, laying a solid foundation for our sustained high – speed and scalable growth moving forward. At the same time, we were recognized with prestigious qualifications, including National High and New Technology enterprise and provincial – level R&D center designations, in cities such as Wuhan, Shanghai, and Shenzhen, further validating our R&D strength with authoritative recognition.

As we stand at the beginning of 2026, our objective is clear: translate innovation in technology and products into tangible business outcomes.

Chairman's Statement (continued)

In the intelligent driving sector, we aim to advance on two fronts – both “high – end” and “accessible”. On the one hand, we will leverage the A2000 chip to drive the large – scale deployment of L2/L3 – level driving assistance, while expanding into L4 Robotaxi scenarios, and actively grow our ecosystem. The Company has already established strategic partnerships with industry leaders such as DeepRoute.AI and Apollo Go; On the other hand, we will scale up mass production of the A1000 series chips and C1200 series chips, bringing advanced intelligent driving capabilities to a broader range of vehicle models.

In the embodied AI sector, we will expand the coverage of customer and scenarios. Together with our partners, we will deploy robotics in more scenarios such as logistics, manufacturing, and services, while accelerating our entry into international markets and participating in the development of industry standards, enabling our chip capabilities to empower more sectors.

To underpin these objectives, we will continue to strengthen our foundation, and build an even more stable and secure supply chain; continue to iterate on our products, with the full range of A2000 family products set to debut soon; accelerate the development of our new – generation NPU architecture for next- generation large models; and plan for chips based on more advanced process nodes, ensuring the Company stays at the forefront of on – device AI technology. On the organisational front, we will deepen management transformation to enhance efficiency and agility.

The industry has been changing rapidly in recent years, but our original aspiration remains unchanged – empowering intelligent everything with chips. The era of going it alone is behind us; ecosystem collaboration is the future. In 2025, we built a foundation and achieved breakthroughs. In 2026, we will translate strategy into action and execution into performance, seizing the opportunities of full-spectrum intelligence together with all our partners to move further and steadier ahead.

Mr. SHAN Jizhang

Chairman and Chief Executive Officer

BUSINESS REVIEW

In 2025, the Company continued to solidify its leading position in the intelligent vehicle computing chip sector while achieving strategic breakthroughs in innovative on-device artificial intelligence (“AI”) businesses such as embodied AI. Its full-year revenue reached RMB822 million, representing a year-on-year increase of 73.4%, and its gross profit margin was 41.0%, remained relatively stable when compared with last year. Driven by the rapid growth of the embodied AI & solution business, the enhanced gross margin from advanced driving assistance system products and solutions due to scaled deployment, and the reduced operating costs, the Company’s full-year operating loss narrowed by 17.5% year-on-year. Overall, the Company’s financial data demonstrated a positive trend characterized by rapid business scaling, focused strategic investment, and improved growth quality.

I. Propelling Intelligent Driving Business to New Heights with “Huashan” + “Wudang” Dual Product Lines

In 2025, the Company’s mass production progress for the Huashan and Wudang series chips continued to accelerate.

- The Huashan A1000 series chips, with a lifecycle spanning over 5 years, have been successfully integrated into multiple vehicle models from manufacturers such as Geely, Dongfeng, BYD, and FAW. Beyond the domestic market in China, the Huashan A1000 series chips have also begun to penetrate into global markets, becoming the main contributor to the Company’s chip sales in 2025. With the increase in mass-produced vehicle models, the Company has accumulated extensive experience in advanced driving assistance. This expertise has facilitated its entry into commercial vehicle sectors such as unmanned postal logistics vehicles, unmanned cleaning vehicles, and trucks. Notably, the A1000 chips were successfully deployed in the commercial vehicles from Chery and Shaanxi Automobile during the year, providing active safety solutions; and the chips were also deployed in Desay SV “Chuanxing Zhiyuan” S6 series unmanned vehicles this year, providing high-safety computing power for unmanned operations in last-mile logistics through its “dual-brain redundancy” architecture.
- The Wudang C1200 series chips, as the industry-leading central computing chip platform, advanced from design win to mass production in 2025. These series chips have entered mass production for new vehicle models of leading vehicle manufacturers, while undergoing validation and delivery at multiple vehicle manufacturers, catering to diverse needs including cockpit-driving-parking integration and entry-level intelligent driving. The C1200’s safety-focused intelligent base architecture has also gained recognition from OEMs and is undergoing validation in multiple new projects.
- The Company’s latest iteration, the Huashan A2000 series chips as the world’s first panoramic general-purpose high-computing power chips, represents the core strength of the Company’s foray into advanced intelligent driving. Fabricated with advanced 7nm process technology, they are the industry pioneer in supporting full FP16/FP8 floating-point and multiple precision formats like INT4/INT8/INT16. Coupled with a mature AI toolchain, they enable efficient end-to-end development for model deployment and optimization. As of now, the A2000 is undergoing deep adaptation and validation for end-to-end and Vision-Language-Action (VLA) algorithms with core algorithm partners such as DeepRoute.ai and Nullmax, and has secured designated projects from leading vehicle manufacturers. The Company will proceed with sample deliveries to more leading vehicle manufacturers, with multiple mass production projects expected to materialize within 2026.

II. Pioneering a New Paradigm for Embodied Intelligence with the SesameX Platform and Realizing Commercial Deployment in the Embodied AI & Solution Business

In 2025, with the launch of the SesameX platform, the Company transitioned from a leader in intelligent driving to a full-stack on-device AI chip supplier. The SesameX platform, guided by a “full-brain intelligence” system, pioneers a new paradigm for embodied intelligence. Through its three core modules, i.e., Kalos, Aura, and Liora, the SesameX platform provides robots with full-stack computing power ranging from basic control to advanced cognition. During the Reporting Period, the Company collaborated with leading companies in the robotics industry chain, including Deep Robotics, Fourier Intelligence, Lenovo, AI² Robotics, Geek+, Yunji Technology, Tianwen Humanoid Robot and Joyson Electronic, collectively promoting the commercialization of embodied intelligence. This has resulted in scaled deliveries in scenarios such as quadruped robots and intelligent shipping inspections, establishing a dual-core growth pattern alongside the intelligent driving business. In 2025, the Company’s embodied AI & solution business revenue reached RMB96.3 million, marking a significant year-over-year increase.

III. Achieving Intelligent Imaging and General AI Business

In 2025, the Company’s intelligent imaging solutions continued to undergo iterative upgrades, achieving ongoing commercial progress in the field of on-device AI imaging. During the year, the Company partnered with Li Auto, providing customized imaging algorithms for its first AI glasses, Livis. These algorithms cover core functions such as High Dynamic Range (HDR) fusion, multi-frame noise reduction, video stabilization, and portrait optimization. Up to now, the product has started its mass production. Simultaneously, the Company is currently co-developing AI glasses with its several leading customers, and expects that more AI glasses will utilize its internationally leading imaging algorithms. The Company possesses years of accumulated technical expertise in the field of AI imaging, with its related solutions having been deployed in over 500 million devices to date. Leveraging its technological advantages in on-device AI imaging, the Company is accelerating the development of on-device large models and AI Agent-related technologies. This effort aims to extend imaging capabilities from image processing to multimodal understanding and intelligent decision-making, thus constructing a next-generation intelligent imaging technology system.

The Company’s General AI hardware-software collaboration solution has also achieved scaled implementation, with solutions for intelligent traffic management, parking, and rail transit deployed in multiple locations, including Shanghai, Zhejiang, Chengdu, and Qingdao.

BUSINESS OUTLOOK

I. Achieving L2-L4 Full-Scenario Expansion for the Vehicle Intelligent Driving Business

2026 is a pivotal year for the Company's intelligent driving business, marked by scaled mass production and strategic technological deployment for the next phase of development. Centered around the Huashan A2000 chips, the Company will complete solution adaptation and mass production, assisting partners in achieving large-scale implementation of L3-level advanced driving assistance. Concurrently, the Company will strategically expand into L4-level Robotaxi scenarios, promoting mass production collaboration with Apollo Go within the year and accelerating cooperation with other L4 leading manufacturers. The Company will also focus on promoting batch shipments in commercial vehicle sectors such as construction machinery, street sweepers, unmanned logistics, and Automobile light trucks, achieving scaled penetration in L2-L3-level commercial vehicles and L4-level unmanned logistics scenarios. Leveraging the global market access advantage gained by the A2000 through passing relevant US reviews, the Company will accelerate the mass production application in overseas vehicle projects, striving to build the most open and user-friendly advanced computing platform.

II. Maintaining a High-Growth Trajectory for the Embodied AI & Solution Business

The Company will position the embodied AI and solution business as a strategic new venture, forming dual core growth engines alongside advanced intelligent driving. In 2026, the Company will promote the scaled deployment of the SesameX platform in scenarios such as logistics, manufacturing, and services. Utilizing the Kalos, Aura, and Liora series, the platform will cater to the needs for robots with varying complexities and forms, constructing a "whole-brain architecture for robotics". In terms of ecosystem collaboration, the Company aims to establish benchmark projects in areas like embodied AI terminals. It will continue to advance partnerships with leading robotics enterprises, and implement application solutions such as industrial robots, inspection robots, dexterous hands, and garbage-sorting robotic arms.

III. Completing On-device AI Deployment

In 2026, the Company will finalize the acquisition of Eeasy Technology Co., Ltd. (珠海億智電子科技有限公司) ("Eeasy Tech"), and adopt a core strategy centered on "chips + algorithms + scenarios" to unlock the incremental market for entry-level computing power, covering diverse scenarios such as intelligent driving and intelligent hardware. Both parties will integrate their R&D resources, and achieve sharing in core IPs, algorithm optimization, and toolchains, thereby enhancing the energy efficiency ratio and scenario adaptability of on-device AI chips. Leveraging Eeasy Tech's experience in AI SoC chip design and AI algorithms, synergies will be created with Black Sesame's in-vehicle product lines. The collaboration will focus on co-defining and co-developing the in-vehicle products with 2T-10T computing power, covering scenarios like integrated front-view cameras, dashcams, and Driver Monitoring System (DMS). In terms of intelligent hardware, Eeasy Tech's next-generation AI SoC chips are expected to expand horizontally from existing applications like intelligent pan-tilts, action Digital Video (DV) cameras, and AI glasses into areas such as AI companion toys, robotic vacuum cleaners, and lawn mowing robots. Following this acquisition, the Company's product portfolio will achieve comprehensive coverage across high, mid, and low tiers, providing complete AI inference chip solutions ranging from cloud-side to on-device, and automotive-grade to consumer-grade, for intelligent vehicles, robots, and various AIoT terminals. This will significantly enhance its cross-scenario synergies, establishing a solid foundation for the broader on-device AI market in 2026 and beyond.

IV. Consistently Maintaining Forward-Looking Technology Development

In 2026, the Company's R&D efforts will revolve around three core pillars: "Productization Implementation, Technological Evolution, and Platform Upgrading", continuously strengthening its core competitiveness and accelerating the translation of key technologies from R&D to industrialization. The Company will complete the experimentation and validation of the next-generation intelligent visual processing IPs, deliver the next-generation neural network accelerator (NPU) IPs to the SoC teams, drive tape-out of new chips within 2026, initiate market promotion, and it will initiate the design of the latest generation of more flexible and efficient NPU architecture. For existing platforms, the Company will refine kernel development for A2000 to match GPU precision, and upgrade model adaptation and precision calibration toolchains to achieve consistency between training and inference precision. It will also strengthen the A2000 end-to-end toolchain capabilities, optimizing tools for performance tuning, prototype operators, and firmware development. Additionally, the Company will launch a chip support package that seamlessly integrates with mainstream AUTOSAR and a visual configuration tool, aiming to enhance customer self-development system and integration efficiency by over 50%. To proactively prepare for future technology tracks and ensure supply chain stability, the Company will also actively conduct pre-research on domestic process-based computing chips and toolchains.

Overall, the Group achieved steady growth in its revenue and gross profit, experienced a reduction in its losses, and optimized its business structure in 2025. Its core intelligent driving business remained robust, with mass production scale continuing to expand and overseas markets achieving breakthroughs. Its new businesses like embodied AI and solution transitioned from technological exploration to commercial implementation, contributing new incremental revenue. At the end of 2025, the Company signed an acquisition agreement relating to Eeasy Tech, the Company further extended its product lines into the on-device AI domain, laying a foundation for expanding into broader application scenarios in the future.

In 2026, the Group will continue to focus on on-device AI directions such as intelligent vehicles and embodied AI and solution, advancing mass production delivery, technological iteration, and market expansion, and striving to achieve sustained expansion of business scale and gradual improvement in profitability.

YEAR ENDED DECEMBER 31, 2025 COMPARED TO YEAR ENDED DECEMBER 31, 2024

The following table sets forth the comparative figures for the years ended December 31, 2025 and 2024:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Revenue	822,328	474,252
Cost of sales	(485,239)	(279,544)
Gross profit	337,089	194,708
Selling expenses	(87,894)	(120,797)
General and administrative expenses	(298,329)	(368,819)
Research and development expenses	(1,417,423)	(1,435,156)
Net impairment losses on financial assets	(9,897)	(29,067)
Other income	16,071	14,740
Other gains/(losses)-net	12,063	(9,591)
Operating loss	(1,448,320)	(1,753,982)
Finance income	58,175	41,084
Finance costs	(33,595)	(18,074)
Finance income – net	24,580	23,010
Share of net loss of associates accounted for using the equity method	(939)	(2,325)
Fair value change in financial instruments issued to investors	–	2,046,612
(Loss)/profit before income tax	(1,424,679)	313,315
Income tax expense	(21)	–
(Loss)/profit for the year attributable to the equity holders of the Company	(1,424,700)	313,315
Non-IFRS Measures		
Adjusted net loss	(1,075,674)	(1,304,251)

Revenue

Our revenue increased by 73.4% from RMB474.3 million for the year ended December 31, 2024 to RMB822.3 million for the year ended December 31, 2025, primarily driven by revenue growth from the following items:

Driving Assistance Products and Solutions

Our revenue from driving assistance products and solutions increased by 56.8% from RMB438.0 million for the year ended December 31, 2024 to RMB686.9 million for the year ended December 31, 2025, primarily due to (i) in the passenger vehicle segment, the launch of new vehicle models equipped with our Huashan Series Chips as standard and their strong sales performance, driving a continuous increase in the sales volume of our advanced assisted driving chips and solutions; (ii) in the L2-L3 commercial vehicle segment, our market competitiveness further improved, with a significant increase in both the number of customers and the average revenue per customer; and (iii) the achievement of batch shipments in L4 scenarios such as unmanned logistics.

Intelligent Imaging Solutions

Our revenue from intelligent imaging solutions increased by 7.9% from RMB36.3 million for the year ended December 31, 2024 to RMB39.2 million for the year ended December 31, 2025, primarily due to the expansion of our intelligent imaging solutions products into areas such as AI glasses.

Embodied AI and Solutions

Our revenue from embodied AI and solutions for the year ended December 31, 2025 was RMB96.3 million, primarily due to the successful launch of the SesameX full-stack computing platform in 2025, which secured a substantial number of orders, and the active pursuit of new growth drivers through diversified deployment, resulting in substantial orders from multiple leading robotics enterprises.

Cost of Sales

Our cost of sales increased by 73.6% from RMB279.5 million for the year ended December 31, 2024 to RMB485.2 million for the year ended December 31, 2025, primarily due to the following factors:

Driving Assistance Products and Solutions

The cost of sales for driving assistance products and solutions increased by 56.8% from RMB274.2 million for the year ended December 31, 2024 to RMB429.8 million for the year ended December 31, 2025, which is broadly in line with the growth trend in revenue from driving assistance products and solutions.

Intelligent Imaging Solutions

The cost of sales for intelligent imaging solutions increased by 12.4% from RMB5.3 million for the year ended December 31, 2024 to RMB6.0 million for the year ended December 31, 2025, which is broadly in line with the growth trend in revenue from intelligent imaging solutions.

Embodied AI and Solutions

The cost of sales for embodied AI and solutions for the year ended December 31, 2025 was RMB49.4 million, primarily relating to the acquisition of ancillary technical services compatible with our SesameX full-stack computing platform.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased by 73.1% from RMB194.7 million for the year ended December 31, 2024 to RMB337.1 million for the year ended December 31, 2025. Our gross profit margin for driving assistance products and solutions remained relatively stable at 37.4% for both the years ended December 31, 2024 and December 31, 2025. Our gross profit margin for intelligent imaging solutions business also remained relatively stable at 85.4% for the year ended December 31, 2024 and 84.7% for the year ended December 31, 2025. While maintaining a stable gross profit margin, the Company's products also maintain a favorable competitive position in the market. In addition, our new business, embodied AI and solutions, achieved a gross profit margin of 48.7% for the year ended December 31, 2025, reflecting a substantial gross profit margin attained in the initial phase of our entry into the new business. Our overall gross profit margin remained relatively stable at 41.1% for the year ended December 31, 2024 and 41.0% for the year ended December 31, 2025.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB1,435.2 million for the year ended December 31, 2024 and RMB1,417.4 million for the year ended December 31, 2025, primarily due to the combined effects of our increased investment in AI and computing power and the decrease in share-based compensation expenses for our R&D personnel.

Selling Expenses

Our selling expenses decreased by 27.2% from RMB120.8 million for the year ended December 31, 2024 to RMB87.9 million for the year ended December 31, 2025, primarily due to a decrease in share-based compensation expenses for the sales team.

General and Administrative Expenses

Our general and administrative expenses decreased by 19.1% from RMB368.8 million for the year ended December 31, 2024 to RMB298.3 million for the year ended December 31, 2025, primarily due to a decrease in share-based compensation expenses for administrative management staff and a decrease in listing expenses.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets amounted to RMB29.1 million and RMB9.9 million for the years ended December 31, 2024 and 2025, respectively.

Other Income

Our other income increased from RMB14.7 million for the year ended December 31, 2024 to RMB16.1 million for the year ended December 31, 2025, primarily due to an increase in government grants.

Other Gains/(Losses) – Net

We recorded other losses of RMB9.6 million for the year ended December 31, 2024, whereas for the year ended December 31, 2025, we recorded other gains of RMB12.1 million, primarily due to an increase in foreign exchange gains resulting from exchange rate fluctuations and an increase in gains from debt restructuring.

Finance Income – Net

Our finance income increased by 6.8% from RMB23.0 million for the year ended December 31, 2024 to RMB24.6 million for the year ended December 31, 2025, primarily due to an increase in interest income from bank deposits.

Fair Value Change in Financial Instruments Issued to Investors

We recorded fair value gain in financial instruments issued to investors of RMB2,046.6 million for the year ended December 31, 2024, whereas for the year ended December 31, 2025, there was no fair value change in financial instruments issued to investors, primarily due to the conversion of our preferred shares into ordinary shares upon listing.

Loss for the Year

As a result of the foregoing, we recorded a profit of RMB313.3 million for the year ended December 31, 2024, whereas we recorded a net loss of RMB1,424.7 million for the year ended December 31, 2025.

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items.

We believe adjusted net loss (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

The following tables reconcile our adjusted net loss for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net (loss)/profit for the year:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Reconciliation of net (loss)/profit to adjusted net loss (non-IFRS measure):		
(Loss)/profit for the year	(1,424,700)	313,315
Add:		
Fair value change in financial instruments issued to investors	–	(2,046,612)
Share-based compensation expenses	349,026	429,046
Adjusted net loss for the year (non-IFRS measure)	(1,075,674)	(1,304,251)

LIQUIDITY AND FINANCIAL RESOURCES

We have historically funded our cash requirements principally from capital contributions from Shareholders. As of December 31, 2025, we had cash and cash equivalents and current financial assets at fair value through profit or loss of RMB1,530.7 million, compared to the balance of RMB1,622.9 million as of December 31, 2024.

The following table sets forth a summary of our cash flows for the years indicated:

	Year ended December 31,	
	2025 (RMB in thousands)	2024 (RMB in thousands)
Net cash used in operating activities	(985,373)	(1,189,754)
Net cash used in investing activities	(179,605)	(223,006)
Net cash generated from financing activities	1,198,740	1,552,007
Net increase in cash and cash equivalents	33,762	139,247
Cash and cash equivalents at the beginning of the year	1,448,106	1,298,412
Effects of exchange rate changes on cash and cash equivalents	(35,112)	10,447
Cash and cash equivalents at the end of the year	1,446,756	1,448,106

Indebtedness

Our indebtedness mainly includes borrowings and lease liabilities. The following table sets forth a breakdown of our borrowings and lease liabilities as of the dates indicated:

	As of December 31, 2025 (RMB in thousands)	As of December 31, 2024 (RMB in thousands)
Borrowings	739,892	674,212
Lease liabilities	38,682	48,187
Total	778,574	722,399

We maintain a prudent approach in our treasury management with interest rate exposure maintained principally on a floating rate basis. We did not use any interest rate swap contracts or other financial instruments to hedge against our interest rate risk. We will continue to monitor interest rate risk exposure and will consider hedging significant interest rate risk exposure should the need arise.

Exposure to Exchange Rate Fluctuation

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. Our businesses are principally conducted in RMB. The majority of non-RMB assets and liabilities are cash and cash equivalents denominated in USD.

We are primarily exposed to changes in RMB/USD exchange rates in our domestic subsidiaries whose functional currency is RMB. We currently do not engage in hedging activities designed or intended to manage foreign exchange rate risk. However, we will continue to monitor changes in currency exchange rates and will take necessary measures to mitigate exchange rate impact.

Employees, Training and Remuneration Policies

As of December 31, 2025, the Group had 1,037 employees. The number of employees employed by the Group varies from time to time depending on needs.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salaries, bonuses and equity incentives. We have a unified salary management system and employee internal transfer management methods to ensure the fairness of salary and promotion, and the salary and promotion decisions stipulated in the system are based on the employee's position and performance. In addition to salary, employees also receive welfare benefits, including medical insurance, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits. We also invest in continuing education and training programs to upskill our key management and technical staff.

The Company also adopted a Pre-IPO Share Plan on September 7, 2016, which was amended on December 31, 2021, and adopted a Post-IPO Share Plan on July 26, 2024, to provide incentives to eligible participants.

The Board regularly reviews and determines the remuneration and compensation packages of the Directors and senior management and receives recommendation from the Remuneration Committee, which takes into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

Gearing Ratio

Our gearing ratio, being borrowings divided by total equity and multiplied by 100%, was 61.7% and 63.8% as of December 31, 2024 and December 31, 2025, respectively.

Contingent Liabilities

The Group is subject to legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Group does not anticipate that the outcome arising out of such matters will have a material adverse effect on the consolidated financial statements on an individual basis or in the aggregate.

Significant Investments Held

As of December 31, 2025, we did not hold any significant investments (including any investment in an investee company that accounts for 5% or more of the Group's total assets as at December 31, 2025).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Acquisition of 60% equity interest in the target company through the Equity Transfer and the Capital Increase

On December 31, 2025, Black Sesame Wuhan (an indirect wholly-owned subsidiary of the Company), the Vendors (the 21 existing shareholders of the Target Company), the Management Shareholders and the Target Company (Eeasy Technology Co., Ltd. (珠海億智電子科技有限公司)) entered into the Equity Transfer Agreement, pursuant to which the Purchasers (collectively, Black Sesame Wuhan and the SPV) agreed to purchase and the Vendors agreed to sell an aggregate of 32.8435% equity interest in the Target Company (representing 19.5623% of the enlarged total equity interest of the Target Company after the Capital Increase), at a total consideration of RMB457,800,000, and the Purchasers shall pay the corresponding unpaid registered capital of RMB133,088 to the Target Company.

On the same date, SPV (an indirect wholly-owned subsidiary of the Company), the Management Shareholders, the Existing Shareholders, the Employees Partnerships and the Target Company entered into the Capital Increase Agreement, pursuant to which the SPV subscribed for the newly increased registered capital in the Target Company of RMB20,218,838 (representing 40.4377% of the enlarged total equity interest of the Target Company after the Capital Increase) at a consideration of RMB20,218,838.

Completion of the Equity Transfer and the Capital Increase are inter-conditional upon each other. Upon completion of the Equity Transfer and the Capital Increase, the Company will indirectly own 60% equity interest in the Target Company through the SPV, and the Target Company will become a non-wholly owned subsidiary of the Company, and its financial results will be consolidated into the Group's consolidated financial statements.

The above Acquisition will be submitted to the Company's general meeting for consideration and approval. For further details of the Acquisition, please refer to the Company's announcements dated December 31, 2025 and January 27, 2026 (the "Announcements"). Terms used herein have the same meanings as defined in the Announcements.

Save as disclosed above, during the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Pledge of Assets

As of December 31, 2025, we did not pledge any of our assets.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this report and the Prospectus, we have no specific future plan for material investments and acquisition of capital assets as of December 31, 2025 and up to the Latest Practicable Date. The Group will continue to identify new investment opportunities in companies with principal businesses related to the Group's core business with a view to create synergies with the Group's existing core business and improve the Group's service and products to its customers.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its shareholders. The principles of the Company's corporate governance are to promote effective internal control measures and to enhance the transparency and accountability of the Board to all the Shareholders. The Company strives to ensure that it operates its business with high ethical business standards, reflecting its firm belief that it must act with integrity, transparency and accountability if it is to achieve its long-term business objectives. The Company believes that adherence to this philosophy will maximize returns for Shareholders in the long run, and that employees, business partners and the communities in which the Company operates will also benefit from it.

Save as disclosed below, the Company has been complying with all applicable code provisions under the Corporate Governance Code set out in Appendix C1 to the Listing Rules throughout the Reporting Period.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange shall comply with, but may choose to deviate from the requirement that the roles of chairman of the Board and the chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Mr. Shan currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and the chief executive officer in the same person has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning for the Group, and (iii) facilitating the flow of information between management and the Board. The Board currently comprises two executive Directors (including Mr. Shan), two non-executive Directors and three independent non-executive Directors, and therefore has a strong independent element in its composition. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

The Board is also committed to ensuring that the culture of the Company aligns with its purpose, values and strategy. A healthy corporate culture across the Company is vital for it to achieve its vision and mission towards sustainable growth. It is the Board's role to foster a corporate culture with the following core principles to guide the behaviour of its employees, and ensure that the Company's vision, values and business strategies are consistent with it:

1. Employee Development

The Company strives to support professional development of all its employees. Trainings and professional development courses are conducted from time to time to ensure that employees can obtain equal opportunities for learning and career development. We encourage and sponsor our employees to further their education and obtain additional professional qualifications. For details, please refer to the section headed "Training and Professional Development" in this annual report.

2. Inclusion and Diversity

The Company is committed to cultivating a collaborative company culture and provide an inclusive workspace for all employees. The Company has strict policies on equal employment opportunities, prohibiting any form of discrimination based on race, color, belief, religion, gender, sexual orientation, among others.

3. Integrity

The Company strives to maintain high standards of business ethics across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies, such as the anti-corruption policy and the whistleblowing policy of the Company. Trainings and professional development courses are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

BOARD OF DIRECTORS

Board Composition

During the Reporting Period and as of the Latest Practicable Date, the Board comprises the following Directors:

Executive Directors

Mr. SHAN Jizhang (單記章) (*Chairman of the Board*)

Mr. ZENG Daibing (曾代兵)

Non-executive Directors

Mr. LIU Weihong (劉衛紅) (*re-designated from an executive Director to a non-executive Director on January 29, 2026*)

Dr. YANG Lei (楊磊)

Independent non-executive Directors

Prof. LI Qingyuan (李青原)

Prof. LONG Wenmao (龍文懋)

Prof. XU Ming (徐明)

An up-to-date list of the Directors and their roles and functions is maintained on the Company's website and the Stock Exchange's website. The biographical details of the Directors are set out in the section headed "Biographical Details of Directors" in this annual report.

To the best knowledge of the Company, there is no relationship (including financial, business, family or other material/relevant relationship(s)) among the Directors and other senior management.

Throughout the Reporting Period, the Board has met the requirements of the Listing Rules regarding the appointment of at least three independent non-executive directors (representing at least one-third of the Board), with at least one of whom possessing appropriate professional qualifications, or accounting, or related financial management expertise. To provide transparency to the investor community and in compliance with the Listing Rules and the Corporate Governance Code, the independent non-executive Directors of the Company are clearly identified in all corporate communications containing the names of the Directors.

Board Independence

The Company recognises the importance of board independence, which enhances the effectiveness of the Board and the governance of the Group. In light of this, the Company adopts the following key mechanisms under its governance structure, which is subject to annual review by the Board, to ensure that independent views and inputs are provided to the Board:

- the Company has complied with the requirements regarding the appointment of independent non-executive directors under the Listing Rules throughout the Reporting Period, and all or majority of the members of the Board committees comprise independent non-executive Directors only;
- the Company has adopted a Board Diversity Policy to adopt formal practices for assessing the independence of the independent non-executive Directors annually with regards to all relevant factors, and to ensure that a wide range of criteria will be taken into account in considering suitable candidates to serve as a Director. Please refer to the paragraph headed "Board Diversity Policy" below for further details;
- the Board and the Nomination Committee will evaluate on an annual basis as to whether an independent non-executive Director is independent in accordance with the Corporate Governance Code and the relevant requirements under Rule 3.13 of the Listing Rules. Annual confirmations will also be obtained from each independent non-executive Director in this regard;
- the time commitment of Directors (including but not limited to the independent non-executive Directors) for performance of their responsibilities will be evaluated at least annually by the Board; and
- any Directors (including but not limited to the independent non-executive Directors) will be entitled to seek independent advice from external advisers if and when necessary for the performance of their duties.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in compliance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. There is also no independent non-executive Director who has served beyond nine years since the date of his or her first appointment. The Company is of the view that all independent non-executive Directors are still independent.

Responsibilities and Delegation

The Board of Directors has the general powers of management and operation of the Company, is responsible for the overall leadership of the Company, directing and supervising the Company's affairs and acting in the best interests of the Company and its Shareholders.

The Board reserves its discretion on all major matters relating to policy matters, strategies and budgets, risk management and internal control, material transactions (in particular those that may involve 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 operation and management of the Company are delegated to the chief executive officer and management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

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

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. 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.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings.

For other Board meetings and Board committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are despatched to the Directors or Board committee members at least three days before such meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

The matters considered by the Board and Board committees during the meetings and the decisions reached are recorded in sufficient details in the minutes of the meetings kept by the Joint Company Secretaries. Such details include, but are not limited to, any concerns raised by the Directors. The draft minutes of each Board meeting and Board committees meeting are sent to the relevant Directors for comments within a reasonable time after the meeting is held. All minutes are properly maintained by the Joint Company Secretaries and are available for the Directors' and Board committee members' inspection.

During the Reporting Period, the Company held four Board meetings, two Audit Committee meetings, one Remuneration Committee meeting, one Nomination Committee meeting, one general meeting. The attendance record of each Director at the above meetings is set out in the table below:

Name of Director	Attendance/Number of Meetings held during the Reporting Period				
	Board	Audit Committee	Nomination Committee	Remuneration Committee	General Meeting
Mr. SHAN Jizhang	4/4	–	1/1	1/1	1/1
Mr. LIU Weihong	4/4	–	–	–	1/1
Mr. ZENG Daibing	4/4	–	–	–	1/1
Dr. YANG Lei	4/4	–	–	–	1/1
Prof. LI Qingyuan	4/4	2/2	1/1	–	1/1
Prof. LONG Wenmao	4/4	2/2	1/1	1/1	1/1
Prof. XU Ming	4/4	2/2	–	1/1	1/1

In addition to the above meetings, Mr. Shan, the chairman of the Board, held a meeting with the independent non-executive Directors without the presence of the other Directors during the Reporting Period.

Appointment and Re-Election

According to the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

The Board is also empowered under the Articles of Association to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board from time to time and at any time. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Each Director (including the non-executive Director and independent non-executive Directors) is engaged for a term of three years. They are subject to retirement and re-election in accordance with the provisions of the Articles as mentioned above.

The procedures and processes for the appointment, re-election, and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the procedures for the nomination and appointment of Directors, monitoring the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

Dr. Yang Lei, Prof. Li Qingyuan, Prof. Long Wenmao and Prof. Xu Ming will retire at the forthcoming annual general meeting of the Company and being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company. None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract that is determinable by the Group within one year without payment of compensation, other than statutory compensation.

Training and Professional Development

Pursuant to the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the Board remains informed and relevant.

To help the Directors develop and refresh their knowledge and skills, internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Directors are required to provide details of the training they received in each financial year to the Company for the maintenance of proper training records. Throughout the Reporting Period, the training received by the Directors was as follows:

Name of Director	Type of continuous professional development training
Mr. SHAN Jizhang	A and B
Mr. LIU Weihong	A and B
Mr. ZENG Daibing	A and B
Dr. YANG Lei	A and B
Prof. LI Qingyuan	A and B
Prof. LONG Wenmao	A and B
Prof. XU Ming	A and B

Notes:

- A: Attending seminar(s), conference(s), forum(s) and/or training course(s) arranged by the Company or external parties
- B: Perusing materials provided by the Company or external parties, such as materials relating to the Company's business updates, directors' duties and responsibilities, corporate governance and regulatory updates, and other applicable regulatory requirements.

BOARD COMMITTEES

The Board has established three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees are established with specific terms of reference which deal clearly with their authority and duties, and are posted on the Company's website and the Stock Exchange's website.

The Board is responsible for performing the corporate governance duties set out in the Corporate Governance Code which includes developing and regularly reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the provisions in the Corporate Governance Code and disclosures in this annual report.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to (i) review and supervise the financial reporting process and the internal control system of the Group, (ii) oversee the audit process, (iii) provide advice and comments to the Board and (iv) perform other duties and responsibilities as assigned by the Board.

The Audit Committee comprises three independent non-executive Directors, namely Prof. Li Qingyuan, Prof. Long Wenmao, and Prof. Xu Ming. Prof. Li Qingyuan, being the chairperson of the audit committee and an independent non-executive Director, has appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

During the Reporting Period, the Audit Committee has convened two meetings and performed the following major tasks:

- Reviewed the half-yearly and annual results announcements and annual financial reports of the Group to ensure transparency and consistency of the financial disclosures.
- Discussed matters with respect to effectiveness of the Company's financial reporting system, the system of internal control in operation, risk management system and associated procedures within the Group with senior management members, internal auditors and the Auditor.
- Reviewed, with both the external auditor and management, the audit approach and methodology applied, in particular to the key matters in the Auditor's Report.
- Reviewed the plans, resources and work of the Company's internal auditors.
- Approved the internal audit plan for 2025 and conducted half yearly review of the internal audit activities.
- Reviewed significant issues raised by the internal audit department of the Company, the external auditor, external consultants, and management's response to their recommendations.
- Reviewed the adequacy and effectiveness of the Group's risk management and internal control systems, along with its accounting, financial reporting, and internal audit functions.
- Oversaw the risks undertaken by the Company.
- Oversaw the Group's anti-money laundering system, anti-corruption policy, and whistleblowing mechanism.
- Discussed and made recommendation on the re-appointment of the Auditor.
- Reviewed the independence, terms of engagement and remuneration of PricewaterhouseCoopers for annual audit for the Reporting Period.
- Reviewed the effectiveness of the external audit process.

The Auditor was invited to attend the Audit Committee meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. During the Reporting Period, the Audit Committee communicated with the external auditor twice and discussed with the Auditor in the absence of the executive Directors. The Audit Committee is satisfied with the independence and engagement of the Auditor. As such, the Audit Committee has recommended its re-appointment.

The Audit Committee reviewed the interim results of the Group for the six months ended June 30, 2025 and the annual results of the Group for the financial year ended December 31, 2025. Based on the review and discussions with management, the Audit Committee was satisfied that the consolidated financial statements of the Group for the financial year ended December 31, 2025 were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended December 31, 2025. The Audit Committee therefore recommended that the consolidated financial statements of the Group for the financial year ended December 31, 2025 be approved by the Board.

For a summary of the work of the Audit Committee performed in respect of the review of the Company's risk management and internal control systems, please refer to the paragraph headed "Risk Management and Internal Control – Ongoing Review" below.

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements which should give a true and fair view of the state of affairs of the Company and of the results and cash flows for such reporting period.

In preparing the financial statements, the Board has adopted generally accepted accounting standards in Hong Kong and suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable, and prepared the financial statements on a going concern basis. The Board is responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Company's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The Auditor is responsible for auditing and reporting its opinion on the financial statements of the Company. The independent auditor's report for the Reporting Period is set out in the section headed "Independent Auditor's Report" of this annual report.

Auditor's Remuneration

For the year ended December 31, 2025, the remuneration for the audit services (which mainly related to annual audit) paid to the Auditor amounted to RMB5,211,000; while the remuneration for the non-audit services (being services related to environmental, social and governance report) amounted to RMB170,000.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Nomination Committee are to (i) review the structure, size and composition of the Board on a regular basis and make recommendations to our Board regarding any proposed changes to the composition of the Board, (ii) identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, (iii) assess the independence of the independent non-executive Directors and (iv) make recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of Directors and succession planning for Directors.

The Nomination Committee comprises one executive Director, namely Mr. Shan Jizhang, and two independent non-executive Directors, namely Prof. Long Wenmao and Prof. Li Qingyuan. Mr. Shan Jizhang is the chairperson of the Nomination Committee.

During the Reporting Period, the Nomination Committee has convened one meeting and performed the following major tasks:

- Reviewed the structure, size and composition of the Board and its committees to ensure that they have a balance of expertise, skills and experience appropriate to the requirements for the business of the Group.
- Assessed the independence of all the independent non-executive Directors.
- Reviewed the board diversity policy, the workforce diversity policy and the policy for the nomination of directors during the Reporting Period.
- Considered the qualifications of the retiring Directors standing for election at the annual general meeting.

Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. We have adopted a board diversity policy (the “**Board Diversity Policy**”) with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of the Group from time to time. The Board Diversity Policy, which is subject to review by the Nomination Committee from time to time, formally recognises the practice of ensuring that independent views and input are made available to the Board.

The Board Diversity Policy highlights the important role in the Board that independent non-executive Directors play in bringing an impartial view on the Company’s strategies, performance and control, as well as ensuring that the interests of all shareholders are considered. In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Nomination Committee and the Board will assess the Directors’ independence with regards to all relevant factors from time to time. These factors include whether the independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience, and whether they hold any other offices in the Company or any of its subsidiaries or are interested in any shares of the Company.

Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee would consider a range of diversity of perspectives with reference to the Company’s business model and specific needs, including but not limited to skills, knowledge, professional experience and qualifications, industry and regional experience, cultural and educational background, age, gender and the potential contributions that the candidate is expected to bring to the Board. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to the Board. The Nomination Committee also reviews the Board Diversity Policy from time to time to ensure its continued effectiveness.

The Board has a balanced mix of experiences and skills, including but not limited to overall business management, research and development as well as finance and accounting. The Board also has a relatively wide range of age, ranging from 43 years old to 58 years old. In addition, in terms of gender diversity, the Board also currently has one female Director. The Board therefore believes that the composition of the current Board satisfies the Board Diversity Policy.

The Board places strong emphasis on diversity (including but not limited to gender diversity) at the Board level and across all levels of the Group. Taking into account the Board's view that the current Board composition satisfies the Board Diversity Policy, the Board targets to maintain at least the current level of female representation in the Board. In considering the Board's succession, the Board will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, employees and management of the Group, and engaging external search firms. These measures will ensure that the Board will be able to develop a pipeline of potential successors to the Board, such that the Board will be able to take the opportunity to further increase the diversity on the Board (including but not limited to the proportion of female members of the Board) as and when such opportunity arise and suitable candidates are identified, taking in account the selection criteria as outlined under the paragraph "Nomination Procedures" below. The Company will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that it will have a pipeline of female senior management and potential successors to the Board in due time to ensure gender diversity of the Board. The Group will continue to emphasize training of female talent and providing long-term development opportunities for female staff.

Workforce Diversity

In addition to gender diversity within the Board, the Company is also committed to promoting gender diversity among its workforce generally. As of December 31, 2025, the gender ratio in the Company's workforce (including senior management) is as follows:

Male	78.2%
Female	21.8%
Total	100%

The Company targets to maintain at least the current level of gender diversity in its workforce. In order to achieve such goals while also ensuring that the Group's business needs and objectives may be met and diversity across all other aspects may be achieved, the Group will continue to adopt a gender-neutral employment policies to ensure that candidates of all skills, background qualities and gender will be allowed equal opportunities to be considered, and the Group will be able to select its employees from a diversified pool of talents.

Given that the Advanced Driving Assistance System and intelligent vehicle solutions industry is a highly specialised industry, the employees of the Group are often required to possess specialised skill sets and undergo extensive professional trainings in order to be able to meet the business needs and objectives of the Group. As such, this may pose challenges to the Group in terms of achieving gender diversity in the workforce on the one hand, and recruiting talents which are able to meet the Group's business needs and objectives on the other hand. In this regard, the Group has also developed various training programs for its employees as outlined in its Environmental, Social and Governance Report, such that the Group may continue to recruit from a broad base of talents and improve its workforce diversity, whilst also empowering its employees from all skills, background, qualities and gender to meet the business needs of the Group.

Nomination Procedures

The Nomination Committee and the Board may nominate candidates for directorship. In assessing the suitability and the potential contribution to the Board of a proposed candidate, the Nomination Committee may make reference to certain selection criteria, such as reputation for integrity, professional qualifications and skills, accomplishment and experience in the internet and technology markets, commitment and relevant contribution, diversity in all aspects. The Nomination Committee shall report its findings and make recommendation to the Board on the appointment of appropriate candidate for directorship for decision and succession planning. The ultimate responsibility for selection and appointment of Directors rests with the entire Board.

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are to (i) make recommendations to the Board on the policy and structure of the remuneration for the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning remuneration, (ii) make recommendations to the Board on the remuneration packages of individual executive Directors and members of senior management, (iii) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, and (iv) review and approve the management's remuneration proposals with reference to corporate goals and objectives of the Board.

The Remuneration Committee comprises two independent non-executive Directors, namely Prof. Long Wenmao and Prof. Xu Ming, and one executive Director, namely Mr. Shan Jizhang. Prof. Long Wenmao is the chairperson of our remuneration committee.

During the Reporting Period, the Remuneration Committee has convened one meeting and performed the following major tasks:

- Reviewed the remuneration policy and remuneration packages of the Directors and the senior management of the Company.
- Conducted regular reviews with reference to companies with comparable business or scale.
- Consulted the Chairman of the Board about the performance of senior executives.
- Reviewed the terms of and the grant of awards to grantees under the Post-IPO Share Plan.

The Post-IPO Share Plan was conditionally adopted and approved on July 26, 2024. The Post-IPO Share Plan constituted a share scheme under the Chapter 17 of the Listing Rules. Since the date of adoption of the Post-IPO Share Plan up to December 31, 2025, an aggregate of 18,902,643 Shares was granted under the Post-IPO Share Plan. For details, please refer to the Company's announcements dated May 7, 2025, July 31, 2025 and October 21, 2025 and the section headed "Share Incentive Schemes — Post-IPO Share Plan" in this annual report. The Remuneration Committee will review and/or approve matters in relation to the Post-IPO Share Plan in accordance with the requirements under Chapter 17 of the Listing Rules as and when such matters are proposed under the Post-IPO Share Plan.

Remuneration Policy

The Directors and members of senior management receive remuneration from the Company in the form of fees, wages and salaries, discretionary bonuses, share-based compensation and other benefits in kind.

The Remuneration Committee adopted the model set out in item (ii) under the Code Provision E.1.2(c) of Part 2 of the Corporate Governance Code that the emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the individual performance and comparable market statistics. The emolument of each Director and senior management of the Group is covered by their respective service contracts.

The Board regularly reviews and determines the remuneration and compensation packages of the Directors and senior management and receives recommendation from the Remuneration Committee, which takes into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

Pursuant to code provision E.1.5 of Part 2 of the Corporate Governance Code, the annual remuneration (including share-based compensation) of the members of senior management, including those members of senior management who are also executive Directors, by band for the Reporting Period is set out below:

Annual Remuneration	Number of Individuals
HK\$0 to HK\$15 million	1
HK\$15 million to HK\$30 million	2
Above HK\$30 million	1

The emoluments in respect of each of the directors paid/payable by the Company for the year ended December 31, 2025 are as follows:

Name	Director's fee RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Social security costs, housing benefits and employee welfare RMB'000	Subtotal ⁽²⁾ RMB'000	Share-based compensation expenses RMB'000	Total ⁽³⁾ RMB'000
Executive Directors							
- Shan Jizhang	-	1,602	831	192	2,625	101,763	104,388
- Liu Weihong ⁽¹⁾	-	1,122	374	248	1,744	14,090	15,834
- Zeng Daibing	-	1,664	715	180	2,559	7,121	9,680
Non-executive Director							
- Yang Lei	-	-	-	-	-	-	-
Independent Non-executive Directors							
- Li Qingyuan	150	-	-	-	150	-	150
- Long Wenmao	150	-	-	-	150	-	150
- Xu Ming	150	-	-	-	150	-	150
	450	4,388	1,920	620	7,378	122,974	130,352

Notes:

- (1) On January 29, 2026, the Board resolved that Mr. Liu Weihong be re-designated from an executive director to a non-executive director, effective from the same date.
- (2) Amount of Directors' emoluments excluding share-based compensation expenses.
- (3) Amount of Directors' emoluments including share-based compensation expenses.

Risk Management and Internal Control

The Board acknowledges its overall responsibility for the risk management and internal control of the Company. 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 Company is dedicated to the establishment and maintenance of a robust risk management and internal control system. We have adopted and continually improve our internal control mechanisms to ensure the compliance of our business operations. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency.

We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance matters. Our Board will be collectively responsible for the establishment and operations of mechanisms in relation to corporate governance and environmental, social and governance. Our Directors are involved in the formulation of such mechanisms and the related policies.

We have adopted and implemented risk management policies in various aspects of our business operations to address various potential risks in relation to operations, compliance, information security and data privacy, intellectual property and investment.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk.

We take a comprehensive approach with regard to operational risk management, and implement a mechanism with detailed and decentralized responsibilities and clear rewards and punishment systems. Our information technology, human resources, finance and operations departments are collectively responsible to ensure the compliance of our operations with internal procedures. In the event of a major adverse event, the matter will be escalated to the senior management and the Board to take appropriate measures. Through effective operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Compliance Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines.

Compliance management refers to the dynamic managing processes of our effective identification and management of compliance risks and proactively preventing the occurrence of risk events. Compliance risk management is the core of our risk management activities, the foundation for effective internal controls and an important aspect of our corporate culture. We have established a sound compliance risk management framework as part of our comprehensive risk management system, to achieve effective identification and management of compliance risk and ensure that our operations are in compliance with applicable laws and regulations.

Information Security and Data Privacy Risk Management

We attach the greatest importance to data security and protection. We have adopted our standard protective measures including confidentiality categorization, access control, data encryption and desensitization to prevent unauthorized access, leakage, improper use or modification of, damage to or loss of data and personal information. We have built up a comprehensive personal information management system and formulated a series of technical standards and specifications to ensure data and personal information security throughout their life cycle.

Intellectual Property Risk Management

We have implemented a set of comprehensive measures to protect our intellectual property. The key measures include:

- **Uniform and centralized IP management:** We conduct uniform and centralized IP management through our legal and IP department. Any application, implementation, authorization or transfer of our intellectual property rights will need to be subject to the approval of our legal and IP department.
- **Shared IP rights within Group:** Any of our intellectual property rights, as long as they are owned by one of our subsidiaries or controlled entities, can be shared among Group members for manufacturing, import, sales or promise to sell relevant products.

Investment Risk Management

We invest in or acquire businesses that are complementary to our business and aligned with our overall growth strategies, such as businesses that can expand our service offerings and strengthen our technological capabilities. In order to manage potential risks associated with investments, we generally obtain minority protection rights from our investment portfolio companies.

Our capital operations department has primarily been responsible for our investment project sourcing, screening, due diligence, risk assessment, valuation, execution and post-investment monitoring. Each investment is assessed with consideration of strategic value, risks and reward. We have established investment project evaluation and approval processes.

Anti-corruption Risk Management

Anti-corruption risk refers to the risk of use of cheating, bribery or other illegal measures for (i) the pursuit of improper personal benefits at the expense of our economic interests and (ii) the pursuit of improper interests of the Company. We have established our anti-corruption risk management policies prohibiting any corruption activities by the employees, either for the pursuit of improper personal benefits or improper interests of the Company. We have zero-tolerance of corruption and do not accept employment or promotion of persons responsible for corruption incidents. We conduct routine internal trainings and require all suppliers to execute anti-corruption commitments before engagement.

Whistleblowing Policy

We have maintained a whistleblower mechanism to encourage the internal reporting of suspicious activities. The purpose of this mechanism is to (i) foster a culture of compliance, ethical behaviour and good corporate governance across the Company; and (ii) promote the importance of ethical behaviour and encourages the internal reporting of misconduct, unlawful and unethical behavior. The nature, status and the results of the complaints received under the whistleblower mechanism are reported to the senior management. The senior management may then report any complaints received or any matters of significance to the Audit Committee as and when necessary. No incident of fraud or misconduct that have material effect on the Company's financial statements or overall operations for the year ended December 31, 2025 has been discovered.

Ongoing Review

To monitor the ongoing implementation of our risk management policies, we have established an Audit Committee to supervise and, review our financial reporting process, internal control system and internal audit functions on an ongoing basis and at least annually, so as to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. For details, please refer to the section headed "Board Committees – Audit Committee" above.

In addition to our internal control department, we have also established an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department is responsible for leading investigations and reporting any major issues identified to the Audit Committee on a timely basis.

In respect of the Reporting Period, on behalf of the Board, the Audit Committee conducted a review of the risk management and internal control systems of the Company and concluded that they are effective and adequate. The Board through the Audit Committee has also reviewed the Group's internal audit functions, including but not limited to the sufficiency of resources, staff qualifications and experiences, and training programs, and were satisfied with the effectiveness of the internal audit functions.

CORPORATE GOVERNANCE MEASURES WITH OUR SINGLE LARGEST SHAREHOLDER

Mr. Shan, who controlled the exercise of voting rights representing approximately 14.24 % of the total number of Shares in issue as of December 31, 2025, is our single largest shareholder (the "**Single Largest Shareholder**"). To safeguard the rights and interests of all Shareholders, particularly minority Shareholders, and to avoid potential conflicts of interest between the Group and the Single Largest Shareholder, the Company has implemented a series of corporate governance measures. These include establishing internal control mechanisms to identify connected transactions, conducting annual reviews by the independent nonexecutive Directors to assess whether any conflicts of interest exist, and providing impartial and professional advice. The Company also discloses decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements, as required under the Listing Rules.

The independent non-executive Directors confirmed that they have reviewed the information provided by Mr. Shan and were satisfied that there were no conflicts of interests between the Group and Mr. Shan during the Reporting Period.

SECURITIES DEALING AND HANDLING OF INSIDE INFORMATION

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules as the code of conduct regulating Directors' dealings in securities of the Company. In response to specific enquiries made by the Board, all Directors confirmed that they have complied with the provisions of the Model Code during the Reporting Period.

To supplement the Model Code, the Company has also implemented a policy in relation to the handling and dissemination of inside information. Access to inside information is at all times confined to relevant personnel (i.e. Directors, senior management and relevant employees) on a need-to-know basis, until the inside information is properly disclosed in accordance with applicable laws and regulations. Directors, senior management and relevant employees in possession of inside information or potential inside information are required to take reasonable steps to preserve confidentiality and to ensure that its recipients recognize their obligations to maintain confidentiality.

JOINT COMPANY SECRETARIES

The Joint Company Secretaries are responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed. The current Joint Company Secretaries are Mr. Sun Xiaoxiang and Ms. Kwok Siu Ying Sarah.

Mr. Sun joined the Group in July 2022 and is currently serving as our Board Secretary and finance director. Prior to joining the Group, he was a board secretary office director at Ningbo Joyson Electronic Corp. (寧波均勝電子股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600699.SH), and a director of investor relations at Ningbo Junpu Intelligent Manufacturing Co., Ltd. (寧波均普智能製造股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688306.SH), from September 2021 to July 2022.

Ms. Kwok has been appointed to assist Mr. Sun. Ms. Kwok, manager of corporate services at Vistra Corporate Services (HK) Limited, has over ten years of experience in the corporate secretarial field and provides corporate secretarial and compliance services to Hong Kong listed companies as well as multinational, private and offshore companies.

During the Reporting Period, Mr. Sun is the primary corporate contact person of Ms. Kwok at the Company, and each of the Joint Company Secretaries has attended a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investors relation as well as the functions and duties of the company secretary of a Hong Kong listed issuer as required under Rule 3.29 of the Listing Rules.

RELATIONSHIP WITH SHAREHOLDERS

Communication with Shareholders

The Board believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables the Shareholders and investors to make the best investment decision.

The Company communicates with the Shareholders and the investment community mainly through the Company's financial reports (including the interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website.

Shareholders' Meetings

The general meetings of the Company serve as an opportunity for the Directors and senior management to communicate with the Shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Notice in writing is given by the Company to the Shareholders at least 21 days before an annual general meeting and at least 14 days before any extraordinary general meeting.

Board members, in particular, the chairperson of Board committees or their delegates, appropriate management executives and external auditors (as appropriate) will attend annual general meetings to answer Shareholders' questions.

The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served.

During the Reporting Period, the Company convened one annual general meeting on May 30, 2025.

Corporate Communication

Corporate communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding about the content of the communication. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means). Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Company's Website

The Company maintains a website at <http://www.blacksesame.com> as a communication platform with the Shareholders and investors. Information on the Company's website is updated on a regular basis. Information released by the Company to the website of the Stock Exchange is also posted on the Company's website for corporate communications immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents etc.

Shareholders' Enquiries

Shareholders and investors may send written enquiries or requests to the Company, for the attention of the Board of Directors. The contact details are as follows:

Email: IR@bst.ai

Shareholders may direct their questions about their shareholdings to the Company's Hong Kong Share Registrar, Tricor Investor Services Limited. The Company ensures that the Hong Kong Share Registrar maintains the most up-to-date information relating to the Shares at all times so that it can respond effectively to the Shareholders' enquiries.

Policies Relating to Shareholders

Shareholders' Communication Policy

The Company has established a shareholders' communication policy with the objective of ensuring that the Shareholders and the investment community at large are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to enhance the communication among Shareholders, the investment community and the Company. The shareholders' communication policy is available for viewing on the Company's website at <http://www.blacksesame.com>.

The Board reviews the shareholders' communication policy on a regular basis to ensure its effectiveness. The Board has reviewed the implementation and effectiveness of the shareholders' communication policy during its meetings, and are of the view that the shareholders' communication policy has been effectively implemented and that the dissemination of information to the Shareholders were effective.

Dividend Policy

The Company has adopted a dividend policy (the "**Dividend Policy**") in relation to the declaration, payment or distribution of the Company's net profits as dividends to the Shareholders.

The Company does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and distribute dividends to the Shareholder, taking into account factors set out in the Dividend Policy such as the Company's financial results and cash flow situation. Dividends may be proposed and/or declared by the Board for a financial year or period, and any final dividend for a financial year will be subject to Shareholders' approval.

Shareholders' Rights

Save for resolutions purely relating to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands, all resolutions put forward at the Shareholders' meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company (<http://www.blacksesame.com>) and the Stock Exchange (www.hkexnews.hk) after each Shareholders' meeting.

Pursuant to the Articles of Association, extraordinary general meetings shall be convened on the written requisition of any Shareholder or Shareholders entitled to attend and vote at general meetings of the Company who hold not less than 10 per cent of the voting rights of the Company for a date no later than 21 days from the date of deposit of the requisition signed by the requisitionists. The written requisition shall be deposited at the principal office of the Company and shall specify the objects of the meeting requisitioned. If there are no Directors as of the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors.

There is no provision allowing the Shareholders to move new resolutions at general meetings under the Cayman Companies Act or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

The Company's latest Articles of Association are available on the websites of the Company (<http://www.blacksesame.com>) and the Stock Exchange (www.hkexnews.hk).

Details of the Interests and Short Positions in Shares and Underlying Shares of the Company

For details of the holdings of the Directors, the chief executive and substantial shareholders in the Shares and underlying shares of the Company as of December 31, 2025, please refer to the sections headed "Directors' Interests and Short Positions in Shares, Underlying shares and Debentures of the Company or any Associated Corporations" and "Substantial Shareholders' Interests and Short Positions in Shares and Underlying shares of the Company" in this annual report.

Change in Articles of Association

There was no change to the Articles of Association of the Company during the Reporting Period.

The Board of Directors is pleased to present this Directors' Report together with the audited consolidated financial statements of the Group for the year ended December 31, 2025.

GENERAL INFORMATION ABOUT THE COMPANY

Principal Activities

We are a leading automotive-grade intelligent vehicle computing SoC and SoC-based intelligent vehicle solution provider. Our proprietary automotive-grade products and technologies equip intelligent vehicles with mission-critical capabilities, including Advanced Driving Assistance System, smart cockpit, advanced imaging and interconnection. We provide full-stack Advanced Driving Assistance System capabilities to meet broad customer needs through our self-developed IP cores, algorithms and software-driven SoC and SoC-based solutions. The Company is an investment holding company and details and principal activities of its principal subsidiaries are set out in Note 14 to the consolidated financial statements.

Business Review

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance, including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business, a description of the principal risks and uncertainties facing the Group and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. These discussions form part of the Group's business review.

Results and Appropriations

The results of the Group for the year ended December 31, 2025 are set out in the consolidated statement of profit or loss.

The Board has resolved not to declare any final dividend for the year ended December 31, 2025 (for the year ended December 31, 2024: Nil).

Final Dividend

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

Five-Year Financial Summary

A summary of the consolidated results and financial positions of the Group is set out on page 4 of this annual report.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 15 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the Reporting Period are set out in Note 25 to the consolidated financial statements.

Distributable Reserves

As of December 31, 2025, the Company had no distributable reserves.

Details of the movements in the reserves of the Company during the Reporting Period are set out in Note 27 to the consolidated financial statements.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group as of December 31, 2025 are set out in Note 28 to the consolidated financial statements.

Issuance of Debentures

During the Reporting Period, the Group has not issued any debentures.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the Reporting Period and as of the Latest Practicable Date, at least 25% of the total issued shares of the Company have been held by the public, which complies with the requirements of the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares) during the Reporting Period. The Company did not have any treasury shares as defined under the Listing Rules as of December 31, 2025. Treasury shares presented in notes to the financial information includes shares held by Excellent Ocean Trust in connection with the Pre-IPO Share Plan, and does not fall within the meaning of "treasury shares" under the Listing Rules.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

Donations

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

Tax Relief

The Company is not aware of any tax relief available to the Shareholders by reason of their holding of the Company's securities. If the Shareholders are unsure about the taxation implications of purchasing, holdings, disposing of, dealing in, or the exercise of any rights (including entitlements to any relief of taxation) in relation to, the Shares, they are advised to consult an expert.

Major Customers and Suppliers

For the Reporting Period, revenue generated from the five largest customers of the Group accounted for approximately 38.1% of the Group's total revenue, and the revenue generated from the largest customer accounted for approximately 9.1% of the Group's total revenue.

For the Reporting Period, purchase amounts from the five largest suppliers of the Group accounted for approximately 27.6% of the Group's total purchase, and the purchase amounts from the largest supplier accounted for approximately 8.5% of the Group's total purchase.

None of the Directors, their close associates or any Shareholders who to the knowledge of the Directors own more than 5% of the Company's issued share capital (excluding treasury shares) had an interest in the share capital of any of the Group's five largest customers and suppliers during the Reporting Period.

Contract of Significance

During the Reporting Period, no contract of significance was entered into between the Company, or one of its subsidiaries, and Mr. Shan, the single largest Shareholder.

Management Contracts

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

Legal Proceedings and Compliance

During the Reporting Period, the Company had not been and was not a party to any material legal, arbitral or administrative proceedings against it that could, individually or in the aggregate, have a material adverse effect on its business, financial condition and results of operations.

During the Reporting Period, the Company had complied with the applicable laws and regulations in relation to its business in all material respects and was not involved in any non-compliance incidents which the Directors believe would, individually, or in aggregate, have a material adverse effect on its business as a whole.

Corporate Governance

For details regarding the Company's corporate governance, please refer to the "Corporate Governance Report" on pages 18 to 36 of this annual report.

Environmental Policies and Performance

For details regarding the Company's environmental policies and performance, please refer to the "Environmental, Social and Governance Report" on pages 65 to 107 of this annual report.

SHARE INCENTIVE SCHEMES

The Company has adopted two share incentive schemes, namely the Pre-IPO Share Plan and the Post-IPO Share Plan.

1. Pre-IPO Share Plan

The following is a summary of the principal terms of the Pre-IPO Share Plan of the Company as approved by the Board on September 7, 2016 and amended on December 31, 2021 and from time to time.

(a) Purpose

The purpose of the Pre-IPO Share Plan is to offer persons selected by the Company an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by acquiring Shares. For further details of the Pre-IPO Share Plan, please refer to the section headed "Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Plan" in Appendix IV to the Prospectus.

(b) Administration

The Pre-IPO Share Plan may be administered by one or more committees of the Board (the "**Committee**"). Each Committee shall consist, as required by applicable law, of one or more members of the Board who have been appointed by the Board. Each Committee shall have such authority and be responsible for such functions as the Board has assigned to it. If no Committee has been appointed, the entire Board shall administer the Pre-IPO Share Plan.

Subject to the provisions of the Pre-IPO Share Plan, the Board shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Pre-IPO Share Plan.

All decisions, interpretations and other actions of the Board shall be final and binding on all persons to whom the Board has offered the right to purchase Shares under the Pre-IPO Share Plan ("**Purchasers**", each a "**Purchaser**"), all persons who holds an option that qualifies as an incentive stock option ("**ISO**") as described in Section 422(b) of U.S. Internal Revenue Code of 1986, as amended ("**Code**") or an option that does not qualify as an incentive stock option as described in Code Section 422(b) or 423(b) ("**Non-statutory Option**", together with ISO, "**Pre-IPO Option**") granted under the Pre-IPO Share Plan and entitling the holder to purchase Shares ("**Optionees**", each an "**Optionee**") and all persons deriving their rights from a Purchaser or Optionee.

(c) Eligibility

Only (i) individuals who are common-law employees of the Group ("**Employees**" each an "**Employee**"), (ii) members of the Board who are not an Employee ("**Outside Directors**") and (iii) a person, excluding Employees and Outside Directors, who performs bona fide services for the Group as a consultant or advisor ("**Consultants**") shall be eligible for the grant of Non-statutory Options, bookkeeping entries representing the equivalent of Shares ("**Restricted Share Units**") or the direct award or sale of Shares. Only Employees shall be eligible for the grant of ISOs.

(d) Shares Subject to the Pre-IPO Share Plan

Not more than 156,847,868 Shares may be issued under the Pre-IPO Share Plan, representing approximately 24.47% and 23.11% of the issued share capital (excluding treasury shares, if any) of the Company as of December 31, 2025 and the Latest Practicable Date, respectively, subject to any adjustment of Shares pursuant to the Pre-IPO Share Plan.

(e) Term of the Pre-IPO Share Plan

The Pre-IPO Share Plan shall become effective on the date of its adoption by the Board, subject to approval of the Company's shareholders. The Pre-IPO Share Plan shall terminate automatically 10 years after the later of (i) the date when the Board adopted the Pre-IPO Share Plan or (ii) the date when the Board approved the most recent increase in the number of Shares reserved under the Pre-IPO Share Plan that was also approved by the Company's shareholders. The Pre-IPO Share Plan may be terminated on any earlier date pursuant to the right of the Board. Accordingly, the remaining life of the Pre-IPO Share Plan is approximately 5.7 years as of the Latest Practicable Date.

(f) Details of the Shares, Options and Restricted Share Units awarded or granted under the Pre-IPO Share Plan

As of December 31, 2025, no Shares were awarded or agreed to be awarded by the Company pursuant to the Pre-IPO Share Plan.

As of December 31, 2025, Pre-IPO Options (excluding any Pre-IPO Options which have been forfeited, expired or cancelled pursuant to the Pre-IPO Share Plan) to subscribe for an aggregate of 153,912,883 Shares (i.e., all Shares reserved for the Pre-IPO Share Plan) had been granted to the Directors, senior management and employees of our Group. Within such 153,912,883 Shares, (i) 24,187,308 Shares were issued to Excellent Ocean Trust which was set up with an independent professional trustee to manage the Pre-IPO Options granted to 12 grantees under the Pre-IPO Share Plan, (ii) 40,784,686 Shares were issued to the employees of the Group who exercised their Pre-IPO Options granted pursuant to the Pre-IPO Share Plan of the Company, and (iii) 88,940,889 Shares may be further issued for outstanding Pre-IPO Options held by the grantees under the Pre-IPO Share Plan, representing approximately 13.88% and 13.11% of the total issued share capital (excluding treasury shares, if any) of the Company as of December 31, 2025 and the Latest Practicable Date, respectively.

Directors' Report (continued)

Details of the movements of the share options granted but not yet exercised under the Pre-IPO Share Plan during the Reporting Period are set out below:

Category/ name of grantee	Date of grant	Vesting period ⁽¹⁾	Exercise period	Exercise price (US\$)	Number of Shares underlying the outstanding Options as at January 1, 2025	During the Reporting Period			Number of Shares underlying the outstanding Options as at December 31, 2025
						Exercised ⁽²⁾	Cancelled	Lapsed	
Directors									
Mr. Shan	March 22, 2018	A	10 years	0.09	5,000,000	-	-	-	5,000,000
	July 20, 2021	D	from the date of grant	0.19	25,000,000	-	-	-	25,000,000
	June 11, 2023	D		0.59	15,000,000	-	-	-	15,000,000
Mr. Liu Weihong	March 22, 2018	A	10 years	0.09	2,291,667	-	-	-	2,291,667
	July 20, 2021	D	from the date of grant	0.19	4,800,000	-	-	-	4,800,000
	September 26, 2022	D		0.56	1,000,000	-	-	-	1,000,000
	June 11, 2023	D		0.59	1,800,000	-	-	-	1,800,000
Mr. Zeng Daibing	September 29, 2018	A	10 years	0.09	1,300,000	-	-	-	1,300,000
	September 25, 2019	A	from the date of grant	0.18	240,000	-	-	-	240,000
	September 28, 2020	A		0.19	500,000	-	-	-	500,000
	July 20, 2021	D		0.19	2,960,000	-	-	-	2,960,000
	September 26, 2022	D		0.56	750,000	-	-	-	750,000
	June 11, 2023	D		0.59	710,000	-	-	-	710,000
Senior management									
Mr. Yang Yuxin	March 18, 2020	A	10 years	0.18	3,500,000	-	-	-	3,500,000
	July 20, 2021	D	from the date of grant	0.19	1,000,000	-	-	-	1,000,000
	September 26, 2022	D		0.56	1,000,000	-	-	-	1,000,000
	June 11, 2023	D		0.59	450,000	-	-	-	450,000
Core R&D team members									
4 grantees	December 15, 2017 to June 11, 2023	A, D, F	10 years from the date of grant	0.035 to 0.59	9,528,166	2,787,950	-	-	6,740,216
Connected persons									
Mr. Pan Hui	September 28, 2020	A	10 years	0.19	123,380	13,380	-	-	110,000
	July 20, 2021	D	from the date of grant	0.19	200,000	-	-	-	200,000
	September 26, 2022	D		0.56	250,000	-	-	-	250,000
	June 11, 2023	D		0.59	250,000	-	-	-	250,000
Other grantees									
Employees	December 15, 2017 to July 14, 2024	A, B, C, D, E, F	10 years from the date of grant	0.035 to 0.70	54,532,767	15,294,249	962,204	-	38,276,314
Total					132,185,980	18,095,579	962,204	-	113,128,197

Notes:

(1) Please refer to different categories of vesting schedules below:

Category	Vesting Schedule
A	25% of the total granted share options shall vest one year from the vesting commencement date and the remaining 75% shall vest on each month thereafter over the next three years in equal portion
B	1/3 of the total granted share options shall vest one year from the vesting commencement date and the remaining 2/3 shall vest on each month thereafter over the next two years in equal portion
C	50% of the total granted share options shall vest one year from the vesting commencement date and the remaining 50% shall vest each month thereafter over the next year in equal portion
D	50% of the total granted share options shall vest two years from the vesting commencement date and the remaining 50% shall vest each year thereafter over the next two years in equal portion
E	100% of the total granted share options shall vest one year from the vesting commencement date
F	100% of the total granted share options shall vest on the vesting commencement date

(2) The weighted average closing price of the Shares immediately before the exercise date of the share options was HK\$21.81.

2. Post-IPO Share Plan

The following is a summary of the key terms of the Post-IPO Share Plan as conditionally adopted and approved by the Shareholders on July 26, 2024. For further details of the Post-IPO Share Plan, please refer to the section headed "Statutory and General Information – D. Share Incentive Schemes – 2. Post – IPO Share Plan" in Appendix IV to the Prospectus.

(a) Purpose

The purposes of the Post-IPO Share Plan are to recognise, motivate and provide incentives to those who make contributions to the Group, to attract and retain the best available personnel, to provide additional incentive to employees or directors of the Group, and to promote the success of the business of the Group. The Post-IPO Share Plan will give the participants an opportunity to have a personal stake in the Company and will help achieve the following objectives: (i) motivate the participants to optimise their performance and efficiency; and (ii) attract and retain the participants whose contributions are important to the long-term growth and profitability of the Group.

(b) Types of awards

The Post-IPO Share Plan provides for an award of (i) an option to subscribe for Shares (the "**Post-IPO Option**"), or (ii) an award to subscribe for Shares (the "**Post-IPO Awards**") pursuant to the terms of the Post-IPO Share Plan.

(c) Administration

Subject to compliance with the requirements of the Listing Rules and the provisions of the Post-IPO Share Plan, the Board shall have the power, among other matters, to (i) interpret and construe the provisions of the Post-IPO Share Plan; (ii) determine the Participants who will be offered Post-IPO Options and/or Post-IPO Awards under the Post-IPO Share Plan, and with respect to each participant, the amount of Post-IPO Options to be granted and the exercise price (in the case of Post-IPO Options), and the amount of Post-IPO Awards to be granted and the purchase price (in the case of Post-IPO Awards); (iii) make such appropriate and equitable adjustments to the terms of Post-IPO Options and Post-IPO Awards granted under the Post-IPO Share Plan as it may deem necessary; and (iv) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of the Post-IPO Share Plan.

The Board has the power to delegate purely administrative matters in connection with the Post-IPO Share Plan to authorised agent(s) as deemed appropriate at the sole discretion of the Board.

(d) Effectiveness and Duration

The Post-IPO Share Plan shall be valid and effective for a period of ten years commencing on the Listing Date. Accordingly, the remaining life of the Post-IPO Share Plan is approximately 8.3 years as of the Latest Practicable Date.

(e) Participants

Persons eligible to participate in the Post-IPO Share Plan include a director or employee (whether full time or part time) of any member of the Group (including any person who is granted Post-IPO Option(s) or Post-IPO Award(s) as an inducement to enter into employment contract with any member of the Group).

(f) Maximum Number of Shares

The maximum aggregate number of Shares which may be issued pursuant to the Post-IPO Share Plan (including Post-IPO Option and Post-IPO Awards) was 56,916,925 Shares, representing approximately 8.88% and 8.39% of the total number of the Shares in issue (excluding treasury shares, if any) as of December 31, 2025 and the Latest Practicable Date, respectively.

In addition, the maximum number of Shares issuable upon exercise of Post-IPO Options or vesting of any Post-IPO Awards granted under the Post-IPO Share Plan and any grants made under any other share schemes of the Company shall not exceed 10% of the total number of Shares in issue as of the Listing Date (excluding, for this purpose, Shares issuable upon exercise of options or vesting of awards which have been granted but lapsed in accordance with the terms of the Post-IPO Share Plan or any other share schemes of the Company).

(g) Maximum entitlement of each participant

Where any grant of Post-IPO Options or Post-IPO Awards to a participant would result in the total number of Shares issued and to be issued in respect of all Post-IPO Options or Post-IPO Awards granted (excluding any Post-IPO Options and Post-IPO Awards lapsed in accordance with the terms of the Post-IPO Share Plan or any other share schemes of the Company) under the Post-IPO Share Plan and any other share schemes of the Company in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting in accordance with the requirements of the Listing Rules with such participant and his/her close associate (or associates), if the participant is a connected person (as defined under the Listing Rules), or such persons as may be required under the Listing Rules from time to time, abstaining from voting. The number and terms of options to be granted to such participant must be fixed before the approval of the Shareholders. In such event, the Company must send a circular to the Shareholders containing all information required under the Listing Rules.

(h) Grant of Post-IPO Options and Post-IPO Awards

In the case of Post-IPO Options, no amount shall be payable by the grantee for the acceptance of the offer of Post-IPO Options at the time of such acceptance.

In the case of Post-IPO Awards, unless otherwise determined by the Board, no amount shall be payable by the grantee for the acceptance of the offer of Post-IPO Awards at the time of such acceptance. The purchase price (if any) in respect of any particular Post-IPO Award shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Post-IPO Award and taking into consideration factors such as prevailing closing price of the Shares, the purpose of the Post-IPO Share Plan, the characteristics and profile of the relevant participant(s).

(i) Exercise period and exercise price of Post-IPO Option

The period during which a Post-IPO Option may be exercised shall be determined by the Board at its sole discretion or the Remuneration Committee, and in any event, such period shall expire at the close of business on the business day immediately preceding the tenth anniversary of the date of grant of the Post-IPO Options.

The exercise price of a Post-IPO Option shall be a price solely determined by the Board at its absolute discretion and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an Option is offered to a participant (the "**Offer Date**"), which must be a business day; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Offer Date.

(j) Vesting of Post-IPO Options and Post-IPO Awards

Vesting period for Post-IPO Options

The vesting period for a Post-IPO Option shall not be less than 12 months save for a shorter vesting period may be granted to the participant in any of the following circumstances at the sole discretion of the Board: (i) grants of "make-whole" Post-IPO Options to new joiners to replace the share awards they forfeited when leaving the previous employer; (ii) grants to a participant whose employment is terminated due to death or disability or occurrence of any out of control event; (iii) grants that are made in batches during a year for administrative and compliance reasons, which include Post-IPO Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Post-IPO Option would have been granted; (iv) grants with a mixed or accelerated vesting schedule such as where the Post-IPO Option may vest evenly over a period of 12 months; or (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

Vesting period for Post-IPO Awards

The vesting period for a Post-IPO Award shall not be less than 12 months save for a shorter vesting period may be granted to the participant in any of the following circumstances at the sole discretion of the Board: (i) grants of "make-whole" Post-IPO Awards to new joiners to replace the share awards they forfeited when leaving the previous employer; (ii) grants to a participant whose employment is terminated due to death or disability or occurrence of any out of control event; (iii) grants that are made in batches during a year for administrative and compliance reasons, which include Post-IPO Awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Post-IPO Award would have been granted; (iv) grants with a mixed or accelerated vesting schedule such as where the Post-IPO Award may vest evenly over a period of 12 months; or (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

(k) Details of the Options and Awards granted under the Post-IPO Share Plan

As of December 31, 2025, the Board has not granted any Post-IPO Options to any participant.

During the year ended December 31, 2025, the Board granted 18,902,643 Post-IPO Awards to the participants.

Details of the awards granted under the Post-IPO Share Plan during the Reporting Period and the awards outstanding at the beginning and end of the Reporting Period are set out below:

Category/name of grantee	Date of grant	Vesting period ⁽¹⁾	Purchase price (US\$)	Number of Shares underlying unvested awards as at January 1, 2025	During the Reporting Period				Number of Shares underlying unvested awards as at December 31, 2025
					Granted ⁽²⁾⁽³⁾	Vested	Cancelled	Lapsed	
Director									
Mr. Zeng Daibing	May 7, 2025	A	Nil	-	120,000	-	-	-	120,000
Other grantees									
Employees	May 7, 2025	A	Nil	-	15,839,354	-	1,065,956	-	14,773,398
		B	Nil	-	1,901,289	-	-	-	1,901,289
	July 31, 2025	B	Nil	-	383,000	-	45,000	-	338,000
	October 21, 2025	A	Nil	-	659,000	-	20,000	-	639,000
Total				-	18,902,643	-	1,130,956	-	17,771,687

Notes:

(1) Please refer to different categories of vesting schedules below:

Category	Vesting Schedule
A	25% of the total granted awards shall vest one year from the vesting commencement date and the remaining 75% shall vest on each month thereafter over the next three years in equal portion
B	100% of the total granted awards shall vest one year from the vesting date

(2) The fair value of the awards granted during the Reporting Period at the grant date was measured based on the closing price of the Company's shares on the grant date. Specifically, the closing price of the Company's shares on the grant date, being May 7, 2025, was HK\$19.44, and the closing price of the Company's shares immediately before the grant date (i.e., May 6, 2025) was HK\$19.56; the closing price of the Company's shares on the grant date, being July 31, 2025, was HK\$17.40, and the closing price of the Company's shares immediately before the grant date (i.e., July 30, 2025) was HK\$17.60; and the closing price of the Company's shares on the grant date, being October 21, 2025, was HK\$21.08, and the closing price of the Company's shares immediately before the grant date (i.e., October 20, 2025) was HK\$20.66. For the accounting standards and policies adopted for the awards, please refer to Note 32 to the consolidated financial statements.

(3) No performance targets were attached to the Post-IPO Awards granted during the Reporting Period.

The number of Post-IPO Options and Post-IPO Awards available for grant under the Post-IPO Share Plan at the beginning is 56,916,925; and the number of Post-IPO Options and Post-IPO Awards available for grant under the Post-IPO Share Plan at the end of the Reporting Period is 36,883,326.

The number of Shares that may be issued in respect of Post-IPO Options and Post-IPO Awards granted under the Post-IPO Share Plan during the Reporting Period (being 18,902,643 Shares) divided by the weighted average number of Shares in issue (excluding treasury shares, if any) for the Reporting Period is 3.14%.

Equity-Linked Agreements

Save as disclosed in the section headed "Share Incentives Scheme" above, no equity-linked agreements that will or may result in the Company issuing shares, or that require the Company to enter into any agreements that will or may result in the Company issuing shares, were entered into by the Company during the Reporting Period or subsisted as of the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

List of Directors

The Directors during the year ended December 31, 2025 and as of the Latest Practicable Date are:

Executive Directors

Mr. SHAN Jizhang (單記章) (*Chairman of the Board*)

Mr. ZENG Daibing (曾代兵)

Non-executive Directors

Mr. LIU Weihong (劉衛紅) (*re-designated on January 29, 2026*)

Dr. YANG Lei (楊磊)

Independent non-executive Directors

Prof. LI Qingyuan (李青原)

Prof. LONG Wenmao (龍文懋)

Prof. XU Ming (徐明)

Confirmation of Independence of Independent Non-Executive Director

Each of the independent non-executive Directors has confirmed his independence in the section headed "Confirmation from Our Directors" in the Prospectus and the Company has also received written annual confirmation from each of the independent non-executive Directors in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Biographical Details of Directors

Executive Directors

Mr. SHAN Jizhang (單記章), aged 58, is one of our founders, chairman of our Board, our executive Director and the chief executive officer of our Group. He was appointed as a Director on July 15, 2016 and was re-designated as our executive Director and appointed as the chairman of our Board on June 29, 2023. He is primarily responsible for overseeing the overall business development and formulating objectives and strategies in relation to the management and operation of our Group. Mr. Shan founded our Group in July 2016 with Mr. Liu and currently holds directorships in various subsidiaries of our Group.

Mr. Shan has more than 20 years of experience in the semiconductor industry. Prior to joining our Group, Mr. Shan worked at OmniVision Technologies Inc, a world-renowned imaging semiconductor company, from June 1997 to June 2016, with his last position as a vice president of the software engineering department, during which Mr. Shan was responsible for leading its core research and development.

Mr. Shan has rich experience in the development of high dynamic range technology for automotive use, automotive software and chips. He is the inventor of more than 100 patents in the field of visual perception.

Mr. Shan obtained a bachelor's degree in electronic engineering and a master's degree in electronic engineering from Tsinghua University (清華大學) in the PRC in July 1991 and July 1995, respectively.

Mr. ZENG Daibing (曾代兵), aged 51, is our executive Director and the chief system officer of our Group. Mr. Zeng joined our Group in July 2018 and has been our chief system officer since August 2019. He was appointed as an executive Director on June 29, 2023. He is primarily responsible for overseeing the research and development of chip architecture, chip implementation and underlying software development.

Mr. Zeng has over 24 years of experience in research and development and software management of chips and is familiar with the process of mass production of chips. Prior to joining our Group, Mr. Zeng worked at Shenzhen Sanechips Technology Co., Ltd. (深圳市中興微電子技術有限公司), a subsidiary of ZTE Corporation (中興通訊股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000063.SZ) and the Stock Exchange (stock code: 00763.HK), from July 2000 to July 2018, where he had successively served as the chief technical engineer, deputy general manager and director of platform research institute, responsible for the technology planning, R&D, operations and business development for its key platform.

Mr. Zeng obtained a bachelor's degree in materials science and engineering and a master's degree in signal and information processing from Northwestern Polytechnical University (西北工業大學) in the PRC in July 1997 and April 2000, respectively.

Non-executive Directors

Mr. LIU Weihong (劉衛紅), aged 57, is one of our founders, our non-executive Director, and the consultant to our Group. He was appointed as a Director on July 15, 2016, re-designated as our executive Director on June 29, 2023, and further re-designated as our non-executive Director on January 29, 2026. Mr. Liu served in senior management positions of the Company, including the president, from July 15, 2016 to January 29, 2026, and has served as a consultant to the Company since January 29, 2026. He is primarily responsible for providing advice on the business operations of the Company. Mr. Liu founded our Group in July 2016 with Mr. Shan and currently holds directorships in various subsidiaries of our Group.

Mr. Liu has over 20 years of exposure to the automotive industry and gained substantial automotive industry expertise and insights. Mr. Liu was a president of Asia Pacific region at Chassis Brakes International (Suzhou) Co., Ltd. (泛博制動部件(蘇州)有限公司) (currently known as Hitachi Astemo Braking Systems (Suzhou) Co. (日立安斯泰莫制動系統(蘇州)有限公司)) from July 2012 to November 2016, during which Mr. Liu was responsible for its strategy, operation, business development, restructuring and mergers and acquisitions. Mr. Liu worked at Bosch Automotive Products (Suzhou) Co., Ltd. (博世汽車部件(蘇州)有限公司) from September 2002 to December 2011, with his last position as a regional president. Mr. Liu also worked at General Motors (China) Co., Ltd. (通用汽車(中國)投資有限公司) prior to joining Bosch Automotive Products (Suzhou) Co., Ltd. (博世汽車部件(蘇州)有限公司).

Mr. Liu obtained a bachelor's degree in applied chemistry from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 1990, a master's degree in chemical engineering from Tsinghua University (清華大學) in the PRC in June 1995 and a Master of Business Administration from the University of Toronto in Canada in June 2002.

Dr. YANG Lei (楊磊), aged 51, is our non-executive Director. He was appointed as a Director on September 30, 2016 and was re-designated as our non-executive Director on June 29, 2023. He is primarily responsible for decision-making in major matters relating to the operation of our Group. Dr. Yang is also a director at Black Sesame US.

Dr. Yang has been the legal representative, executive director and general manager of Shanghai Particle Future Private Equity Fund Management Company Limited (上海粒子未來私募基金管理有限公司) since July 2022. Dr. Yang was a partner at Northern Light Venture Capital from February 2010 to October 2021 and a principal at VantagePoint Capital Partners from March 2008 to January 2010. Prior to that, he worked at McKinsey & Company.

Dr. Yang has served as a director at (i) Epitop Optoelectronic Co., Ltd. (圓融光電科技股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 832502.OC), since January 2015; (ii) Anji Microelectronics Technology (Shanghai) Co., Ltd. (安集微電子科技(上海)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688019.SH), since June 2017; and (iii) Thunder Software Technology Co., Ltd. (中科創達軟件股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300496.SZ), since September 2023.

Dr. Yang obtained a bachelor's degree in chemistry from Peking University (北京大學) in the PRC in July 1997, a Master of Science in computer sciences and a Doctor of Philosophy from the University of Wisconsin-Madison in the United States in December 2000 and August 2001, respectively.

Independent non-executive Directors

Prof. LI Qingyuan (李青原), aged 49, was appointed as our independent non-executive Director on July 31, 2024. He is primarily responsible for supervising and providing independent advice to our Board on the operations and management of our Group.

Prof. Li has worked at the Economics and Management School of Wuhan University (武漢大學經濟與管理學院) since August 2005 and has been a professor and a doctoral advisor since November 2011. Prof. Li was employed as a designated professor under the Chang Jiang Scholars Program (長江學者獎勵計劃) since January 2022.

Prof. Li has been an independent director and the chairman of the audit committee of ArcSoft Corporation Limited (虹軟科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688088.SH), from January 2019 to December 2024, and Hubei Guangji Pharmaceutical Co., Ltd. (湖北廣濟藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000952.SZ), from April 2021 to August 2024. Prof. Li also served as an independent director and the chairman of the audit committee of Shenzhen Topray Solar Co., Ltd. (深圳市拓日新能源科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002218.SZ) from May 2016 to May 2022, and Shenzhen Properties & Resources Development (Group) Ltd. (深圳市物業發展(集團)股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000011.SZ), from June 2018 to September 2021. Prof. Li has been involved in the aforementioned listed companies' financial management, including periodic financial reviews and annual financial audit and reporting, in his capacity as an independent director of these listed companies.

Prof. Li has been a non-practicing member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since June 2010. Prof. Li also served as a member of Educational Supervisory Committee in Accounting of the Ministry of Education (教育部會計學專業教學指導委員會) from October 2018 to December 2022. Prof. Li has been selected under the National High-Level Personnel of Special Support Program (國家高層次人才特殊支持計劃) and has completed the National High-end Accounting Talents Training Project Special Support Program (全國高端會計人才培養工程特殊支持計劃) in November 2021.

Prof. Li obtained a bachelor's degree in management studies from Wuhan Automotive Industry University (武漢汽車工業大學) (currently known as Wuhan University of Technology (武漢理工大學)) in the PRC in June 1999 and a doctorate degree in business management from the Economics and Management School of Wuhan University (武漢大學經濟與管理學院) in the PRC in June 2005.

Prof. LONG Wenmao (龍文懋), aged 58, was appointed as our independent non-executive Director on July 31, 2024. She is primarily responsible for supervising and providing independent advice to our Board on the operations and management of our Group. Prof. Long has extensive experience in the field of science and technology law.

Prof. Long has been a professor at the Intellectual Property School of East China University of Political Science and Law (華東政法大學知識產權學院) since June 2015, and a doctoral advisor since September 2019. Prof. Long worked at Capital Normal University (首都師範大學) from July 1995 to June 2015, with her last position as professor. She also worked at Tsinghua University (清華大學) from July 1991 to August 1993 and was responsible for postgraduate management.

Prof. Long has been a council member of the China Law Association on Science and Technology (中國科學技術法學會). She was honored by the National Intellectual Property Strategy Formulation Leading Group (國家知識產權戰略制定工作領導小組) for her outstanding contribution to the formulation of National Strategy on Intellectual Property (《國家知識產權戰略》) in March 2008.

Prof. Long obtained a bachelor's degree in engineering and a master's degree in Chinese humanities history from Tsinghua University (清華大學) in the PRC in July 1991 and June 1995, respectively, and a doctorate degree in law from Peking University (北京大學) in the PRC in July 2001.

Prof. XU Ming (徐明), aged 43, was appointed as our independent non-executive Director on July 31, 2024. He is primarily responsible for supervising and providing independent advice to our Board on the operations and management of our Group.

Prof. Xu has been working at the School of Integrated Circuits at the Huazhong University of Science and Technology (華中科技大學) since August 2016. He has been a professor since May 2017 under the Overseas High-Level Talent Recruitment Program (海外高層次人才引進計劃) and is currently the head of the School of Microelectronics of Huazhong University of Science and Technology (華中科技大學). Prof. Xu also worked at Rheinisch-Westfälische Technische Hochschule Aachen University from August 2013 to July 2016. In February 2023, Prof. Xu received the OlympusMons Pioneer Award 2022 (2022年奧林帕斯先鋒獎) issued by Huawei Technologies Co., Ltd. (華為技術有限公司).

Prof. Xu obtained a bachelor's degree in optical information science and technology and a master's degree in optical science from Fudan University (復旦大學) in the PRC in July 2005 and June 2008, respectively. Prof. Xu also obtained a Doctor of Philosophy in materials science and engineering from The Johns Hopkins University in the United States in August 2013.

Changes in Information of the Directors

During the Reporting Period, save as disclosed above, there has been no change in the Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Biographical Details of Senior Management

Mr. SHAN Jizhang (單記章) is our co-founder, chairman of our Board, executive Director and chief executive officer. Please refer to the section headed "Biographical Details of Directors" for further details.

Mr. ZENG Daibing (曾代兵) is our executive Director and chief system officer. Please refer to the section headed "Biographical Details of Directors" for further details.

Mr. YANG Yuxin (楊宇欣), aged 47, has been our chief marketing officer since December 2019. He is primarily responsible for overseeing the investment management, public relations and business development of our Group.

Mr. Yang has more than 20 years of experience in the telecommunications, mobile, semiconductor and investment sectors. Mr. Yang was a vice president and a director at Thunder Software Technology Co., Ltd. (中創達軟件股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300496.SZ), from January 2014 to November 2019 and July 2018 to July 2021, respectively, and held directorships and positions in its various subsidiaries. Mr. Yang was a director and a chief executive officer of Beijing Arm Accelerator Technology Co. (北京安創加速器科技有限公司) from July 2018 to January 2020. Mr. Yang has been a director of Shenzhen Modan Technology Co., Ltd. (深圳市魔蛋科技有限公司) and a director of Shanghai Anmu Information Technology Co., Ltd. (上海安牡信息技術有限公司) since July 2015 and February 2017, respectively. Mr. Yang also worked at Nufront (Guangdong) Technology Co., Ltd. (廣東新岸線計算機系統芯片有限公司) from November 2010 to December 2013, and was a mobile computing marketing manager of Asia Pacific at ARM China Co., Ltd. (安謀科技(中國)有限公司) from October 2007 to November 2010, a principal analyst at BDA China Limited (北京博達克諮詢有限公司) from December 2005 to September 2007 and a senior market development and sales engineer at Panasonic Industry (China) Co., Ltd. (松下電器機電(中國)有限公司) from July 2002 to December 2005.

Mr. Yang graduated from Tsinghua University (清華大學) in the PRC in July 2002 majoring in precision instrument.

Biographical Details of Joint Company Secretaries

Mr. SUN Xiaoxiang (孫曉祥), aged 38, was appointed as one of our joint company secretaries on July 26, 2024. Mr. Sun joined our Group in July 2022 and is currently serving as our Board Secretary and finance director.

Prior to joining our Group, Mr. Sun was a board secretary office director at Ningbo Joyson Electronic Corp. (寧波均勝電子股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600699.SH), and a director of investor relations at Ningbo PIA Automation Holding Corp. (寧波均普智能製造股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688306.SH), from September 2021 to July 2022. Mr. Sun worked at the investment banking department of CSC Financial Co., Ltd. (中信建投證券股份有限公司), a company listed on the Stock Exchange (stock code: 06066.HK) and the Shanghai Stock Exchange (stock code: 601066.SH) from October 2020 to September 2021 and the investment banking department of Everbright Securities Company Limited (光大證券股份有限公司), a company listed on the Stock Exchange (stock code: 06178.HK) and the Shanghai Stock Exchange (stock code: 601788.SH) from January 2016 to July 2020. Mr. Sun also worked at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所 (特殊普通合伙)) from October 2014 to October 2015. Mr. Sun has been a non-practicing member of the Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會) since March 2016.

Mr. Sun obtained a master's degree in accounting from Shanghai National Accounting Institute (上海國家會計學院) in the PRC in June 2014 and a bachelor's degree in computer science and technology from Northeast Electric Power University (東北電力大學) in the PRC in June 2012.

Ms. KWOK Siu Ying Sarah (郭兆瑩), aged 42, was appointed as a joint company secretary of our Company on July 26, 2024.

Ms. Kwok has joined Vistra Corporate Services (HK) Limited since July 2014 and now serves as a manager of corporate services. She has over ten years of experience in providing a full range of company secretarial and compliance services to a portfolio of clients including multinational corporations and private companies. She is currently the joint company secretary of Shanghai Bio-heart Biological Technology Co., Ltd. (上海百心安生物技術股份有限公司), a company listed on the Stock Exchange (stock code: 02185.HK), Shanghai HeartCare Medical Technology Corporation Limited (上海心瑋醫療科技股份有限公司), a company listed on the Stock Exchange (stock code: 06609.HK), and Beauty Farm Medical and Health Industry Inc. (美麗田園醫療健康產業有限公司), a company listed on the Stock Exchange (stock code: 02373.HK), and the company secretary of NVC International Holdings Limited (雷士國際控股有限公司), a company listed on the Stock Exchange (stock code: 02222.HK).

Ms. Kwok obtained a bachelor's degree in marketing from University College Dublin, National University of Ireland in Ireland and a master's degree in corporate governance from Hong Kong Metropolitan University (formerly known as the Open University of Hong Kong) in Hong Kong. She has been an associate member of The Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries) and an associate member of the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in United Kingdom since March 2018. She is also an affiliate member of the Society of Trust and Estate Practitioners.

Directors' Service Contracts and Appointment Letters

Executive Directors

Each of the executive Directors has entered into a service contract with the Company. Pursuant to the agreement, they agreed to act as executive Directors for an initial term of three years with effect from the Listing Date. Either party has the right to give not less than three months' written notice to terminate the agreement. Details of the Company's remuneration policy is described in section headed "Remuneration Policy" in the Corporate Governance Report.

Non-executive Directors

Each of the non-executive Directors has entered into an appointment letter with the Company. The appointment of Dr. Yang Lei as a Director shall continue for a term of three years after the Listing Date. Mr. Liu has been re-designated as a non-executive Director with effect from January 29, 2026, and his term of office remains in effect. Either party has the right to give not less than three months' prior notice in writing to terminate the agreement. Under the appointment letter, the non-executive Director is not entitled to receive annual salaries in her capacity as non-executive Director.

Independent Non-executive Directors

Each of the independent non-executive Directors has entered into an appointment letter with the Company. The initial term of their appointment shall be three years from the date of the Prospectus, i.e., July 31, 2024. Either party has the right to give not less than three months' prior notice in writing to terminate the agreement.

Save as disclosed above, none of the Directors (including such Directors who are proposed for re-election at the annual general meeting of the Company for the year ended December 31, 2025) has or will have a service contract with any member of the Group, other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in this annual report, none of the Directors or an entity connected with a Director were materially interested, either directly or indirectly, in any transaction, arrangement or contract subsisting during or at the end of the Reporting Period which was significant in relation to the business of the Group taken as a whole.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in this annual report, neither the Company nor its subsidiaries were a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right at any time during the Reporting Period.

Directors' Interests in Competing Business

During the Reporting Period, none of the Directors had any interest in any business which competes, or is likely to compete, directly or indirectly, with the Company's business, and requires disclosure under Rule 8.10(2) of the Listing Rules.

Permitted Indemnity Provision

Pursuant to Article 44.1 of the Articles of Association and subject to the applicable laws and regulations, every Director shall, in the absence of actual fraud or wilful default, be indemnified by the Company against all costs, losses, damages and expenses which he may incur or become liable in respect of or by reason of any contract entered into, or act or thing done by him as Director or in any way in or about the execution of his duties.

The Company has taken out and maintained appropriate insurance coverage for the Directors.

Remuneration of Directors and Five Highest Paid Individuals

Details of remuneration of Directors and five highest paid individuals of the Company are set out in Notes 8(c) and 8(b) to the consolidated financial statements in this annual report, respectively.

During the Reporting Period, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any remuneration for the Reporting Period.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporations

As of December 31, 2025, the interests or short positions of the Directors and the chief executive of the Company in any Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which have been taken or deemed to have been taken under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Interests in Shares of the Company

Name	Nature of interest ⁽¹⁾	Number of Shares held	Approximate percentage of shareholding in the total issued share capital of our Company ⁽²⁾
Mr. Shan	Beneficial interest ⁽³⁾	45,000,000	7.02%
	Beneficial interest ⁽⁴⁾	44,100,000	6.88%
	Others ⁽⁵⁾⁽⁶⁾	38,887,308	6.07%
	Deemed interest ⁽⁵⁾⁽⁷⁾	8,300,160	1.30%
Mr. Liu Weihong	Beneficial interest ⁽⁸⁾	9,891,667	1.54%
	Interest in controlled corporations ⁽⁹⁾	14,700,000	2.29%
Mr. Zeng Daibing	Beneficial interest ⁽¹⁰⁾	6,580,000	1.03%

Notes:

- (1) All interests stated are long position.
- (2) The calculations are based on the number of Shares in issue as of December 31, 2025. As of December 31, 2025, 640,914,832 Shares were in issue.
- (3) The interests comprise underlying Shares in respect of the options granted to Mr. Shan pursuant to the Pre-IPO Share Plan.
- (4) Mr. Shan directly holds 44,100,000 Shares in the Company.
- (5) Pursuant to the respective voting trust agreements entered into by and among Mr. Shan, Mr. Liu, Ms. Pan, Ms. Wang, Mr. Xiong Chengyu and Mr. Gu Qun ("**Voting Trust Agreements**"), Mr. Shan is entitled to exercise voting rights attached to all Shares held by Ruby Wealth, New Key Trade, Ms. Pan, Mr. Xiong Chengyu, Mr. Gu Qun and Marvel Stars. The Voting Trust Agreements continue to be effective following completion of the Global Offering. Mr. Shan is Ms. Pan's spouse and is hence also deemed to be interested in the 8,300,160 Shares of the Company held by Ms. Pan. Mr. Shan is therefore deemed to be interested in the total of 23,000,160 Shares held by Ruby Wealth, New Key Trade, Ms. Pan, Mr. Xiong Chengyu, Mr. Gu Qun and Marvel Stars pursuant to the Voting Trust Agreements (including the 8,300,160 Shares held by Ms. Pan in which Mr. Shan is deemed to be interested as Ms. Pan's spouse).
- (6) Excellent Ocean Trust is a trust with an independent professional trustee to manage the options granted to 12 grantees under the Pre-IPO Share Plan and, accordingly, holds 24,187,308 Shares in the Company. Mr. Shan is entitled to exercise the voting rights attached to all Shares held by Excellent Ocean Trust at his sole discretion.
- (7) Ms. Pan directly holds 8,300,160 Shares in the Company. Mr. Shan is the spouse of Ms. Pan. Under the SFO, Mr. Shan is deemed to be interested in Ms. Pan's interest in the Shares.
- (8) The interests comprise underlying Shares in respect of the options granted to Mr. Liu pursuant to the Pre-IPO Share Plan.
- (9) Ruby Wealth and New Key Trade are controlled by Mr. Liu. Mr. Liu is therefore deemed to be interested in the 14,700,000 Shares held through Ruby Wealth and New Key Trade.
- (10) The interests comprise underlying Shares in respect of the options granted to Mr. Zeng Daibing pursuant to the Pre-IPO Share Plan.

Save as disclosed above, as of December 31, 2025, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or are required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

So far as the Directors are aware, as of December 31, 2025, other than the Directors and the chief executive of the Company, the following persons had or were taken or deemed to have interests and/or short positions (as applicable) in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and as recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests in Shares of the Company

Name	Nature of interest ⁽¹⁾	Number of Shares held	Approximate percentage of shareholding in the issued and outstanding share capital of our Company ⁽²⁾
Ms. Pan	Beneficial interest ⁽³⁾	8,300,160	1.30%
	Deemed interest ⁽⁴⁾	82,987,308	12.95%

Notes:

- (1) All interests stated are long position.
- (2) The calculations are based on the number of Shares in issue as of December 31, 2025. As of December 31, 2025, 640,914,832 Shares were in issue.
- (3) Ms. Pan directly holds 8,300,160 Shares in the Company.
- (4) Ms. Pan is the spouse of Mr. Shan. Under the SFO, Ms. Pan is deemed to be interested in all of Mr. Shan's interests in the Shares, i.e., a total of the 82,987,308 Shares.

Save as disclosed above, as of December 31, 2025, the Directors were not aware of any other person had any interest and/or short positions in the Shares or underlying shares of our Company which fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

LOCK-UP

Based on information that is publicly available to the Company or otherwise within the knowledge of the Directors, the following Shares are subject to lock-up requirements as of the Latest Practicable Date:

Name	Capacity	Aggregate number of Shares held	Approximate percentage of shareholding in the total issued share capital of the Company ⁽¹⁾	Lock-up period
Key persons				
Mr. Shan	Founder, chairman of the Board, executive Director and chief executive officer	44,100,000	6.50%	The period commencing on the date by reference to which disclosure of its shareholding is made in the Prospectus and ending on the date which is 12 months from the Listing Date, i.e. August 7, 2025. ⁽²⁾

Notes:

- (1) The calculations of the percentage of shareholding are based on the number of total Shares in issue (excluding treasury shares) as of the Latest Practicable Date, comprising 678,610,981 Shares.
- (2) Mr. Shan voluntarily extended the lock-up period for the 44,100,000 Shares held by him for an additional 12 months until August 7, 2026.

CONNECTED AND RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with "related parties" as defined under applicable accounting standards during the financial year ended December 31, 2025 which were disclosed in Note 35 to the consolidated financial statements. Save for the transactions involving payment of remuneration to certain management personnel of the Group which constitute connected transactions fully exempt from the connected transaction requirements under Rule 14A.76(1) or Rule 14A.95 of the Listing Rules, no related party transactions disclosed in the consolidated financial statements constitutes a connected transaction as defined under Chapter 14A of the Listing Rules. The Company has complied with the applicable disclosure requirements under Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, during the Reporting Period, the Company had no connected transactions or continuing connected transactions which are required to be disclosed under the Listing Rules.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company were listed on the Stock Exchange on August 8, 2024. The net proceeds from the Global Offering were approximately HK\$950.8 million (the "Net Proceeds from the Global Offering") after deducting underwriting fees and commissions and relevant expenses payable by us in connection with the Global Offering. Please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus for details of the intended use of the Net Proceeds from the Global Offering.

During the Reporting Period, the Group utilized approximately HK\$560.7 million of the Net Proceeds from the Global Offering for the intended purposes as set out in the Prospectus. As at the end of the Reporting Period, the Net Proceeds from the Global Offering had been fully utilized for the intended purposes as set out in the Prospectus.

Details of the use of the Net Proceeds from the Global Offering are set out below:

Intended use of the Net Proceeds from the Global Offering as set out in the Prospectus	Planned proportion of the net proceeds (%)	Planned use of the net proceeds (Approximately HK\$ million)	Net proceeds unused as of January 1, 2025 (Approximately HK\$ million)	Actual use of net proceeds during the Reporting Period (Approximately HK\$ million)
(i) Research and development	80.0	760.6	416.4	416.4
• Development of intelligent vehicle SoCs	30.0	285.2	171.8	171.8
• Procurement of materials, tape-out services and software, for R&D of intelligent vehicle SoCs and automotive-grade IP cores	20.0	190.2	81.2	81.2
• Development and upgrade of support software for intelligent vehicles	25.0	237.7	121.1	121.1
• Development of assisted driving solutions	5.0	47.5	42.4	42.4
(ii) Improvement of commercialization capability	10.0	95.1	68.5	68.5
(iii) Working capital and general corporate purposes	10.0	95.1	75.8	75.8
Total	100.0	950.8	560.7	560.7

USE OF PROCEEDS FROM THE PLACING OF SHARES UNDER GENERAL MANDATE

To further raise funds to support the Group's continuous development and business growth, on February 19, 2025, the Company entered into a placing agreement (the "**Placing Agreement**") with China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited in relation to the placing of 53,650,000 new Shares at the placing price of HK\$23.20 per share to no less than six placees who are independent individuals, professional, corporate and/or institutional investors, and who and whose ultimate beneficial owner(s) (where applicable) are independent third parties (the "**Placing**"). All the conditions set out in the Placing Agreement were fulfilled and the Placing was completed on February 26, 2025, where a total of 53,650,000 new Shares (with an aggregate nominal value of US\$5,365) have been successfully placed to no less than six placees at the placing price of HK\$23.20 pursuant to the terms and conditions of the Placing Agreement. The closing price of the Shares as quoted on the Stock Exchange on February 18, 2025, being the date on which the placing price was fixed, was HK\$26.30 per Share. For details, please refer to the announcements of the Company dated February 19, 2025 and February 26, 2025, respectively (the "**Placing Announcement**").

After deducting the Placing commission and other relevant costs and expenses of the Placing, the net proceeds from the Placing amounted to approximately HK\$1,237.4 million (the "**Net Proceeds from the Placing**") (representing a net issue price of approximately HK\$23.06 per Share). During the Reporting Period, the Group utilized approximately HK\$724.7 million of the Net Proceeds from the Placing for the intended purposes as set out in the Placing Announcement. The unused net proceeds were held by way of deposits in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). Details of the use of the Net Proceeds from the Placing and the expected timeline for fully utilizing the Net Proceeds from the Placing are set out as follows:

Intended use of the Net Proceeds from the Placing	Planned proportion of the net proceeds (%)	Planned use of the net proceeds (Approximately HK\$ million)	Actual use of net proceeds during the Reporting Period (Approximately HK\$ million)	Unused net proceeds as of December 31, 2025 (Approximately HK\$ million)	Expected timeline for fully utilizing the Net Proceeds from the Placing ⁽¹⁾
(i) Research and Development of Core Technology	30.0	371.2	207.0	164.2	
• Development of next-generation intelligent automotive SoCs	20.0	247.5	124.0	123.5	Within 2026
• Development of assisted driving solutions	10.0	123.7	83.0	40.7	Within 2026
(ii) Research and Development of Advanced Technology	25.0	309.4	183.5	125.9	
• Development of core IPs	20.0	247.5	141.6	105.9	Within 2026
• Development of robotics technology	5.0	61.9	41.9	20.0	Within 2026
(iii) Enhancement of the Group's Commercialization Capabilities	27.0	334.1	151.8	182.3	
• Enhancement of product and solution delivery capabilities	17.0	210.4	102.5	107.9	Within 2026
• Expansion of the sales team	10.0	123.7	49.3	74.4	Within 2026
(iv) Selective Strategic Investments	8.0	99.0	99.0	-	
(v) General Working Capital Purposes	10.0	123.7	83.4	40.3	Within 2026
Total	100.0	1,237.4	724.7	512.7	

Note:

- (1) The expected timeline for utilizing the remaining Net Proceeds from the Placing is prepared based on the current best estimate made by the Group, which is subject to change according to the current and future development of market conditions.

AUDITOR AND AUDIT COMMITTEE

Auditor

PricewaterhouseCoopers was the Auditor of the Company during the Reporting Period and there had been no change of the Company's auditor since the Listing Date. The consolidated financial statements of the Group have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers will retire at the forthcoming annual general meeting and, a resolution for the re-appointment of PricewaterhouseCoopers as Auditor will be proposed at the annual general meeting.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to (i) review and supervise the financial reporting process and the internal control system of the Group, (ii) oversee the audit process, (iii) provide advice and comments to the Board and (iv) perform other duties and responsibilities as assigned by the Board.

The Audit Committee currently comprises three members, namely Prof. Li Qingyuan, Prof. Long Wenmao and Prof. Xu Ming. Prof. Li Qingyuan, being the chairperson of the audit committee and an independent non-executive Director, has appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee, after the discussion with the Auditor, has reviewed the audited consolidated financial statements of the Group for the Reporting Period. The Audit Committee has discussed matters in relation to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company and the Auditor. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

2026 First Subscription of Shares Under General Mandate

To further raise funds to support the Group's continuous development and business growth, on January 8, 2026, the Company entered into subscription agreements (the "**First Subscription Agreements**") with Shanghai Jixin Enterprise Management Partnership (Limited Partnership) ("**Shanghai Jixin**"), Shanghai Shuangchuang Jinhong Enterprise Management Co., Ltd. ("**Shanghai Shuangchuang**") and SpreadCom Limited ("**SpreadCom**"), respectively, in relation to the allotment and issuance of an aggregate of 30,131,900 new Shares at the subscription price of HK\$18.88 per Share (the "**First Subscription**"). Subsequently, for commercial reasons, the Company entered into a supplemental agreement to the subscription agreement with Shanghai Shuangchuang (the "**First Subscription Supplemental Agreement**") to change the subscriber to Innovital Holdings Limited ("**Innovital**"); and entered into a termination agreement with SpreadCom to terminate the subscription by SpreadCom, pursuant to which the number of subscription shares under the First Subscription was adjusted to 28,543,000 new Shares. All the conditions set out in the First Subscription Agreements and the First Subscription Supplemental Agreement were fulfilled and the First Subscription was completed on March 6, 2026, where a total of 28,543,000 new Shares (with an aggregate nominal value of US\$2,854.3) have been successfully allotted and issued to Shanghai Jixin and Innovital at the subscription price of HK\$18.88 pursuant to the terms and conditions of the First Subscription Agreements and the First Subscription Supplemental Agreement. The closing price of the Shares as quoted on the Stock Exchange on January 8, 2026, being the date of the First Subscription Agreements, was HK\$21.76 per Share. After deducting the expenses of the First Subscription, the net proceeds from the First Subscription amounted to approximately HK\$538.13 million (representing a net issue price of approximately HK\$18.85 per Share). For details, please refer to the announcements of the Company dated January 8, 2026, January 25, 2026 and March 6, 2026, respectively.

Details of the use of proceeds from the First Subscription and the expected timeline for utilisation of the net proceeds from the First Subscription are set out below:

Intended purposes of the net proceeds from the First Subscription	Planned proportion of the net proceeds [%]	Planned use of the net proceeds (Approximately HK\$ million)	Expected timeline for fully utilising the net proceeds from the First Subscription
(i) Strategic mergers and acquisitions and investments	90%	484.32	within 2026
(ii) General working capital purposes	10%	53.81	within 2026
Total	100%	538.13	

2026 Second Subscription of Shares Under General Mandate

On March 9, 2026, the Company entered into a subscription agreement (the "**Second Subscription Agreement**") with Infini Global Master Fund (the "**Subscriber**"), in relation to the allotment and issuance of an aggregate of 33,544,600 new Shares at the subscription price of HK\$18.88 per Share (the "**Second Subscription**"). The Company and the Subscriber can generate long-term strategic synergies in terms of relevant capital, business and other resources, including but not limited to areas such as AI, robotics and autonomous driving. At the same time, it can accelerate the connection and implementation of the Group's overseas capital and business, support the Group's sustainable development and business growth. The closing price of the Shares as quoted on the Stock Exchange on March 9, 2026, being the date of the Second Subscription Agreement, was HK\$19.29 per Share. After deducting the expenses of the Second Subscription, the net proceeds from the Second Subscription amounted to approximately HK\$632.4 million (representing a net issue price of approximately HK\$18.85 per Share). As of the Latest Practicable Date, the Second Subscription has not yet been completed. For details, please refer to the announcements of the Company dated March 9, 2026 and March 18, 2026, respectively.

Details of the use of proceeds from the Second Subscription and the expected timeline for utilization of the net proceeds from the Second Subscription are set out below:

Intended purposes of the net proceeds from the Second Subscription	Planned proportion of the net proceeds (%)	Planned use of the net proceeds (Approximately HK\$ million)	Expected timeline for utilizing the net proceeds from the Second Subscription
(i) Research and development over core technologies	50%	316.2	
<ul style="list-style-type: none"> Research and development of next-generation high-performance chips, including high-computing-power chips for autonomous driving and robotics applications, as well as edge AI chips for terminal devices 	30%	189.7	2026: 70% utilized 2027: 30% utilized
<ul style="list-style-type: none"> Establishment of overseas research and development centers, with a view to enhancing the Group's global R&D collaboration capabilities 	20%	126.5	2026: 70% utilized 2027: 30% utilized
(ii) Product commercialization and market expansion of the Group	40%	253.0	
<ul style="list-style-type: none"> Promotion of the certification, adaptation and mass-production resource deployment for the Group's latest high-performance intelligent driving chips and platforms with key customers 	20%	126.5	2026: 70% utilized 2027: 30% utilized
<ul style="list-style-type: none"> Expansion of the robotics product line and on-device AI product line for accelerating product commercialization 	20%	126.5	2026: 70% utilized 2027: 30% utilized
(iii) General working capital purposes	10%	63.2	2026: 70% utilized 2027: 30% utilized
Total	100%	632.4	

Save as otherwise disclosed above and for the subsequent events as described in Note 38 to the consolidated financial statements, there have been no other significant events that might affect the Group since the end of the Reporting Period and up to the Latest Practicable Date.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

By order of the Board
Mr. Shan Jizhang
Chairman of the Board, Executive Director and Chief Executive Officer

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This is the second Environmental, Social and Governance Report (hereinafter referred to as the “**ESG Report**”) published by Black Sesame International Holding Limited, which aims to disclose relevant information on ESG (Environmental, Social and Governance) aspects of the Company and its subsidiaries (collectively referred to as the “**Black Sesame**”, the “**Group**” or “**us**”) in response to stakeholders’ concerns and expectations on the Group’s ESG management. This report covers the period from January 1, 2025 to December 31, 2025 (the “**Reporting Period**”).

Basis of Preparation of the Report

This report adheres to all the provisions set out in Appendix C2 Environmental, Social and Governance Reporting Code (the “**ESG Reporting Code**”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) and reports on all recommended disclosures outlined in the ESG Reporting Code. The relevant procedures of this report include identifying and ranking important stakeholders and material ESG-related issues, determining the boundary of the ESG Report, collecting relevant materials and data, compiling the report based on the information, reviewing the report, etc.

Scope and Boundary of the Report

Unless otherwise specified, this report covers the Company and its subsidiaries. Data cited in this report are internal statistics of the Company, and the financial data in the report are presented in RMB unless otherwise indicated.

Principles of the Report

This report primarily adheres to the following fundamental principles during its preparation process:

- **Principle of materiality:** This report identifies and ranks the materiality of ESG issues that are important or relevant to stakeholders and the Group through communication with stakeholders and assessment of materiality.
- **Principle of quantification:** Information on the standards, methods, hypotheses and/or calculation tools used for emissions/energy consumption in this report, as well as the source of the conversion factors adopted are explained in respective sections.
- **Principle of balance:** This report adheres to the principle of balance, and objectively presents the current ESG management status of the Group.
- **Principle of consistency:** The data disclosure and statistical methodology adopted in this report is consistent with the 2024 ESG Report to ensure the consistency of the information.

Guarantee on the Reliability of Data

The data and cases in this report are mainly derived from statistical reports and relevant documents of the Group. The Board undertakes that this report does not contain any false records or misleading statements, and is responsible for the truthfulness, accuracy and completeness of the contents.

STATEMENT OF THE BOARD

The Group strictly adheres to all the requirements under the ESG Reporting Code of the Hong Kong Stock Exchange, continuously increases the Board's participation and oversight of ESG-related matters, constantly improves the ESG governance structure and management mechanisms, and actively promotes the organic integration of ESG concepts with corporate development.

Responsibilities of the Board

The Board serves as the highest responsible body for the management and public disclosure of ESG matters of the Group, bearing the ultimate responsibility for the Group's ESG strategy and management. The Board has a thorough understanding of the Group's current ESG management status, makes final decisions on ESG-related matters, and focuses on perfecting the ESG management system.

Daily Implementation

At the day-to-day operational level, the Group has established an ESG working group composed of the Board Office and relevant departments, which is responsible for implementing ESG-related strategies and providing recommendations to the Board on relevant matters.

Management Policies

The Board is responsible for overseeing and managing the key environmental, social, and governance (ESG) risks and updating the management policies and strategies as necessary to ensure ESG management compliance. The Group also maintains close communication with internal and external stakeholders, and assesses, analyses and ranks material ESG issues. The analysis and results of the material issues have been reviewed and approved by the Board.

Target Review

The Group has formulated annual ESG management targets and corresponding implementation measures, regularly reviewed the progress of relevant targets, and made recommendations to promote their achievement.

ESG GOVERNANCE

ESG Governance Structure

Black Sesame actively integrates the concept of sustainable development into the corporate development. The Board serves as the highest responsible body for the Group's ESG governance, overseeing and managing the key ESG risks and opportunities, regularly reviewing the performance of ESG management, and considering and approving the Group's public disclosures on ESG-related matters. The Group has established a dedicated ESG working group composed of the Board Office and relevant departments, which is responsible for implementing specific ESG strategies and monitoring their effectiveness as well as keeping abreast of regulatory and industry ESG trends, and reporting to the Board on a regular basis to ensure that the Group's ESG-related work keeps pace with the times.

Board of Directors	Overseeing the management of key ESG risks and opportunities (including climate change-related risks and opportunities); Regularly reviewing the performance of ESG management; Considering and approving public disclosures on ESG-related matters.
ESG Working Group	Implementing specific ESG strategies (including climate change-related strategies) and monitoring their effectiveness; Keeping abreast of regulatory and industry ESG trends; Reporting to the Board on a regular basis.

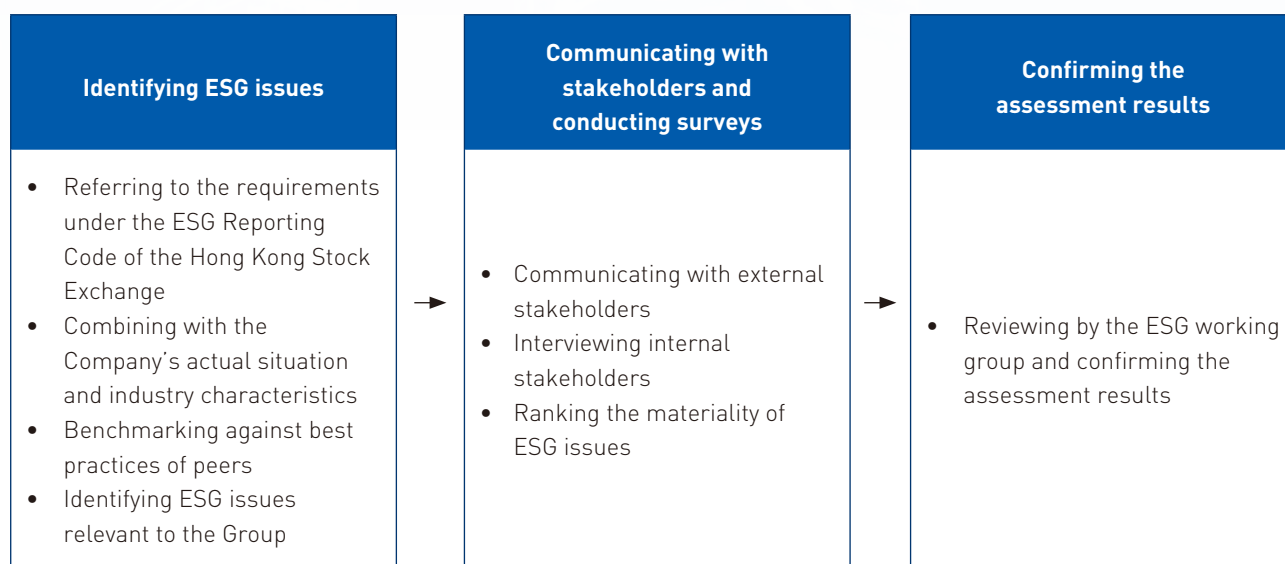
Communication with Stakeholders

The Group respects and values the concerns and expectations of stakeholders, and has built a regular, multi-channel communication mechanism to actively listen and respond to the concerns of stakeholders, and regards these as important references for future ESG management and improvement of the Company, continuously optimizing its ESG management and decision-making, and promoting the implementation of various ESG initiatives in an orderly manner.

Stakeholder Types	Issues Concerned	Communication Channels
Government and regulators	Compliant operation Risk management Business ethics and anti-corruption Product safety and quality Emission management	Institutional visits Exchange of official documents Policy implementation Information disclosure
Shareholders and investors	Return on investment Information disclosure Technology and innovation Product safety and quality Intellectual property	Investor relations website General meetings Information disclosure Letter correspondence Teleconferences On-site visits Roadshows
Customers	Information security Product safety and quality Customer service Responsible marketing	Distributor meetings Customer surveys Technical seminars Customer service hotlines Customer satisfaction surveys
Employees	Talent development Employee benefits and compensation Diversity and equality Occupational health and safety	Employee management committee Employee training and care activities Employee surveys and communications Internal publications
Suppliers	Product safety and quality Responsible supply chain	Supplier evaluation Supplier communication and training
Community and the media	Product safety and quality	Media communication and interviews

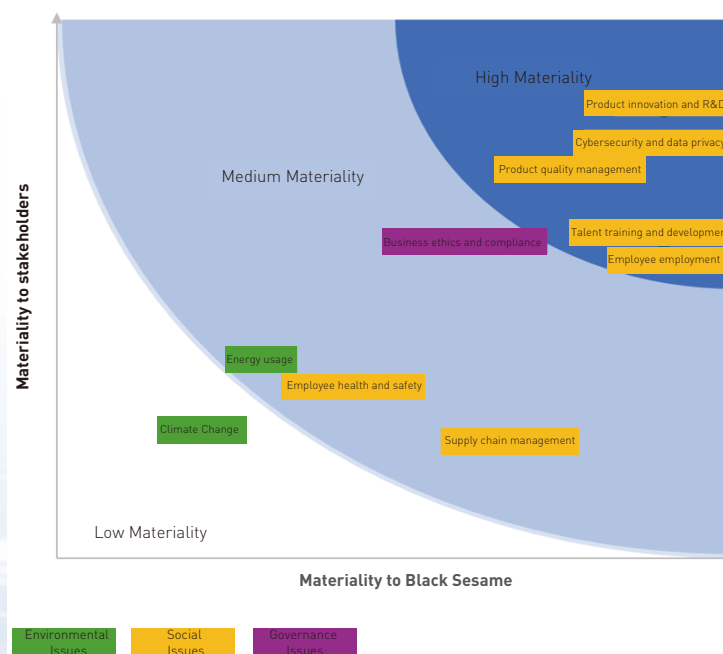
Assessment of Material Issues

The Group places great emphasis on materiality assessment to clarify the key focus areas for future ESG work based on the assessment results. The specific steps for our assessment of material issues are as follows:



In 2025, the Group identified 10 important issues based on ESG development trends and the actual situation of the Company, ranked their priorities, and formed a matrix of important issues to provide guidance for the Group's ESG work. In the future, we will adjust material issues in a timely manner based on the changes in the internal and external environment, business development strategies and stakeholders' expectations.

Black Sesame ESG Material Assessment Matrix



1. COMPLIANCE OPERATION TO BUILD STRONG FOUNDATION FOR GOVERNANCE

Business Ethics

Adhering to the concept of integrity in business operations, the Group strictly complies with anti-corruption, anti-extortion and anti-fraud laws and regulations, including the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and the Interim Provisions on Prohibiting Commercial Bribery, to eliminate any form of behaviors that violate business ethics. We have established an Anti-Bribery and Anti-Corruption Policy applicable to all management personnel, employees (full-time and part time), and external third parties (such as consultants or contractors) of the Group companies to regulate the business ethics conducts of employees and third parties and to shape a professional, fair and honest corporate image. During the Reporting Period, the Group did not have any corruption litigation cases.

The Group also extends its management of business ethics to third parties, including agents, distributors, suppliers or partners, striving to promote their understanding and compliance with effective anti-bribery and anti-corruption policies. All third parties shall be aware of the terms of the Company's third-party code of conduct and their obligation to comply with it. Before signing agreements, we will conduct thorough due diligence to ensure that they have no corrupt practices, and regularly monitoring their performance to ensure ongoing compliance.

In addition, the Group has formulated an Anti-Money Laundering and Anti-Terrorist Financing Policy and appointed an anti-money laundering and anti-terrorist financing compliance officer, who jointly ensure the Group's full and effective compliance with relevant laws and regulations to ensure compliant operations.

- **Whistleblowing Procedures**

The Group has formulated a Whistleblowing Policy to encourage employees to report any suspected or observed behaviors which may be considered to violate business ethics to their superiors, the human resources department or the legal affairs department. To strengthen the supervision of internal and external personnel over the Group, the Group has set up accessible internal and external whistleblowing email addresses, supporting both real-name or anonymous reporting of any unethical and dishonest behaviors, and keeping the whistleblowing information and the identity of the whistleblower confidential. For internal whistleblowing, any head, manager or Board member shall notify the human resources department in writing immediately after receiving a report, and the human resources department shall notify the whistleblower and confirm the receipt of each whistleblowing issue within five working days. The Group's legal affairs department will conduct a synchronized investigation with relevant departments based on the content of the report and take appropriate measures according to the investigation results.

Whistleblowing channels of the Group

- Internal whistleblowing email address: bstfeedbacks@bst.ai
- External whistleblowing email address: recruiting@bst.ai

The Group encourages whistleblowers to disclose their identity to facilitate the investigation of issues, but also accepts confidential or anonymous reporting. We will take reasonable measures to protect whistleblowers and keep the whistleblowing information as confidential as possible. We strictly prohibit and do not tolerate any illegal retaliation against any individual who makes a good-faith report or participates in the review or investigation of an issue, even if the allegations are not substantiated after investigation. If the Company finds any individual engaging in retaliation, regardless of their position, they will be subject to disciplinary action, and in severe cases, they will be dismissed.

- **Business ethics training**

The Group is committed to building a culture of compliance, clearly communicates its management requirements related to business ethics to employees through conducting business ethics training, and fosters a culture of integrity and compliance. During the Reporting Period, we conducted a total of 4 special anti-corruption trainings for new employees, achieving full coverage of new employees, focusing on the interpretation of the Anti-Bribery and Anti-Corruption Policy, clarifying the definition of bribery behavior, the Company's handling procedures and related civil and criminal liabilities, strengthening the compliance awareness of new employees, and building a solid line of defense for clean operation. In addition, the Company launched the "Responsibility and Boundary: Compulsory Course on Workplace Conduct Code" for all employees in China, which emphasized the importance of abiding by business ethics to employees by showing judicial cases of non-state employees accepting bribery, guided employees to self-examine and respond to improper behavior, standardized employee behavior, and advocated a good workplace atmosphere.

Responsible Marketing

The Group earnestly practices responsible marketing, strictly complies with laws and regulations such as the Advertising Law of the People's Republic of China in its market promotion and marketing activities, and has formulated internal policies including the Publicity Review System, the Brand Consistency Guide, the Marketing Budget Management System, and the Crisis Public Relations Management System. Corresponding management guidelines have also been established based on different marketing channels (such as social media, search engines, offline events, etc.). The Company strictly implements a "multi-level review, closed-loop management" review mechanism for promotional materials. After the Marketing Department completes content creation and brand review based on the needs of business units, the relevant business units conduct technical reviews. Subsequently, management reviews the promotional direction and strategy, and finally the Board Office and Legal Department carry out compliance and risk final review, ensuring that promotional content does not violate advertising laws and industry standards. The review content includes, but is not limited to, copyrights, trademarks, wording, image content, etc. At the same time, we have developed a brand manual that clearly defines the usage guidelines for brand logos, colors, fonts, slogans, etc., ensuring consistency across all advertising and marketing materials. In terms of risk management and compliance control, we have established crisis public relations procedures to respond to emergencies in a timely manner, and regularly audit the use of marketing budgets to ensure that marketing activities are legal and compliant. We also strictly screen and manage partners such as advertising agencies and PR firms to ensure their service quality and professionalism.

Information Security and Privacy Protection

The Group regards data security and privacy protection as a vital corporate operational responsibility. We strictly adhere to laws and regulations including the Civil Code of the People's Republic of China, the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and the Personal Information Protection Law of the People's Republic of China so as to continuously improve our information security management system, ensure data security and avoid data leakage. The Group has established stringent internal systems including the IT Management System, Network Security Management Standards, and Data Security Management Specification, providing clear guidelines for processing and storing different types of data, reinforcing the corporate information security practices and ensuring the reliability of its IT (information technology) systems and networks, thereby creating a secure and reliable working environment. We have also formulated the Management Procedure for Information System Internet Publishing, implementing a strict control of "approval before release", and established a normalized governance mechanism involving collaboration among business, security, and operation and maintenance teams. This has standardized, systematized, and made transparent the content release process. During the Reporting Period, we revised and upgraded a series of information security and confidentiality systems, further strengthening security management for external personnel and third-party on-site operation and maintenance personnel, improving office security and access control management, and refining information security emergency response procedures, thereby comprehensively enhancing the standardization level of information security and data governance.

The Group adheres to the overall information system policy of "comprehensive prevention that emphasises both management and technology based on safety-first and a precautionary mindset", and adopts the overall security protection strategy by "zoning, grading and domain" focusing on cybersecurity, system security and data security, and a series of information security protection measures to enhance the overall security protection level of its information systems. We have established an information security governance structure consisting of the CEO Office, IT department leadership, and the Information Security Steering Committee, achieving closed-loop management covering strategic decision-making, execution supervision, and cross-departmental collaboration. In 2025, we conducted a company-wide information security risk assessment, employing a systematic approach to analyze the Company's existing overall network security architecture and developing a risk panorama. This provides a basis for formulating information security strategies and subsequent construction planning, ensuring that security management measures precisely target key risks and enhancing the relevance of decision-making. During the Reporting Period, we obtained ISO 27001 certification for our Information Security Management System, marking that Black Sesame Intelligent has established an information security management system compliant with ISO 27001 requirements and possesses systematic capabilities for information security risk control and compliant operations.

Cybersecurity	System security	Data security
<ul style="list-style-type: none"> • Deploying firewalls to isolate core data • Managing internet behaviors • Dividing security zones by levels and controlling the access and data exchange through security policies • Completed network environment penetration tests in 4 office premises, comprehensively identified and closed-loop addressed regional risks 	<ul style="list-style-type: none"> • Managing vulnerabilities on the system • Managing host security, deploy host layer security protection for important business systems in various regions, covering 150 servers in Wuhan, Shanghai, Chengdu and Shenzhen, with an intrusion recognition rate of 99% • Application security management, completed the launch of Shanghai WAF (Network Application Firewall), and formulated WAF operation guide documents 	<ul style="list-style-type: none"> • Establish regulations on data external transmission channels and approval for data external transmission. It is prohibited to send company documents externally via personal email, social software, or cloud storage. It is also prohibited to upload documents to external platforms or share links (e.g., AI large language models, etc.) without approval, or to copy files using unregistered devices (e.g., private USB drives, external hard drives) without authorization • Classifying data by levels • Completed the implementation of Liansoft data loss prevention DLP, achieving a 95% blocking rate for sensitive data externally transmitted • Managing servers on a centralized basis • Monitoring network performance and data traffic • Locally and remotely backing up critical data • Conducting data recovery emergency drills, and completed two system disaster recovery drills

The Group has taken measures to prevent employees from improper use of customer information. Employees are required to obtain strict digital access permissions to access any core data throughout the operations. When engaging with customers, we promptly sign confidentiality agreements with them. At the same time, we implement customer information isolation and customer information desensitization within the CRM (Customer Relationship Management) system. We also maintain confidential management of customer-related documents and information. During the Reporting Period, we updated the “Confidentiality and Security Management System,” defining the classification standards for confidential information and the confidentiality requirements for different levels, clarifying the management responsibilities and handling procedures of relevant personnel, thereby further strengthening the management of information confidentiality. For confidential personal data, we grant the access authority for confidential data only to employees with a strictly defined and layered access authority. We also strictly control and manage data usage across departments and do not share any personal data with external third parties.

The Group regularly conducts information security and privacy protection training on an annual basis to enhance employees’ awareness of information security and privacy protection. During the Reporting Period, the Group organized a total of 3 internal training sessions for the IT department, 1 company-wide information security training session, and 1 training session on the secure use of chips for R&D personnel, which covered information security awareness, specialized IT skills, and specific practical operations, ensuring that employees understand the Company’s information security management requirements, develop correct information security concepts and behavioral habits, and acquire necessary skills relevant to their positions.

2. R&D AND INNOVATION, CUTTING-EDGE TECHNOLOGY LAYOUT

Innovation as A Driving Factor

The Group has always aimed to widely empower industries through technological innovation, driving technological progress and product upgrades, and serving the hard technology of future mobility. The ability to develop new technologies, design new products and solutions and enhance existing products and solutions is critical to the Group’s business development. We offer comprehensive capabilities covering intelligent vehicle SoCs, support software, hardware and proprietary IP cores and algorithms, which can integrate different components to launch diversified products and offerings. Meanwhile, we have developed and commercialized the core algorithms and technologies focusing on Autonomous Driving, smart cockpit and advanced imaging on intelligent vehicles and other devices, improving the development efficiency for our customers throughout the vehicle R&D stage. In addition, the Company is also implementing cross-scenario technology and business migration based on the existing assisted driving chips and solution platforms, and has made significant progress in the fields of robots and unmanned logistics vehicles.

The Group actively monitors market and technological trends to develop long-term R&D roadmaps, thereby maintaining critical competitive advantages. We have established a comprehensive R&D system and continuously improve our R&D project management. Our R&D processes are ISO 9001 Quality Management System Certified, and the R&D process for SoC and software are ISO 26262 ASIL-D and ASPICE certified, respectively. Meanwhile, we actively enhance training for R&D personnel to continually improve the Group’s R&D capabilities.

As of the end of the Reporting Period, several products of the Group have achieved significant breakthroughs, fully demonstrating its innovative R&D capabilities and growth potential.

Main products		Achievements
Huashan Series	A1000 Family	<ul style="list-style-type: none"> including three products: A1000, A1000L and A1000 Pro A1000 is the first Autonomous Driving SoC with proprietary IP cores and high-computing power developed and launched in China and the first SoC¹ for L2+ and L3 with ASIL-B and AEC-Q100 Grade 2 certification in China¹, achieving mass production and deployment
	A2000 Family	<ul style="list-style-type: none"> including three products: A2000 Lite, A2000 and A2000 Pro, designed to meet the demands for different tiers of Autonomous Driving
Wudang Series	C1200 Family	<ul style="list-style-type: none"> a cross-domain SoC that integrates Autonomous Driving, smart cockpit, body control and other computational functionalities, providing an innovative and cost-effective computing solution for intelligent vehicles
Robotics Platform	SESAMEX™	<ul style="list-style-type: none"> The industry's first "Full-stack Self-Evolving • Whole-Brain Intelligence Platform", a full-scenario robotics commercial deployment computing platform integrating closed-loop perception, cognition, decision-making, control and safety
Hanghai Middleware	Intelligent Hanhai® ADAS Middleware Platform	<ul style="list-style-type: none"> Leveraging the powerful performance of the Huashan Series Chips, it encapsulates core functional modules of the intelligent driving system and commonly used basic software components into peripheral open interfaces, allowing users to quickly and easily access and utilize the powerful processing capabilities of the Huashan Series Chips. It helps developers rapidly develop intelligent driving application solutions and complete deployment and implementation

¹ According to Frost & Sullivan

With outstanding technological capabilities and remarkable market performance, the Group's innovative achievements gained widespread recognition from external parties in 2025, including the following major awards:

Awarding Organization	Partial Awards
www.STOCKSTAR.com	2025 Leading Enterprise · Artificial Intelligence Technology List
Gao Gong Intelligent	2025 Gao Gong Intelligent Global Awards • Annual Technology Breakthrough Award
National Business Daily	17th Lieche Hunters' List · Annual Automotive Chip Technology Leader
China Society of Automotive Engineers	AITX Hot Innovation Technology Award
China Securities Journal	2025 Technology Innovation Golden Bull Award
Gasgoo	2025 China Auto New Supply Chain Top 100
AutomationSG	GO! Technology Utilisation Winner
China Association of Automobile Manufacturers	2025 China Automotive Supply Chain Innovation Achievement
Forbes China	2025 Forbes China Artificial Intelligence Technology Enterprise TOP 50
cls.cn	2024 Golden Wisdom Award · Annual Innovative Enterprise
China Electronics News	2025 Annual Innovative Automotive Chip
China Automotive News	Global Automotive Supply Chain Ecosystem Partner Award Technical Innovation Ecosystem Partner

The Group has consistently increased its R&D investments, focusing on strengthening algorithm and toolchain resources. We also place high priority on developing R&D capabilities, establishing five R&D centers in China and two R&D centers in Silicon Valley, United States, and Singapore. Diversified geographic presence and our industry leadership enable us to attract top-tier talent specializing in cutting-edge technologies and consolidate the most advanced technologies worldwide.

The Group highly emphasizes employees' innovative contributions and has implemented proactive measures to retain and motivate R&D personnel. We have established a patent bonus for R&D personnel, granting patent bonus to R&D personnel at both the patent application and grant phases. In cases of multiple co-inventors, the bonus is equally distributed. Additionally, the Group compiles an annual list of the most innovative global employees based on the quantity and quality of their patent applications, with the results serving as a key factor in year-end performance evaluations. As of the end of the Reporting Period, the Group had 866 R&D personnel, accounting for 83.5% of its total employees. The R&D team possesses technical and industry backgrounds, with extensive experience in the chip and automotive industries.

Intellectual Property Protection

The Group has established and implemented comprehensive measures to protect our intellectual property rights. We strictly adhere to relevant laws and regulations, including the Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China. We have also formulated the Intellectual Property Management System and the Confidential Document Management System to regulate the management of the Company's intellectual property, safeguard it from infringement, and swiftly combat any illegal activities that violate our intellectual property rights. In line with the legal requirements of our operating regions, we have developed separate Patent Application Management Policies and Procedures for the United States, Singapore, and China. These policies clearly define the patent application processes for each region. To further strengthen our intellectual property management, the Group has established an Intellectual Property Committee, comprising the Company's legal department, intellectual property consultants, senior management, and/or the head of R&D. This committee serves as the Company's intellectual property management body and is responsible for reviewing, evaluating, and approving applications related to patents, software copyrights, integrated circuit layout designs, and other intellectual property matters.

Each year, the Company's legal department will align with the overall corporate plan, features of R&D projects, and the requirements of proposed projects to reasonably plan and oversee the number of intellectual property applications and grants for each company. This ensures that the quantity and quality of intellectual property applications and grants meet the standards required for local project implementation. For intellectual property achievements submitted by employees, the Group conducts self-checks and searches through third-party service platforms such as patent and trademark databases. We also engage agencies to conduct evaluations and reviews, thereby enhancing the quality of patents, trademarks and other intellectual property and ensuring proper maintenance after authorization. In 2025, we actively participated in the Trademark Overseas Early Warning Analysis Project organized by the Wuhan Municipal Intellectual Property Administrative Department, conducting regular monitoring of trademark status to comprehensively prevent risks such as overseas trademark infringement and squatting, thereby safeguarding the security of the Company's overseas intellectual property portfolio. Furthermore, the Group enters into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clause with employees and third-party personnel to ensure that they are aware of the Company's requirements for intellectual property protection. The patent application process must also be kept confidential within the Company. Inventors are prohibited from discussing the specifics of their inventions with employees who are not co-inventors, unless the lawyer or patent advisor of the Company is present and approves the communication.

We conduct intellectual property related training programs to enhance employees' awareness of intellectual property and their professional skills, thereby effectively protecting the Company's innovative achievements. During the Reporting Period, the Group organized four online intellectual property training sessions for newly hired employees to help them understand the Company's intellectual property system and become familiar with the patent application process. For all R&D personnel, the Group conducted specialized intellectual property training covering topics such as patent mining techniques and patent drafting, aiming to enhance their patent drafting capabilities while strengthening their awareness of intellectual property confidentiality.

As of the end of the Reporting Period, the Group owned 212 registered patents and 463 patent applications, 2 integrated circuit layout design registrations, 131 software copyrights, and 294 registered trademarks globally.

Type	Cumulative numbers as of the end of the Reporting Period (in units)	
	Number of patents applied	Number of patents obtained
Registered patents in China	254	94
Registered patents in the United States	209	118
Integrated circuit layout design registrations	2	2
Software copyrights in China	129	129
Software copyrights in the United States	2	2
Global registered trademarks	331	294

Product Safety and Quality

The Group strictly adheres to the Product Quality Law of the People’s Republic of China and other quality-related laws and regulations in the places where it operates. The Group upholds a quality policy of “exceeding customer expectations, and achieving mutual success with customers for its excellent and industry-leading high reliability” and establishes internal systems such as the Quality Manual, Internal Audit Control Procedure, and Management Review Control Procedure. We have set the quality strategic goal of “building an excellent system, creating ‘zero defect’ quality, and becoming an industry benchmark” to rigorously control product quality. During the Reporting Period, we newly formulated the SoC Chip R&D Quality Management Specification, which stipulates the quality management activities throughout the entire lifecycle of SoC chip projects, ensuring the delivery quality of SoC chips.

We have obtained ISO 9001 Quality Management System certification and successfully passed the review of ISO 9001 quality management system during the Reporting Period, confirming the ongoing effectiveness of our quality management system.



ISO 9001 Quality Management System Certification

The Group strives to ensure its automotive-grade SoCs are safely designed and verified, and has built a management system covering the whole process of functional safety to ensure full compliance with all the stringent requirements required by ISO 26262 standard from the initial hardware structure design phase to the complex chip manufacturing process and throughout the entire product life cycle. In order to ensure the validity and completeness of chip safety design, we have built two independent processes including product design and product verification. Among which, the product design is led and conducted by our design department, while the product verification and certification are carried out by our verification department, to ensure the independence and objectivity of both our product design and verification, which in turn enhances the reliability of our final products quality. In 2025, to further ensure product quality, we formulated the Quality Goal Setting Guide to provide guidance for goal setting across various projects, aiming to better meet customer expectations and deliver high-quality products. Concurrently, the Company’s quality management personnel participate in all stages of projects, including project initiation, development, trial production, and mass production. Through full-process supervision and review, we ensure that the output of each stage complies with quality standards and specifications, systematically prevent defects, control risks, and ultimately achieve end-to-end quality assurance from design to delivery.

The Group attaches great importance to the safety of intelligent driving and has established a comprehensive safety management system covering functional safety, cybersecurity, and software and system safety. All of the Group's mass-produced SoCs have passed the reliability design based on the AEC-Q100 standard, including key tests such as accelerated environment testing, accelerated lifetime simulation, packaging and assembly testing, chip manufacturing process monitoring and testing, and electrical verification, to ensure the longevity and reliability of our automotive-grade high-computing power SoCs. As of the end of the Reporting Period, the Group and its products passed various industry-recognized certifications and tests for safety and reliability. Black Sesame is the first domestic ADAS chip company to have gathered certifications including Functional Safety Expert Certification, Functional Safety Process Certification, Functional Safety Product Certification, Software Functional Safety Process Certification, ASPICE Certification, and AEC-Q100 Reliability Certification, marking that the Group can provide customers with complete, comprehensive safety products to meet the stringent requirements of customers in the global market.

Automotive Functional Safety	The Company has obtained the ISO 26262 ASIL D certification, laying a solid foundation. Furthermore, multiple product lines have undergone ISO 26262 product certification, including the A1000 family chips, C1200 family chips, A2000 chip, BST RTOS operating system, and Shanghai AI Toolchain, demonstrating that they have fully met the highest standards of automotive functional safety and possess the core capabilities to support the development of highest-level ASIL-D autonomous driving products.
Automotive Cybersecurity	The Company has obtained the ISO/SAE 21434 automotive cybersecurity process certification, representing that Black Sesame has established a cybersecurity product development process system in line with the requirements of ISO/SAE 21434 and has had the capability for managing cybersecurity risks. Additionally, our C1200 cross-domain family chip product has obtained Level 2 certification from the Office of State Commercial Cryptography Administration (OSCCA), providing a benchmark product example for the industry and supporting the safe application and market access for customers and the market.
Software and System Safety	The Company has obtained the ASPICE CL2 certification, marking that Black Sesame's software development process system and maturity have reached the industry's leading level, enabling the high-quality delivery of software products through a robust software development management process and system, meeting the software quality requirements of global OEMs and partners.

In terms of managing unqualified products, we have established systems such as the Failure Analysis Management Specification and Unqualified Product Control Procedure. These systems enable us to systematically identify, analyze, and address performance issues of malfunctioning products. They also ensure that unqualified products are effectively controlled, segregated, and processed. The Company engages corresponding wafer foundries, OSAT suppliers, third-party laboratories, etc., to conduct product testing, including wafer incoming quality control, wafer probing, final testing, system-level testing, AEC-Q100 reliability testing, and testing for hazardous substances such as RoHS, REACH, and Halogen-free. This ensures that products are quality-controlled and reliable from source to finished product, comply with automotive electronics-grade high-reliability standards and international environmental regulations, and provide customers with safe, compliant, and high-quality products. During the Reporting Period, the Group did not experience any product recall due to safety and health reasons.

We place great emphasis on supplier quality management and have established the Quality Management Specification for Chip Suppliers, which outlines the quality management steps for chip suppliers to ensure that the products we procure or the outsourced services meet the quality standards of the Company and the products. Additionally, we have developed the Supplier Abnormal Batch Handling Procedure to address abnormal situations such as the number of defective products from suppliers exceeding the controlled limit values. This procedure stipulates the requirements and methods for notifying about abnormal batches, reviewing handling plans, and handling of such batches.

The Group attaches great importance to enhancing the quality awareness and skills of all employees, and actively fosters a positive environment that focuses on quality. During the Reporting Period, we disseminate and promote the Company's quality philosophy through various means, including email propagation and the posting of posters, to enhance the quality awareness of all employees. In September 2025, we organized a Quality Month campaign, featuring activities such as watching "Do It Right the First Time" videos, fun quizzes, and articles written by senior management discussing quality. Related awards were set up to enhance the interactivity and fun of the activities, enhancing employee quality awareness. Simultaneously, we organized some of the award-winning staff to participate in quality experience exchange activities at supplier factories, promoting the deep integration of internal and external quality concepts. We also conducted specialized ISO 26262 functional safety training for all employees, starting from the basic concepts of functional safety, delving into the algorithmic safety standard requirements for L2 ADAS, and focusing on Black Sesame's thoughts and prospects in the field of functional safety, further strengthening the understanding and consensus of all employees on the functional safety system.

3. WIN-WIN COOPERATION, CO-CREATING A VALUE ECOSYSTEM

Customer Satisfaction

Black Sesame adheres to an open and win-win business strategy, actively exploring a variety of commercial cooperation models to create business opportunities with “chips”. We have established the Sales Department Management Measures to clarify personnel responsibilities, achieving unified and efficient management of customer expansion and business strategies, and promoting the standardization and regularization of the sales process. During the Reporting Period, to coordinate marketing management and drive business development, the Company established a Marketing Management Committee responsible for approving customer sales strategies, making decisions on major sales issues and marketing plans, following up on key customer progress, and promoting the implementation of various decisions through weekly/monthly/quarterly regular meeting mechanisms. In 2025, the Committee formulated the annual marketing strategy map and established a special mechanism for major account marketing, clarified the differentiated positioning of the Company’s products, and optimized the sales lead nurturing process, continuously improving customer service quality and expanding market share.

We utilize and continuously optimize a CRM system to serve the entire customer lifecycle, including functions such as business opportunities, contacts, follow-up records, quotation management, product management, contract management, and shipping. This system is also integrated with our OA (Office Automation) and ERP (Enterprise Resource Planning) systems, enabling comprehensive statistical analysis of various customer information and enhancing sales efficiency.

To empower frontline teams and continuously improve customer service quality, we conduct training sessions for our sales personnel, covering product knowledge, market information, and customer projects every month, which ensure that our sales personnel are well-informed about our products and market, and are able to promptly address any customers’ inquiries. Meanwhile, we hold departmental review meetings on a quarterly basis to identify and address any issues that arise in customer service. We also offer auxiliary services, including automotive OEMs (Original Equipment Manufacturers) for customers and joint software R&D and consultation services for Tier 1 suppliers to enhance our service matrix and improve customer satisfaction.

In terms of after-sales service, we have established the Customer Returned Product Management Process, which stipulates the standardized handling process for products returned by customers due to packaging issues, ensuring that returned products are handled promptly and properly.

Regarding customers’ complaint handling, the Company responds within 24 hours upon receiving a customer complaint and immediately conducts failure analysis, investigates the causes, and communicates with the customer in a timely manner to provide feedback and actively resolve the issues. For complex problems, the Company assembles a multidisciplinary and multi-departmental team to conduct a comprehensive analysis and offer holistic solutions. After the issues are resolved, we also conduct a thorough review and establish horizontal expansion measures to prevent similar problems from recurring. During the Reporting Period, the Group received a total of five complaints or suggestions from customers, and the resolution rate was 100%.

We adhere to being customer-centric and have established the Customer Satisfaction Control Procedure to focus on customer needs and promptly improve our products and services. Each year, we set customer satisfaction targets in alignment with the Company's business strategy, market demands, and the current state of customer satisfaction. We also conduct customer satisfaction surveys accordingly. During the Reporting Period, we carried out customer satisfaction surveys through various means, including email inquiries and on-site questionnaires. The survey results achieved a score of 98.2 (with a target of 98), meeting our expected goal. For any issues raised by customers, we promptly developed improvement plans and continuously tracked the progress of these improvements to enhance customer satisfaction on an ongoing basis.

Supply Chain Management

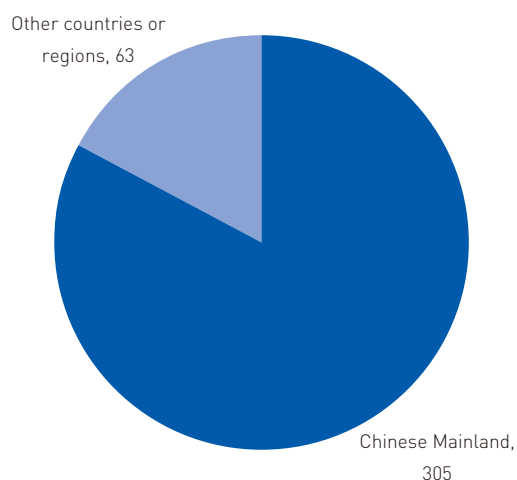
Ensuring the security and stability of the supply chain is crucial for the business continuity of the Group. During the Reporting Period, we officially released the Black Sesame Procurement Management System to standardize procurement processes, enhance procurement transparency and compliance, improve the quality and efficiency of procurement management, and control procurement risks. We manage suppliers by classification, dividing them into production suppliers, non-production suppliers, and import and export supply chain suppliers. For production suppliers, we have published the Production Supplier Access Policy. Through a standardized access process, we enhance the qualification review and assessment management of new suppliers, ensuring that the products they provide meet the Company's requirements for quality, cost, delivery, and compliance. For non-production suppliers, we review and assess their qualifications based on the supplier qualification information survey form. For import and export supply chain suppliers, they are required to pass AEO (Authorized Economic Operator) certification or trade security audits. Suppliers that meet the access requirements will be included in the Approved Supplier List for subsequent business cooperation.

We formulate an annual supplier audit plan each year and conduct audits of suppliers in collaboration with the quality department. Based on the Supplier Performance Management Measures we have established, we conduct performance evaluation for production suppliers quarterly in terms of quality, delivery, service, cost, and other aspects, and summarize the quarterly supplier performance evaluation results and provide comprehensive disposition recommendations at the end of the year. For suppliers whose performance evaluations are unsatisfactory, we require them to develop corresponding improvement measures and plans, and implement closed-loop management. If they fail to meet the rectification standards, we will terminate our cooperation with them. For non-production suppliers, performance is primarily evaluated through comprehensive service satisfaction surveys. That is, after receiving the products, we conduct a supplier satisfaction evaluation for that procurement. The procurement department provides corrective actions to the supplier based on any identified dissatisfaction issues. We conduct annual reviews on their qualifications each year. The procurement department, in conjunction with relevant departments, confirms their qualifications to ensure that they can meet our quality standards, compliance requirements and business needs. If it is found that a supplier no longer meets the conditions for a qualified supplier, we cease any further new project consultations and initiate sourcing transition work for the supplier's existing projects.

We conduct regular supplier risk assessments to identify potential risks in the supply chain in a timely manner, such as supplier bankruptcy, political instability, and natural disasters. To ensure the security of our supply chain, we have established a “regional proximity” principle for supplier selection. This is complemented by maintaining at least two supply sources for all business categories, promptly filtering out unqualified vendors, and selecting new suppliers with enhanced comprehensive competitiveness. We prioritize placing orders with suppliers achieving high evaluation scores. Meanwhile, we have formulated the Trade Security Standards to evaluate suppliers across multiple trade security dimensions: venue security, entry security, personnel security and cargo security. This comprehensive framework safeguards the security and stability of our supply chain. During the Reporting Period, we identified supply disruption risks arising from geopolitical tensions, natural disasters and other factors. We adopted measures including real-time monitoring of policy changes, engaging alternative suppliers, maintaining strategic inventory and establishing strategic partnerships, thereby effectively mitigating supply chain risks.

As of the end of the Reporting Period, we have 368 suppliers, mainly located in Chinese Mainland.

Number of Suppliers by Region



- **Sustainable Procurement**

The Group embraces the concept of sustainable procurement. During the supplier admission and evaluation processes, in addition to considering factors such as business qualifications, quality and service capabilities of suppliers, we also incorporate sustainability factors including environmental protection and social responsibility into our assessments, such as whether suppliers have obtained the ISO 14001 Environmental Management System certification, requiring suppliers to comply with customers’ requirements on the recycling and circular reuse of components, and including provisions relating to hazardous substance assurance in agreements signed with suppliers.

In addition, we require suppliers to ensure that the supplied raw materials and components comply with certain applicable safety, health and quality requirements and environmental directives as part of their contractual obligations. Our A1000 Series SoCs are compliant with environmental directives such as RoHS, HF and REACH, as well as applicable laws and regulations.

Industry Exchanges

While continuously improving our technical capabilities, we actively participate in industry exchanges, share our technical experience, gain insights into industry development trends, and lead the industry toward a more efficient and intelligent direction.

In terms of formulating industry standards, Black Sesame actively participates in the development of industry standards, integrating its own technological expertise and forward-looking insights into core standards such as functional safety, cybersecurity and reliability, thereby enhancing product credibility and core market competitiveness, and leading industrial upgrading. In 2025, the Company participated in a total of 29 standards in fields including intelligent connected vehicles and integrated circuits, and took part in compiling and signing one standard demand research report.

In terms of industry exchanges and cooperation, during the Reporting Period, Black Sesame participated in a series of important industry forums and conferences, including the 2025 “China Chip” Integrated Circuit Industry Promotion Conference, Hubei Automotive Intelligent Industry Development Expert Symposium, 2025 5G+ Industrial Internet Conference, and Hubei Artificial Intelligence Industry Development Symposium, sharing industry insights and deepening communication and collaboration with all sectors of the industrial chain. In addition, the Company actively participated in renowned exhibitions at home and abroad, such as the 3rd China International Supply Chain Promotion Expo, CES (International Consumer Electronics Show) 2025, Auto Shanghai, and IAA Mobility in Germany, fully demonstrating its innovative breakthroughs in the fields of assisted driving, cabin-driving integration and safety computing, injecting strong impetus into the intelligent transformation of China’s automotive industry.

In advancing industrial ecosystem collaboration, Black Sesame initiated the establishment of the High-End Chip Industrial Innovation and Development Alliance to help build a multi-party exchange and cooperation platform focusing on the chip industry chain and the application system of the government, enterprises, universities, research institutions, financial institutions, service organizations and users. This initiative aims to advance the generic technology in chip manufacturing and propel the upgrading of the chip industry. In addition, the Company actively engaged in industry-university-research collaborations with institutions such as Tsinghua University and Wuhan University of Technology, focusing on fields including autonomous driving, artificial intelligence and AI chips. These collaborations aim to accelerate the transformation of scientific research achievements into practical applications, enhance the cultivation of high-caliber professionals in the industry, and jointly build an innovation-driven ecosystem for industrial development.



CES 2025



Auto Shanghai



IAA Mobility in Germany

4. PEOPLE-ORIENTED PHILOSOPHY FOR SYNERGIZING TALENT STRENGTH Protection of Employees' Rights and Interests

The Group is committed to building a collaborative corporate culture based on the principles of integrity, innovation and passion, and aims to provide an inclusive working environment for all employees. The Group strictly complies with applicable laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Prohibition of Child Labor Provisions. The Group has formulated the Employee Handbook and is committed to providing equal employment opportunities, prohibiting any form of discrimination based on race, color, belief, religion, gender and sexual orientation, etc., and safeguarding the legitimate rights and interests of its employees. As of the end of the Reporting Period, the Company has 21 employees from ethnic minorities and 7 employees with disabilities.

We have always adhered to the principle of "compliant employment" and have formulated rules and regulations in relation to recruitment to standardize the employee recruitment process. We recruit suitable talents for the Company through multiple channels, including campus recruitment, recruitment websites, and internal recommendation and recruiting through hunting firms. During the Reporting Period, we organized seminars and recruitment fairs in universities such as University of Science and Technology of China, Huazhong University of Science and Technology, Shenzhen University and Wuhan University of Technology to help the Company build a pool of excellent technical talents.

The Group firmly opposes illegal and non-compliant employment practices such as child labor and forced labor, and strictly prohibits child labor and forced labor. To ensure that our employment practices comply with the Prohibition of Child Labor Provisions, we conduct a thorough check of the applicants' valid identification documents at the time of hiring to ensure that they have reached the legal working age. We also require employees to confirm the accuracy of the information they provide. If we discover that an employee has concealed or falsified information, we reserve the right to terminate the labor contract. As of the end of the Reporting Period, the Group has not engaged in any child labor or forced labor practices.

As of December 31, 2025, we have a total of 1,037 employees, with the specific distribution as follows:

Category		Number of employees (person)
Gender	Male	811
	Female	226
Age	30 years old and below	290
	30-50 years old	722
	Over 50 years old	25
Region	China	906
	Overseas	131
Type of employment	Full-time	1,035
	Part-time	2

During the Reporting Period, the employee turnover rate of the Group was 13.15%¹, with the specific distribution as follows:

Category		Employee turnover rate
Gender	Male	12.13%
	Female	16.61%
Age	30 years old and below	19.67%
	30-50 years old	10.53%
	Over 50 years old	3.85%
Region	China	12.55%
	Overseas	17.09%

Note:

1. Employee turnover rate = number of employees lost during the year / (number of employees lost during the year + total number of employees at the end of the period).

- **Remuneration and benefits**

We value the contributions of each employee in different positions and are committed to providing a fair and balanced compensation plan for our employees. We have established a unified salary management system and an internal employee transfer management plan to ensure fairness in salaries and promotions. We have also setup a differentiated compensation incentive system based on the characteristics of each position to fully unleash the potential of our talents. For example, we offer sales incentives for sales personnel and project bonuses for technical staff. To further motivate and retain core technical personnel, we have implemented various incentive measures such as retention bonuses, patent incentives and stock option incentives. These measures are designed to effectively drive our core talents to continuously create value. Meanwhile, we annually select outstanding teams and individuals to recognize their outstanding contributions to the Company.

We encourage our employees to pursue a healthy work-life balance and provide them with a comprehensive welfare package. Building upon the statutory social insurance and housing fund requirements, we offer all employees' statutory national holidays, annual leave, bereavement leave, marriage leave, maternity leave, personal leave, sick leave, parental leave, paternity leave, breastfeeding leave and other paid leaves. We also regularly organize a variety of employee activities, including employee birthday parties, holiday events and sports activities. We organize social and team-building activities from time to time to create a positive and cohesive working environment for all employees.

We conduct an annual employee satisfaction survey to better understand the needs and expectations of our employees, and to continuously optimize the working environment and enhance employee well-being. In 2025, we carried out an employee satisfaction survey focusing on IT services, administration and finance. The survey recorded a participation rate of over 90% and an average score of 4.47 out of 5, reflecting the high recognition of employees towards the relevant services and management.



Christmas Event



International Women's Day Event



Programmers' Day



Football Activity

Training and Development

The Group focuses on employee development and emphasizes on talent cultivation, so as to ensure that every employee is given equal opportunities for learning and career development at Black Sesame. We have established a dual-path job appointment system with both management and technical career paths, aiming to provide a broad development platform for employees with different aspirations. In addition, we organize performance appraisals twice a year to scientifically and objectively evaluate the work performance and contribution of our employees, and the results of these appraisals serve as an important basis for employees' career development and promotion.

We also offer a variety of training programs for our employees, including general training, professional business training and leadership training, to support their personal development at different career stages. In addition, we encourage employees to pursue further education and obtain additional professional qualifications. We provide financial support for these endeavors.

General training

- Helping new employees quickly understand the Company's rules and regulations, work processes, job responsibilities and other basic information, so that they can integrate into the corporate culture more rapidly.
- During the Reporting Period, we conducted training for all new employees, covering corporate culture, company introduction, policies and procedures, etc. Such training communicates the Company's management requirements and helps employees integrate into the new working environment quickly.

Professional business training

- Training on the professional skills required for specific positions helps our employees develop their personal careers and enhance their overall competitiveness.
- During the Reporting Period, we assisted a number of employees in obtaining certifications including those from the China Society of Automotive Engineers and quality management qualifications, further enhancing the professional competence of the team and building a pool of high-quality talents to support the Company's business development.

Leadership training

- Training for middle managers and above aims to enhance their leadership, management ability and decision-making ability, thereby promoting the high-quality development of enterprises.
- During the Reporting Period, we continued to implement the "Honghu Plan", which covered training on managers' role recognition, objective performance management, structured thinking and logical framework building, enabling employees to learn advanced management concepts and methods and to enhance their team collaboration skills.



Honghu Plan

During the Reporting Period, the proportion of trained employees in the Group was 60.56%, and the average training hours per employee was 4.65 hours. The specific training status is as follows:

Category		Percentage of trained employees (%)	Average training hours (hour)
Gender	Male	78.82%	4.75
	Female	21.18%	4.30
Type of employment	Senior management personnel	3.18%	7.50
	Middle management personnel	12.42%	21.10
	General staff	84.39%	1.83

Safety and Health

The Group prioritizes the health and safety of our employees. In strict compliance with the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other relevant laws and regulations, we have established the Safety Production Management System to regulate the management of occupational health and safety, so as to create a safe and secure working environment for our employees. We provide our employees with additional supplementary commercial medical insurance, annual physical examinations and other health programmes to help detect potential health issues in a timely manner and safeguard employees' physical and mental well-being in an all-round way. Meanwhile, we conduct fire drills and organize first aid training for our employees through our property management partners every year to enhance their safety awareness and emergency response capabilities. In the United States, the Company has specifically developed the Workplace Violence Prevention Policy in accordance with local laws and regulations to ensure that employees in every office have a safe and positive working environment free from any form of workplace violence.

Over the past three years, the Group has not experienced any work-related fatalities. During the Reporting Period, the number of working days lost by the Group due to work-related injuries was 0 day.



Fire Drills

Social Welfare

We deeply recognize the importance of giving back to society and promoting the public interest. We advocate for green office practices and low-carbon operations, focus on water and electricity conservation and avoiding extravagance in our operations, and continuously enhance our employees' environmental awareness so as to promote the sustainable development of communities and jointly protect the green hills and clear water.

In view of the fact that the Group is currently undergoing rapid and prosperous development, we are committed to continuously increasing our investment in social welfare projects in the future, so as to fulfill our corporate social responsibility through practical actions.

5. LOW-CARBON AND ENVIRONMENTAL PROTECTION: ADVANCING GREEN DEVELOPMENT

Green Operations

The Group has always adopted green and low-carbon operations, and strictly complies with all environmental protection laws and regulations of the countries in which the Group operates, including the Environmental Protection Law of the People's Republic of China, the Water Law of the People's Republic of China and the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste. During the Reporting Period, we established and implemented the ISO 14001 environmental management system, and formulated a series of environmental management documents, including the Environmental Manual, Control Procedure for Environmental Aspect Identification and Evaluation, Control Procedure for Hazardous Chemicals, Control Procedure for Waste Water, Waste Gas and Noise Management, Waste Management and Control Procedure, and Control Procedure for Resource and Energy Conservation. These documents clarify the environmental management responsibilities and operational specifications for all processes, ensuring the effective operation and continuous improvement of the system, and comprehensively enhancing the systematization and compliance level of the Company's environmental management. During the Reporting Period, we obtained the ISO 14001 environmental management system certification.



Black Sesame obtained ISO 14001 environmental management system certification

In 2025, Black Sesame conducted environmental risk identification and assessment, systematically identifying environmental risks across all stages of the product life cycle, including office and R&D activities, laboratory sample testing, raw material procurement, design and development, equipment management, use of software and hardware systems, finished product application, and end-of-life disposal, and formulated corresponding control measures. Key management will be implemented for the significant environmental aspects identified in the assessment, with regular monitoring of control effectiveness to effectively prevent environmental risks. During the Reporting Period, we identified three significant environmental aspects, namely waste ink cartridges, waste used batteries, and fire hazards. Through the formulation of special control measures and regular inspections, we have effectively controlled their environmental impacts and prevented environmental pollution.

In addition, we have enhanced environmental awareness among all employees and fostered green behavioural habits and the concept of sustainable development through training and promotional activities. During the Reporting Period, we conducted a themed training session entitled “Decoding Green Competitiveness – BST Compliance Environmental Management” for all employees in the Chinese Mainland. The training covered basic knowledge of environmental management systems, an introduction to the Company’s environmental management system, regulatory priorities and key work areas, enabling employees to fully understand environmental management requirements and their respective responsibilities, and providing clear guidance for the implementation of environmental protection requirements in daily operations.

During the Reporting Period, the Group was not subject to any fines or other penalties for violation of environmental laws and regulations.

- **Waste management**

In terms of reducing non-hazardous waste, we have implemented the paperless policy, operating most of our businesses digitally and utilizing cloud-based services to reduce consumption of paper in all the offices. Meanwhile, we actively respond to any government requirements on waste sorting, recycling and waste reduction. We have implemented the sorting of dry waste, wet waste, hazardous waste and recyclable waste in our offices to further lessen waste and environmental pollution.

- **Energy conservation and emission reduction**

As a high-tech company, we encourage our employees to reduce their carbon footprint by promoting online collaborative working and avoiding unnecessary travels. We arrange our office superintendents to regularly inspect the building and promptly turn off the lights in empty rooms. Meanwhile, we post environmental protection signs in the office areas to remind employees to turn off the lights and control the air conditioning temperature, and urge the employees to turn off the computers before leaving office. Additionally, we regularly send emails to all employees regarding energy conservation and emission reduction to enhance their awareness of low-carbon and environmentally friendly practices.

- **Water conservation**

Water resources are limited natural resources. The Group promotes water conservation among all employees through activities such as water conservation publicity and education and the posting of water conservation slogans to create a water conservation corporate culture and contribute to the protection of water resources.

In 2025, the Group's environmental KPIs are shown in the table below:

Environmental KPIs ¹	Unit	2025	2024
Total energy consumption	MWh	1,790.45	2,318.06
Total indirect energy consumption	MWh	1,790.45	2,318.06
Including: Purchased electricity	MWh	1,790.45	2,318.06
Energy consumption intensity	MWh/million RMB revenue	2.18	4.89
Total water consumption	tonnes	3,795.00	4,074.92
Total water consumption density	tonnes/million RMB revenue	4.61	8.59

Notes:

- Given the Group's fabless operation model, which involves no production or manufacturing activities, the following KPIs are not applicable to the Group: KPI A1.1 (Types of emissions and related emission data), KPI A1.3 (Total amount and density of hazardous waste generated), KPI A1.4 (Total amount and density of non-hazardous waste generated), KPI A1.5 (Description of emissions target(s) set and steps taken to achieve them), KPI A1.6 (Description of how hazardous and non-hazardous wastes are handled, and description of reduction target(s) set and steps taken to achieve them), KPI A2.5 (Total packaging material used for finished products and with reference to per unit produced) and KPI A3.1 (Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them). Therefore, these KPIs are not disclosed in this ESG report.
- As most electricity expenses for the Group's offices in Beijing and the United States are included in rental expenses, the total energy consumption recorded for the current year has decreased compared with 2024.

Climate Change

Climate change has emerged as one of the most significant challenges facing the world. Black Sesame attaches great importance to climate change issues, continues to monitor their potential impacts, and actively adopts response measures. In reference to the climate-related disclosure requirements in Part D of Appendix C2 ESG Reporting Guide of the Hong Kong Stock Exchange, we systematically promote climate change management and information disclosure, thereby comprehensively enhancing the transparency and governance level of climate change issues.

- **Governance**

The Group has integrated climate change into its ESG management. The Board serves as the ultimate accountable body for climate-related matters, responsible for overseeing the identification of climate-related risks and opportunities, the formulation and implementation of response strategies, as well as the setting of relevant targets and evaluation of their achievement. The Board receives annual updates from the ESG working group on the Group's climate-related risks and opportunities, and assesses and manages material climate risks and opportunities accordingly. In overseeing the Group's strategies, major transaction decisions, risk management procedures and relevant policies, the Board incorporates climate-related risks and opportunities into its decision-making considerations and balances relevant factors as necessary.

The ESG working group is responsible for the implementation of climate change management measures, coordination of cross-departmental collaboration, tracking of target progress, and regular reporting of work results to the Board.

- **Strategy**

The Group actively responds to climate change and systematically identifies climate-related risks and opportunities closely associated with our business operations. The Group assesses the impact of current and anticipated climate risks and opportunities on the business model/value chain, and formulates corresponding climate adaptation and mitigation measures accordingly. During the assessment process, the Group comprehensively considers its own business plans and refers to the recommendations and requirements of international standards, defining the short-term time frame as 1 year, the medium-term as 2-5 years, and the long-term as more than 5 years.

The specific details are shown in the following table:

Type of Risks/Opportunities		Risk/Opportunity Description	Impact of Risks/Opportunities on the Business			Value Chain Segment	Financial Impact Assessment	Adaptation or Mitigation Actions Already or Expected to be Taken
			Short-term	Medium-term	Long-term			
Physical risks	Acute risks	Extreme weather such as rainstorm, typhoons, floods and high temperatures may cause negative impacts on the enterprise including facility damage, supply chain disruption and obstruction of employee commutes, disrupting the Company's normal production and operations, and consequently leading to property losses.	Medium	Medium	Medium	Upstream Operations Downstream	Increased operating costs	<ul style="list-style-type: none"> Develop an Extreme Weather Emergency Management System and emergency drill plans, and organize regular training and drills. Closely monitor weather conditions, and in the event of extreme weather, issue early warning notices internally and collaborate with property management to enhance safety inspections of key areas including doors, windows, roofs and drainage systems.
	Chronic risks	Climate warming may lead to increased cooling costs for servers, increasing the Company's operating costs.	Low	Low	Medium	Operations	Increased operating costs	<ul style="list-style-type: none"> Strengthen energy consumption monitoring, replace high-efficiency equipment, and gradually relocate high-energy-consumption data centers to regions with favorable climates and clean energy to reduce physical risks and energy consumption costs.

Type of Risks/Opportunities		Risk/Opportunity Description	Impact of Risks/Opportunities on the Business			Value Chain Segment	Financial Impact Assessment	Adaptation or Mitigation Actions Already or Expected to be Taken
			Short-term	Medium-term	Long-term			
Transition risks	Legal and policy risks	With the deepening of the "Dual Carbon" goals and the tightening of global carbon emission policies, such as enhanced carbon disclosure requirements and the gradual implementation of the EU Carbon Border Adjustment Mechanism (CBAM), enterprises will face risks such as increased emission costs and reduced competitiveness of exported products.	Low	Medium	High	Operations	Increased operating costs	<ul style="list-style-type: none"> Continuously monitor relevant legal and policy requirements, formulate response measures in a timely manner to ensure compliant disclosure. Proactively align with international carbon rules and certification requirements, and reduce carbon emissions through clean energy use and energy efficiency optimization to enhance the green competitiveness of products.
	Market risks	Downstream customers are imposing increasingly stringent requirements on supply chain carbon data. If the Company fails to provide complete and reliable carbon data, it may lead to risks such as order loss and restricted supplier access qualifications.	Medium	Medium	Medium	Upstream Operations Downstream	Decreased revenue	<ul style="list-style-type: none"> Proactively conduct product carbon footprint calculations to ensure customer requirements for carbon emission-related information are met. Actively carry out energy conservation and consumption reduction efforts to continuously reduce operational carbon emissions.
	Technology risks	Resource investment during the Company's transition to low-carbon technologies, such as procuring high-efficiency and energy-saving equipment, using clean energy, and promoting low-carbon product certifications.	Low	Medium	High	Operations	Increased operating costs	<ul style="list-style-type: none"> Develop a phased implementation path for energy conservation and emission reduction to manage cost pressures and smoothly complete the transition to a low-carbon model. Conduct market research to ensure products are closely aligned with market demands.
	Reputational risks	Failure to effectively manage climate-related risks may lead to a decline in investor confidence, an increase in negative public opinion, and other issues, negatively impacting the Company's image.	Low	Medium	High	Operations	Decreased revenue	<ul style="list-style-type: none"> Enhance the accuracy and transparency of climate-related information disclosure, respond promptly to the concerns of various stakeholders, and establish a responsible corporate image.

Type of Risks/Opportunities		Risk/Opportunity Description	Impact of Risks/Opportunities on the Business			Value Chain Segment	Financial Impact Assessment	Adaptation or Mitigation Actions Already or Expected to be Taken
			Short-term	Medium-term	Long-term			
Opportunities	Products and services	The "Dual Carbon" policy and energy transition are jointly driving the intelligent and low-carbon development of the automotive industry. The increasing market demand for new energy vehicles and intelligent driving technologies presents development opportunities for Black Sesame.	Low	Medium	Medium	Upstream Operations Downstream	Decreased operating costs Increased revenue	<ul style="list-style-type: none"> Continuously strengthen technological innovation to meet market demand for high-performance autonomous driving chips and seize market opportunities.
	Energy efficiency	Energy efficiency improvements help reduce the Company's energy consumption costs in operations and manufacturing, thereby enhancing overall profit levels.	Low	Low	Medium	Operations	Decreased operating costs Increased revenue	<ul style="list-style-type: none"> Promote green office practices, closely monitor electricity consumption, continuously improve energy utilization efficiency, and reduce energy consumption. Conduct internal energy conservation and emission reduction publicity and training to strengthen employees' awareness of energy conservation.

Notes:

- During the Reporting Period and the following year, the Group did not identify any climate risks and opportunities that have a substantial impact on the Group's financial position, financial performance, cash flows, financing channels, capital costs, business model (including resource allocation), and operational status. Therefore, based on the "comply or explain principle" in Appendix D of the ESG Reporting Code, we are not required to perform a quantitative analysis of the current financial impact.
- The Group has conducted a qualitative financial impact assessment. However, due to the high uncertainty in the measurement methods used to quantitatively evaluate the expected financial impact, rendering the estimated quantitative data lacking reference value, the Group has applied the "financial impact relief" for the expected financial impact of climate-related risks and opportunities during the Reporting Period.
- The climate risks and opportunities faced by the Group during the Reporting Period and the following year are all at low to medium risk levels and have not had a material impact on the Group's operating strategies and decisions. Therefore, the Group has not formulated a related climate transition plan at this stage. We are committed to closely monitoring changes in climate-related policies and regulations, industry governance trends, and regulatory requirements, and will formulate relevant climate transition plans and adjust disclosure arrangements as appropriate in due course.

➤ Climate Scenario Analysis

The Group has selected two typical climate scenarios, low and high emissions. Through a qualitative climate scenario analysis of climate risks and opportunities under different emission pathways, the Group systematically assesses their impact on the Group, aiming to enhance climate resilience and provide a scientific basis for formulating climate change response strategies.

	Low-emission scenario	High-emission scenario
Scenario definition	Ambitious climate action limits global warming within 1.5°C or well below 2°C.	Unfavorable climate change response raises global temperature by over 4°C by the end of this century.
Scenario description	Based on the ideal path of achieving the goals of the Paris Agreement, global active climate action accelerates the low-carbon transition in energy structure, industrial production, road transportation, and other sectors to achieve carbon neutrality goals; the share of renewable and clean energy increases significantly; customers favor green and low-carbon goods, promoting a low-carbon transition across society.	The goals of the Paris Agreement are not met. Greenhouse gas emissions continue to grow, and countries fail to take effective climate action. Fossil fuels remain dominant, with greenhouse gas emissions continuing to rise. Extreme weather events occur frequently, threatening infrastructure and human health.
Reference data source	IPCC SSP 1-2.6 scenario	IPCC SSP 5-8.5 scenario

The climate scenario analysis shows that the Group faces varying degrees of physical and transition risks under different climate scenarios, and the impact of various risks on its business and value chain varies. Based on past operational experience, the Group has not experienced operational or supply chain disruptions due to climate disasters. Furthermore, the Group operates under a fables model, which does not involve extensive production or manufacturing. Therefore, the physical risks faced by the Group are relatively limited, demonstrating strong climate resilience.

At the same time, we recognize that climate change is a long-term task. Climate risks and opportunities are influenced by multiple factors such as domestic and international policies, markets and natural conditions, leading to significant uncertainty regarding their impact on the business and value chain. The Group will continue to monitor policies and industry trends in each operating location, adjust climate response strategies in a timely manner in line with business strategy, and continuously enhance climate resilience.

Given that obtaining all reasonable and supportable data for quantitative climate analysis under different emission scenarios would incur substantial costs, the Group has adopted the “reasonable information relief” for quantitative climate scenario analysis.

- **Risk Management**

To enhance the Company’s adaptive capacity in the context of climate change, the Group has integrated climate risk management into its comprehensive risk management process. The specific climate risk management process includes:

- 1) Identification: Referencing the Hong Kong Stock Exchange’s Implementation Guidance for Climate Disclosures under ESG reporting framework, combined with industry and its own business attributes, the Group regularly identifies climate risks and opportunities and adds them to the list of climate risks and opportunities.
- 2) Assessment: Based on the list of climate risks and opportunities, the Group assesses the potential time horizon of impact and the extent of the impact, and prioritizes climate-related risks and opportunities relative to other types of risks and opportunities based on the degree of impact.
- 3) Response: Formulate response strategies for climate risks and opportunities, clarify departmental responsibilities, and effectively promote the implementation of relevant measures.
- 4) Monitoring: Establish a regular review and dynamic adjustment mechanism to track the implementation effectiveness of climate-related measures, ensuring that climate-related strategies continue to meet regulatory requirements and the Company’s sustainable development goals.

- Metrics and Targets**

In response to the national “Dual Carbon” strategy, the Group has carried out GHG emission quantification to comprehensively assess its emission profile and identify emission reduction potentials. In 2025, the Group’s GHG emissions are as set out in the table below:

Climate KPIs	Unit	2025	2024
Total GHG emissions	tCO ₂ e	891.89	1,086.60
Scope 2 GHG emissions (location-based)	tCO ₂ e	891.89	1,086.60
Including: Purchased electricity	tCO ₂ e	891.89	1,086.60
GHG emission intensity	tCO ₂ e/million RMB revenue	1.08	2.29

Notes:

- The Group accounts for its GHG emissions in accordance with the GHG Protocol. GHG emissions are calculated in terms of CO₂e. Due to the nature of our operations, our GHG emissions are mainly generated from Scope 2 GHG emissions caused by purchased electricity, and do not involve Scope 1 GHG emissions. For carbon emissions generated from the use of purchased electricity, a location-based method is adopted for calculation and disclosure. The emission factors for Chinese mainland are based on the 2023 national average grid emission factor of 0.5306 tCO₂/MWh published by the Ministry of Ecology and Environment of the People’s Republic of China, while the emission factors for overseas regions are based on the GHG emission factors published by the International Energy Agency (IEA).
- For data accuracy, we have retrospectively revised the 2024 GHG emission data.
- Given that obtaining reasonable and supportable data for Scope 3 emission categories would incur substantial costs, the Group has adopted the “reasonable information relief” for Scope 3 emission categories.
- Based on the Group’s analysis of the impact level of climate-related risks and opportunities, we have not identified, at this stage, any climate risks and opportunities that would require standalone capital expenditures, financing, or investment arrangements.
- Considering that obtaining reasonable and supportable data for certain cross-industry and industry-specific climate disclosure indicators would incur substantial costs, the “reasonable information relief” has been adopted.
- The Group has not yet implemented internal carbon pricing, set quantitative climate targets, or incorporated climate factors into its remuneration policy considerations. Going forward, we will continue to monitor changes in regulatory requirements and industry practices, and review relevant disclosure arrangements as appropriate.

APPENDIX ESG REPORTING CODE INDEX TABLE

Part C: “Comply or explain” Provisions

Aspect	Description	Chapter
A1	Emissions	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Low-Carbon and Environmental Protection: Advancing Green Development – Green Operations
A1.1	The types of emissions and respective emissions data.	
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
A1.5	Description of emissions target(s) set and steps taken to achieve them.	
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	
A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Low-Carbon and Environmental Protection: Advancing Green Development – Green Operations
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	
A3	The Environment and Natural Resources	
General Disclosure	Policies on minimizing the issuer’s significant impacts on the environment and natural resources.	Low-Carbon and Environmental Protection: Advancing Green Development – Green Operations
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	

Aspect	Description	Chapter
B1	Employment	People-Oriented Philosophy to Synergizing Talent Strength – Protection of Employees’ Rights and Interests
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	
B1.2	Employee turnover rate by gender, age group and geographical region.	
B2	Health and Safety	People-Oriented Philosophy to Synergizing Talent Strength – Safety and Health
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	
B2.2	Lost days due to work injury.	
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	
B3	Development and Training	People-Oriented Philosophy to Synergizing Talent Strength – Training and Development
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
B3.2	The average training hours completed per employee by gender and employee category.	
B4	Labour Standards	People-Oriented Philosophy to Synergizing Talent Strength – Protection of Employees’ Rights and Interests
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	
B4.2	Description of steps taken to eliminate such practices when discovered.	

Aspect	Description	Chapter
B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Win-Win Cooperation, Co-Creating a Value Ecosystem – Supply Chain Management
B5.1	Number of suppliers by geographical region.	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
B6	Product Responsibility	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Compliance Operation to Build Strong Foundation for Governance – Responsible Marketing, Information Security and Privacy Protection R&D and Innovation, Cutting-Edge Technology Layout Win-Win Cooperation, Co-Creating a Value Ecosystem – Customer Satisfaction
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
B6.2	Number of products and service-related complaints received and how they are dealt with.	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	
B6.4	Description of quality assurance process and recall procedures.	
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	

Aspect	Description	Chapter
B7	Anti – corruption	Compliance Operation to Build Strong Foundation for Governance – Business Ethics
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to the prevention of bribery, extortion, fraud and money laundering.	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
B7.3	Description of anti-corruption training provided to directors and staff.	People-Oriented Philosophy to Synergizing Talent Strength – Social Public Welfare
B8	Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
B8.2	Resources contributed (e.g. money or time) to the focus area.	

Part D: Climate-related Disclosures

Climate-related Disclosures Requirements	Description	Chapter
Governance	(a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities (b) Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	Low-Carbon and Environmental Protection: Advancing Green Development – Climate Change – Governance
Strategy	Climate-related risks and opportunities	Low-Carbon and Environmental Protection: Advancing Green Development – Climate Change – Strategy
	Business model and value chain	Low-Carbon and Environmental Protection: Advancing Green Development – Climate Change – Strategy
	Strategy and decision-making	Low-Carbon and Environmental Protection: Advancing Green Development – Climate Change – Strategy
	Financial position, financial performance and cash flows	Quantify Expected Financial Impact and Implement Financial Impact Relief
	Climate resilience	Low-Carbon and Environmental Protection: Advancing Green Development – Climate Change – Climate Scenario Analysis

Climate-related Disclosures Requirements	Description	Chapter
Risk Management	(a) The processes and related policies the issuer uses to identify, assess, prioritise and monitor climate-related risks and opportunities	Low-Carbon and Environmental Protection: Advancing Green Development – Climate Change – Risk Management
	(b) The processes the issuer uses to identify, assess, prioritise and monitor climate-related risks and opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	Low-Carbon and Environmental Protection: Advancing Green Development – Climate Change – Risk Management
	(c) The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process	Low-Carbon and Environmental Protection: Advancing Green Development – Climate Change – Risk Management
Metrics and Targets	Greenhouse gas emissions	Low-Carbon and Environmental Protection: Advancing Green Development – Climate Change – Metrics and Targets
	Climate-related transition risks	Reasonable information relief
	Climate-related physical risks	Reasonable information relief
	Climate-related opportunities	Reasonable information relief
	Capital deployment	Low-Carbon and Environmental Protection: Advancing Green Development – Climate Change – Metrics and Targets
	Internal carbon prices	Not been implemented yet
	Remuneration	Not been implemented yet
	Industry-based metrics	Reasonable information relief
Climate-related targets	Not been set yet	

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Black Sesame International Holding Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Black Sesame International Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which are set out on pages 115 to 201, 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.

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
- Measurement of expected credit losses of trade receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition</p> <p>Refer to Note 2.2.5 "Revenue recognition" and Note 6 "Revenue" to the consolidated financial statements.</p> <p>For the year ended December 31, 2025, the Group's revenue from sales of driving assistance products and solutions, sales of intelligent imaging solutions and sales of embodied AI and solutions were RMB686.9 million, RMB39.1 million and RMB96.3 million, respectively. Revenue was recognised at a point in time when control of the underlying goods or services has been transferred to the customers.</p> <p>We focused on the revenue recognition as significant audit resources and efforts were spent on auditing this area due to the magnitude of the revenue amount and the variety of the relevant contract terms and conditions as agreed with customers.</p>	<p>Our procedures in relation to revenue recognition included:</p> <p>We understood, evaluated and tested, on a sampling basis, management's internal controls in relation to revenue recognition.</p> <p>We inspected sales contracts with the Group's customers, on a sampling basis, identified the key terms and conditions relating to the transfer of control of goods or services to customers and assessed the Group's revenue recognition policies with reference to the requirements of the applicable accounting standards.</p> <p>We tested, on a sampling basis, revenue transactions by comparing the key terms and conditions of the underlying contracts, inspecting the supporting documents such as delivery records, customer acceptance reports and underlying sales invoices.</p> <p>We circulated confirmations, on a sampling basis, with customers of the Group to confirm trade receivables balance at the balance sheet date and sales transactions for the year ended December 31, 2025.</p> <p>We tested revenue transactions, on a sampling basis, that took place before and after the balance sheet date by tracing to the supporting documents such as delivery records, customer acceptance reports and underlying sales invoices to assess whether these transactions were recognised in the appropriate reporting period.</p> <p>Based on the procedures performed, we considered that the Group's revenue recognition was supported by the evidence obtained.</p>

Key Audit Matter

How our audit addressed the Key Audit Matter

Measurement of expected credit losses of trade receivables

Refer to Note 2.3.10 "Trade receivables", Note 3.1(b) "Credit risk", Note 4(b) "Provision for expected credit losses of trade and notes receivables" and Note 23 "Trade and notes receivables" to the consolidated financial statements.

As at December 31, 2025, the Group recorded gross trade receivables of approximately RMB554.0 million, against which expected credit losses ("ECL") of approximately RMB59.5 million was recognized.

The Group applied the IFRS 9 simplified approach to measure ECL which used a lifetime expected loss allowance for trade receivables and involved complex management estimates and judgements. For trade receivables relating to customers with significant different risk characteristics, management assessed ECL individually. The expected loss rates were determined by considering the historical payment profiles, the subsequent settlements and the credit rating of counterparties and adjusted to reflect current and forward-looking information. For the remaining trade receivables, management estimated ECL by grouping trade receivables based on their shared credit risk characteristics and aging. The expected loss rates were determined based on the historical payment profiles of sales and aging analysis. For above mentioned trade receivables assessed individually and collectively, the historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the customers' ability to settle the receivables.

We focused on this area due to the significance of the balance of trade receivables and complex estimates and judgements were involved in the measurement of ECL as mentioned above.

Our procedures in relation to management's measurement of ECL of trade receivables included:

We obtained an understanding of the management's internal control and assessment process of the measurement of ECL of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.

We evaluated and tested, on a sampling basis, management's controls in relation to the measurement of ECL of trade receivables.

We evaluated the appropriateness of the methodology and model as adopted by management in determining the ECL of trade receivables with the involvement of our internal experts.

For trade receivables assessed individually, we evaluated the appropriateness of management estimates and judgments by assessing the historical payment profiles, subsequent settlements, and the credit ratings of the counterparties.

Key Audit Matter

How our audit addressed the Key Audit Matter

Measurement of expected credit losses of trade receivables (continued)

For trade receivables assessed collectively:

- We evaluated the appropriateness of the grouping of trade receivables by reference to their shared credit risk characteristics and aging.
- We tested, on a sampling basis, the accuracy of the aging information of trade receivables against the relevant underlying supporting documents.
- We assessed the reasonableness of the expected loss rates with reference to the historical payment records and aging analysis.

We evaluated the reasonableness of the forward-looking information as applied by management with reference to the external macroeconomic data with the involvement of our internal experts.

We evaluated the results of management's sensitivity analysis of expected loss rates and forward-looking information using reasonably possible changes of the relevant key parameters.

We tested the mathematical accuracy of the calculations of the expected loss rates and the amounts of ECL provision.

We assessed the appropriateness and adequacy of the disclosures related to ECL of trade receivables in the context of the applicable accounting standards.

Based on the procedures performed, we found that the complex estimates and judgements adopted by management in the measurement of ECL of trade receivables were supported by the evidence obtained.

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.

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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.
- 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.

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 Jack Li.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, March 31, 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

		Year ended December 31,	
	Note	2025 RMB'000	2024 RMB'000
Revenue	6	822,328	474,252
Cost of sales	7	(485,239)	(279,544)
Gross profit		337,089	194,708
Selling expenses	7	(87,894)	(120,797)
General and administrative expenses	7	(298,329)	(368,819)
Research and development expenses	7	(1,417,423)	(1,435,156)
Net impairment losses on financial assets	3.1(b)	(9,897)	(29,067)
Other income	9	16,071	14,740
Other gains/(losses) – net	10	12,063	(9,591)
Operating loss		(1,448,320)	(1,753,982)
Finance income	11	58,175	41,084
Finance costs	11	(33,595)	(18,074)
Finance income – net	11	24,580	23,010
Share of net loss of associates accounted for using the equity method	18	(939)	(2,325)
Fair value change in financial instruments issued to investors	29	-	2,046,612
(Loss)/profit before income tax		(1,424,679)	313,315
Income tax expense	12	(21)	-
(Loss)/profit for the year attributable to the equity holders of the Company		(1,424,700)	313,315

Consolidated Statement of Comprehensive (Loss)/Income(continued)

Year ended December 31,

	Note	2025 RMB'000	2024 RMB'000
Other comprehensive loss			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value changes of redeemable convertible preferred shares due to own credit risk	29	-	2,821
Change in foreign currency translation of the financial statements of the Company		(94,473)	(53,454)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Change in foreign currency translation of the financial statements of the subsidiaries of the Company		47,508	(28,570)
Other comprehensive loss		(46,965)	(79,203)
Total comprehensive (loss)/income for the year attributable to the equity holders of the Company		(1,471,665)	234,112
(Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company (in RMB)			
Basic	13	(2.4)	1.2
Diluted	13	(2.4)	(3.4)

The above consolidated statement of comprehensive (loss)/income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
	Note	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	75,051	79,799
Right-of-use assets	16	36,449	48,372
Intangible assets	17	30,879	39,065
Investments accounted for using the equity method	18	13,912	14,851
Prepayments and other receivables	22	14,592	13,131
Financial assets at fair value through profit or loss ("FVPL")	21	147,380	21,102
Total non-current assets		318,263	216,320
Current assets			
Inventories	19	51,225	68,484
Trade and notes receivables	23	499,713	258,067
Prepayments and other receivables	22	246,828	151,454
Financial assets at FVPL	21	83,928	174,804
Cash and cash equivalents	24	1,446,756	1,448,106
Total current assets		2,328,450	2,100,915
Total assets		2,646,713	2,317,235
LIABILITIES			
Non-current liabilities			
Borrowings	28	-	201,360
Lease liabilities	16	19,118	32,788
Other payables and accruals	31	29,316	39,149
Total non-current liabilities		48,434	273,297

Consolidated Statement of Financial Position (continued)

		As at December 31,	
	<i>Note</i>	2025 RMB'000	2024 RMB'000
Current liabilities			
Trade payables	30	213,299	117,293
Contract liabilities	6	17,411	440
Borrowings	28	739,892	472,852
Lease liabilities	16	19,564	15,399
Other payables and accruals	31	449,162	344,739
Total current liabilities		1,439,328	950,723
Total liabilities		1,487,762	1,224,020
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	453	401
Other equity	26	(17)	(17)
Reserves	27	13,751,396	12,261,012
Accumulated losses		(12,592,881)	(11,168,181)
Total equity		1,158,951	1,093,215
Total equity and liabilities		2,646,713	2,317,235

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

The consolidated financial statements were approved by the board of directors on March 31, 2026 and were signed on its behalf.

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to equity holders of the Company				Total RMB'000
		Share capital RMB'000	Other equity RMB'000	Reserves RMB'000	Accumulated losses RMB'000	
As at January 1, 2024		46	-	353,580	(11,447,242)	(11,093,616)
Comprehensive income						
Profit for the year		-	-	-	313,315	313,315
Foreign currency translation	27	-	-	(82,024)	-	(82,024)
Fair value change on redeemable convertible preferred shares due to own credit risk	29	-	-	2,821	-	2,821
Total comprehensive income for the year		-	-	(79,203)	313,315	234,112
Transactions with owners in their capacity as owners						
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs	25, 27	26	-	865,280	-	865,306
Conversion of redeemable convertible preferred shares to ordinary shares	25, 29	296	-	10,674,821	(34,254)	10,640,863
Share-based compensation expenses	32	-	-	429,046	-	429,046
Issuance of ordinary shares to employee share scheme trusts	25, 26	17	(17)	-	-	-
Exercise of share options	25, 27	16	-	17,488	-	17,504
Total transactions with owners in their capacity as owners for the year		355	(17)	11,986,635	(34,254)	11,952,719
As at December 31, 2024		401	(17)	12,261,012	(11,168,181)	1,093,215

Consolidated Statement of Changes in Equity (continued)

	Note	Attributable to equity holders of the Company				Total RMB'000
		Share capital RMB'000	Other equity RMB'000	Reserves RMB'000	Accumulated losses RMB'000	
As at January 1, 2025		401	(17)	12,261,012	(11,168,181)	1,093,215
Comprehensive loss						
Loss for the year		-	-	-	(1,424,700)	(1,424,700)
Foreign currency translation	27	-	-	(46,965)	-	(46,965)
Total comprehensive loss for the year		-	-	(46,965)	(1,424,700)	(1,471,665)
Transactions with owners in their capacity as owners						
Issuance of ordinary shares relating to placing, net of issuance costs	25, 27	39	-	1,142,100	-	1,142,139
Share-based compensation expenses	32	-	-	349,026	-	349,026
Exercise of share options	25, 27	13	-	44,647	-	44,660
Others		-	-	1,576	-	1,576
Total transactions with owners in their capacity as owners for the year		52	-	1,537,349	-	1,537,401
As at December 31, 2025		453	(17)	13,751,396	(12,592,881)	1,158,951

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

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended December 31,	
	Note	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash used in operations		(1,043,077)	(1,230,315)
Interest received from cash at banks	11	57,725	40,561
Payment for income taxes	12	(21)	-
Net cash used in operating activities	33(a)	(985,373)	(1,189,754)
Cash flows from investing activities			
Payments of property, plant and equipment	15	(49,883)	(33,887)
Loans to a related party	22	(85,000)	-
Payments for intangible assets		(35,876)	(21,760)
Payments for financial assets at FVPL	21	(131,720)	(175,717)
Proceeds from maturity of financial assets at FVPL		122,874	8,358
Net cash used in investing activities		(179,605)	(223,006)
Cash flows from financing activities			
Issuance of ordinary shares relating to placing, net of issuance costs	25	1,142,139	-
Proceeds from issuance of ordinary shares	25	-	925,707
Proceeds from borrowings	33(d)	540,000	710,000
Repayment of borrowings	33(d)	(480,000)	(30,000)
Interests paid for borrowings	33(d)	(22,791)	(8,612)
Payment for financing transaction costs		(5,943)	(25,208)
Proceeds from refund of financing transaction costs		1,576	-
Principal payments of lease liabilities	33(d)	(17,343)	(23,239)
Interest paid for lease liabilities	33(d)	(2,166)	(2,723)
Payments for listing expenses		(1,392)	(1,103)
Proceeds from exercise of stock options		44,660	7,185
Net cash generated from financing activities		1,198,740	1,552,007
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	24	1,448,106	1,298,412
Exchange (losses)/gains on cash and cash equivalents		(35,112)	10,447
Cash and cash equivalents at the end of the year	24	1,446,756	1,448,106

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

1 GENERAL INFORMATION

Black Sesame International Holding Limited (the “**Company**”) was incorporated in the Cayman Islands on July 15, 2016 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is P. O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”), primarily provide autonomous driving system on chip (“**SoC**”) and SoC-based solutions and focus on developing automotive grade autonomous driving SoCs.

The Company completed the initial public offering (“**IPO**”) and had its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) on August 8, 2024.

The consolidated financial information is presented in Renminbi (“**RMB**”), rounded to the nearest thousand, unless otherwise stated.

The detailed information of major subsidiaries was disclosed in Note 14.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS Accounting Standards**”) as issued by International Accounting Standards Board (“**IASB**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at FVPL and financial instruments issued to investors, which are carried at fair value.

The Group is in the development phase and has been incurring losses from operations since incorporation. For the year ended December 31, 2025, the Group incurred operating losses of RMB1,448,320,000 and the Group’s net cash used in operating activities was RMB985,373,000, attributable primarily to significant research and development (“**R&D**”) expenditures. As at December 31, 2025, the Group has cash and cash equivalents of RMB1,446,756,000 and current portion of borrowings of RMB739,892,000. The Group’s ability to continue as a going concern is primarily dependent on the ability to generate adequate cash flows from business operations and to raise external equity and debt financing to fund its continuous operations. Taking into account the financing proceeds received from the Placing (Note 38) and the cash flow projections for the next twelve months, the directors of the Company believe that the Group’s cash and cash equivalents and funding from financing are sufficient to fund its operating expenses and capital expenditure requirements and meet its payment obligations for the next twelve months from December 31, 2025. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of preparation (continued)

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.

New and amended standards adopted by the Group

A number of new and revised IFRSs became applicable for the financial year beginning on January 1, 2025. For the purpose of preparing the Group's consolidated financial information, the Group has adopted all applicable new and revised IFRSs except for any new standards or interpretation that are not yet effective for the year ended December 31, 2025.

These amendments did not have significant impact on the Group for the year ended December 31, 2025.

New standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the year ended December 31, 2025 and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The Group plans to adopt these new standards, amendments to standards and annual improvements when they become effective:

Standards and amendments	Effective for accounting periods beginning on or after
IFRS 9 and IFRS 7 (Amendment) 'Amendments to the Classification and Measurement of Financial Instruments'	January 1, 2026
IFRS 9 and IFRS 7 (Amendment) 'Contracts referencing nature-dependent electricity'	January 1, 2026
Annual improvements project 'Annual improvements to IFRS Accounting Standards – volumes 11'	January 1, 2027
IFRS 18 'Presentation and Disclosure in Financial Statements'	January 1, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	January 1, 2027
Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21	January 1, 2027
IFRS 10 (Amendment) and IAS 28 (Amendment) 'Sale or contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined

The directors are in the process of assessing potential impact of the new standards and amendments. According to the preliminary assessment, these new standards and amendments are not expected to have any significant impact on the Group's consolidated financial statements when they become effective.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of preparation (continued)

New standards, amendments to standards and interpretations not yet adopted (continued)

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.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

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 (loss)/income:

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

Foreign exchange differences

Foreign exchange differences currently aggregated in the line item "Other gains/(losses) – net" in operating profit 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.

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 December 31, 2026 will be restated in accordance with IFRS 18.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information

2.2.1 Financial instruments issued to investors

Financial instruments issued to investors consist solely of redeemable convertible preferred shares. Accounting policies and other explanatory information of these financial instruments are elaborated as follows:

Preferred Shares

The Company entered into a series of share purchase agreements with financial investors and issued Series A, A-1, B-1, B-2, B-3, B-4, B+, C and C+ Preferred Shares (collectively "**Preferred Shares**"). Refer to Note 25 for details.

The Preferred Shares are redeemable upon occurrence of certain future events as disclosed in Note 25(a). These instruments shall be converted into ordinary shares of the Company at any time at the option of the holders or automatically converted into ordinary shares upon occurrence of a qualified initial public offering ("**Qualified IPO**") of the Company as disclosed in Note 25(a).

The Group designated the Preferred Shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Subsequent to initial recognition, the Preferred Shares are carried at fair value with changes in fair value recognised in the consolidated statement of comprehensive (loss)/income, except for the gains or losses arising from the Company's own credit risk which are presented in other comprehensive income ("**OCI**") with no subsequent reclassification to the statement of profit or loss.

The Company completed the IPO on August 8, 2024 and the Preferred Shares were automatically converted to ordinary shares of the Company upon the successful listing of the shares of the Company.

2.2.2 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost mainly comprises direct materials and processing expenditures. 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.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

2.2.3 Current and deferred income tax

The income tax expense or credit 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 income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, its subsidiaries and associate 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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) 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 income tax liabilities are not recognised 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 and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised 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 recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group 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 where there is a legally enforceable right to offset current tax assets and liabilities and where 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.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

2.2.4 Share-based payment

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 Company. As disclosed in Note 32, the Group granted options to its employees. The fair value of the employee service received in exchange for the grant of options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- (i) Including any market performance conditions;
- (ii) Excluding the impact of any service and non-market performance vesting conditions; and
- (iii) Including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in 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 recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised 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 recognised 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 payment arrangement, 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).

If a grant of equity instruments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group shall account for the cancellation or settlement as an acceleration of vesting, and shall therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The grant by the Company of its equity instruments to the employees of its subsidiaries is treated as a capital contribution to subsidiaries in the separate financial statements of the Company. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the separate financial statements of the Company.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

2.2.5 Revenue recognition

The Group recognises 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 recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- 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 recognised at a point in time when the customer obtains control of the distinct goods or services.

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 service; (b) whether the entity has inventory risk before the specified 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.

At the inception of the contract, the Group assesses the goods or services promised that have been promised to the customer and identifies as a performance obligation when (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

2.2.5 Revenue recognition (continued)

1) *Driving Assistance Products and Solutions*

The Group engages in provision of driving assistance products and solutions, including sales of driving assistance products and solutions, provision of driving assistance related software and hardware development services and license of software and algorithms.

1-1) *Sales of autonomous driving products and solutions*

Revenue generated from sales of driving assistance products and solutions primarily includes the products of driving assistance SoCs, driving assistance domain controllers and intelligent front cameras, which is recognised at the point in time when the performance obligation under the terms of a contract with the customer is satisfied and control of the product has been transferred to the customer, generally upon the acceptance of the products.

1-2) *Provision of driving assistance related software and hardware development services*

The Group provides driving assistance related software and hardware development services to its customers. Revenue is recognised when control over the customised software has been transferred to the customer. The customers cannot receive and consume the benefits simultaneously from the Group as well as control the customized software until the software is delivered to the customer. The customised software generally has no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until the customised software is transferred to the customer. Therefore, revenue is recognised at a point in time when the customised software is passed to the customer.

The Group recognises an asset in relation to costs to fulfil its customised software development contracts. The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. The contract fulfilment costs are recorded as cost of sales when the customised software is passed to the customer and the revenue is recognised.

1-3) *License of software and algorithms*

The Group licenses self-developed software and algorithms to its customers. Given the Group would not undertake activities that significantly affect the intellectual property to which the customer has rights, license of software and algorithms is accounted for as a right to use the intellectual property.

Revenue from license of software and algorithms is recognised at a point of time upon which the license is transferred to the licensee and the licensee is able to use and benefit from the license, because the licensee is able to direct the use of and obtain substantially all of the benefits from the license at the time that control of the license is transferred to the licensee.

For sales-based royalties that are attributable to a license of self-developed software and algorithms, related revenue is recognised at the later of: 1) when the subsequent sale or usage occurs; and 2) the satisfaction or partial satisfaction of the performance obligation to which some or all of the sales-based royalty has been allocated.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

2.2.5 Revenue recognition (continued)

2) *Intelligent Imaging Solutions*

The Group provides intelligent imaging solutions that empower a broad range of devices to facilitate intelligent perception and content enhancement through algorithms, including license of software and algorithms (refer to Note 1-3) above) and sales of other products.

3) *Embodied AI and Solutions*

The Group provides intelligence algorithms and hardware development services to its customers in order to support their robotic application. Revenue is recognised when control over the customised software and hardware have been transferred to the customer. The customers cannot receive and consume the benefits simultaneously from the Group as well as control the customised software and hardware until the software and hardware are delivered to the customer.

The customised software and hardware generally have no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until the customised software and hardware are transferred to the customer. Therefore, revenue is recognised at a point in time when the customised software and hardware are passed to the customer.

The Group recognises an asset in relation to costs to fulfil its customised software and hardware development contracts. The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. The contract fulfilment costs are recorded as cost of sales when the customised software and hardware are passed to the customer and the revenue is recognised.

4) *Contract assets and liabilities*

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment. A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers goods or services to the customer, the Group has a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Practical expedients and exemptions

The Group has elected to use the practical expedient to not disclose the remaining performance obligations for contracts that have durations of one year or less, as substantially all of the Group's contracts have duration of one year or less.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies

2.3.1 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. 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.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (c) below), after initially being recognised at cost.

(c) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in OCI of the investee in OCI. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.3.7.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies (continued)

2.3.2 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 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.

2.3.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

2.3.4 Foreign currency translation

(a) *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"). The functional currency for Company and its overseas subsidiaries is United States Dollars ("USD") and Singapore Dollars ("SGD"). The functional currency for the Company's subsidiaries incorporated in the People's Republic of China ("PRC") is RMB. The Group's presentation currency is RMB.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive (loss)/income within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within "Other gains/(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 recognised 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 ("FVOCI") are recognised in OCI.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies (continued)

2.3.4 Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average 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 rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in OCI.

2.3.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment. 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item 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 derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Electronic devices	3-5 years
Furniture and fixtures	5 years
Vehicles	4 years
Leasehold improvements	shorter of the term of the lease or the estimated useful lives of the assets

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 2.3.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains/(losses) – net" in the consolidated statement of comprehensive (loss)/income.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies (continued)

2.3.6 Intangible assets

(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 programs are recognised as an expense as incurred. Software is stated at historical cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives. The Group amortises software with a limited useful life using the straight-line method over the following periods:

Software	1.5-3 years
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When determining the useful life, the management of the Group has taken into the account the (i) estimated period that can bring economic benefits to the Group; (ii) the useful life estimated by the comparable companies in the market.

(b) Research and development

The Group incurs significant costs and efforts on research and development activities. Research expenditure is recognised as an expense as incurred. Costs incurred on research and development projects are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the research and development project so that it will be available for use or sale;
- management intends to complete the research and development project and use or sell it;
- there is an ability to use or sell the research and development project;
- it can be demonstrated how the research and development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- the expenditure attributable to the research and development project during its development can be reliably measured.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies (continued)

2.3.6 Intangible assets (continued)

(b) Research and development (continued)

The cost of an internally generated intangible asset is the sum of the expenditures incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads.

Development expenditures not satisfying the above criteria are recognised in the profit or loss as incurred and development expenditures previously recognised as an expense are not recognised as an asset in a subsequent period.

For the years ended December 31, 2025 and 2024, the Group's R&D expenditures incurred did not meet the capitalization principle above and were expensed as incurred.

2.3.7 Impairment of non-financial assets

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 recognised 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 purposes 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 that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The Group operates in one business as a whole, focusing on the design, development, and implementation of intelligent vehicle SoC technology, and does not maintain manufacturing facilities or develop manufacturing capacity by itself. As of December 31, 2025 and 2024, non-financial assets of the Group mainly include leased buildings, equipment and software held for its R&D activities and daily operations, are identified as one single cash generating unit ("CGU") for impairment testing purpose. The recoverable amount of the CGU at the end of the reporting period had been determined based on value in use calculations, using cash flow projections based on management's financial forecasts. Key assumptions applied in preparing the cash flow projections included revenue growth rate and pre-tax discount rate. Based on the result of the assessment, the recoverable amount exceeded the carrying amount of the CGU with sufficient headroom. Hence, no impairment of non-financial assets was recognized during the year ended December 31, 2025.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies (continued)

2.3.8 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group'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 OCI. 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 FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL 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.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies (continued)

2.3.8 Investments and other financial assets (continued)

(c) 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 recognised directly in profit or loss and presented in "Other gains/(losses) – net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive (loss)/income.
- **FVOCI:** 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 FVOCI. 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 recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Other gains/(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 gains/(losses) – net" and impairment expenses are presented as separate line item in the consolidated statement of comprehensive (loss)/income.
- **FVPL:** Assets that do not meet the criteria for amortised cost or financial assets at FVOCI are measured at FVPL. 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 recognised in profit or loss and presented net in "Other gains/(losses) – net" in the period in which it arises.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies (continued)

2.3.8 Investments and other financial assets (continued)

(c) *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 recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "Other gains/(losses) – net" in the consolidated statement of comprehensive (loss)/income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) *Impairment*

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and notes receivable, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See Note 3.1 for further details.

Impairment on other receivables including amount due from related parties is measured as either 12-month expected credit losses 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.

2.3.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies (continued)

2.3.10 Trade receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. If collection of trade 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 recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method. See Note 23 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

2.3.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions 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.

2.3.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.3.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

2.3.14 Borrowings

Borrowings are initially recognised 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 recognised in profit and loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised 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.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies (continued)

2.3.14 Borrowings (continued)

Borrowings are removed from the consolidated statement of financial position 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 recognised in statement of comprehensive (loss)/income as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.3.15 Borrowings 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 capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.3.16 Employee benefits

(a) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and other allowances 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 recognised 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 other payables and accruals in the consolidated statement of financial position.

(b) *Pension obligations*

Employees of the Group 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 employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leaves the Group.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies (continued)

2.3.16 Employee benefits (continued)

(c) Housing funds, medical insurances and other social insurances

The employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee 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 period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Bonus plan

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies (continued)

2.3.17 Leases

The Group mainly leases offices and warehouses as lessee. Lease terms are negotiated on an individual basis and contain various different terms and conditions.

Leases are recognised 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.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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 (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Right-of-use assets are measured at cost comprising the following (if applicable):

- 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.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies (continued)

2.3.17 Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, 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 are recognised 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.

2.3.18 Government grants

Grants from the government are recognised 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.

Government grants relating to R&D are deferred and recognised 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 initially recorded as other payables and accruals, and presented in the statement of financial position by deducting the grant in arriving at the asset's carrying amount when the assets are ready for use and approved by related government.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of other accounting policies (continued)

2.3.19 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. See Note 21 below.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. See Note 11 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.3.20 (Loss)/earnings per share

(i) *Basic (loss)/earnings per share*

Basic (loss)/earnings per share is calculated by dividing:

- the (loss)/profit attributable to equity holders 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 (loss)/earnings per share*

Diluted (loss)/earnings per share adjusts the figures used in the determination of basic (loss)/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.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: mainly market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group's businesses are principally conducted in RMB. The majority of non-RMB assets and liabilities are cash and cash equivalents denominated in USD.

The Group is primarily exposed to changes in RMB/USD exchange rates in its domestic subsidiaries whose functional currency is RMB. As at December 31, 2025 and 2024, if the USD in these subsidiaries strengthened/weakened by 5% against RMB with all other variables held constant, the loss before income tax for the year ended December 31, 2025 would have been approximately RMB26.4 million higher/lower, and the profit before income tax for the year ended December 31, 2024 would have been approximately RMB1.8 million higher/lower, respectively, as a result of net foreign exchange losses for the year ended December 31, 2025 on translation of net monetary liabilities denominated in USD, and net foreign exchange losses for the year ended December 31, 2024 on translation of net monetary assets denominated in USD.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk primarily arises from borrowings, financial assets measured at FVPL and cash and cash equivalents. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 28. The Group did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk for the reporting period.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates of the borrowings at the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31, 2025 RMB'000	% of total borrowings	Year ended December 31, 2024 RMB'000	% of total borrowings
Variable rate borrowings	279,547	37.78%	494,044	73.28%
Fixed rate borrowings – repricing or maturity dates: Less than one year	460,345	62.22%	180,168	26.72%

As at December 31, 2025, if the Group's interest rates on borrowings obtained at variable rates had been higher/lower by 0.5%, loss before income tax for the year then ended would have been approximately RMB2.3 million higher/lower.

(iii) Price risk

The Group's exposure to securities price risk arises from investments held by the Group and classified in the consolidated statement of financial position as at financial assets at FVPL (Note 21). (Loss)/profit before income tax for the year would increase/decrease as a result of gains/losses on securities classified as "Other gains/(losses) – net".

To manage its price risk arising from investments in securities, the Group diversifies its portfolio in accordance with the limits set by the Group.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, financial assets measured at FVPL, trade and notes receivables, other receivables and loan 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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) *Credit risk of cash and cash equivalents*

To manage this risk, the Group's domestic subsidiaries only make transactions with state-owned banks or reputable commercial banks which are all high-credit-quality financial institutions. 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.

Part of the Group's cash and cash equivalents are deposited in overseas financial institutions. Considering related credit rating, local laws and regulations of relevant regulatory authorities, as well as the transferability of deposits after the statement of financial position date, the Group believes that there is no significant credit risk as at December 31, 2025 and 2024.

(ii) *Credit risk of trade and notes receivables*

The Group has a large number of customers and there is no concentration of credit risk. As at December 31, 2024, approximately 16% of the Group's trade and notes receivables were due from Customer A, the customer with the largest gross amount of trade and notes receivables of the Group. As at December 31, 2025, Customer B became the Group's largest counterparty for trade and notes receivables, accounting for approximately 14% of the trade and notes receivables.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables.

Individually impaired trade and notes receivables are related to customers with significant different risk characteristics. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and the expected loss rates are determined by considering the historical payment profiles, the subsequent settlements and the credit rating of counterparties and adjusted to reflect current and forward-looking information based on the method mentioned below.

For the remaining trade and notes receivables, management measured the expected credit losses by grouping trade and notes receivables based on shared credit risk characteristics and aging. The expected loss rates are determined based on the historical payment profiles of sales and aging analysis.

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") and Producer Price Index ("PPI") to be the most relevant factor in Mainland China, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Credit risk of trade and notes receivables (continued)

The loss allowance of trade receivables as at December 31, 2025 and 2024 was determined as follows:

As at December 31, 2025, the loss allowance of individually impaired trade receivables is determined as follows:

Individual basis	Gross carrying amount RMB'000	Expected loss rate %	Loss allowance provision RMB'000	Reason
Trade receivables	68,168	61.2%	(41,694)	The likelihood of recovery

As at December 31, 2025, the loss allowance of collectively impaired trade receivables is determined as follows:

Collective basis	Up to 3 months RMB'000	3 to 6 months RMB'000	6 to 9 months RMB'000	9 to 12 months RMB'000	Over 12 months RMB'000	Total RMB'000
December 31, 2025						
Gross carrying amount	392,291	16,955	45,401	971	30,167	485,785
Loss allowance	(5,713)	(687)	(4,108)	(139)	(7,185)	(17,832)
Expected loss rate	1.5%	4.1%	9.0%	14.3%	23.8%	3.7%

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Credit risk of trade and notes receivables (continued)

As at December 31, 2024, the loss allowance of individually impaired trade receivables is determined as follows:

Individual basis	Gross carrying amount RMB'000	Expected loss rate %	Loss allowance provision RMB'000	Reason
Trade receivables	71,891	51.4%	(36,969)	The likelihood of recovery

As at December 31, 2024, the loss allowance of collectively impaired trade receivables is determined as follows:

Collective basis	Up to 3 months RMB'000	3 to 6 months RMB'000	6 to 9 months RMB'000	9 to 12 months RMB'000	Over 12 months RMB'000	Total RMB'000
December 31, 2024						
Gross carrying amount	175,361	1,981	1,349	-	55,599	234,290
Loss allowance	(2,611)	(84)	(118)	-	(9,847)	(12,660)
Expected loss rate	1.5%	4.2%	8.7%	-	17.7%	5.4%

The movements in provision for impairment of trade receivables are as follows:

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	(49,629)	(20,562)
Provision for doubtful receivables	(9,897)	(29,067)
At the end of the year	(59,526)	(49,629)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Credit risk of trade and notes receivables (continued)

As at December 31, 2025 and 2024, notes receivables were bank acceptance notes aged less than six months. The Group expects that the credit risk associated with notes receivables is considered to be low since they have original maturities of six months or less and the accepting banks are state-owned banks and other large or medium size listed banks with good reputation and high credit rating. The Group has concluded that the expected credit losses rate for notes receivables are immaterial under lifetime expected credit losses method, and therefore, the loss allowance is immaterial.

(iii) Credit risk of other receivables (including amount due from related parties)

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. The Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Other receivables mainly comprise deposits and amounts due from a related party. 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:

- Actual or expected significant adverse changes in business and 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.

As at December 31, 2025 and 2024, there was no significant increase in credit risk since initial recognition, the Group assessed that the expected credit losses for these receivables are not material through using the 12 months expected losses method.

(iv) Credit risk of financial assets at FVPL

The Group is also exposed to credit risk in relation to the current portion of financial assets at FVPL which mainly represent the money market fund and equity investments in investment funds. To manage risk arising from these assets, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss is immaterial.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. The Group historically financed its working capital requirements through borrowing from bank, issue of preferred shares (Note 29).

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The Group recognises the financial instruments issued to investors at fair value through profit or loss (Note 29). Accordingly, the financial instruments issued to investors are managed on a fair value basis rather than by maturing dates.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at each year end to the contractual maturity date for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at December 31, 2025					
Trade payables (Note 30)	213,299	-	-	-	213,299
Other payables and accruals (excluding government grants, other tax payables, payroll and welfare payables) (Note 31)	202,140	16,693	11,887	-	230,720
Borrowings (including interest accrual up to maturity)	751,939	-	-	-	751,939
Lease liabilities	21,303	17,143	2,587	-	41,033
	1,188,681	33,836	14,474	-	1,236,991

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at December 31, 2024					
Trade payables (Note 30)	117,293	-	-	-	117,293
Other payables and accruals (excluding government grants, other tax payables, payroll and welfare payables) (Note 31)	135,964	11,887	23,773	-	171,624
Borrowings (including interest accrual up to maturity)	496,160	201,843	-	-	698,003
Lease liabilities	17,858	14,592	19,317	-	51,767
	767,275	228,322	43,090	-	1,038,687

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 equity holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, management of the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amounts of dividends paid to equity holders, return capital to equity holders, issue new shares or repurchase the Company's shares. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

- (i) Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- (ii) Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- (iii) Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements for the years ended December 31, 2025 and 2024.

The carrying amounts of the financial assets and liabilities, which are measured at amortised cost, approximated their fair value as at December 31, 2025 and 2024.

The following table presents the Group's financial assets and liabilities that are measured at fair value as at December 31, 2025 and 2024, respectively.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at December 31, 2025				
Assets				
Financial assets at FVPL	-	-	231,308	231,308
As at December 31, 2024				
Assets				
Financial assets at FVPL	-	-	195,906	195,906

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items including investments in investment funds and private equity fund for the years ended December 31, 2025 and 2024.

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
At beginning of the year	195,906	20,792
Addition	127,502	171,432
Disposal	(88,455)	–
Changes in fair value	159	1,852
Exchange differences	(3,804)	1,830
At the end of the year	231,308	195,906

(c) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments includes quoted market prices or dealer quotes for similar instruments.

(d) Valuation process

Equity investments measured at FVPL

- For investments in investment funds, the Group determines fair values as at the reporting date based on the periodic fair value reports of the respective funds provided by fund administrators and fund managers. The Group also discusses with the respective fund managers to understand the performance of the underlying investments and fair value measurement basis conducted by the respective fund administrators and fund managers, obtains and reviews latest available financial information (if applicable), in order to assess whether the fair values as stated in the periodic fair value reports at the end of each reporting period are appropriate;
- For the investment in private equity fund, the Group determines fair values as at the reporting date based on the fair value of underlying investments in unlisted companies invested by those private funds. For those underlying investments with recent transactions, management determines their fair value at the end of each reporting period by taking reference to those recent transaction prices; for those underlying investments with no recent transactions, their fair values have been determined with by investment cost.

Debt investments measured at FVPL

Debt investment measured at FVPL is valued based on calibration to recent transaction prices or investment cost without adjustment.

4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the use of accounting estimates which, by definition, will seldom exactly equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. 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 financial year are addressed below.

(a) Recognition of share-based payment expenses

As disclosed in Note 32, the Company has granted stock options to the Group's employees. The fair value of the options granted is determined by the binomial option pricing model at the grant date, and is expected to be expensed over the respective vesting periods. Significant estimate on assumptions in determining the fair value of the granted share options include risk-free interest rate, expected volatility and dividend yield.

(b) Provision for expected credit losses of trade and notes receivables

The loss allowances for trade and notes receivables are based on assumptions about risk of defaults and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

(c) Inventory provision

Inventories are stated at the lower of cost and net realizable value as stated in Note 2.2.2. The net realizable 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. The actual net realizable value maybe higher or lower than previously estimated.

5 SEGMENT INFORMATION

The executive directors of the Company has been identified as the chief operating decision maker of the Group who reviews the operating results of the Group's business as one operating segment to make strategic decisions and resources allocation. Therefore, the Group regards that there is only one segment which is used to make strategic decisions.

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

5 SEGMENT INFORMATION (CONTINUED)

Revenue from customers contributing over 10% of the total revenue of the Group in the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31,	
	2025	2024
Customer C	*	15%

* Less than 10%

6 REVENUE

(a) Disaggregation of revenue from contracts with customers

Revenue for the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Revenue from customers and recognised at point in time		
Driving Assistance Products and Solutions	686,889	437,956
Intelligent Imaging Solutions	39,156	36,296
Embodied AI and Solutions	96,283	–
	822,328	474,252

(b) Contract liabilities

For the years ended December 31, 2025 and 2024, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liability balance were primarily due to the recognition of revenues upon fulfilment of performance obligations.

The following table shows how much of the revenue recognised during the reporting year is included in the contract liabilities:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	440	7,305

The Company expects that all of its contract liabilities as at December 31, 2025 will be recognised as revenue within 1 year.

7 EXPENSES BY NATURE

The detailed analysis of cost of sales, selling expenses, general and administrative expenses, and research and development expenses are as follow:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Employee benefits expenses <i>(Note 8)</i>	1,126,083	1,193,706
Design and development expenses	469,322	402,358
Raw materials and consumables used	449,442	268,057
Changes in inventories of work in progress and finished goods	(5,489)	(19,625)
Intellectual property (“IP”) license expenses	14,106	83,578
Provision for impairment of inventories <i>(Note 19)</i>	22,748	22,564
Office and travelling expenses	35,971	41,766
Depreciation of property, plant and equipment <i>(Note 15)</i>	54,602	52,693
Amortization of intangible assets <i>(Note 17)</i>	34,290	38,237
Depreciation of right-of-use assets <i>(Note 16)</i>	19,102	21,558
Outsourcing labor costs	16,700	27,792
Legal, consulting and other professional fees	15,026	21,944
Marketing expenses	19,582	18,641
Listing expenses	–	16,996
Short-term lease expenses <i>(Note 16)</i>	6,279	7,534
Auditors’ remuneration		
– Audit services	5,211	2,692
– Non-audit services	170	120
Others	5,740	3,705
Total cost of sales, selling expenses, general and administrative expenses, and research and development expenses	2,288,885	2,204,316

8 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	698,750	693,279
Share-based compensation expenses <i>(Note 32)</i>	349,026	429,046
Pension obligations, housing funds, medical insurances and other social insurances (a)	78,307	71,381
	1,126,083	1,193,706

8 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Pension obligations, housing funds, medical insurances and other social insurances

The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension obligations, housing funds, medical insurances and other social insurances to fund the benefits.

The Group's full time employees in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government and liabilities in respect of benefits schemes are limited to the contribution payable in each year.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2025 and 2024, include 3 and 3 directors respectively, whose emoluments are disclosed in Note 8 (c). The emoluments payable to the remaining individuals during the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	3,440	3,223
Share-based compensation expenses	19,608	17,711
Pension obligations, housing funds, medical insurances and other social insurances	242	336
	23,290	21,270

The remaining highest paid individuals fell within the following bands:

	Year ended December 31,	
	2025	2024
Emolument bands		
HKD9,000,001 to HKD11,000,000	1	1
HKD11,000,001 to HKD12,000,000	-	1
HKD12,000,001 to HKD17,000,000	1	-
Total	2	2

8 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(c) Details of emoluments in respect of the directors of the Company

The emoluments in respect of each of the directors paid/payable by the Group for the year ended December 31, 2025 are as follows:

Name	Director's fee RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Social security costs, housing benefits and employee welfare RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Executive Directors						
- Shan Jizhang (i)	-	1,602	831	192	101,763	104,388
- Liu Weihong (i)	-	1,122	374	248	14,090	15,834
- Zeng Daibing (ii)	-	1,664	715	180	7,121	9,680
Non-executive Director						
- Yang Lei (iii)	-	-	-	-	-	-
Independent Non-executive Directors						
- Li Qingyuan (iv)	150	-	-	-	-	150
- Long Wenmao (iv)	150	-	-	-	-	150
- Xu Ming (iv)	150	-	-	-	-	150
	450	4,388	1,920	620	122,974	130,352

8 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(c) Details of emoluments in respect of the directors of the Company (continued)

The emoluments in respect of each of the directors paid/payable by the Group for the year ended December 31, 2024 are as follows:

Name	Director's fee RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Social security costs, housing benefits and employee welfare RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Executive Directors						
- Shan Jizhang (i)	-	1,919	157	154	163,389	165,619
- Liu Weihong (i)	-	1,401	280	244	24,905	26,830
- Zeng Daibing (ii)	-	1,566	808	169	12,167	14,710
Non-executive Director						
- Yang Lei (iii)	-	-	-	-	-	-
Independent Non-executive Directors						
- Li Qingyuan (iv)	63	-	-	-	-	63
- Long Wenmao (iv)	63	-	-	-	-	63
- Xu Ming (iv)	63	-	-	-	-	63
	189	4,886	1,245	567	200,461	207,348

(i) Shan Jizhang and Liu Weihong were appointed as the directors of the Company on July 15, 2016. As at January 29, 2026, the Company's board of directors resolved that Mr. Liu Weihong be re-designated from executive director to non-executive director, effective the same date.

(ii) Zeng Daibing was appointed as the director of the Company on June 29, 2023.

(iii) Yang Lei was appointed as the director of the Company on September 30, 2016.

(iv) Li Qingyuan, Long Wenmao and Xu Ming were appointed as the directors of the Company on July 31, 2024.

8 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(d) Directors' retirement benefits and termination benefits

No director's retirement or termination benefit subsisted at the end of each year disclosed or at any time for the years ended December 31, 2025 and 2024.

(e) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available director's services subsisted at the end of each year disclosed or at any time for the years ended December 31, 2025 and 2024.

(f) Information about borrowings, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and controlled entities with such directors

No borrowings, quasi-borrowings and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of each year disclosed or at any time for the years ended December 31, 2025 and 2024.

(g) Directors' material interest 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 each year disclosed or at any time for the years ended December 31, 2025 and 2024.

9 OTHER INCOME

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Interest income on loan to a related party <i>(Note 35)</i>	722	–
Government grants (a)	15,349	14,740
	16,071	14,740

- (a) The government grants mainly represent government subsidies for the Group's research and development expenditures. There are no unfulfilled conditions or other contingencies attaching to the grants recognised.

10 OTHER GAINS/(LOSSES) – NET

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Gains on financial assets at FVPL <i>(Note 21)</i>	273	1,984
Subscription fee of investment funds <i>(Note 21)</i>	(1,444)	(4,285)
Net foreign exchange gains/(losses) (a)	7,341	(6,457)
Gains on debt restructuring (b)	4,995	–
Others	898	(833)
	12,063	(9,591)

- (a) The net foreign exchange gains/(losses) of the Group was primarily resulted from the translation of USD monetary assets into RMB functional currency in its PRC subsidiaries.
- (b) In March 2025, the Group entered into several debt restructuring contracts with certain vendors, pursuant to which part of the payables to these vendors were waived, which resulted in a gain of RMB5.0 million.

11 FINANCE INCOME – NET

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Finance income:		
Interest income on cash at bank	57,725	40,561
Others	450	523
	58,175	41,084
Finance costs:		
Interest expenses on bank borrowings	(28,471)	(12,824)
Interest expenses on lease liabilities <i>(Note 16)</i>	(2,166)	(2,723)
Others	(2,958)	(2,527)
	(33,595)	(18,074)
	24,580	23,010

12 INCOME TAX EXPENSE

(a) Income tax expense

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company and Cayman Islands incorporated entities of the Group is not subject to tax on income or capital gains.

Hong Kong

The Group's subsidiaries in Hong Kong are subject to Hong Kong profits tax of which the tax rate was 16.5% up to April 1, 2018 when the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits in the first Hong Kong Dollars ("HKD") 2 million and 16.5% for any assessable profits in excess. Since these subsidiaries did not have assessable profits for the years ended December 31, 2025 and 2024, no Hong Kong profits tax has been provided.

United States of America

The Group's subsidiary in the State of California is subject to Federal Tax at a rate of 21% and State of California Profits Tax at a rate of 8.84%. Operations in the United States of America have incurred net accumulated operating losses for income tax purposes and no income tax provisions are recorded for the years ended December 31, 2025 and 2024.

Singapore

The Group's subsidiaries in Singapore are subject to Singapore profits tax at the rate of 17%. These subsidiaries were in loss position for the years ended December 31, 2025 and 2024.

Mainland China

In accordance with the Enterprise Income Tax Law ("EIT Law"), Foreign Investment Enterprises ("FIEs") and domestic companies established in Mainland China are subject to Enterprise Income Tax ("EIT") at a rate of 25%.

In October 2022, Black Sesame Shanghai was qualified as a High and New Technology enterprise ("HNTE") and enjoyed a preferential tax rate of 15% from 2022 to 2025. In December 2025, the HNTE qualification was successfully renewed, with the preferential tax rate application period extended to 2025 to 2028. In December 2022, Black Sesame Technologies Co., Ltd. ("Black Sesame Wuhan") was qualified as an HNTE and enjoyed a preferential tax rate of 15% from 2022 to 2025. In December 2025, the HNTE qualification was successfully renewed, with the preferential tax rate application period extended to 2025 to 2028. In October 2023, Black Sesame Technologies (Chengdu) Co., Ltd. ("Black Sesame Chengdu") was qualified as an HNTE and enjoyed a preferential tax rate of 15% from 2023 to 2026. Black Sesame Shanghai, Black Sesame Wuhan, Black Sesame Chengdu and Black Sesame Shenzhen were all in accumulated loss position for the years ended December 31, 2025 and 2024. Pursuant to the relevant regulations on extension for expiries of unused tax losses of HNTE issued in August 2018, the expiry period of the accumulated unexpired tax losses of Black Sesame Shanghai, Black Sesame Wuhan, Black Sesame Chengdu and Black Sesame Shenzhen, which are qualified as HNTE, will expire in 10 years. The other entities incorporated in the PRC are subject to an enterprise income tax at a rate of 25%.

12 INCOME TAX EXPENSE (CONTINUED)

(a) Income tax expense (continued)

Mainland China (continued)

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2022 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the “**Super Deduction**”).

Pillar Two income taxes

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, and the legislation will be effective for the Group’s financial year beginning January 1, 2025. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related tax exposure. The Group applies the exception 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 May 2023, and will account for the Pillar Two income taxes as current tax when incurred. Based on the Group’s assessment, there was no material exposure to Pillar Two income taxes for the year ended December 31, 2025.

The income tax on the Group’s (loss)/profit before income tax differs from the theoretical amount that would arise using the enacted tax rate in the PRC applicable to the Group as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
(Loss)/profit before income tax	(1,424,679)	313,315
Income tax credit computed at the applicable income tax rate of 25%	(356,170)	78,329
Tax effect of:		
Difference in overseas tax rates	(24,358)	(523,479)
Preferential tax rate	103,245	120,541
Super Deduction in respect of R&D expenditures	(36,911)	(34,535)
Expenses not deductible for taxation purpose (i)	78,353	100,037
Tax losses for which no deferred income tax assets was recognised (ii)	197,807	213,756
Temporary differences for which no deferred income tax assets were recognised	24,761	45,351
Tax filling differences	13,273	–
Withholding tax	21	–
Income tax expenses	21	–

12 INCOME TAX EXPENSE (CONTINUED)

(a) Income tax expense (continued)

Pillar Two income taxes (continued)

- (i) Expenses not deductible for tax purposes mainly represent business entertainment expenses and share-based compensation expenses incurred in the Group's subsidiaries in Mainland China which are not deductible according to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC.
- (ii) Deferred income tax assets are recognised for tax losses carrying forwards and deductible temporary differences to the extent that realisation of the related tax benefits through the future taxable profits is probable. As at December 31, 2025 and 2024, the Group did not recognise net deferred income tax assets in respect of losses and deductible temporary differences of RMB1,596.5 million and RMB1,360.7 million respectively.

(b) Tax losses

As at December 31, 2025 and 2024, the Group did not recognise deferred income tax assets in respect of losses of RMB5,908.5 million and RMB4,900.2 million, respectively. The tax losses incurred from the Company's subsidiaries in Mainland China that are not recognised as deferred tax assets will expire from 2026 to 2035. Tax losses of the Group's subsidiaries incorporated in United States of America, Hong Kong and Singapore will be carried forward indefinitely. Deductible losses that are not recognized for deferred income tax assets will expire as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Expiry year		
2025	–	104,391
2026	3,617	3,666
2027	66,429	66,481
2028	51,926	52,790
2029	120,619	120,003
2030	173,653	149,692
2031	538,964	545,764
2032	660,171	686,070
2033	1,291,859	1,347,260
2034	1,085,656	1,080,248
2035	1,019,100	–
Indefinitely	896,469	743,810
	5,908,463	4,900,175

13 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share for the years ended December 31, 2025 and 2024 are calculated by dividing the (loss)/profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
(Loss)/profit attributable to the equity holders of the Company (RMB'000)	(1,424,700)	313,315
Weighted average number of ordinary shares outstanding (thousand shares)	601,286	263,608
Basic (loss)/earnings per share (expressed in RMB per share)	(2.4)	1.2

(b) Diluted loss per share

The calculation of the diluted loss per share is based on the (loss)/profit attributable to equity holders of the Company, adjusted to reflect the impact from any dilutive potential ordinary shares that would have been outstanding, as appropriate. The weighted average number of ordinary shares used in calculating diluted loss per share is the weighted average number of ordinary shares, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

13 (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted loss per share (continued)

For the year ended December 31, 2024, the Group has two categories of potential ordinary shares, namely redeemable convertible preferred shares of the Company and share options with vesting schedule granted to the employees. Share options with vesting schedule granted to the employees were anti-dilutive for the year ended December 31, 2024.

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
(Loss)/profit attributable to the equity holders of the Company	(1,424,700)	313,315
Adjustment for fair value change of the Company's redeemable convertible preferred shares through profit or loss	-	(2,046,612)
Net loss attributable to the equity holders of the Company	(1,424,700)	(1,733,297)
Weighted average number of shares (thousand shares):		
Weighted average number of ordinary shares outstanding (thousand shares)	601,286	263,608
Adjustment for redeemable convertible preferred shares of the Company	-	249,029
Weighted average number of shares for calculation of diluted loss per share	601,286	512,637
Diluted loss per share (expressed in RMB per share)	(2.4)	(3.4)

14 SUBSIDIARIES

(a) Subsidiaries of the Company

As at December 31, 2024 and 2025, the Company has direct or indirect interests in the following subsidiaries:

Company Name	Place of Incorporation/ establishment and kind of legal entity	Date of Incorporation/ establishment	Issued/ Registered share Capital In thousand	Percentage of attributable equity interest		Principal activities	Place of operation
				As at December 31, 2024	As at December 31, 2025		
Directly held by the Company:							
Black Sesame Technologies Inc. ("Black Sesame US")	United States of America ("U.S."), limited liability company	August 25, 2016	USD8,000	100%	100%	Research and development	U.S.
Black Sesame Technologies (Singapore) PTE Ltd.	Singapore, limited liability company	May 14, 2018	SGD19,368	100%	100%	Research and development	Singapore
Black Sesame Technologies (HK) Limited	Hong Kong, limited liability company	August 26, 2016	USD7,601	100%	100%	Holding company	Hong Kong
Black Sesame IP Holding PTE. LTD.	Singapore, limited liability company	September 26, 2023	USD10,000	100%	100%	IP holding and licensing	Singapore
Black Sesame Innovation (HK) Limited.	Hong Kong, limited liability company	January 10, 2024	HKD10,000	100%	100%	Research and development	Hong Kong
Indirectly held by the Company:							
Dark Benne Limited ("Dark Benne")	Hong Kong, limited liability company	November 4, 2022	HKD10,000	100%	100%	Investment activities	Hong Kong
Black Sesame Technologies (Shanghai) Co., Ltd. ("Black Sesame Shanghai") 黑芝麻智能科技(上海)有限公司	The PRC, limited liability company	January 14, 2017	USD90,000	100%	100%	Sales and marketing	The PRC
Black Sesame Technologies (Chongqing) Co., Ltd. 黑芝麻智能科技(重庆)有限公司	The PRC, limited liability company	November 27, 2019	RMB120,000	100%	100%	Research and development	The PRC
Shanghai Boyou Intelligence Co., Ltd. 上海博又智能科技有限公司	The PRC, limited liability company	January 16, 2017	RMB270	100%	100%	Research and development	The PRC

14 SUBSIDIARIES (CONTINUED)

(a) Subsidiaries of the Company (continued)

As at December 31, 2024 and 2025, the Company has direct or indirect interests in the following subsidiaries: (continued)

Company Name	Place of Incorporation/ establishment and kind of legal entity	Date of Incorporation/ establishment	Issued/ Registered share Capital In thousand	Percentage of attributable equity interest		Principal activities	Place of operation
				As at December 31, 2024	As at December 31, 2025		
Black Sesame Technologies (Chengdu) Co., Ltd. 黑芝麻智能科技(成都)有限公司	The PRC, limited liability company	May 8, 2021	RMB140,000	100%	100%	Research and development	The PRC
Black Sesame Technologies Co., Ltd. ("Black Sesame Wuhan") 黑芝麻智能科技有限公司	The PRC, limited liability company	February 8, 2021	USD377,000	100%	100%	Sales and marketing	The PRC
Black Sesame Technologies (Shenzhen) Co., Ltd. 黑芝麻智能科技(深圳)有限公司	The PRC, limited liability company	December 30, 2021	RMB120,000	100%	100%	Research and development	The PRC
Black Sesame Technologies (Beijing) Co., Ltd. 黑芝麻智能(北京)科技有限公司	The PRC, limited liability company	May 12, 2023	RMB10,000	100%	100%	Sales and marketing	The PRC
Wuhan Black Sesame Intelligent Information Technology Co., Ltd. 武汉黑芝麻智能信息技术有限公司	The PRC, limited liability company	April 26, 2024	RMB15,000	100%	100%	Research and development	The PRC
Black Sesame Technologies (Zhuhai) Co., Ltd. ("Black Sesame Zhuhai") 黑芝麻智能科技(珠海)有限公司	The PRC, limited liability company	December 15, 2025	RMB100,000	N/A	100%	Investment activities and Research and development	The PRC

15 PROPERTY, PLANT AND EQUIPMENT

	Electronic devices RMB'000	Furniture and fixtures RMB'000	Leasehold improvements RMB'000	Vehicles RMB'000	Total RMB'000
At January 1, 2024					
Cost	148,577	1,949	11,350	498	162,374
Accumulated depreciation	(56,566)	(1,165)	(5,695)	(359)	(63,785)
Net book amount	92,011	784	5,655	139	98,589
Year ended December 31, 2024					
Opening net book amount	92,011	784	5,655	139	98,589
Additions	31,280	906	1,312	389	33,887
Disposal	(20)	–	–	–	(20)
Depreciation charge (Note 7)	(48,971)	(404)	(3,105)	(213)	(52,693)
Currency translation differences	45	4	(13)	–	36
Closing net book amount	74,345	1,290	3,849	315	79,799
At December 31, 2024					
Cost	179,961	2,868	11,872	886	195,587
Accumulated depreciation	(105,616)	(1,578)	(8,023)	(571)	(115,788)
Net book amount	74,345	1,290	3,849	315	79,799
At January 1, 2025					
Cost	179,961	2,868	11,872	886	195,587
Accumulated depreciation	(105,616)	(1,578)	(8,023)	(571)	(115,788)
Net book amount	74,345	1,290	3,849	315	79,799
Year ended December 31, 2025					
Opening net book amount	74,345	1,290	3,849	315	79,799
Additions	45,001	174	2,121	2,587	49,883
Disposal	–	(7)	–	–	(7)
Depreciation charge (Note 7)	(50,842)	(465)	(2,982)	(313)	(54,602)
Currency translation differences	(33)	(3)	14	–	(22)
Closing net book amount	68,471	989	3,002	2,589	75,051
At December 31, 2025					
Cost	224,610	2,994	14,086	3,473	245,163
Accumulated depreciation	(156,139)	(2,005)	(11,084)	(884)	(170,112)
Net book amount	68,471	989	3,002	2,589	75,051

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation of the Group's property, plant and equipment has been charged to the consolidated statement of comprehensive (loss)/income as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Research and development expenses	43,101	41,800
General and administrative expenses	11,423	10,788
Selling expenses	78	105
	54,602	52,693

16 LEASES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Right-of-use assets		
Leased buildings	36,449	48,372
Lease liabilities		
Current	19,564	15,399
Non-current	19,118	32,788
	38,682	48,187

Additions to leased buildings during the years ended December 31, 2025 and 2024 were approximately RMB18.1 million and RMB20.6 million, respectively.

16 LEASES (CONTINUED)

(b) Amounts recognised in the consolidated statement of comprehensive (loss)/income

The consolidated statement of comprehensive (loss)/income shows the following amounts relating to leases:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets <i>(Note 7)</i>	19,102	21,558
Interest expense (included in finance cost) <i>(Note 11)</i>	2,166	2,723
Expense relating to short-term leases <i>(Note 7)</i>	6,279	7,534

The total cash outflows for leases during the years ended December 31, 2025 and 2024 were approximately RMB25.8 million and RMB33.5 million, respectively.

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

The Group leases various buildings for operation. Rental contracts are typically made for fixed periods ranging from one year to five years. 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 lessors. Leased assets may not be used as security for borrowing purposes.

17 INTANGIBLE ASSETS

	Software RMB'000
At January 1, 2024	
Cost	113,044
Accumulated amortization	(38,249)
Net book amount	74,795
Year ended December 31, 2024	
Opening net book amount	74,795
Additions	2,507
Amortisation charge <i>(Note 7)</i>	(38,237)
Closing net book amount	39,065
At December 31, 2024	
Cost	97,003
Accumulated amortization	(57,938)
Net book amount	39,065
At January 1, 2025	
Cost	97,003
Accumulated amortization	(57,938)
Net book amount	39,065
Year ended December 31, 2025	
Opening net book amount	39,065
Additions	26,104
Amortisation charge <i>(Note 7)</i>	(34,290)
Closing net book amount	30,879
At December 31, 2025	
Cost	108,709
Accumulated amortization	(77,830)
Net book amount	30,879

17 INTANGIBLE ASSETS (CONTINUED)

As at December 31, 2025, the intangible assets of the Group are mainly software which included electronic design automation software and office software.

Amortisation of the Group's intangible assets has been recognised as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Research and development expenses	33,506	36,023
General and administrative expenses	784	2,214
	34,290	38,237

18 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Investment in associates		
At the beginning of the year	14,851	17,176
Share of net loss of associate accounted for using the equity method	(939)	(2,325)
At the end of the year	13,912	14,851

18 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Set out below is a list of the associates of the Group as at December 31, 2025 and 2024. The investments in associates only consist of ordinary shares.

Name	Date of incorporation	Place of incorporation	Percentage of ownership interest attributable to the Group		Principal activities
			2025	2024	
Mairun Intelligent Technology (Shanghai) Co., Ltd. ("Mairun") 邁潤智能科技(上海)有限公司	July 6, 2018	PRC	8.84%	8.84%	Intelligent technology
Guoqi Pujin Intelligent Technology (Anqing) Co., Ltd. ("Guoqi") 國汽樸津智能科技(安慶)有限公司	August 10, 2020	PRC	4.20%	4.20%	Intelligent technology
Lingtong Technology (Shanghai) Co., Ltd. ("Lingtong") 領瞳科技(上海)有限公司	March 22, 2023	PRC	15%	15%	Intelligent technology

In the opinion of the directors of the Company, none of the associates was material to the Group as of December 31, 2025 and 2024.

The investments in associates as at December 31, 2025 and 2024 are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Investment in associates		
– Lingtong	7,977	8,922
– Mairun	5,935	5,929
– Guoqi	–	–
	13,912	14,851

19 INVENTORIES

As at December 31, 2025 and 2024, the inventories held by the Group for sales are shown by category as below:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Work in progress	39,398	60,506
Finished goods	60,920	48,778
	100,318	109,284
Less: Provision for impairment of inventories	(49,093)	(40,800)
	51,225	68,484

During the years ended December 31, 2025 and 2024, inventories recognised as cost of sales amounted to RMB444.0 million and RMB248.4 million, respectively, and provision for impairment of inventories recognised as cost of sales amounted to RMB22.7 million and RMB22.6 million, respectively.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at FVPL (Note 21)	231,308	195,906
Financial assets at amortised cost:		
– Trade and notes receivables (Note 23)	499,713	258,067
– Other receivables (excluded prepayments, contract fulfillment cost, and value-added tax recoverable) (Note 22)	105,029	16,913
– Cash and cash equivalents (Note 24)	1,446,756	1,448,106
	2,282,806	1,918,992
Financial liabilities		
Financial liabilities at amortised cost:		
– Trade payables (Note 30)	213,299	117,293
– Other payables and accruals (excluding government grants, other tax payables, payroll and welfare payables) (Note 31)	233,062	165,815
– Borrowings (Note 28)	739,892	674,212
– Lease liabilities (Note 16)	38,682	48,187
	1,224,935	1,005,507

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets at FVPL:

- debt investments that do not qualify for measurement at either amortised cost or at FVOCI;
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains or losses through OCI.

Financial assets measured at FVPL include the following:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Current assets		
– Short-term investments measured at FVPL (a)	83,928	174,804
Non-current assets		
– Long-term investments measured at FVPL (b)	147,380	21,102
Total financial assets	231,308	195,906

- (a) As at December 31, 2025 and 2024, short-term investments measured at FVPL represents equity investments in investment funds in which the Group act as limited partners without significant influence. The Group has determined the fair value of these financial assets based on certain valuation process as disclosed in Note 3.3.

In August 2024, the Company entered into the subscription agreements to invest in two investment funds for which the Group act as limited partners, with the total consideration of USD12.0 million and HKD93.6 million (equivalent to RMB85.6 million and RMB85.8 million) and the subscription fees of USD0.3 million and HKD2.3 million (equivalent to RMB2.1 million and RMB2.1 million), respectively. The consideration and subscription fees were paid in full in September 2024. As a limited partner, the Group has no significant influence over the limited partnership fund. Hence, the investment is accounted for as financial assets at FVPL with changes in the fair value recorded in the consolidated statement of comprehensive (loss)/income.

During the year ended December 31, 2025, the Group redeemed its invest in one of the investment fund upon maturity and collected proceeds with the amount of USD12.0 million (equivalent to RMB87.0 million). Also, the Group extended its investment in the other investment fund by one year upon its maturity in September 2025. Subscription fees for the extension amounted to HKD1.6 million (equivalent to RMB1.4 million) were fully paid in September 2025 by deducting the principle of the investment.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(b) Investment in a limited partnership fund

In November 2022, Dark Benne entered into an agreement to invest in 4.6% equity interests of a limited partnership fund as a limited partner with a total consideration of USD2.9 million (equivalent to RMB20 million). The consideration was paid in full in April 2023. As a limited partner, the Group has no significant influence over the limited partnership fund. Hence, the investment is accounted for as financial assets at FVPL with changes in the fair value recorded in the consolidated statement of comprehensive (loss)/income.

Investment in Suzhou Sentigent Intelligent Technology Co., Ltd. (“Sentigent”)

In July 2025, Black Sesame Wuhan entered into agreement to purchase convertible notes issued by Sentigent with an aggregate consideration of US\$1.0 million (equivalent to RMB7.2 million). In December 2025, the convertible notes were converted into Series Seed+ Preferred Shares of Sentigent. After such conversion, Black Sesame Wuhan holds 3.49% of the equity interests in Sentigent through Series Seed+ Preferred Shares. As at December 31, 2025, the directors of the Company concluded that there was no significant change in the fair value of this investment.

Investment in DeepRout Inc.

In November 2025, Dark Benne entered into a share purchase agreement with DeepRout Inc., pursuant to which Dark Benne agreed to acquire 1,468,330 Series D Preferred Shares in DeepRout Inc. for a total consideration of RMB50 million. Black Sesame Wuhan holds 0.48% of the equity interests of DeepRout Inc. through the Series D Preferred Shares. The investment is accounted for as a financial asset at FVPL with changes in the fair value recorded in the consolidated statement of comprehensive (loss)/income. As at December 31, 2025, the directors of the Company concluded that there was no significant change in the fair value of this investment.

Investment in Nullmax (Cayman) Limited (“Nullmax”)

In December 2025, Dark Benne entered into a share purchase agreement with Nullmax, pursuant to which Dark Benne agreed to acquire 3,479,575 Series C Preferred Shares in Nullmax for a total consideration of USD10 million (equivalent to RMB70.3 million). In December 2025, Dark Benne has paid USD5.5 million (equivalent to RMB38.7 million) and Dark Benne shall pay the remaining USD4.5 million (equivalent to RMB31.6 million) on or before June 30, 2026. As at December 31, 2025, Dark Benne holds 2.45% of the total issued share capital of Nullmax through the Series C Preferred Shares. The investment is accounted for as a financial asset at FVPL with changes in the fair value recorded in the consolidated statement of comprehensive (loss)/income. As at December 31, 2025, the directors of the Company concluded that there was no significant change in the fair value of this investment.

During the years ended December 31, 2025 and 2024, the following net fair value gains were recognised in the consolidated statement of comprehensive (loss)/income:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Gains on financial assets at FVPL recognised in Other gains/(losses) – net	273	1,984

22 PREPAYMENTS AND OTHER RECEIVABLES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Non-current:		
Capacity retention fees to packaging and testing services provider	8,423	7,973
Deposits	4,693	3,068
Others	1,476	2,090
	14,592	13,131
Less: loss allowance	-	-
	14,592	13,131
Current:		
Loan receivable due from a related party (a) (Note 35(c))	85,722	-
Value-added tax recoverable	74,839	81,963
Prepayments	60,677	63,619
Deposits	1,962	4,664
Contract fulfillment cost (Note 6(b))	19,399	-
Others	4,229	1,208
	246,828	151,454
Less: loss allowance	-	-
	246,828	151,454

- (a) The Group entered into certain one-year loan agreements with Zhuhai Eeasy Technology Co., Ltd. (“**Eeasy Tech**”), pursuant to which the Group provided loans with an aggregated amount of RMB85 million to Eeasy Tech, with the interest rate of 3% per annum. The loans were collateralized by the founder’s 12.5% equity interest in Eeasy Tech in total.

Other receivables that are measured at amortised costs included deposits and amounts due from a related party and others were considered to be of low credit risk, and thus the impairment provision recognised during the years ended December 31, 2025 and 2024 was limited to 12 months expected losses. The expected credit losses were minimal as these receivables had no history of default, certain amount of receivables were subsequently settled, and there was no unfavorable current conditions and forecast future economic conditions identified as at December 31, 2025 and 2024.

23 TRADE AND NOTES RECEIVABLES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Trade receivables	553,953	306,181
Less: provision for impairment <i>(Note 3.1(b))</i>	(59,526)	(49,629)
	494,427	256,552
Notes receivables	5,286	1,515
	499,713	258,067

The Group usually grants a credit period of 30 days to 180 days to its customers. As at December 31, 2025 and 2024, the aging analysis of trade and notes receivables based on recognition date of gross trade and notes receivables are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Up to 3 months	396,578	176,876
3 to 6 months	17,954	1,981
6 to 9 months	45,401	1,349
9 to 12 months	971	–
over 12 months	98,335	127,490
	559,239	307,696

The majority of the Group's trade and notes receivables were denominated in RMB.

24 CASH AND BANK BALANCES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Cash and cash equivalents <i>(Note 20)</i>	1,446,756	1,448,106
Cash and cash equivalents are denominated in:		
- USD	1,053,532	1,213,695
- RMB	389,248	228,090
- HKD	1,329	2,992
- SGD	2,647	3,329
	1,446,756	1,448,106

As at December 31, 2025 and 2024, cash and cash equivalents of the Group are mainly denominated in USD.

25 SHARE CAPITAL

Authorized

	Number of shares	Nominal value of shares in USD
Authorized shares as at December 31, 2025 and 2024 (a)	1,000,000,000	100,000

Issued

	Number of shares	Nominal value of shares in USD	Equivalent nominal value of shares RMB'000
As at January 1, 2025	569,169,253	56,917	401
Issuance relating to placing (b)	53,650,000	5,365	39
Exercise of share options (c)	18,095,579	1,809	13
As at December 31, 2025	640,914,832	64,091	453

25 SHARE CAPITAL (CONTINUED)

Issued (continued)

	Number of shares	Nominal value of shares in USD	Equivalent nominal value of shares RMB'000
As at January 1, 2024	71,000,000	7,100	46
Exercise of share options (c)	22,689,107	2,269	16
Issuance of ordinary shares to Excellent Ocean Assets Limited ("the Option Trust") (d)	24,187,308	2,419	17
Issuance of ordinary shares upon IPO (e)	37,000,000	3,700	26
Conversion of redeemable convertible preferred shares to ordinary shares (f)	414,292,838	41,429	296
As at December 31, 2024	569,169,253	56,917	401

- (a) The Company was incorporated in the Cayman Islands on July 15, 2016 with an authorized share capital of USD50,000 divided into 500,000,000 ordinary shares of a par value of USD0.0001 each.

In September 2019, the Company increased the authorized share capital to USD100,000 divided into 1,000,000,000 shares of a par value of USD0.0001 each. The authorized share capital of the Company is USD100,000 divided into 1,000,000,000 shares: (i) 581,215,714 ordinary shares of a par value of USD0.0001 each, (ii) 71,000,000 Series A redeemable convertible Preferred Shares of a par value of USD0.0001 each, (iii) 42,388,282 Series A-1 redeemable convertible Preferred Shares of a par value of USD0.0001 each, (iv) 54,977,656 Series B-1 redeemable convertible Preferred Shares of a par value of USD0.0001 each, (v) 6,000,000 Series B-2 redeemable convertible Preferred Shares of a par value of USD0.0001 each, (vi) 24,557,864 Series B-3 redeemable convertible Preferred Shares of a par value of USD0.0001 each, (vii) 23,959,003 Series B-4 redeemable convertible Preferred Shares of a par value of USD0.0001 each, (viii) 49,315,790 Series B+ redeemable convertible Preferred Shares of a par value of USD0.0001 each, (ix) 75,780,089 Series C redeemable convertible Preferred Shares of a par value of USD0.0001 each, (x) 70,805,602 Series C+ redeemable convertible Preferred Shares of a par value of USD0.0001 each.

In August 2024, in connection with the Company's listing, the Company underwent a redesignation pursuant to the written resolutions passed by the shareholders on July 26, 2024, each authorised issued and unissued Preferred Share of par value of US\$0.0001 be re-designated and reclassified into one Ordinary Share of par value of US\$0.0001 pursuant to the automatic conversion, and the authorised share capital of the Company shall be US\$100,000 divided into 1,000,000,000 Ordinary Shares of par value of US\$0.0001 each.

- (b) On February 26, 2025, a total of 53,650,000 new shares have been issued at the HKD23.20 per share pursuant to the terms and conditions of the Placing Agreement ("Placing"). The net proceeds from the Placing, after deducting the Placing commission and other relevant costs and expenses of the Placing, amounted to approximately HKD1,237.4 million (equivalent to RMB1,142.1 million).

25 SHARE CAPITAL (CONTINUED)

Issued (continued)

- (c) As at December 31, 2023, 17,663,676 options were exercised but not yet registered as ordinary shares of the Company, these options were fully registered in 2024. During the year ended December 31, 2025 and 2024, additional 18,095,579 and 5,025,431 options were exercised and registered (Note 32).
- (d) During the year ended December 31, 2024, the Company issued 24,187,308 ordinary shares to the Option Trust for the purpose of holding certain ordinary shares under the Company's Pre-IPO Incentive Plan (the "**Pre-IPO Plan**") on trust for and on behalf of the grantees.
- As at December 31, 2025 and 2024, 24,187,308 shares held in the Option Trust are accounted for as treasury shares of the Company (Note 26).
- (e) The Company completed the IPO on August 8, 2024 and issued 37,000,000 ordinary shares to the public at a price of HKD28 per share.
- (f) All the Preferred Shares were automatically converted to 414,292,838 ordinary shares of the Company upon the successful listing of the shares of the Company (Note 29).

26 OTHER EQUITY

	As at December 31,			
	2025		2024	
	Shares	RMB'000	Shares	RMB'000
Treasury shares <i>(Note 25(d))</i>	24,187,308	17	24,187,308	17

27 RESERVES

	Currency translation differences	Fair value change on redeemable convertible preferred shares due to own credit risk	Share-based Compensation	Conversion of preferred shares upon IPO	Net proceeds from IPO	Net proceeds from Placement	Repurchase and cancellation of ordinary shares	Repurchase and cancellation of vested share options	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	(424,026)	(37,075)	920,245	-	-	-	(46,500)	(59,064)	353,580
Fair value change on redeemable convertible preferred shares due to own credit risk	-	2,821	-	-	-	-	-	-	2,821
Conversion of preferred shares upon global offering	-	34,254	-	10,640,567	-	-	-	-	10,674,821
Net proceeds from Global Offering	-	-	-	-	865,280	-	-	-	865,280
Share-based compensation	-	-	429,046	-	-	-	-	-	429,046
Exercise of share options	-	-	17,488	-	-	-	-	-	17,488
Currency translation differences	(82,024)	-	-	-	-	-	-	-	(82,024)
As at December 31, 2024	(506,050)	-	1,366,779	10,640,567	865,280	-	(46,500)	(59,064)	12,261,012
As at January 1, 2025	(506,050)	-	1,366,779	10,640,567	865,280	-	(46,500)	(59,064)	12,261,012
Issuance of ordinary shares relating to placing, net of issuance costs	-	-	-	-	-	1,142,100	-	-	1,142,100
Share-based compensation	-	-	349,026	-	-	-	-	-	349,026
Exercise of share options	-	-	44,647	-	-	-	-	-	44,647
Others	-	-	-	-	1,576	-	-	-	1,576
Currency translation differences	(46,965)	-	-	-	-	-	-	-	(46,965)
As at December 31, 2025	(553,015)	-	1,760,452	10,640,567	866,856	1,142,100	(46,500)	(59,064)	13,751,396

28 BORROWINGS

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Borrowings included in non-current liabilities:		
– Bank borrowings, secured (a)	–	201,360
Borrowings included in current liabilities:		
– Bank borrowings, secured (a)	190,000	291,970
– Bank borrowings, unsecured (b)	540,000	180,000
– Interest payables	9,892	882
	739,892	472,852
	739,892	674,212

- (a) In May 2024, Black Sesame Wuhan and Black Sesame Shanghai entered into a two-year syndicated loan agreement with Shanghai Innovation Bank (originally named Shanghai Pudong Development Silicon Valley Bank “SSVB”), acting as the lead and agent bank, and several other banks, which provided Black Sesame Wuhan and Black Sesame Shanghai loans with aggregated principal amount of RMB500 million. The transaction costs of these loans amounted to RMB10 million. The total principal amount can be draw down within the six months period from the date of the loan agreement. Out of the total amount, RMB300 million and RMB200 million will be due for repayment by instalments in November 2025 and May 2026, respectively. Also, the bank has the right to request the Group to make early repayment of the above loans if the Company fails to consummate equity financing with the gross proceeds no less than a pre-determined amount by December 31, 2024. Borrowings under the loan agreement were guaranteed by Black Sesame International Holding Limited.

In December 2024, Black Sesame Wuhan and Black Sesame Shanghai entered into a supplementary agreement with SSVB, pursuant to which, the bank waived the right to request the Group to make early repayment of the above loans when the Company fails to consummate equity financing with the gross proceeds no less than a pre-determined amount by December 31, 2024.

In 2024, Black Sesame Wuhan drew down borrowings with an aggregated amount of RMB285 million and Black Sesame Shanghai drew down borrowings with an aggregated amount of RMB215 million under the loan agreement with interest rates of loan prime rate (“LPR”) plus 0.25% per annum.

In 2025, Black Sesame Wuhan repaid borrowings with an aggregated amount of RMB171 million and Black Sesame Shanghai repaid borrowings with an aggregated amount of RMB129 million according to the repayment plan of SSVB.

28 BORROWINGS (CONTINUED)

- (b) During the year ended December 31, 2024, the Group drew down and repaid borrowings with an aggregated principal amount of RMB210 million and RMB30 million, respectively, under certain loan facility agreements. As of December 31, 2024, outstanding borrowings under the loan facility agreements amounted to RMB180 million.

During the year ended December 31, 2025, the Group drew down and repaid borrowings with an aggregated principal amount of RMB540 million and RMB180 million, respectively, under certain loan facility agreements. As of December 31, 2025, outstanding borrowings under the loan facility agreements amounted to RMB540 million.

The weighted average interest rates for the years ended December 31, 2025 and 2024 were 3.49% and 4.23% per annum, respectively.

29 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

Redeemable convertible preferred shares

Since the date of incorporation, the Company has completed several rounds of financing by issuing Preferred Shares to investors.

The Company completed the IPO on August 8, 2024 and the Preferred Shares were automatically converted to ordinary shares of the Company upon the successful listing of the shares of the Company.

The movements of the Preferred Shares during the years ended December 31, 2024 are set out as below:

	RMB'000
At January 1, 2024	<u>12,589,493</u>
Change in fair value through profit or loss	(2,046,612)
Change in fair value due to own credit risk	(2,821)
Currency translation differences	100,803
Conversion of Preferred Shares to Common shares upon IPO	<u>(10,640,863)</u>
At December 31, 2024	<u>-</u>

30 TRADE PAYABLES

As at December 31, 2025 and 2024, the aging analysis of the trade payables based on transaction date are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Up to 6 months	192,000	86,945
6 to 12 months	17,998	2,053
over 12 months	3,301	28,295
	213,299	117,293

The carrying amounts of trade payables are considered approximately to their fair values.

31 OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Non-current:		
Government grants (a)	–	2,681
Payables for transaction costs	22,240	32,430
Payables for purchase of software	4,498	–
Others	2,578	4,038
	29,316	39,149
Current:		
Payroll and welfare payables	146,011	134,234
Government grants (a)	99,762	79,527
Other taxes payable	8,038	9,081
Payables for listing expenses	–	3,492
Payables for purchase of software	6,686	20,217
Payables for technical services	81,285	32,935
Payables for purchase of IP	54,095	53,454
Payables for purchase of equity interests (Note 21)	31,629	–
Payables for financing transaction costs	16,134	9,668
Amount due to a related party (Note 35(c))	–	213
Others	5,522	1,918
	449,162	344,739
	478,478	383,888

- (a) Government grants provided to the Group mainly related to the financial assistance received from local governments in the PRC. When attached conditions are expected to be satisfied within one year, the Group recorded the government grants as current liabilities upon cash receipts. For government grants of which the attached conditions are expected to be satisfied over one year, the Group recorded the government grants as non-current liabilities upon cash receipts.

32 SHARE-BASED COMPENSATION

(a) Share option

In September 2016, the Company adopted its Pre-IPO Incentive Plan (the “**Pre-IPO Plan**”), which permits the grant of stock options and restricted shares to the employees and directors of the Group. Under the plan, a total of no more than 156,847,868 ordinary shares of the Company were initially reserved for issuance. The stock options under the Pre-IPO Plan have a contractual term of ten years from the grant date.

During the years ended December 31, 2025 and 2024, the Company granted nil and 2,587,708 stock options, respectively, to the Group’s employees under the Pre-IPO Plan. Provided that the personnel’s service with the Company has not terminated prior to each vesting date, the vesting schedules of the share options granted are as below:

- Type (i) 25% of the total granted share options shall become vested one year from the Vesting Commencement Date and the remaining 75% vested on each month thereafter over the next three years;
- Type (ii) 1/3 of the total granted share options shall become vested one year from the Vesting Commencement Date and the remaining 2/3 vested on each month thereafter over the next two years;
- Type (iii) 50% of the total granted share options shall become vested two years from the Vesting Commencement Date and the remaining 50% vested on each year thereafter over the next two years;
- Type (iv) 50% of the total granted share options shall become vested one year from the Vesting Commencement Date and the remaining 50% vested on each month thereafter over the next year;
- Type (v) 100% of the total granted share options shall become vested one year from the Vesting Commencement Date;
- Type (vi) 100% of the total granted share options shall become vested on the Vesting Commencement Date.

32 SHARE-BASED COMPENSATION (CONTINUED)

(a) Share option (continued)

The following table summarizes the Group's stock option activities:

	Number of share options	Weighted average exercise price USD
Outstanding at January 1, 2024	139,054,958	0.35
Granted	2,587,708	0.70
Forfeited	(3,781,953)	0.57
Expired	(290,358)	0.31
Cancelled	(360,000)	0.59
Exercised	(5,025,431)	0.20
Outstanding at December 31, 2024	132,184,924	0.36
Vested and exercisable as at December 31, 2024	82,657,956	0.26
Outstanding at January 1, 2025	132,184,924	0.36
Granted	-	-
Forfeited	(912,904)	0.60
Expired	(499,588)	0.10
Exercised	(18,095,579)	0.28
Outstanding at December 31, 2025	112,676,853	0.37
Vested and exercisable as at December 31, 2025	95,659,464	0.31

The weighted-average remaining contractual life for outstanding share options was 5.8 years and 6.8 years as at December 31, 2025 and 2024, respectively.

The Group has used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted the equity allocation model to determine the fair value of the underlying ordinary shares. Key assumptions, such as projections of future performance, are determined by the Group with best estimate.

32 SHARE-BASED COMPENSATION (CONTINUED)

(a) Share option (continued)

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option as at the grant date. Key assumptions are set as below:

	Year ended December 31,	
	2025	2024
Fair value per ordinary share (USD)	N/A	2.88-3.04
Risk-free interest rates	N/A	4.12%-4.51%
Dividend yield	N/A	0%
Expected volatility	N/A	54.88%-55.52%
Expected terms	N/A	10 years

The weighted-average fair value of granted share options was RMB21.16 per share for the years ended December 31, 2024.

(b) Restricted Share Unit ("RSU")

In July 2024, the Company adopted its Post-IPO Plan, which permits the grant of restricted shares to the employees and directors of the Group. Under the plan, a total of no more than 56,916,925 ordinary shares of the Company were initially reserved for issuance. The RSU under the Post-IPO Plan have a contractual term of ten years from the grant date.

During the year ended December 31, 2025, the Company granted 18,887,643 RSUs, to the Group's employees under the Post-IPO Plan. Provided that the personnel's service with the Company has not terminated prior to each vesting date, the vesting schedules of the RSUs granted are as below:

- Type (i) 25% of the total granted RSUs shall become vested one year from the Vesting Commencement Date and the remaining 75% vested on each month thereafter over the next three years;
- Type (ii) 100% of the total granted RSUs shall become vested one year from the Vesting Commencement Date;

32 SHARE-BASED COMPENSATION (CONTINUED)

(b) Restricted Share Unit (“RSU”) (continued)

The following table summarizes the Group’s stock option activities:

	Number of RSUs	Weighted average exercise price HKD
Outstanding at January 1, 2025	-	-
Granted	18,887,643	19.36
Forfeited	(1,115,956)	19.36
Outstanding at December 31, 2025	17,771,687	19.36
Vested and exercisable as at December 31, 2025	-	-

The fair value of each RSU at the grant dates is determined by reference to the fair value of the underlying ordinary shares on the date of grant.

(c) Expenses arising from share-based payment transactions

The Group has to estimate the expected retention rate at the end of the vesting periods of the share options and RSUs in order to determine the amount of share-based compensation expenses charged to the condensed consolidated statement of comprehensive (loss)/income. As at December 31, 2025, the expected retention rate of the Group had been assessed to be no lower than 90% (December 31, 2024: 90%).

The share-based payment expenses have been charged to the consolidated statement of comprehensive (loss)/income for the years ended December 31, 2025 and 2024 as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Research and development expenses	181,791	174,192
Selling and marketing expenses	30,540	62,834
General and administrative expenses	136,695	192,020
	349,026	429,046

33 CASH FLOW INFORMATION

(a) Net cash used in operating activities

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
(Loss)/profit before income tax	(1,424,679)	313,315
Adjustment for:		
Depreciation of property, plant and equipment (Note 15)	54,602	52,693
Depreciation of right-of-use assets (Note 16)	19,102	21,558
Amortisation of intangible assets (Note 17)	34,290	38,237
Provision for impairment of inventories (Note 19)	22,748	22,564
Loss on disposal of property, plant and equipment (Note 15)	7	20
Termination or modification of right-of-use assets	71	(72)
Fair value gain on financial instrument issued to investors (Note 29)	-	(2,046,612)
Gains on other financial assets at FVPL (Note 21)	(273)	(1,984)
Share-based payment expenses (Notes 32)	349,026	429,046
Interest income (Note 11)	(450)	(523)
Interest expenses (Note 11)	33,595	18,074
Interest income on loan to a related party (Note 9)	(722)	-
Subscription fee of investment funds	1,444	4,285
Foreign exchange (gains)/losses – net (Note 10)	(7,341)	6,457
Net impairment losses on financial assets (Note 3.1(b))	9,897	29,067
Share of net loss of associates accounted for using the equity method (Note 18)	939	2,325
Changes in working capital:		
Increase in inventories	(5,489)	(19,625)
Increase in trade and notes receivables	(251,543)	(122,197)
Increase in prepayments, deposits and other assets	(10,663)	(51,745)
Increase/(decrease) in contract liabilities	16,971	(7,039)
Increase in trade payables	96,006	49,208
Increase in other payables and accruals	77,110	73,194
Less: income taxes paid	(21)	-
Net cash used in operating activities	(985,373)	(1,189,754)

33 CASH FLOW INFORMATION (CONTINUED)

(b) Non-cash investing and financing activities

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Acquisition of right-of-use assets <i>(Note 16)</i>	18,135	20,592
Subscription fee of investment funds <i>(Note 21)</i>	1,444	–
Conversion of convertible preferred shares upon IPO	–	10,640,863
Registration for share options exercised in previous periods	44,660	10,319
Payables for purchase of equity interests <i>(Note 21)</i>	31,629	–
Payables for purchase of intangible assets <i>(Note 31)</i>	11,184	20,217

(c) Net debt

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	1,446,756	1,448,106
Financial assets at fair value through profit or loss <i>(Note 21)</i>	104,562	195,906
Lease liabilities <i>(Note 16)</i>	(38,682)	(48,187)
Borrowings <i>(Note 28)</i>	(739,892)	(674,212)
Net debt	772,744	921,613

33 CASH FLOW INFORMATION (CONTINUED)

(d) Reconciliation of liabilities from financing activities

	Financial instruments issued to investors <i>(Note 29)</i> RMB'000	Lease liabilities <i>(Note 16)</i> RMB'000	Borrowings <i>(Note 28)</i> RMB'000	Total RMB'000
As at January 1, 2024	12,589,493	52,448	–	12,641,941
Cash flows	–	(25,962)	661,388	635,426
New leases	–	20,592	–	20,592
Fair value changes	(2,049,433)	–	–	(2,049,433)
Interest expenses	–	2,723	12,824	15,547
Conversion of convertible preferred shares upon IPO	(10,640,863)	–	–	(10,640,863)
Lease modification	–	(1,585)	–	(1,585)
Foreign exchange	100,803	(29)	–	100,774
As at December 31, 2024	–	48,187	674,212	722,399
As at January 1, 2025	–	48,187	674,212	722,399
Cash flows	–	(19,509)	37,209	17,700
New leases	–	18,135	–	18,135
Interest expenses	–	2,166	28,471	30,637
Lease modification	–	(10,012)	–	(10,012)
Foreign exchange	–	(285)	–	(285)
As at December 31, 2025	–	38,682	739,892	778,574

34 COMMITMENTS

As at December 31, 2025, Black Sesame Wuhan entered into agreements with Eeasy Tech, pursuant to which the Company agreed to acquire an aggregate of 60% equity interest in Eeasy Tech at a total consideration of RMB478.02 million. The transaction is subject to the approval from the Company's shareholders and the fulfillment of other precedent conditions. As of the reporting date, this acquisition has not yet been completed.

The Group did not have any other material commitments as at December 31, 2025.

35 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related party during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Name and relationship of related parties

Name of related parties	Relationship with the Group
Mairun Intelligent Technology (Shanghai) Co., Ltd.	Associate
Guoqi Pujin Intelligent Technology (Anqing) Co., Ltd.	Associate
Lingtong Technology (Shanghai) Co., Ltd.	Associate
Zhuhai Eeasy Technology Co., Ltd. ("Eeasy Tech")	Entity with a common director

(b) Transactions with related parties

(i) Revenue from a related party (Trade nature)

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Driving Assistance Products and Solutions		
Lingtong	-	38
Guoqi	-	4
	-	42

(ii) Purchase of goods and services (Trade nature)

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Driving Assistance Products and Solutions		
Eeasy Tech	5,409	-
Lingtong	1,982	1,861
	7,391	1,861

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

(iii) Research and development expenses from a related party (Non-trade nature)

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Design and development expenses Lingtong	-	2,127

(vi) Loan to a related party (Non-trade nature)

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Easy Tech	85,000	-

(v) Loan interest to a related party (Non-trade nature)

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Easy Tech	722	-

(c) Year end balances with related parties

(i) Trade receivables

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Lingtong	-	29

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Year end balances with related parties (continued)

(ii) Trade payables

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Eeasy Tech	1,360	–
Lingtong	317	686
	1,677	686

(iii) Amounts due to a related party (Non-trade nature)

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Other payables and accruals for technical services provided by Lingtong	–	213

(vi) Amounts due from a related party (Non-trade nature)

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Loan and interest due from Eeasy Tech	85,722	–
Prepayment for technical services provided by lingtong	481	–
	86,203	–

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management personnel compensation

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	7,799	7,602
Share-based compensation expenses	128,373	209,043
Pension obligations, housing funds, medical insurances and other social insurances	807	744
	136,979	217,389

36 CONTINGENT LIABILITIES

The Group is subject to legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Group does not anticipate that the final outcome arising out of any of such matters will have a material adverse effect on the consolidated financial statements on an individual basis or in the aggregate.

37 DIVIDEND

No dividend has been paid or declared by the Company or subsidiaries of the Company for the years ended December 31, 2025 and 2024 and up to date of this report.

38 SUBSEQUENT EVENTS

Subscription of new shares

On March 6, 2026, a total of 28,543,000 new shares have been successfully subscribed at the HKD18.88 per Subscription Share pursuant to the terms and conditions of the Subscription Agreement (“**2026 Subscription**”). The net proceeds from the Subscription, after deducting the subscription commission and other relevant costs and expenses of the Subscription, amounted to approximately HKD538.13 million.

Save as disclosed above, there were no other significant events that might adversely affect the Group after December 31, 2025 and up to the date of this report.

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the company

	As at December 31,	
	2025 RMB'000	2024 RMB'000
ASSETS		
Non-current assets		
Investments in subsidiaries	771,071	596,138
Total non-current assets	771,071	596,138
Current assets		
Amounts due from subsidiaries	4,306,947	3,234,203
Prepayments and other receivables	509	393
Financial assets at FVPL	83,928	174,804
Cash and cash equivalents	762,258	954,043
Total current assets	5,153,642	4,363,443
Total assets	5,924,713	4,959,581
Current liabilities		
Other payables and accruals	2,000	12,073
Total current liabilities	2,000	12,073
Total liabilities	2,000	12,073
EQUITY		
Equity attributable to owners of the Company		
Share capital	453	401
Other equity	(17)	(17)
Reserves	13,785,548	12,342,672
Accumulated losses	(7,863,271)	(7,395,548)
Total equity	5,922,713	4,947,508
Total equity and liabilities	5,922,713	4,959,581

The statement of financial position of the Company was approved by the board of directors on March 31, 2026 and was signed on its behalf.

Director

Director

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Currency translation differences	Fair value change on redeemable convertible preferred shares due to own credit risk	Share-based Compensation	Conversion of preferred shares upon IPO	Net proceeds from IPO	Net proceeds from Placement	Repurchase and cancellation of ordinary shares	Repurchase and cancellation of vested share options	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	(370,936)	(37,075)	920,245	-	-	-	(46,500)	(59,064)	406,670
Fair value change on redeemable convertible preferred shares due to own credit risk	-	2,821	-	-	-	-	-	-	2,821
Conversion of preferred shares upon global offering	-	34,254	-	10,640,567	-	-	-	-	10,674,821
Net proceeds from Global Offering	-	-	-	-	865,280	-	-	-	865,280
Share-based compensation	-	-	429,046	-	-	-	-	-	429,046
Exercise of share options	-	-	17,488	-	-	-	-	-	17,488
Currency translation differences	(53,454)	-	-	-	-	-	-	-	(53,454)
As at December 31, 2024	(424,390)	-	1,366,779	10,640,567	865,280	-	(46,500)	(59,064)	12,342,672
As at January 1, 2025	(424,390)	-	1,366,779	10,640,567	865,280	-	(46,500)	(59,064)	12,342,672
Issuance of ordinary shares relating to placing, net of underwriting commissions and other issuance costs	-	-	-	-	-	1,142,100	-	-	1,142,100
Share-based compensation	-	-	349,026	-	-	-	-	-	349,026
Exercise of share options	-	-	44,647	-	-	-	-	-	44,647
Others	-	-	-	-	1,576	-	-	-	1,576
Currency translation differences	(94,473)	-	-	-	-	-	-	-	(94,473)
As at December 31, 2025	(518,863)	-	1,760,452	10,640,567	866,856	1,142,100	(46,500)	(59,064)	13,785,548

DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Articles” or “Articles of Association”	the fifteenth amended and restated articles of association of the Company, adopted by special resolutions of the shareholders of the Company dated July 26, 2024, as amended, supplemented or otherwise modified from time to time
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“BVI”	the British Virgin Islands
“Cayman Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “Black Sesame”, “we”, “us” or “our”	Black Sesame International Holding Limited, an exempted company incorporated under the laws of Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2533)
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code, as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Excellent Ocean Trust”	a trust set up by the Company as the settlor with Trident Trust Company (HK) Limited as the trustee for the purposes of managing certain options granted under the Pre-IPO Share Plan, and with Excellent Ocean Assets Limited, a company incorporated under the laws of the BVI and a wholly-owned subsidiary of Trident Trust Company (HK) Limited, holding the relevant options and Shares involved in the capacity as the trustee
“Global Offering”	the Hong Kong Public Offering and the International Offering as defined in the Prospectus
“Group” or “our Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong Dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	individual(s) or company(ies) who or which, to the best of the Director’s knowledge having made all due and careful enquiries, is/are independent from and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Joint Company Secretaries”	the joint company secretaries of the Company
“Latest Practicable Date”	April 20, 2026, being the latest practicable date prior to the printing of this annual report
“Listing Date”	August 8, 2024, being the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of the Company, adopted by special resolutions of the Shareholders of the Company dated July 26, 2024, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 of the Listing Rules
“Mr. Liu”	Mr. Liu Weihong (劉衛紅), the Company’s co-founder, non-executive Director and consultant
“Mr. Shan”	Mr. Shan Jizhang (單記章), the Company’s co-founder, chairman of its Board, executive Director and chief executive officer
“Ms. Pan”	Ms. Pan Dan, the spouse of Mr. Shan
“New Key Trade”	New Key Trade Company Limited, a limited liability company incorporated under the laws of the BVI and ultimately owned by Mr. Liu’s trust, the beneficiaries of which are Mr. Liu and Ruby Wealth

Definitions (continued)

“Nomination Committee”	the nomination committee of the Company
“Offer Share”	has the meaning defined in the Prospectus
“Post-IPO Share Plan”	the post-IPO share plan approved by the Shareholders on July 26, 2024 as amended, supplemented or otherwise modified from time to time
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this annual report and for geographical reference only, references to the “PRC” and “China” do not apply to Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC, except where the context indicates or requires otherwise
“Pre-IPO Share Plan”	the pre-IPO share plan approved by the Company on September 7, 2016 as amended, supplemented or otherwise modified from time to time
“Prospectus”	the prospectus of the Company dated July 31, 2024
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the year ended December 31, 2025
“RMB”	Renminbi, the lawful currency of the PRC
“Ruby Wealth”	Ruby Wealth International Limited, a limited liability company incorporated under the laws of the BVI and wholly owned by Mr. Liu
“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)”	the ordinary share(s) of par value US\$0.0001 per share in the authorized share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” or “USD”	United States Dollars, the lawful currency of the United States

