



**范式**  
PHANCY

# Phancy Group Co., Ltd. 範式智能技術集團股份有限公司

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

**Stock Code : 6682**

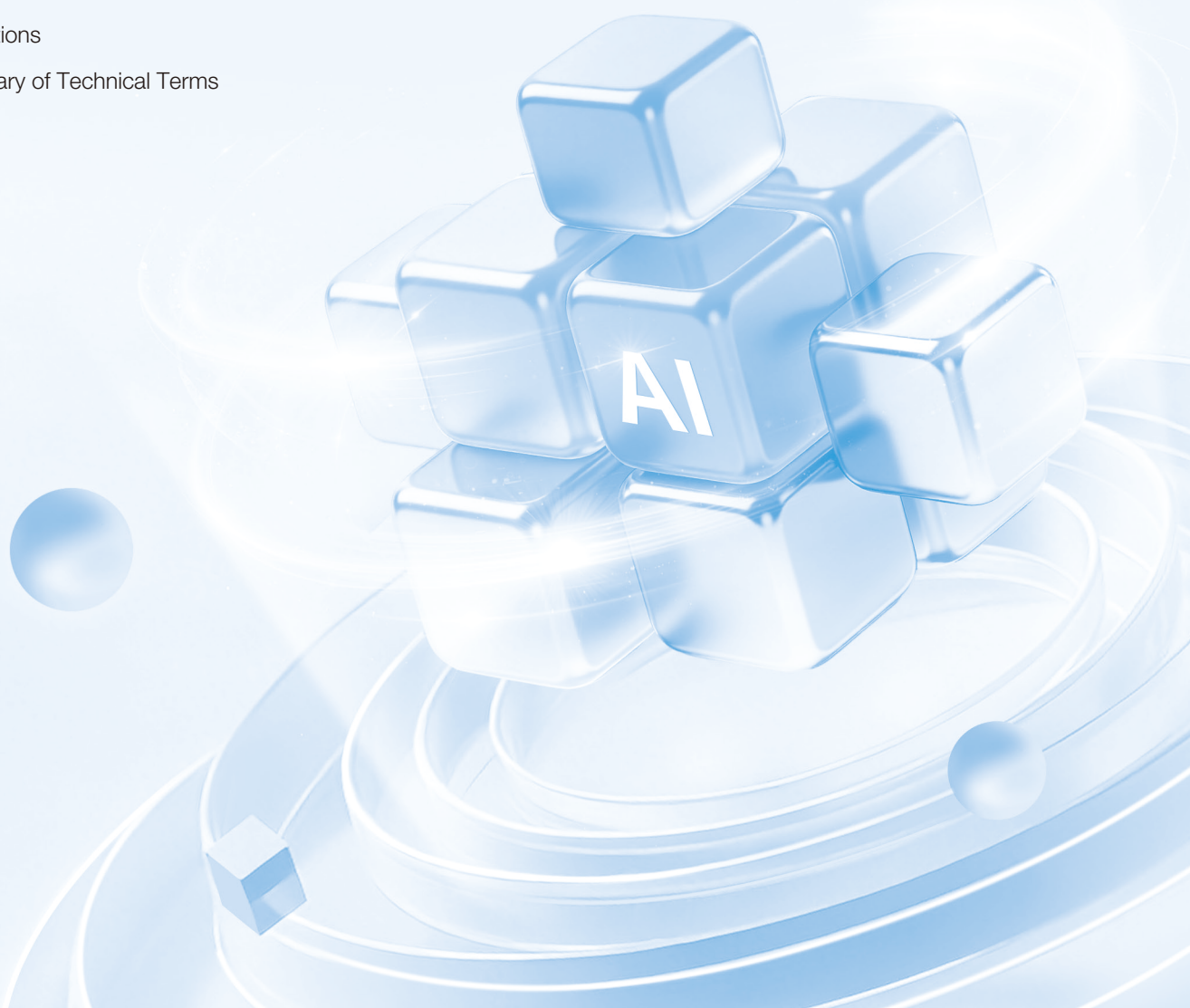
# 2025

ANNUAL REPORT



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### BOARD OF DIRECTORS

#### Executive Directors

Dr. Dai Wenyuan (戴文淵)  
(Chairman, Chief Executive Officer and General Manager)  
Mr. Chen Yuqiang (陳雨強) (Chief Research Scientist)  
Mr. Yu Zhonghao (于中灝)  
(Vice Chairman and Senior Vice President)

#### Non-executive Directors

Dr. Yang Qiang (楊強)  
Mr. Dou Shuai (竇帥)  
Mr. Zhang Jing (張晶)

#### Independent non-executive Directors

Mr. Li Jianbin (李建濱)  
Mr. Liu Chijin (劉持金)  
Ms. Ke Yele (柯燁樂)  
Mr. Liu Zhuzhan (劉助展)<sup>(1)</sup>  
Mr. Pan Jialin (潘嘉林)<sup>(2)</sup>

#### Employee Representative Director

Mr. Chai Yifei (柴亦飛)<sup>(3)</sup>

### AUDIT COMMITTEE

Mr. Li Jianbin (李建濱) (Chairman)  
Mr. Liu Chijin (劉持金)  
Dr. Yang Qiang (楊強)

### REMUNERATION COMMITTEE

Ms. Ke Yele (柯燁樂) (Chairlady)  
Dr. Yang Qiang (楊強)  
Mr. Li Jianbin (李建濱)

### NOMINATION COMMITTEE

Dr. Dai Wenyuan (戴文淵) (Chairman)  
Mr. Liu Chijin (劉持金)  
Mr. Li Jianbin (李建濱)<sup>(4)</sup>  
Ms. Ke Yele (柯燁樂)<sup>(4)</sup>

### REGISTERED OFFICE

Room 303, 3/F  
Block A, Heying Center, Building 1, No. 10  
Xiaoying West Road  
Haidian District, Beijing  
the PRC

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Block A, Hongyuan New Era  
Shangdi West Road  
Haidian District, Beijing  
the PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay,  
Hong Kong

### H SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### AUDITOR

Rongcheng (Hong Kong) CPA Limited  
(formerly known as CL Partners CPA Limited)  
Registered Public Interest Entity Auditor  
Unit 4301-7, 43/F  
COSCO Tower  
183 Queen's Road Central  
Hong Kong

### HONG KONG LEGAL ADVISER

Jingtian & Gongcheng LLP  
Suites 3203-3209, 32/F  
Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Central  
Hong Kong

## AUTHORIZED REPRESENTATIVES

Mr. Yu Zhonghao (于中灝)

Ms. Yeung Siu Wai Kitty (楊小慧)

## JOINT COMPANY SECRETARIES

Mr. Peng Jun (彭駿)<sup>(5)</sup>

Ms. Yeung Siu Wai Kitty (楊小慧)

## PRINCIPAL BANKERS

China Merchants Bank, Haidian Branch  
No. 56, North 4th Ring Road West  
Beijing, the PRC

Industrial and Commercial Bank of China, Haidian West District Branch  
No. 65, North 4th Ring Road West  
Beijing, the PRC

## STOCK CODE

6682

## COMPANY'S WEBSITE

[www.4paradigm.com](http://www.4paradigm.com)

Notes:

- (1) With effect from June 26, 2025, Mr. Liu Zhuzhan was appointed as an independent non-executive Director. With effect from December 19, 2025, Mr. Liu Zhuzhan resigned as an independent non-executive Director.
- (2) With effect from December 19, 2025, Mr. Pan Jialin was appointed as an independent non-executive Director.
- (3) With effect from June 26, 2025, Mr. Chai Yifei was appointed as an employee representative Director.
- (4) With effect from March 31, 2025, Mr. Li Jianbin ceased to be a member of the Nomination Committee, and Ms. Ke Yele was appointed as a member of the Nomination Committee.
- (5) With effect from January 21, 2025, Mr. Peng Jun was appointed as the joint company secretary of the Company. With effect from January 26, 2026, Mr. Peng Jun tendered his resignation as the joint company secretary of the Company.

## FINANCIAL HIGHLIGHTS

### FINANCIAL HIGHLIGHTS FOR THE YEAR

	Year ended December 31,		Year-on-year change
	2025 Amount (RMB'000)	2024 Amount (RMB'000)	
Revenue	7,135,286	5,260,650	35.6%
Gross profit	2,483,436	2,244,829	10.6%

Non-IFRS measures:

Adjusted net profit/(loss)	6,330	(292,470)	Turnaround to profit
Adjusted net profit/(loss) attributable to owners of the Company	17,842	(264,991)	Turnaround to profit

### FINANCIAL HIGHLIGHTS FOR FIVE YEARS

	Year ended December 31,/As at December 31,				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
<b>Revenue</b>	2,018,399	3,082,637	4,204,142	5,260,650	7,135,286
Gross profit	953,475	1,486,646	1,979,548	2,244,829	2,483,436
Operating loss	(1,172,806)	(1,025,902)	(545,434)	(355,082)	(133,469)
Loss before income tax	(1,791,699)	(1,665,094)	(930,829)	(290,088)	(39,770)
<b>Loss for the year</b>	(1,802,068)	(1,653,421)	(920,569)	(296,267)	(37,778)
<b>Loss for the year attributable to owners of the parent</b>	(1,785,655)	(1,644,897)	(908,717)	(268,788)	(26,266)
<b>Assets</b>					
Non-current assets	1,352,969	1,800,817	1,490,748	1,897,380	2,324,031
Current assets	5,095,715	4,918,167	5,656,526	5,690,265	6,968,798
<b>Total assets</b>	6,448,684	6,718,984	7,147,274	7,587,645	9,292,829
<b>Equity and liabilities</b>					
Equity attributable to owners of the Company	(351,021)	(1,574,712)	5,349,122	5,062,119	7,525,557
Non-controlling interests	103,008	113,701	103,392	8,769	(21,854)
<b>(Deficit on total equity)/total equity</b>	(248,013)	(1,461,011)	5,452,514	5,070,888	7,503,703
Non-current liabilities	5,939,764	6,628,886	51,610	19,252	203,603
Current liabilities	756,933	1,551,109	1,643,150	2,497,505	1,585,523
Total liabilities	6,696,697	8,179,995	1,694,760	2,516,757	1,789,126
<b>Total equity and liabilities</b>	6,448,684	6,718,984	7,147,274	7,587,645	9,292,829

Dear Shareholders,

## BUSINESS REVIEW AND OUTLOOK

### Overall Performance

In 2025, the Company delivered an encouraging set of results. Building on its first-ever achievement of adjusted net profitability, its operating revenue continued to experience rapid growth, reaching a record high.

In terms of revenue, our total revenue for the full year reached RMB7.135 billion, a year-on-year increase of 35.6%. This growth rate was significantly higher than the industry average and that of the same period last year, achieving a re-acceleration of revenue growth. This growth reflects the comprehensive and vigorous development across all of the Company's business lines, while benefiting from the continuous promotion of the national "AI+" action policy and the strong release of demand for domestic substitution.

In terms of profitability, the adjusted net profit attributable to the parent company reached RMB17.84 million, and the Company successfully achieved full-year profitability. This is an important turning point — it signifies that Phancy has entered a new cycle of parallel revenue growth and profitability improvement. Looking back over the past few years, the trend in profitability improvement has been unmistakable: losses narrowed significantly from 2022 to 2024, followed by the Company's first full-year profit in 2025.

In terms of customers, we have a total of over 1,000 contracted clients with deep penetration across more than 20 high-value industries such as energy, manufacturing, finance, retail and telecommunications, with a broad and solid customer base. As at the date of this report, the Company's orders on hand amounted to over RMB8.9 billion.

In respect of market position, according to the latest report from IDC, Phancy has ranked first in China's machine learning platform market share for seven consecutive years, representing the best testament from the industry to our technological strength and product competitiveness.

In terms of business structure, we have formally established the "three engines" that drive the Company's growth. This is not only a reclassification in our financial statements but also a deep reflection on our commercialization path in the AI 2.0 era. The AI Platform, as the core PaaS driver, contributed RMB6.552 billion in revenue in 2025, a year-on-year increase of 32.0%, accounting for 91.8% of the Group's total revenue and serving as the core pillar of the Company's revenue growth; the API business, empowered by Token, is the fastest-growing engine, with revenue reaching RMB79.9 million, an explosive year-on-year growth of 129.2%; the Agentic AI business, centered on a "result-as-a-service" model, achieved revenue of RMB503 million, a year-on-year increase of 93.2%, demonstrating strong growth momentum and the sustainable development of its business model. The three major segments, each with its own focus and mutually empowering, have jointly built a new multi-driver growth structure for Phancy.

## I. AI Platform (PaaS, the Core Growth Driver)

**Core Products:** Centred on the Sage Platform, the platform encompasses a full-stack, end-to-end product matrix, including Phanthycloud, HAMi vGPU, ModelHub XC, SageAIOS, Sage Ontology, SageSHIFT, and SageAIGS. This integrated matrix spans the entire AI process from model development and deployment to computing power support, serving as the cornerstone of the Company's business development. Notably, the platform has maintained the largest market share in China's machine learning platform sector for seven consecutive years.

**Business Progress and Performance:** Benefiting from the continued strong demand for domestic substitution and the implementation of the "AI+" initiative in China, this segment has emerged as a key pillar of the Company's revenue growth, accounting for most of the incremental revenue. In 2025, this business segment recorded revenue of RMB6.552 billion, representing a year-on-year increase of 32.0% and accounting for 91.8% of the Group's total revenue. This growth accelerated the Company's overall performance, enabling it to achieve single-quarter profitability for the first time in the third quarter of 2025. During the Reporting Period, the Company continued to drive the iterative enhancement of its products and technologies, with a particular focus on three core offerings: ModelHub XC, HAMi vGPU, and Phanthycloud. Key developments are detailed as follows:

**ModelHub XC:** ModelHub XC was officially launched on September 22, 2025 as a core platform for the adaptation and management of information technology application innovation (ITAI, China's initiative to build an independent and controllable IT ecosystem) models. Its introduction also marked the launch of the ITAI community, ITAI models, and a suite of associated value-added services. ModelHub XC has now grown into the largest ITAI model community in China, effectively addressing key industry bottlenecks within the domestic computing power ecosystem, such as the need for separate adaptation of different models, time-intensive processes, and repetitive manual tasks. The product is powered by EngineX, an AI engine system specifically adapted for ITAI computing power. By adapting to the underlying algorithm architecture, it supports batch model processing and significantly enhances the efficiency of model adaptation. Leveraging the batch adaptation capabilities of EngineX, ModelHub XC has continuously accelerated model adaptation processes. The number of adapted and certified models has now surpassed 30,000, far exceeding initial projections. The product supports a broad spectrum of tasks such as text generation, visual understanding, and multi-modal Q&A, and encompasses mainstream model series such as MiniMax, Qwen, Hunyuan, GLM, Deepseek, Kimi, and Open Sora. The Company has initially planned to scale the number of adapted models to the hundred-thousand level within a year, a milestone it has already achieved ahead of schedule. Looking ahead, the Company will continue to accelerate model adaptation, with the ultimate goal of expanding the ITAI computing community to a scale comparable with that of HuggingFace. In terms of hardware adaptation, ModelHub XC is fully compatible with mainstream domestic computing platforms, including Huawei Ascend, Cambricon, Iluvatar CoreX, Kunlunxin, MetaX, and Sunrise. In the future, the Company intends to further extend compatibility to encompass all mainstream ITAI computing platforms. In addition, the product offers a special value-added service for ITAI model adaptation. For users unfamiliar with the landscape of domestic computing power compatibility or requiring specific models to be adapted to designated domestic computing platforms, the service provides guaranteed adaptation. This ensures that clients using the service encounter no models that cannot be deployed, effectively addressing their practical application challenges. Meanwhile, ModelHub XC is closely integrated with Phanthycloud, achieving seamless connection among model management, XC adaptation, and cloud services. Through Phanthycloud, clients can readily access over 30,000 adapted models to rapidly deploy AI applications, further strengthening the integrated service capabilities across cloud, models, and computing power.

**HAMi vGPU:** As the Company's core product for GPU resource management, HAMi vGPU continuously upgrades its technological capabilities by leveraging HAMi-Core, a heterogeneous computing power virtualisation community initiated by Phancy and currently recognised as the most influential globally. In October 2025, HAMi vGPU achieved deep adaptation with Kubernetes Dynamic Resource Allocation (DRA) and launched the GPU DRA Driver, enabling integrated and fine-grained scheduling of GPU computing power and VRAM, and elevating cloud-native computing power management to a new level. The product effectively addresses the challenges of underutilisation and wasted GPU resources due to exclusive usage in traditional GPU deployments. It allows GPUs to be flexibly shared and scheduled like CPUs, supports parallel execution of multiple tasks on the same GPU node, and upgrades task allocation from a serial to a parallel scheduling approach. This significantly reduces task waiting time and enhances overall cluster throughput efficiency. In terms of resource application, HAMi vGPU supports the flexible selection of GPU configurations according to actual business needs, moving from fixed packages to customisable combinations. It enables fine-grained partitioning and pooling at the kernel level of down to 1% of computing power and MB-level VRAM, thereby enhancing resource utilisation. In addition, launched in September 2025, the Virtual VRAM Expansion Card further extends the capabilities of HAMi vGPU by innovatively introducing extended VRAM technology. When used with HAMi vGPU, it can expand a single GPU's VRAM to 256GB (equivalent to ten RTX 4090 cards), overcoming traditional VRAM limitations without the need for hardware replacement. This innovation effectively removes hardware bottlenecks for large-scale AI tasks and meets high-performance computing demands of large model training and inference. The product is fully integrated with Phanthycloud, creating seamless synergy with cloud services and ModelHub XC. Core capabilities, including GPU dynamic scheduling and VRAM expansion, are made accessible to customers via Phanthycloud, enabling flexible, cloud-based invocation of computing resources. This approach not only reduces computing costs and operational workloads for customers but also enhances the integrated service capabilities of Phanthycloud.

**Phanthycloud:** As the core cloud service platform of the Company's full-stack AI PaaS matrix, Phanthycloud works in close synergy with the Sage Platform and other key products to build an integrated service system across cloud, computing power, and AI capabilities, providing customers with convenient and efficient AI cloud service support. Phanthycloud is now fully integrated with ModelHub XC and HAMi vGPU, enabling core capabilities such as ITAI model adaptation and GPU dynamic scheduling to be delivered as cloud services. This integration streamlines customers' deployment processes and reduces their hardware investment in AI deployment. Meanwhile, leveraging the Company's strong presence in the domestic computing power sector, Phanthycloud is fully compatible with a wide range of mainstream domestic chips. It can provide secure, compliant, and fully controllable cloud services to core clients such as central and state-owned enterprises and financial institutions, precisely meeting their needs for transitioning to locally produced alternatives. In addition, Phanthycloud is closely integrated with the Token business, enabling the cross-product utilisation of the Token-based payment mode. Clients can use Tokens to access cloud services, model resources, and computing power on demand, further enhancing flexibility and payment engagement, while supporting the large-scale growth of the Company's cloud service business.

**Core Value:** The Company aims to build an end-to-end, full-stack business system, foster deep synergy between the computing power business and the Sage Platform, provide customers with integrated services combining computing power and AI capabilities, and streamline the AI deployment process for customers, thereby lowering technical barriers. At the same time, through technological innovation and adaptation to domestic computing power, it supports the fully controllable development of domestic AI infrastructure, enabling enterprises to advance their AI-powered digital transformation.

#### Core Strengths and Business Structure:

- The Company leads in hardware compatibility, supporting a full range of mainstream domestic chips, including Huawei Ascend, Cambricon, Iluvatar CoreX, Kunlunxin, MetaX, and Sunrise. The number of adapted and certified models on the platform currently exceeds 30,000, with plans to scale this to the hundred-thousand level within six months, and, ultimately, to cover all mainstream ITAI computing platforms on the market.
- The Company is committed to building a fully controllable AI infrastructure adaptation system. HAMi-Core, a heterogeneous computing power virtualisation community initiated by Phancy and currently recognised as the most influential globally, has been fully integrated with DRA to upgrade cloud-native computing power management. This ensures business security and compliance, while aligning with domestic ITAI policy directives.
- The Company precisely addresses the needs of core clients such as central and state-owned enterprises and financial institutions, seeking to transition from imported products to locally produced alternatives. These clients represent a high-quality base with stable demand. At the same time, the Company continues to expand its client portfolio, securing new business across key industries such as energy, manufacturing, finance, and retail.

## II. API Business (Pay-as-you-go, the Fastest-growing Driver)

**Core Products:** With Phanthy as the core platform, complemented by PhanRouter and PhanClaw, the Company has established a comprehensive Token-based payment ecosystem. Each of the three products plays a distinct role, while operating in synergy. Leveraging the technological capabilities of the Sage Platform, they enable seamless integration between Tokens and core products, facilitating scenario-based monetisation. These products are detailed as follows:

**Phanthy:** Serving as the core platform of the Token-based payment ecosystem, Phanthy has evolved from a paradigm model development platform. While primarily focused on B-end Token-based payments, it also accommodates C-end operations, acting as the central hub linking the Company's AI infrastructure, model resources, and customer requirements. The platform is dedicated to scenario-based deployment and monetisation of enterprise-level large model applications, with services gradually being extended to C-end users. The platform is closely integrated with PhanthyCloud's cloud services, over 30,000 adapted models available through ModelHub XC, and a wide range of industry-specific vertical models accumulated over years of development on the paradigm platform, forming a comprehensive ecosystem of model resources. It also provides a full suite of API capabilities, supporting enterprise clients, consumer electronics devices, and developers to quickly integrate model and computing resources, thereby lowering the barrier to AI application development. At present, the platform reaches over 100 million consumer electronics devices. Supported by the on-device AI Agent module technology from Phancy, the Company's paradigm consumer electronics business brand, Phanthy's API capabilities have been widely applied across the terminal products of partner manufacturers, including Lenovo, Acer, and Konka. These applications span a range of consumer electronics categories, such as smartwatches and AI-enabled smart glasses, achieving the large-scale deployment of AI capabilities. The platform's core functions include model selection, computing power scheduling, Token top-up and consumption management, as well as usage data statistics. In addition, Phanthy continues to broaden its range of application scenarios and, in conjunction with the industry solutions offered by the Agentic AI business, extends the Token-based payment mode to AI use scenarios across various industries, thereby promoting the large-scale expansion of the Token-based payment ecosystem.

**PhanRouter:** As a unified API gateway for large models, PhanRouter is closely integrated with PhanthyCloud and serves as the primary channel for model invocation in the Token ecosystem. It is designed to address key industry challenges, including fragmented access to multiple models, complex operations and maintenance, and difficulties in cost control for enterprises. The product is fully compatible with the OpenAI interface standard and has achieved coverage of dozens of mainstream large model providers. It is also interoperable with products like the Phanthy world-level model and PhanClaw, creating a full-chain synergy from model invocation to computing power scheduling. In respect of adaptation to locally developed products, PhanRouter is closely integrated with PhanthyCloud's computing power scheduling capabilities and is fully compatible with ModelHub XC's domestic computing power adaptation system. It supports all mainstream domestic chips such as Huawei Ascend, Moore Threads, lluvatar CoreX, Hygon, and Kunlunxin, and provides access to over 30,000 adapted models, ensuring alignment with domestic ITAI policy directives. In addition, the product supports private and independent deployment and can run independently within an enterprise's intranet environment to safeguard the security and compliance of core business data. It also provides refined cost control functions, including transparent usage tracking, intelligent scheduling, and quota alerts. Through the Token-based payment mode, clients can invoke services on demand, further reducing model invocation costs and operational complexity. The product is now officially available on PhanthyCloud, where clients can activate related services as required using Tokens.

**PhanClaw:** As the core product for security and permission control within the Token ecosystem, PhanClaw works in close coordination with Phanthy and PhanRouter. It undertakes critical functions, such as Token security verification, permission management, invocation auditing, and risk control, ensuring the stable and compliant operation of the Token-based payment ecosystem. The product enables lifecycle management of Tokens, encompassing generation, distribution, utilisation, and expiry or recycling. It provides precise verification of the legitimacy and permission scope of each Token invocation, preventing security risks such as Token abuse and theft. At the same time, PhanClaw supports customised permission allocation, enabling differentiated Token usage rights and quotas to be assigned across departments and roles in line with the client's organisational structure and business needs, thereby achieving refined permission management. It also provides a call log auditing function, recording Token invocation details in real time. This enables clients to trace usage records and conduct efficient troubleshooting, meeting the stringent security and compliance requirements of industries, such as finance and government affairs. Furthermore, PhanClaw is fully integrated with PhanRouter, enabling security verification for every model invocation routed through the gateway. In conjunction with Phanthy, it supports real-time synchronisation of Token quotas, ensuring compliant and controllable Token usage. This further enhances the full-chain Token service framework, combining platform and gateway control.

**Monetisation Mode and Business Progress:** PhanClaw adopts a pay-as-you-go, Token-based payment mode, focusing on key application scenarios such as AI model invocation, model adaptation, data interaction, and intelligent decision-making to drive scenario-based monetisation. This approach closely aligns with clients' on-demand usage requirements. Driven by the rapid rollout of OpenClaw, PhanClaw, serving as the security core of the Company's Token ecosystem, has further strengthened the security control framework for intelligent agent invocations. The large-scale adoption of AI agents is, in turn, fuelling exponential growth in Token consumption. Unlike the bursty, one-off Token consumption patterns associated with traditional single-turn AI query interactions, intelligent agents are capable of autonomously executing multi-step, closed-loop tasks. As a result, Token usage per task has increased markedly from the hundreds to the millions, significantly accelerating overall Token demand. On this basis, the Company remains confident that the intelligent agent-driven Token business will experience explosive growth in the future. It will continue to deepen the synergy between intelligent agents and the Token ecosystem, leveraging core products such as Phanthy and PhanRouter to further expand application scenarios of intelligent agents. This approach will support the wider adoption of the Token-based payment mode in more industries, drive large-scale expansion of the Token business, and reinforce its position as the fastest-growing segment, providing sustained momentum for the Company's overall performance. In 2025, this business segment recorded revenue of RMB80 million, representing a year-on-year increase of 129.2% and accounting for 1.1% of the Group's total revenue.

**Core Value:** By leveraging a flexible payment mode, the Token business reduces clients' upfront investment costs, enhancing their willingness to adopt and their payment engagement. At the same time, it enables cross-product reuse of Tokens, fostering synergy across multiple business segments. This approach brings sustained and stable revenue streams for the Company and supports its continued performance growth.

**Core Strengths:**

- Combined with tailored Token packages, the flexible pay-as-you-go mode meets enterprise clients' needs for on-demand investment and effective cost control, thereby enhancing their willingness to adopt and increasing payment frequency.
- Tokens can be used across the Company's core products, such as the Sage Platform and ModelHub XC, enabling multi-product synergy and enhancing Token reusability. This, in turn, promotes collaborative development across various business segments, and maximises customer value.
- The flexible payment mode and cross-product versatility effectively enhance clients' payment engagement. Coupled with the ongoing incremental demand from the Company's key clients, this drives sustained consumption and provides a stable foundation for the continued growth of the Token business.

### III. Agentic AI Business (Result-as-a-Service)

**Business Positioning and Progress:** Focusing on high-value industries and closely following the “AI+” national policy for high-quality energy development, the Company has prioritised promoting a result-as-a-service (RaaS) cooperation mode. This mode is being actively scaled across multiple industries and demonstrates a high level of replicability. Once an industry-specific use case, like electricity trading within the energy sector, has been successfully established, the corresponding AI solution, service pattern, and technical architecture can be quickly replicated across other similar scenarios and clients in the same industry, without the need for substantial additional R&D investment. Subsequent replications generate significant economies of scale, greatly enhancing the efficiency of business expansion, reducing operational costs, and further extending the Company’s business reach. At the same time, leveraging the Company’s full-stack AI capabilities, the RaaS mode can be quickly tailored to the personalised needs of different industries. This enables rapid replication from a single use case to multiple scenarios and from one industry to many, thereby driving the large-scale growth of the Agentic AI business. In 2025, this business segment recorded revenue of RMB503 million, representing a year-on-year increase of 93.2% and accounting for 7.1% of the Group’s total revenue.

**Key Developments in Electricity Trading:** Focusing on the two core scenarios of spot electricity trading and medium- to long-term electricity trading, the Company has developed a full-chain AI solution for electricity trading encompassing forecasting, decision-making, risk control, and post-trading review. This solution enables energy enterprises to improve trading efficiency, reduce operating costs, and mitigate market risks. It has been implemented in several pilot provinces for spot electricity trading and has gained recognition from key industry clients. Leveraging this solution, the Company has achieved significant business revenue growth across three sub-sectors: wind power, photovoltaic power, and energy storage. In the wind and photovoltaic power segments, accurate output forecasting and optimised trading strategies have enabled clients to increase electricity generation revenue and reduce deviation assessment costs. In the energy storage segment, AI-driven optimisation of charging and discharging strategies, integrated with electricity trading, has significantly enhanced the operational efficiency and profitability of energy storage stations. Overall, the Company has realised synergistic efficiency gains and sustained revenue growth across these three sub-sectors. At the same time, the Company has entered into an agreement with HyperStrong to jointly establish a joint venture. Relying on HyperStrong’s technological practice in R&D, production, and full-lifecycle management of energy storage systems, together with the Company’s leading capabilities in AI agents, machine learning platforms, and smart energy, the partnership will advance the application of AI-enabled electricity trading in energy storage projects, drive the comprehensive deployment of AI technologies in the energy storage field, and facilitate the intelligent upgrade of energy storage systems throughout their entire lifecycle.

**Core Value:** As the foundational contributor to the Company’s revenue base, this business segment operates stably. Through the widespread expansion of the RaaS mode across industries such as energy, manufacturing, and finance, it provides sustained and long-term support for the Company’s revenue growth, ensuring the overall stability of the Company’s performance. At the same time, through its deep industry presence and tailored services across multiple industries, the business segment supports the Company in consolidating its industry position, further tapping into the value of clients from various sectors, and fostering synergies with the AI Platform and API businesses. This, in turn, promotes the high-quality development of the Company’s overall operations.

**Core Strengths and Business Performance:**

- Drawing on the Company's extensive experience accumulated over more than a decade in the AI field across over 20 industries, this business segment is well positioned to accurately identify the challenges faced by different sectors in their digital transformation journeys. It continues to explore and expand the opportunities presented by the RaaS mode. At the same time, this mode demonstrates a high level of replicability. Once an industry-specific use case, like electricity trading within the energy sector, has been successfully established, the corresponding technology, solution, and service pattern can be quickly replicated across other similar scenarios and clients in the same industry, without the need for substantial additional R&D investment. Subsequent replications generate significant economies of scale, further reducing service costs, boosting profitability efficiency, and enabling rapid business expansion. Furthermore, following implementation, the business achieves a high degree of client integration and strong customer retention. Through the consistent delivery of long-term services and demonstrable value, the Company establishes trusted, enduring partnerships with its clients. This deep level of engagement strengthens client relationships, enhances retention, and drives higher rates of repeat business.

**Strategic Outlook:**

Looking ahead to 2026, the Company's business will continue to be driven by the "three engines" of AI platform business, API business, and Agentic AI business. The AI platform business serves as the cornerstone and driver for the Company's growth. Building on this foundation, the API and Agentic AI businesses are poised for even more robust development.

The API business is an explosively growing traffic hub — our youngest yet most resilient segment. With surging demand for computing power and models driven by phenomenal applications such as OpenClaw, the API business is experiencing exponential growth. An illustrative data point is that Token revenue for the first quarter of 2026 alone has already surpassed the full-year total for 2025.

The Agentic AI business acts as the Company's "value multiplier" for empowering a wide range of industries. If the AI Platform is the foundation and the API is the reach, then Agentic AI is our "spearhead" for deeply addressing industry pain points. By building AI Agents with autonomous capabilities, we deliver business outcomes directly to clients, rather than merely providing tools. This year, this business will further penetrate clients' core business areas, helping the Company evolve into an indispensable "digital productivity partner" for its enterprise clients.

A closed loop featuring "stable growth + resilient explosive growth + deep empowerment" will be further established and enhanced. With this new framework, the Company will continue to create long-term value for its Shareholders.

## CORPORATE SOCIAL RESPONSIBILITY

The Board places great importance on corporate sustainable development capabilities. It firmly believes that a robust ESG management system serves as the important foundation for effectively fulfilling environmental and social responsibilities. The Group has integrated sustainable development principles into its corporate strategy. The Group continuously reviews the progress of ESG initiatives and evaluates their effectiveness, while continuously strengthening sustainability risk management to address business demand adjustments arising from climate change, technological advancements, and changes in operating costs. The Group also continuously enhances its employees' awareness of ESG practices in strategy and operations through various means. To better manage the Group's ESG performance, identify potential risks, and support the Board in deepening ESG governance, the Group has established a top-down governance structure comprising the Board, an ESG Working Group, and business departments, thereby continuously advancing the implementation of ESG-related initiatives.

Phancy is keenly aware of the significant role of AI technology in promoting a low-carbon social transformation and sustainable development. Leveraging our leading AI technologies, products, and services, we are committed to assisting carbon-intensive enterprises in achieving their green transformation within sectors, such as energy, manufacturing, and transportation. Building on this foundation, the Group actively fulfills its social responsibilities by continuously investing financial, human, and material resources in areas such as public safety, culture and education, and environmental protection, thereby serving the needs of society and the public. At the same time, the Group remains focused on its core business. By leveraging technology to support community development, promote fairness and inclusiveness, it strives to advance the application of AI technologies in a wider range of public scenarios, giving back to society through concrete actions.

During the Reporting Period, facing the challenges brought by the summer flood season, Phancy collaborated with water conservancy agencies to develop a "Smart Flood Control Large Model". Powered by AI to predict the evolution paths of flood disasters, the model enables precise dispatching of flood control resources. This project promotes the digital upgrading of public safety governance, while ensuring regional socio-economic stability and ecological security, highlighting the inclusive value of technology. Meanwhile, in response to the extreme heavy rainfall from severe convective weather and the resulting floods and landslide disasters in parts of Beijing, the Group took swift action. It donated RMB2 million to the disaster-stricken areas to support emergency rescue efforts, the provision of essential supplies for affected residents, and the restoration of post-disaster infrastructure—addressing urgent needs and helping local communities overcome hardships and rebuild their homes.

In addition, Phancy received the "ESG Sustainable Development Excellence Enterprise Award" at the 2025 Jinge Award for its innovative AI applications in ecological protection and disaster prevention. In the future, the Group will coordinate supply chain management and strengthen industry technology exchanges and collaboration. Through these efforts, it aims to advance responsible AI and jointly promote the high-quality development of the AI industry. The Group will continue to integrate ESG principles into the entire process of technology R&D and business implementation. It will explore pathways for AI for Good in more sectors, leverage AI to address social pain points, and truly achieve the vision of AI for everyone.

## FINANCIAL REVIEW

In 2025, the Company's total revenue amounted to RMB7,135.3 million, representing a year-on-year increase of 35.6%. Gross profit was RMB2,483.4 million, with a gross profit margin of 34.8%. With clear profitability goals, the loss for the year attributable to owners of the parent was RMB26.3 million, with a loss reduction of RMB242.5 million compared to the full year of 2024, narrowing by 90.2% year-on-year. The adjusted net profit for the year was RMB6.3 million, compared with an adjusted net loss of RMB292.5 million for 2024, achieving a turnaround from loss to profit.

According to the latest report from the internationally authoritative research firm IDC, the Company has maintained its position as the leader in China's machine learning platform market share for seven consecutive years.

### Revenue

As a steadily growing and developing AI software company, Phancy has further expanded its industry influence and business presence through our robust technological expertise and domain application experience. The Company has currently established three core business segments: AI Platform, API business and Agentic AI business. During the Reporting Period, our total revenue amounted to RMB7,135.3 million (same period in 2024: RMB5,260.7 million), representing a year-on-year increase of 35.6%, mainly due to substantial revenue growth from AI platform. For the year ended December 31, 2025, revenue from AI platform amounted to RMB6,552.2 million, representing a year-on-year increase of 32.0% and accounting for 91.8% of our total revenue. Revenue from API business amounted to RMB79.9 million, representing a year-on-year increase of 129.2% and accounting for 1.1% of our total revenue. Revenue from Agentic AI business amounted to RMB503.2 million, representing a year-on-year increase of 93.2% and accounting for 7.1% of our total revenue. The following table sets forth a breakdown of our revenue by business segment for the periods indicated.

	Year ended December 31,		
	2025 RMB in millions	2024 RMB in millions	Change
AI Platform	6,552.2	4,965.4	32.0%
API business	79.9	34.9	129.2%
Agentic AI business	503.2	260.4	93.2%
<b>Total</b>	<b>7,135.3</b>	<b>5,260.7</b>	<b>35.6%</b>

### AI Platform

During the Reporting Period, revenue from AI Platform amounted to RMB6,552.2 million (same period in 2024: RMB4,965.4 million), representing a year-on-year increase of 32.0%, mainly due to the increasing demand in the overall AI market and the empowerment of our products through the Company's large model and generative AI capabilities. The proportion of revenue from AI platform to total revenue decreased from 94.4% for the year ended December 31, 2024 to 91.8% for the year ended December 31, 2025.

### API Business

During the Reporting Period, revenue from API business amounted to RMB79.9 million (same period in 2024: RMB34.9 million), representing a year-on-year increase of 129.2%. The proportion of revenue from API business to total revenue increased from 0.7% for the year ended December 31, 2024 to 1.1% for the year ended December 31, 2025, mainly due to our rising demand in the overall AI market.

### Agentic AI Business

During the Reporting Period, revenue from Agentic AI business amounted to RMB503.2 million (same period in 2024: RMB260.4 million), representing a year-on-year increase of 93.2%. The proportion of revenue from Agentic AI business to total revenue increased from 5.0% for the year ended December 31, 2024 to 7.1% for the year ended December 31, 2025. This growth was primarily attributed to our strategic expansion pace for the high added value solutions and services.

### Cost of Sales

Our cost of sales primarily includes: (1) cost of finished goods sold, primarily representing procurement cost of computing power from third-party vendors, (2) technology service fees, primarily representing technology implementation costs paid to third-party service providers for delivery, deployment and installation of customized AI applications that we develop at users' request, (3) employee benefit expenses, representing wages and benefits of our implementation and maintenance personnel for our enterprise AI solutions, and (4) others.

During the Reporting Period, our cost of sales amounted to RMB4,651.9 million (same period in 2024: RMB3,015.8 million), representing a year-on-year increase of 54.2%. Our cost of sales increased in line with the growth in our total revenue, mainly driven by our hardware procurement costs.

### Gross Profit and Gross Profit Margin

Our gross profit increased by 10.6% from RMB2,244.8 million for the year ended December 31, 2024 to RMB2,483.4 million for the year ended December 31, 2025. Our gross profit margin decreased from 42.7% for the year ended December 31, 2024 to 34.8% for the year ended December 31, 2025, mainly due to the changes in the Company's product portfolio compared to the previous year.

### Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses amounted to RMB205.2 million (same period in 2024: RMB268.7 million), representing a year-on-year decrease of 23.6%. This reduction was primarily due to the optimization of our brand promotion strategy, which allowed us to meet brand promotion needs while appropriately controlling marketing and brand promotion activity costs.

### Administrative Expenses

During the Reporting Period, our administrative expenses amounted to RMB154.4 million (same period in 2024: RMB193.3 million), representing a year-on-year decrease of 20.2%, mainly due to the decrease of employee benefit expenses and professional services.

### Research and Development Expenses

We continuously invest in the development and enhancement of our solutions and technologies as in the past. During the Reporting Period, the Group's total research and development expenses further increased, reaching RMB2,337.4 million (same period in 2024: RMB2,169.8 million), representing a year-on-year increase of 7.7%, mainly due to increase of cloud service fees and decrease of technology service fees.

### Provision for credit loss allowance, net

Our provision for credit loss allowance, net primarily includes impairment losses on trade receivables, contract assets, and other receivables.

During the Reporting Period, our provision for credit loss allowance, net amounted to RMB17.4 million (same period in 2024: RMB200.0 million), mainly due to the decrease of trade receivable balance and the enhancement of our collection management. In accordance with our accounting policy and relevant internal management system, we have made prudent provision for bad debts and will continue to closely monitor the recovery of receivables.

### Other Income

Our other income primarily includes (i) government grants; and (ii) value-added tax refunds and other tax rebates.

During the Reporting Period, our other income amounted to RMB96.2 million (same period in 2024: RMB120.1 million).

### Other gains or losses, net

Other gains or losses, net primarily include (i) fair value changes of financial assets measured at fair value through profit or loss; (ii) net foreign exchange gains/(losses); (iii) net gains on disposal/dilution of investments accounted for using the equity method; and (iv) net gains on partial disposal of subsidiaries.

During the Reporting Period, our other gains, net amounted to RMB1.2 million (same period in 2024: other gains, net of RMB111.7 million), mainly due to increase of foreign exchange losses and the decline of gains on partial disposal of subsidiaries.

### Operating Loss

Due to the above factors, during the Reporting Period, our operating loss amounted to RMB133.5 million, representing a year-on-year decrease of 62.4% (same period in 2024: operating loss of RMB355.1 million).

### Finance Income

During the Reporting Period, our finance income amounted to RMB77.3 million, representing a year-on-year increase of 49.1% (same period in 2024: RMB51.9 million), which was mainly due to the Company having conducted two placings during the Reporting Period, resulting in an increase in cash on hand.

### Finance Costs

During the Reporting Period, our finance costs amounted to RMB1.0 million, representing a year-on-year decrease of 83.2% (same period in 2024: RMB6.1 million), mainly due to decrease of interest expense on borrowings and interest expense on payable for acquisition of subsidiaries recognized last year.

### Loss for the Year

Due to the above factors, during the Reporting Period, our loss for the year amounted to approximately RMB37.8 million (same period in 2024: loss for the year of RMB296.3 million).

## Non-IFRS Measures

To supplement our consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), we use adjusted net loss (a non-IFRS measure) as an additional financial metric. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe that these measures provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, presentation of adjusted net loss (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and investors should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS.

## Adjusted Net Profit/(Loss)

We define adjusted net profit/(loss) as the annual loss for the year adding back share-based compensation.

The following table reconciles our adjusted net profit/(loss) for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRS, which is profit/(loss) for the year.

	Year ended December 31,		
	2025 RMB'000	2024 RMB'000	Change
Reconciliation of loss for the year and adjusted net profit/(loss)			
<b>Loss for the year</b>	<b>(37,778)</b>	(296,267)	-87.2%
Add: Share-based compensation	<b>44,108</b>	3,797	1,061.7%
<b>Adjusted net profit/(Loss)</b>	<b>6,330</b>	(292,470)	Turnaround to profit
<b>Loss for the year attributable to the owners of the Company</b>	<b>(26,266)</b>	(268,788)	-90.2%
Add: Share-based compensation expenses	<b>44,108</b>	3,797	1,061.7%
<b>Adjusted net profit/(loss) attributable to the owners of the Company</b>	<b>17,842</b>	(264,991)	Turnaround to profit

## Liquidity and Financial Resources

In the past, we have primarily relied on shareholder contributions to meet our cash needs. Following the Global Offering, we plan to fund our future capital requirements through a balanced approach of equity financing and debt financing activities. We do not anticipate any changes in the financing required for our future operations.

As of December 31, 2025, all of the Group's borrowings were denominated in RMB. The Group's borrowings bear fixed interest rates between 2.4%-4.0%. All of the Group's borrowings are due within three years.

## Liquid Cash Resources

The Group's liquid cash resources include cash and cash equivalents, short-term and long-term bank deposits, short-term investments measured at fair value through profit or loss, and restricted cash. As of December 31, 2025, the Group's liquid cash resources amounted to approximately RMB3,773.8 million (December 31, 2024: RMB2,301.0 million).

### Net Current Assets

Our net current assets increased from RMB3,192.8 million as of December 31, 2024 to RMB5,383.3 million as of December 31, 2025, mainly due to increase of current cash resources and decrease of trade payables.

### Capital Management and Gearing Ratio

As of December 31, 2025, our gearing ratio (calculated as total borrowings divided by total equity attributable to equity holders of the Company) was approximately 2.7% (December 31, 2024: 0.1%). Our gearing ratio increased mainly due to the increase of borrowings. After taking into account the Group's future business plans and the macroeconomic environment, we may seek debt or equity financing as necessary to continuously optimize our capital structure.

### Capital Commitments

As of December 31, 2025, our capital commitments related to equity investments amounted to RMB4.0 million (December 31, 2024: RMB4.0 million).

### Contingent Liabilities

As at December 31, 2025, we did not have any material contingent liabilities.

### Pledge of Assets

As of December 31, 2025, except for restricted cash of RMB0.5 million as security deposits mainly for bidding, issuance of letter of guarantee or bank acceptance bills, the Group had no material pledge of assets.

### Foreign Exchange Risk Management

The functional currency of the Company and its major subsidiaries is RMB. The majority of the Group's revenue is derived from operations in the PRC. Foreign exchange risk primarily arises from recognized assets and liabilities denominated in currencies other than the functional currency of the Group's entities. Fluctuations in exchange rates between RMB and other currencies during the Group's operations may impact its financial position and operating results. The foreign exchange risk facing the Group mainly comes from the US dollars/RMB and Hong Kong dollars/RMB exchange rates. As of December 31, 2025, the Group did not hold any financial instruments for hedging purposes, nor did it hold any foreign currency investments hedged through currency borrowings or other hedging instruments.

### Credit Risk

We are exposed to credit risk in relation to our cash and cash equivalents, restricted cash, term bank deposits, investments in debt instruments measured at fair value through profit or loss, trade receivables, other receivables and contract assets. The carrying amounts of each class of the above financial assets and contract assets represent our maximum exposure to credit risk in relation to financial assets and contract assets.

To manage risk arising from cash and cash equivalents, restricted cash, term bank deposits and investments in debt instruments measured at fair value through profit or loss, we only transact with state-owned banks and reputable or licensed financial institutions. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables and contract assets, we have policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. We usually grant a credit term no more than 90 days and the credit quality of these customers is assessed by taking into account their financial position, past experience and other factors.

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 experiences. In view of the history of cooperation with debtors and the sound collection history of receivables due from them, the management believes that the credit risk inherent in the Group's outstanding other receivables balances due from them is low.

### **Fund and Working Capital Management**

Our funds and liquidity management are centrally carried out by our finance department. Our finance department is generally responsible for overall management and implementation of funds, including formulating the capital management policy for the Group, guiding, coordinating and standardizing the fund management of regional companies, making annual funding plans, reviewing and summarizing annual capital budget, overseeing and assessing fund management of each regional company. We have also adopted sophisticated fund management policies and implemented a set of rules and guidelines on fund management to enhance the effectiveness and efficiency of fund management, thereby ensuring our financial security and reducing cost of capital.

To manage our idle cash on hand, we primarily purchase and redeem wealth management products using them as our "cash pool" from which we could readily access cash as needed and generate higher yield than bank deposits. The underlying financial assets of the wealth management products in which we invested primarily consist of the low-risk wealth management products issued by state-owned banks or other high-quality reputable banks in the PRC. The amount of the purchase will be determined based on our surplus funds. We consistently comply with our financial policy during the procedures of purchasing the wealth management products and managing the relevant departments, as well as in conducting business, accounting and filing.

We are committed to safeguarding overall financial security and maintaining strong cash position and a healthy debt profile with strong repayment ability. By adopting a full, reasonable and professional assessment mechanism, preparing annual and monthly funding plans, we have established prudent fund management principle, which allows us to efficiently manage market risks.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the Reporting Period, we did not make any material acquisitions or disposals of subsidiaries, associates, or joint ventures.

## INFORMATION AND FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

On September 26, 2023 (prior to the Listing), the Group invested RMB390,000,000 in GaoTeng Overseas Equity No. 3 Private Securities Investment Fund (Private Equity) (高騰海外權益3號私募證券投資基金 (私募基金)) (the "Investment"). GaoTeng Overseas Private Fund Management (Hainan) Ltd. and Agricultural Bank of China Limited Hainan Branch are the fund manager and the fund trustee, respectively. The Group has no significant influence over the fund and the fund manager, and the Group can redeem its fund shares after a lock-up period of one year. As at December 31, 2025, the Investment was classified as a current asset. As at December 31, 2025, the carrying amount of the Investment was approximately RMB404 million, representing approximately 4.3% of the Group's total assets.

### (1) Basic information relating to the Investment:

Name of fund	Name of fund manager	Registered place	Principal place of business	Business nature	Fund holdings	Investment cost (RMB'000)	Fair value	Percentage
							as at December 31, 2025 (RMB'000)	of the Group's total assets (%)
GaoTeng Overseas Equity No. 3 Private Securities Investment Fund (Private Equity) (the "Fund")	GaoTeng Overseas Private Fund Management (Hainan) Ltd.	Sanya City, Hainan Province	Sanya City, Hainan Province	Private securities investment fund management	390,000,000	390,000	403,966	4.3%

As of December 3, 2025, the Fund primarily invested in a segregated portfolio issued by a segregated portfolio company, which focused on investments in debt and money market products in Asia Pacific markets.

### (2) The performance of the Fund during the Reporting Period is set out below:

Name of fund	Gain for the twelve months ended December 31, 2025 (RMB'000)	Dividend received for the twelve months ended December 31, 2025 (RMB'000)
GaoTeng Overseas Equity No. 3 Private Securities Investment Fund (Private Equity)	887	—

### (3) The Company's investment strategy in respect of the Investment:

The Fund focuses on U.S. dollar-denominated asset portfolio allocation with a robust investment strategy. As at December 31, 2025, the Company holds 390,000,000 units in the Fund. The Company invests in the Fund with the primary goal of obtaining expected investment returns through the Fund's investments.

Save as disclosed herein, as of the end of the Reporting Period, we did not hold any other significant investments.

Save as disclosed herein, as of the date of this annual report, we did not have plans for significant investments and capital assets.

## COMPLETION OF PLACING OF NEW H SHARES UNDER GENERAL MANDATE

In February 2025, the Company entered into a placing agreement with the placing agents, and then successfully completed the placement of a total of 27,920,000 placing shares to not less than six placing parties at a placing price of HK\$50.20 per Share and has received an aggregate placement proceeds of approximately HK\$1,393,930,000. Immediately after completion of the placing, the total number of issued Shares of the Company was 493,778,733, comprising 294,909,496 H Shares and 198,869,237 Unlisted Shares. For details, please refer to the announcements of the Company dated February 7, 2025 and February 13, 2025.

## COMPLETION OF ISSUE OF H SHARES UNDER GENERAL MANDATE

On July 17, 2025, the Company entered into a subscription agreement and a placing agreement, pursuant to which the subscriber agreed to subscribe for, and the Company agreed to allot and issue, a total of 25,900,000 new H Shares (the "**Subscription Shares**") at the subscription price of HK\$50.50 per Subscription Share for an aggregate consideration of approximately HK\$1,307,950,000 (the "**Subscription**"). The net proceeds from the Subscription were approximately HK\$1,306.18 million. The Subscription has been completed on August 14, 2025. For details, please refer to the announcements of the Company dated July 17, 2025 and August 14, 2025.

## FORMATION OF A JOINT VENTURE

On August 4, 2025, the Company entered into a joint venture agreement (the "**Joint Venture Agreement**") with Beijing HyperStrong Technology Co., Ltd. ("**HyperStrong**"), in relation to, among other things, the formation of a joint venture (the "**Joint Venture**"). The proposed name of the Joint Venture is Energy Crystal (Beijing) Technology Co., Ltd. (a tentative name subject to the final approval by the Market Supervision Administration). The Joint Venture will principally engage in AI technology services for electricity trading. Upon its formation, the Joint Venture will be owned as to 19% by the Company. For details, please refer to the announcement of the Company dated August 4, 2025.

## **CHANGE OF THE ENGLISH NAME OF THE COMPANY, THE CHINESE NAME OF THE COMPANY, THE STOCK SHORT NAME OF THE COMPANY AND COMPANY LOGO**

The English name of the Company has been changed from “Beijing Fourth Paradigm Technology Co., Ltd.” to “Phancy Group Co., Ltd.”, with effect from January 7, 2026. The Chinese name of the Company has been changed from “北京第四範式智能技術股份有限公司” to “範式智能技術集團股份有限公司”, with the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on March 13, 2026.

The stock short name of H Shares for trading on the Stock Exchange changed from “FOURTH PARADIGM” to “PHANCY” in English and from “第四範式” to “範式智能” in Chinese, with effect from 9:00 a.m. on January 20, 2026. The Company has changed to a new company logo with effect from March 20, 2026.

Please refer to the Company’s announcements dated December 1, 2025, December 19, 2025, January 12, 2026, January 14, 2026, February 4, 2026, March 17, 2026 and March 20, 2026 and the circular dated December 3, 2025 and January 15, 2026 for details.

## **EVENTS AFTER THE REPORTING PERIOD**

On January 20, 2026, the Company acquired addition 39.58% of equity interest in Wake Up from other shareholders of Wake Up at a total consideration of approximately RMB278,363,000 and the consideration was paid as at the date of this report. Upon completion of the acquisition on January 20, 2026, Wake Up will be owned as to 84.58% by the Company and become a direct non-wholly owned subsidiary of the Company.

Save as disclosed in this report, there were no significant events for the Group after the Reporting Period and up to the date of this report.

## EXECUTIVE DIRECTORS

**Dr. Dai Wenyuan (戴文淵)**, aged 42, is the Chairman of the Board, an executive Director, Chief Executive Officer and General Manager of our Company. Dr. Dai has been our Chief Executive Officer since January 2015 and Chairman of the Board since August 2015. He was re-designated as our executive Director on July 16, 2021. He is primarily responsible for the overall strategic planning, business and technology direction and operational management of our Company.

Dr. Dai has approximately 17 years of experience in the AI technology industry. Prior to joining our Company, he served as Chief Research and Development Architect at Baidu Online Network Technology (Beijing) Co., Ltd. (百度在線網絡技術(北京)有限公司) from May 2009 to May 2013, where he was responsible for the research, development and management of advertising system of the Baidu search. Dr. Dai has served as a director of Shishuo Pilot Engineering Technology Research (Beijing) Co., Ltd. (式說領航工程技術研究(北京)有限公司), a wholly-owned subsidiary of the Company from March, 2025.

Dr. Dai is a renowned scholar in AI and his papers were published in the conference proceedings of leading organizations such as NIPS, ICML, AAAI and KDD. In April 2005, Dr. Dai was awarded as a world champion in the 2005 ACM-International Collegiate Programming Contest World Finals, competing with 77 teams from around the world.

Dr. Dai received a Bachelor's degree in Computer Science and Technology in July 2006 and a Master's degree in Computer Application Technology in March 2009 from Shanghai Jiao Tong University (上海交通大學) in the PRC. He obtained a Ph.D. degree in Computer Science and Engineering from The Hong Kong University of Science and Technology ("HKUST") in Hong Kong in June 2020.

**Mr. Chen Yuqiang (陳雨強)**, aged 38, is an executive Director and Chief Research Scientist of our Company. Mr. Chen joined our Group in March 2015 and has served as our Director since December 2017. He was re-designated as our executive Director on July 16, 2021. He is primarily responsible for the overall management of technology and product research and development.

Prior to joining our Group, Mr. Chen served as Senior Engineer at Baidu Online Network Technology (Beijing) Co., Ltd. (百度在線網絡技術(北京)有限公司) from April 2012 to May 2014. He then served as Architect at Beijing ByteDance Network Technology Co., Ltd. (北京字節跳動網絡技術有限公司) from May 2014 to March 2015, where he was responsible for research and development.

Mr. Chen received a Bachelor's degree in Computer Science and Technology in July 2009, and a Master's degree in Computer Applied Technology in March 2012 from Shanghai Jiao Tong University (上海交通大學) in the PRC.

Mr. Chen currently serves as the supervisor of certain subsidiaries of our Company including 4Paradigm Shenzhen, Shanghai Shishuo and 4Paradigm Technology. He also serves as the director of Snowline Technology, one of the subsidiaries of our Group.

**Mr. YU Zhonghao (于中灝)**, aged 39, is an executive Director, Vice Chairman and Senior Vice President of our Company. Mr. Yu joined the Group in May 2018 and has served as our Director since February 2021. He was re-designated as our executive Director on July 16, 2021. He is primarily responsible for the overall management of investment and financing, finance, legal and post-investment related matters.

Prior to joining our Group, Mr. Yu worked as Business Analyst at Macquarie Investment Advisory (Beijing) Company Limited (麥格理投資顧問(北京)有限公司) from January 2011 to March 2012. He then joined the investment banking division of Bank of America Merrill Lynch, Hong Kong Branch in March 2012. Subsequently, Mr. Yu worked at CCB International Asset Management Limited (建銀國際資產管理有限公司) from April 2014 to August 2018, where his last position was Associate Director and Team Head of Direct Investment Division.

Mr. Yu received a Bachelor's degree in Mathematics and Applied Mathematics from Beihang University (北京航空航天大學) in the PRC in July 2008. He received a Master's degree in Mathematics in October 2010 from the University of Cambridge. Mr. Yu also obtained a Master's degree in Financial Mathematics from the University of Chicago in June 2010.

## NON-EXECUTIVE DIRECTORS

**Dr. Yang Qiang (楊強)**, aged 64, is a non-executive Director and a member of each of the Audit Committee and the Remuneration Committee of the Company. Dr. Yang joined our Group in November 2014. He was the Chief Science Consultant of the Company from November 2014 to December 2017. He has served as our Director since November 2016 and was re-designated as our non-executive Director on July 16, 2021. He is primarily responsible for overall board affairs, and strategic advice and guidance on product and technology research and development.

Dr. Yang served at School of Computing Science of Simon Fraser University in Canada from September 1995 to August 2004 where he last served as a tenured professor. From September 1989 to August 1995, Dr. Yang worked at the University of Waterloo in Canada where his last position was lifetime associate professor. From August 2001 to June 2012, he served as Associate Professor, Professor and Associate Head of Computer Science and Engineering at HKUST. He served as a Chair Professor and Head of the Department of Computer Science and Engineering from November 2014 to August 2023. Dr. Yang was an independent director of WeBank Co., Ltd. (深圳前海微眾銀行股份有限公司) (“**WeBank**”) from December 2016 to April 2018. Dr. Yang has served as an independent non-executive director of China Mobile Limited (NYSE: CHL; SEHK: 941) since May 2018 and an independent non-executive director of Knowledge Atlas Technology Joint Stock Company Limited (SEHK: 2513) since December 2025. From June 2012 to October 2014, Dr. Yang worked at Huawei Tech. Investment Co., Ltd., where his last position was the Founding Head of Noah's Ark Research Lab. From April 2018 to March 2025, Dr. Yang served as a Management Consultant and Chief Artificial Intelligence Officer at WeBank, and he has served as the Adviser at WeBank. Since April 2025, Dr. Yang has been serving as the Director of PolyU Academy for Artificial Intelligence, Chief Artificial Intelligence Officer and Chair Professor of Artificial Intelligence at The Hong Kong Polytechnic University.

Dr. Yang received a Bachelor's degree in Astrophysics from Peking University (北京大學) in July 1982, Master's degrees of Science in Astrophysics and Computer Science from the University of Maryland, College Park in the United States in May 1984 and December 1987, respectively, and a Doctor's degree in Computer Science from the University of Maryland, College Park in August 1989.

Dr. Yang was the President of International Joint Conference on Artificial Intelligence (IJCAI) from 2017 to 2019, and a Councilor of the Association for the Advancement of Artificial Intelligence (AAAI) until 2019. He served as the AAAI Conference Chair in 2021. Dr. Yang is a fellow of several international professional associations, including the Institute of Electrical and Electronics Engineers, Inc. (IEEE), American Association for the Advancement of Science (AAAS), International Association for Pattern Recognition (IAPR), the Association for the Advancement of Artificial Intelligence (AAAI), the Association for Computing Machinery (ACM), and Chinese Association for Artificial Intelligence (CAAI). He was also elected as a Fellow of the Canadian Academy of Engineering (CAE) and a Fellow of the Royal Society of Canada (RSC) in 2021.

**Mr. Dou Shuai (竇帥)**, aged 36, is a non-executive Director of our Company. Mr. Dou joined the Group as a Director in February 2021 and was re-designated as our non-executive Director on July 16, 2021. He is primarily responsible for overall board affairs, and strategic advice and guidance on the business operation of the Group.

Mr. Dou joined Boyu Capital Advisory Company Limited in October 2016, where he currently serves as an executive Director. From June 2014 to October 2016, Mr. Dou worked in the Global Investment Banking Department of J.P. Morgan Securities (Asia Pacific) Limited.

Mr. Dou received a Bachelor's degree in Economics in July 2012 and a Master's degree in Finance in June 2014 from Peking University (北京大學) in the PRC.

**Mr. Zhang Jing (張晶)**, aged 44, is a non-executive Director of our Company. Mr. Zhang joined the Group as a Director in February 2021 and was re-designated as our non-executive Director on July 16, 2021. He is primarily responsible for overall board affairs, and strategic advice and guidance on the business operation of the Group.

Mr. Zhang has served at Primavera Capital Limited since June 2010 where his current position is Partner.

Mr. Zhang obtained a Bachelor's degree in Accounting in July 2003 and a Master's degree in Business Administration in July 2005 from Tsinghua University in the PRC.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Li Jianbin (李建濱)**, aged 47, is an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He is primarily responsible for participating in the decision-making for our Company's significant events and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors and senior management.

Mr. Li has over 23 years of experience in tax advisory, investment matters and financial management. He served as the chief financial officer at DP Technology since September 2025. From April 2020 to September 2023, he served as the Managing Partner at the Strategic Investment Department of a subsidiary of Xiaomi Corporation (SEHK: 1810), and prior to that, between December 2017 and April 2020, he was the Vice President of the Finance Department where he was responsible for optimizing the capabilities of the group's Finance Department, managing its tax matters and overseeing its merger and acquisition projects. From July 2001 to November 2017, he held various positions at PricewaterhouseCoopers Consultants (Shenzhen) Limited Beijing Branch (普華永道諮詢(深圳)有限公司北京分公司), where his last position was Tax and Commercial Advisory Partner.

Currently, Mr. Li also serves as an independent non-executive director of Chaoju Eye Care Holdings Limited (SEHK: 2219); an independent non-executive director of CAI Holdings Limited (SEHK: 00080); an independent non-executive director of Gongniu Group Co., Ltd. (SSE: 603195); and an independent non-executive director of Chengdu Qushui Technology Co., Ltd. (SZSE: 301336).

Mr. Li received a Bachelor's degree in Laws and Economics from Peking University (北京大學) in the PRC in July 2001. He has been a member of The Chinese Institute of Certified Public Accountants since September 2010 and a member of the China Certified Tax Agents Association since March 2013 and received his PRC lawyer's practicing licence issued by Ministry of Justice of the PRC in February 2007.

**Mr. Liu Chijin (劉持金)**, aged 63, was appointed as an independent non-executive Director on July 16, 2021. He is primarily responsible for participating in the decision-making for our Company's significant events and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors and senior management.

Since June 2002, Mr. Liu has been the Chairman of the Board and General Manager of Pan Pacific Beijing Management and Consulting Co., Ltd. (北京泛太平洋管理諮詢有限公司), where he is responsible for overall management of the company. Mr. Liu currently also serves as the independent non-executive director of Shenwan Hongyuan (H.K.) Limited (a listed company on the Stock Exchange, stock code: 218) since June 2024 and the director of Xiamen Fantai Business Investment Management Co., Ltd. (廈門泛泰創業投資管理有限公司) since March 2014. From May 2018 to December 2019, Mr. Liu also served as an independent director of Yango Group Co., Ltd. (陽光城集團股份有限公司) (SZSE: 000671). From May 2018 to 2022, Mr. Liu has served as a director of Sanying Precision Instruments Co., Ltd. (天津三英精密儀器股份有限公司) (NEEQ: 839222). Mr. Liu has also served as an independent director of Yankuang (Shandong) Equity Interest Investment Management Co., Ltd. (兗礦(山東)股權投資管理有限責任公司).

Mr. Liu received a Bachelor's degree in Physics from Xiamen University (廈門大學) in the PRC in July 1985 and a Master's degree in Business Administration from the Harvard Business School in the United States in June 1997. Mr. Liu obtained both the Professional Qualification of Independent Director from Shenzhen Stock Exchange and Qualification of Fund Practitioners from the Asset Management Association of China in July 2016.

**Ms. Ke Yele (柯燁樂)**, aged 44, is an independent non-executive Director, the chairlady of the Remuneration Committee and a member of the Nomination Committee of the Company. She is primarily responsible for participating in the decision-making for our Company's significant events and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors and senior management.

Ms. Ke has been serving as the general manager of the Belle Consumer Fund of Belle International (China) Limited since May 2021. From January 2012 to January 2016, Ms. Ke served at Sequoia Capital Consulting (Beijing) Co., Ltd. (紅杉資本顧問諮詢(北京)有限公司), where her last position was the vice president. She was founding partner of Fengshang Investment Management Co., Ltd. (上海峰上投資管理有限公司) (the general partner of Shanghai Fengshang Venture Capital Partnership (Limited Partnership), one of our pre-IPO investors until August 2019) from March 2016 to May 2021.

Ms. Ke obtained a bachelor's degree in International Economics and Trade from Fudan University (復旦大學) in the PRC in July 2003. Ms. Ke was recognized as a non-practicing member by The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in September 2006, as a certified tax agent by the China Certified Tax Agents Association (中國註冊稅務師協會) in October 2007, and became a non-practicing member of the Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會) in December 2009. She was recognized as a Chartered Financial Analyst by the CFA Institute in July 2015.

**Mr. Pan Jialin (潘嘉林)**, aged 45, is an independent non-executive Director. He is currently a professor and the vice-chairman of the Department of Computer Science and Engineering at The Chinese University of Hong Kong, and the director of the Jockey Club “Machine Learning and Symbolic Reasoning Integration” Innovation and Technology Laboratory.

Mr. Pan has served as a professor in the Department of Computer Science and Engineering at The Chinese University of Hong Kong since December 2022, the director of the Jockey Club “Machine Learning and Symbolic Reasoning Integration” Innovation and Technology Laboratory since July 2023, and the vice-chairman of the Department of Computer Science and Engineering at The Chinese University of Hong Kong since August 2025. Prior to joining The Chinese University of Hong Kong, Mr. Pan served as a scientist at the A\*STAR Institute for Infocomm Research in Singapore and a director of the document analysis laboratory from November 2010 to November 2014. Mr. Pan served as an assistant professor, an associate professor and a professor at Nanyang Technological University in Singapore from November 2014 to December 2022. Additionally, Mr. Pan served as a consultant of the Company from November 2018 to October 2024 (providing input on AI algorithm), a consultant of the Smart Nation and Digital Government Office in Singapore in 2023, and a consultant for the Huawei Cloud Innovation Lab in 2021. Mr. Pan served as a consultant for the A\*STAR Institute for Infocomm Research in Singapore in 2015.

Mr. Pan received a Bachelor’s and a Master’s degree in Applied Mathematics from The Sun Yat-sen University in 2003 and 2005, respectively, and obtained a Ph.D. in Computer Science from The Hong Kong University of Science and Technology in 2011. Mr. Pan was named “AI 10 to Watch” by the IEEE Intelligent Systems magazine in 2018, and was elected as a Fellow of the Institute of Electrical and Electronics Engineers (IEEE Fellow) in 2025.

### Employee Representative Director

**Mr. Chai Yifei (柴亦飛)**, aged 45, joined the Group in October 2015 and is currently the employee representative director and the Vice President of the Company, and served as the chairman of the Supervisory Committee and a shareholders’ representative Supervisor. Prior to joining our Group, Mr. Chai served at IBM (China) Co., Ltd. (國際商業機器(中國)有限公司) from August 2007 to January 2014, where his last position was Big Data Consulting Senior Manager. He was responsible for big data management and analysis for clients in finance industry, and industry consulting for clients in retail and logistics industries. He then served at Deloitte Consulting (Shanghai) Co., Ltd. (德勤管理諮詢(上海)有限公司) from January 2014 to October 2015, where his last position was Management Consulting Manager.

Mr. Chai received a Bachelor’s degree in Electronic Information Science and Technology in July 2003 and a Master’s degree in Computer System Structure from Fudan University (復旦大學) in the PRC in July 2007.

## SENIOR MANAGEMENT

**Dr. Dai Wenyuan (戴文淵)**, aged 42, is the Chairman of the Board, an executive Director, Chief Executive Officer and General Manager of our Company. For details of his biography, please refer to the section headed “Executive Directors”.

**Mr. Chen Yuqiang (陳雨強)**, aged 38, is an executive Director and Chief Research Scientist of our Company. For details of his biography, please refer to the section headed “Executive Directors”.

**Mr. YU Zhonghao (于中灝)**, aged 39, is an executive Director, Vice Chairman and Senior Vice President of our Company. For details of his biography, please refer to the section headed “Executive Directors”.

**Mr. Hu Shiwei (胡時偉)**, aged 39, is the President and Chief Architect of the Company. Mr. Hu joined our Group as Chief Architect in March 2015, was the shareholders’ representative Supervisor from November 2016 to July 2021, and was appointed as President of the Company in January 2024. He is primarily responsible for overall strategic planning, management of business and sales, customer success, overall technology management and product architecture and design.

Prior to joining our Group, Mr. Hu served as a Senior Research and Development Engineer at Baidu.com Times Technology (Beijing) Co., Ltd. (百度時代網絡技術(北京)有限公司) from April 2011 to June 2014, where he was responsible for providing support in relation to technology architecture. Before joining our Group in March 2015, Mr. Hu served as Head of Internet Research and Development Department at Beijing Home Link Real Estate Brokerage Co., Ltd. (北京鏈家房地產經紀有限公司) starting from June 2014. Mr. Hu currently serves as a director of Shanghai Fan’an Technology Co., Ltd. (上海範安科技有限公司), one of the subsidiaries of our Group.

Mr. Hu received a Bachelor’s degree in Computer Science and Technology in July 2008 and a Master’s degree in Computer Software and Theory in March 2011 from Shanghai Jiao Tong University (上海交通大學) in the PRC.

**Mr. Liu Nan (劉楠先生)**, aged 46, is the Chief Financial Officer of our Company and secretary to the Board of our Company. Mr. Liu joined our Group in 2024. He is primarily responsible for the Group’s financial strategic planning and decision-making, investor relations and Board-related work.

Prior to joining our Group, Mr. Liu successively worked at PricewaterhouseCoopers and Ernst & Young Hua Ming since 2004. From 2008 to 2011, he worked in the investment banking department of CITIC Securities. From 2011 to September 2024, Mr. Liu successively served as secretary to the board of directors of People.cn Co., Ltd (stock code: 603000.SH), the vice president, secretary to the board of directors and financial controller of IReader Technology Co., Ltd. (stock code: 603533.SH), the deputy general manager and secretary to the board of directors of Yoozoo Interactive Co., Ltd. (stock code: 002174.SZ), the vice president, financial controller and secretary to the board of directors of Visual China Group Co., Ltd. (stock code: 000681.SZ) and the chief financial officer of Dangdang (當當網).

Mr. Liu obtained a Bachelor’s degree in optoelectronic technology and a Master’s degree in physical electronic technology from Nanjing University of Science and Technology (南京理工大學) in July 2002 and July 2004, respectively.

## PRINCIPAL BUSINESS

We are a leader in enterprise AI. We are an AI software company which focuses on providing platform-centric AI software which enables enterprises to develop their own decision-making AI applications. Our enterprise-level solutions are designed to serve enterprises, rather than individuals. We offer platform-centric AI solutions that can be rapidly deployed by enterprises on a large scale to uncover hidden patterns in data and comprehensively enhance their decision-making capabilities. There have been no significant changes in the nature of the Group's principal business from the Listing Date to the date of this report. For details of the principal business of the Company's principal subsidiaries, please refer to Note 18 to the Group's consolidated financial statements.

## RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the Group's consolidated financial statements.

## FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2025.

## SHARE CAPITAL

Details of the issued shares during the year ended December 31, 2025 are set out in Note 25 to the consolidated financial statements.

## RESERVES

Details of movements in the reserves of the Group and the Company during the year ended December 31, 2025 are set out in Note 26 and Note 38 to the consolidated financial statements.

## **DISTRIBUTABLE RESERVES**

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

## **FINANCIAL HIGHLIGHTS**

The Shares were listed on the Stock Exchange on September 28, 2023. A summary of the results, assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited financial information and financial statements, is set out on Page 4 of this annual report.

## **BANK LOANS AND OTHER BORROWINGS**

As at December 31, 2025, bank loans and other borrowings of the Group amounted to approximately RMB201,883 million. Details of the Group's bank loans and other borrowings as at December 31, 2025 are set out in Note 31 to the consolidated financial statements.

## **PROPERTY AND EQUIPMENT**

Details of the movements in property and equipment of the Group during the year ended December 31, 2025 are set out in Note 16 to the consolidated financial statements.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information available to the Company and within the knowledge of the Directors, the Company's public float meets the requirements of the Listing Rules as at the date of this report.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC requiring the Company to offer new shares on a pro-rata basis to its existing Shareholders.

## BUSINESS REVIEW

### Annual Overview and Performance

Pursuant to the requirements of the Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), we are required to carry out an impartial review of the Group's business, including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business, which are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report. These discussions form part of this report. Events that have occurred since the end of the year ended December 31, 2025 that have had an impact on the Company are set out in the paragraph headed "Management Discussion and Analysis – Events after the Reporting Period" in this report.

### Key Relationships with Stakeholders

The Group recognizes that its various stakeholders, including employees, customers, suppliers and other business partners, are key to its success. The Group strives to maintain employment, cooperation and solid relationships with them in order to achieve sustainable development.

The Group believes that attracting, recruiting and retaining quality employees is of paramount importance. In order to maintain the quality, knowledge and skill level of its employees, the Group provides regular training to its employees, including induction training for new hires, technical training, professional and management training, as well as health and safety training. The Group believes that it maintains good relationships with its employees and has not experienced any significant labor disputes or difficulties in recruiting employees for its business operations. We value customer feedback, as good customer service is one of our key sales drivers. We have a designated customer service team to handle various after-sales customer requests in a timely and effective manner with a personalized approach and to enhance overall customer satisfaction. Our large and growing customer base provides us with valuable insights into best industry practices, allowing us to better understand our customers' needs to continuously improve our products and enhance the customer experience.

Details of the Company's key relationships with employees, customers and suppliers and other persons who have significant influence on the Company are set out in its Environmental, Social and Governance Report published on the same date as this report.

### Social Responsibility, Environmental Policy and Performance

In 2025, the Group was committed to fulfilling its social responsibilities, improving employee welfare, promoting development, protecting the environment, giving back to the community and achieving sustainable growth. A separate environmental, social and governance report will be published on the Stock Exchange's website and the Company's website concurrently with the publication of this annual report.

## Compliance with Relevant Laws and Regulations

We may be involved in legal proceedings from time to time in the ordinary course of business. During the Reporting Period and up to the date of this report, the Group complied with the relevant laws, regulations and supervisory requirements that have a material impact on the Group in all respects. During the Reporting Period and up to the date of this report, neither the Group nor any of the Directors and senior management of the Company has been subject to investigation or administrative penalty by the China Securities and Regulatory Commission, banned from entering the market, recognized as an unsuitable person, publicly reprimanded by the stock exchange, subject to compulsory measures, referred to the judicial authorities or held criminally liable, nor has it been involved in any other litigation, arbitration or administrative proceeding that would have a material adverse impact on our business, financial condition or results of operations. During the year ended December 31, 2025, the Directors were not aware of any material litigation or claim that was pending or threatened the Group.

## Key Risks and Uncertainties

Our operations involve a number of key risks and uncertainties, some of which are beyond our control. The material risks and uncertainties we face are set out below:

- AI technologies are constantly evolving. Any flaws or inappropriate usage of AI technologies, whether actual or perceived, whether intended or inadvertent, whether committed by us or by other third parties, could have negative impact on our business, reputation and the general acceptance of AI solutions by the society.
- Our business depends substantially on continuing efforts of our senior management and other key personnel, as well as a competent pool of talents who support our existing operations and future growth. If we are unable to retain, attract, recruit and train such personnel, our business may be materially and adversely affected.
- The industries in which we operate are characterized by constant changes. If we fail to continuously innovate our technology and provide useful solutions that meet the expectations of our customers, our business, financial condition and results of operations may be materially and adversely affected.
- We recorded a year-on-year increase of 35.6% in total revenue in 2025. We may not be able to sustain our historical growth rates, and our historical growth may not be indicative of our future growth or financial results.
- We are investing heavily on our research and development, and such investment may negatively impact our profitability and operating cash flow in the short term and may not generate the results we expect to achieve.

- Our solutions are primarily not offered on a recurring subscription basis. If we fail to retain existing customers, attract new customers or increase average revenue per customer, our business and results of operations may be materially and adversely affected.
- If we fail to compete effectively, our business, financial condition and results of operations may be materially and adversely affected.
- We may be subject to complex and evolving laws and regulations regarding privacy and data protection. Actual or alleged failure to comply with privacy and data protection laws and regulations could damage our reputation, deter current and potential customers from using our solutions and could subject us to significant legal, financial and operational consequences.
- We are subject to the risks associated with international trade policies, geopolitics and trade protection measures, and our business, financial condition and results of operations could be adversely affected. Effective March 2, 2023, BIS added certain entity(ies) to the Entity List, which restricts their ability to purchase or otherwise access certain goods, software and technology. Out of an abundance of caution and unless or until we receive further clarification from BIS, we will assume that all entities located at the address provided in the Entity List are subject to the Entity List restrictions in order to comply with relevant restrictions.
- The trading price of our H Shares may be volatile, which could result in substantial losses to the Shareholders.

However, the above is not an exhaustive list. Investors should exercise their own judgment or consult an investment advisor before making any investment in the Shares.

## PROSPECTS

The “Chairman’s Statement” and “Management Discussion and Analysis” sections of this report provide an overview of the future development of the Company’s business.

## USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The H Shares of the Company were listed on the Main Board of the Stock Exchange on September 28, 2023. The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering (including the over-allotment option granted in connection with the Global Offering partially exercised) of approximately HK\$925.6 million and utilized net proceeds of approximately HK\$925.6 million as at December 31, 2025. The remaining net proceeds amounted to approximately HK\$0 million. Our Company will continue to use the remaining net proceeds for the purposes set out in the Prospectus. The details of intended use of net proceeds from the Global Offering are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (HK\$ million)	Amount unutilized as at January 1, 2025 (HK\$ million)	Utilized net proceeds from the Global Offering for the year ended December 31, 2025 (HK\$ million)	Unutilized net proceeds from the Global Offering for the year ended December 31, 2025 (HK\$ million)	Expected timeline of full utilization of the unutilized proceeds
Enhancing our fundamental research, technological capabilities and solution development	60.0%	555.4	481.7	481.7	–	N/A
Expanding our offerings, building our brand and entering new sectors	20.0%	185.1	168.0	168.0	–	N/A
Seeking strategic investment and acquisition opportunities	10.0%	92.6	–	–	–	N/A
General corporate purposes	10.0%	92.6	29.7	29.7	–	N/A
<b>Total</b>	<b>100.0%</b>	<b>925.6</b>	<b>679.4</b>	<b>679.4</b>	<b>–</b>	

The net proceeds utilized have been converted from Renminbi to Hong Kong dollars at the rate of RMB1 to HK\$1.0862, being the reference exchange rate adopted in the Prospectus. No representation is made that any amounts in Hong Kong dollars or Renminbi have been or could be converted at the above rate.

## USE OF NET PROCEEDS FROM THE PLACING

On February 7, 2025, the Company entered into the Placing Agreement with the Placing Agents, pursuant to which the Placing Agents have agreed (as Placing Agents of the Company) to procure not less than six Placees (any individual, professional, corporate, institutional or other investors procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement) on a best effort basis to subscribe for 27,920,000 Placing Shares (with a total nominal value of RMB27,920,000) at a Placing Price of HK\$50.20 per H Share. The closing price of the H Shares of the Company on February 6, 2025 was HK\$56.80 per Share. The Placing aims to support the Company's continuous and stable business development, further consolidate its core competitiveness and ensure sustainable growth. The Placing was completed on February 13, 2025. The net proceeds from the Placing (after deducting the placing commission and other related costs and expenses of the Placing) were approximately HK\$1,394 million, and the net placing price of the Placing Shares was approximately HK\$49.93 per Share. For details, please refer to the announcements of the Company dated February 7, 2025 and February 13, 2025.

During the Reporting Period, details of the use of net proceeds from the Placing are set out below:

Item	Approximate % of total net proceeds	Net proceeds from the Placing (HK\$ million)	Net proceeds from the Placing utilized		Amount unutilized as at December 31, 2025 (HK\$ million)	Expected timeline of full utilization of the unutilized proceeds
			Amount unutilized as at February 13, 2025 (HK\$ million)	Amount unutilized as at December 31, 2025 (HK\$ million)		
Core product R&D	30%	418.18	418.18	418.18	–	N/A
Business expansion	20%	278.79	278.79	278.79	–	N/A
M&A opportunities	40%	557.57	557.57	390.53	167.04	Before the end of year 2027
General corporate purposes	10%	139.39	139.39	100.89	38.50	Before the end of year 2027
<b>Total</b>	100.0%	1,393.93	1,393.93	1,188.39	205.54	

## USE OF NET PROCEEDS FROM THE ISSUE OF H SHARES UNDER GENERAL MANDATE

On July 17, 2025, the Company entered into a subscription agreement and a placing agreement, pursuant to which the subscriber agreed to subscribe for, and the Company agreed to allot and issue, a total of 25,900,000 new H Shares (with an aggregate par value of RMB25,900,000) at the subscription price of HK\$50.50 per Subscription Share for an aggregate consideration of approximately HK\$1,307,950,000 (“**Subscription**”). The closing price of the H Shares of the Company on July 16, 2025 was HK\$55.45 per Share. The subscription brings long-term development benefits to the Group, as it not only provides a good opportunity for additional fundraising to strengthen its financial position, but also broadens the Company’s shareholder base and capital base, and promotes the future growth and high-quality development of its business. The net proceeds from the subscription were approximately HK\$1,306.18 million. The net Subscription price was approximately HK\$50.43 per subscription share. The Subscription has been completed on August 14, 2025. For details, please refer to the announcements of the Company dated July 17, 2025 and August 14, 2025.

During the Reporting Period, details of the use of net proceeds from the Subscription are set out below:

Item	Approximate % of total net proceeds	Net proceeds from the Placing (HK\$ million)	Net proceeds from the		Amount unutilized as at December 31, 2025 (HK\$ million)	Amount unutilized as at December 31, 2025 (HK\$ million)	Expected timeline of full utilization of the unutilized proceeds
			Amount unutilized as at August 14, 2025 (HK\$ million)	Placing utilized during the year ended December 31, 2025 (HK\$ million)			
<b>Investment in research and development regarding AI products and solutions in emerging fields such as embodied intelligence, smart devices, blockchain, real world assets (RWA) and stablecoin (collectively, the “Emerging Businesses”) with holistic AI capabilities:</b>	50%	653.09	653.09	–	653.09	Before the end of year 2027	
– Research and development on AI products and solutions for embodied intelligence	20%	130.62	130.62	–	130.62		
– Research and development on AI products and solutions for smart devices	30%	195.93	195.93	–	195.93		
– Research and development on AI products and solutions for real world assets (RWA) and stablecoin	50%	326.55	326.55	–	326.55		

Item	Approximate % of total net proceeds	Net proceeds from the Placing (HK\$ million)	Net proceeds from the		Amount unutilized as at December 31, 2025 (HK\$ million)	Expected timeline of full utilization of the unutilized proceeds
			Amount unutilized as at August 14, 2025 (HK\$ million)	Placing utilized during the year ended December 31, 2025 (HK\$ million)		
<b>Global business expansion and potential acquisitions of technology service providers that support the Emerging Businesses</b>	40%	522.47	522.47	–	522.47	Before the end of year 2027
– Global business expansion	25%	130.62	130.62	–	130.62	
– Potential acquisition of technology service providers that support the Emerging Businesses	75%	391.85	391.85	–	391.85	
• Potential acquisition of technology service providers that support embodied intelligence	20%	78.37	78.37	–	78.37	
• Potential acquisition of technology service providers that support smart devices	30%	117.56	117.56	–	117.56	
• Potential acquisition of technology service providers that support real-world assets (RWA) and stablecoin	50%	195.93	195.93	–	195.93	
<b>General corporate purposes</b>	10%	130.62	130.62	–	130.62	Before the end of year 2027
<b>Total</b>	100.0%	1,306.18	1,306.18	–	1,306.18	

## EVENTS AFTER THE END OF THE REPORTING PERIOD

For more information on events after the end of the Reporting Period, please refer to the section “Management Discussion and Analysis – Events after the Reporting Period” in this report.

## PROPOSED INITIAL PUBLIC OFFERING OF RMB-DENOMINATED ORDINARY SHARES

The Company intends to make an initial public offering of RMB denominated ordinary shares and list on the Shenzhen Stock Exchange in the PRC (the “**Proposed A Share Offering**”), and on March 25, 2026 received a notice from the Beijing Regulatory Bureau of the China Securities Regulatory Commission (the “**Beijing CSRC Office**”) agreeing to accept the filing registration in respect of the pre-listing tutoring for the Proposed A Share Offering of the Company. The Company has appointed Huatai United Securities Co., Ltd. as its pre-listing tutoring institution in relation to the Proposed A Share Offering and has entered into a tutoring agreement with it. As at the date of this report, the Company has not yet finalized the structure of the Proposed A Share Offering and other than the application for pre-listing tutoring filing submitted to the Beijing CSRC Office, the Company has not submitted any application for approval of the Proposed A Share Offering to any regulatory authority in the PRC or elsewhere. For details, please refer to the Company’s announcement dated March 26, 2026.

## DIRECTORS

The Directors during the Reporting Period and up to the date of this report were as follows:

### EXECUTIVE DIRECTORS

Dr. Dai Wenyuan (戴文淵) (*Chairman, Chief Executive Officer and General Manager*)

Mr. Chen Yuqiang (陳雨強) (*Chief Research Scientist*)

Mr. Yu Zhonghao (于中灝) (*Vice Chairman and Senior Vice President*)

### NON-EXECUTIVE DIRECTORS

Dr. Yang Qiang (楊強)

Mr. Dou Shuai (竇帥)

Mr. Zhang Jing (張晶)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Jianbin (李建濱)

Mr. Liu Chijin (劉持金)

Ms. Ke Yele (柯燁樂)

Mr. Liu Zhuzhan (劉助展)<sup>(1)</sup>

Mr. Pan Jialin (潘嘉林)<sup>(2)</sup>

### EMPLOYEE REPRESENTATIVE DIRECTOR

Mr. Chai Yifei (柴亦飛)<sup>(3)</sup>

Notes:

(1) With effect from June 26, 2025, Mr. Liu Zhuzhan was appointed as an independent non-executive Director. With effect from December 19, 2025, Mr. Liu Zhuzhan resigned as an independent non-executive Director.

(2) With effect from December 19, 2025, Mr. Pan Jialin was appointed as an independent non-executive Director.

(3) With effect from June 26, 2025, Mr. Chai Yifei was appointed as an employee representative Director.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Company as at the date of this report are set out in the section headed “Directors and Senior Management” of this report.

### CHANGES TO DIRECTORS' INFORMATION

- (1) With effect from March 31, 2025, Mr. Li Jianbin, an independent non-executive Director, ceased to be a member of the Nomination Committee; and Ms. Ke Yele, an independent non-executive Director, was appointed as a member of the Nomination Committee.
- (2) With effect from March 25, 2025, Dr. Dai served as a director of Shishuo Pilot Engineering Technology Research (Beijing) Co., Ltd. (式說領航工程技術研究(北京)有限公司), a wholly-owned subsidiary of the Company.
- (3) With effect from June 26, 2025, Mr. Chai Yifei ceased to be a Supervisor and was appointed as an employee representative Director.
- (4) With effect from June 26, 2025, Mr. Liu Zhuzhan was appointed as an independent non-executive Director. With effect from December 19, 2025, Mr. Liu Zhuzhan resigned as an independent non-executive Director.
- (5) In September 2025, Mr. Li Jianbin was appointed as the chief financial officer at DP Technology and an independent non-executive director of CAI Holdings Limited (SEHK: 00080). In addition, Mr. Li Jianbin currently serves as an independent non-executive director of Gongniu Group Co., Ltd. (SSE: 603195) and an independent non-executive director of Chengdu Qushui Technology Co., Ltd. (SZSE: 301336).
- (6) Mr. Liu Chijin, an independent non-executive Director, ceased to be a director of Sanying Precision Instruments Co., Ltd. (天津三英精密儀器股份有限公司) (NEEQ: 839222) and an independent director of Yankuang (Shandong) Equity Interest Investment Management Co., Ltd. (亮礦(山東)股權投資管理有限責任公司).
- (7) Dr. Yang Qiang has retired as the Chair Professor of Computer Science and Engineering at the Hong Kong University of Science and Technology. In addition, Dr. Yang Qiang was re-designated from Management Adviser to Adviser of WeBank Co., Ltd. (深圳前海微眾銀行股份有限公司), with effect from April 2025, and was appointed as an independent non-executive director of Knowledge Atlas Technology Joint Stock Company Limited (SEHK: 2513) since December 2025.
- (8) With effect from December 19, 2025, Mr. Pan Jialin was appointed as an independent non-executive Director.

Save as otherwise disclosed in this report, there are no other changes in the Directors and Chief Executive Officer that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### DIRECTORS' SERVICE CONTRACTS

For details of the Directors' service contracts, please refer to the paragraph headed “Appointment and Re-election of Directors” under the Corporate Governance Report contained in this report.

The Company has not entered into, and does not propose to enter into, any service contract with any of the Directors in their respective capacities which cannot be terminated by the employer within one year without payment of any compensation, other than statutory compensation.

### CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of the Directors. In our opinion, all the independent non-executive Directors are independent.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As far as the Company is aware, as at December 31, 2025, the interests and/or short positions (if applicable) of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations of our Company (within the meaning of Part XV of the SFO), which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to our Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name	Title	Capacity/ Nature of interest	Number of Shares interested	Approximate percentage of shareholding in Domestic Shares of the Company <sup>(2)</sup>	Approximate percentage of shareholding in H Shares of the Company <sup>(3)</sup>	Approximate percentage of shareholding in the total share capital of the Company <sup>(4)</sup>
Dr. Dai <sup>(5) (6)</sup>	Chairman of the Board, Executive Directors and Chief Executive Officer	Beneficial owner	106,164,523 Domestic Shares (L)	53.38%	–	20.43%
		Interest in controlled corporations	37,034,191 Domestic Shares (L)	18.62%	–	7.13%
		Interest in controlled corporations	27,195,592 H Shares (L) <sup>(6)</sup>	–	8.48%	5.23%
Chai Yifei <sup>(7)</sup>	Employee Representative Director	Beneficial owner	1,559,100 H Shares (L) <sup>(6)</sup>	–	0.49%	0.30%

Notes:

- (1) (L) – Long position
- (2) The calculation is based on the total number of 198,869,237 issued Domestic Shares of the Company as at December 31, 2025.
- (3) The calculation is based on the total number of 320,809,496 issued H Shares of the Company as at December 31, 2025.
- (4) The calculation is based on the total number of 198,869,237 Domestic Shares and 320,809,496 issued H Shares of the Company as at December 31, 2025.
- (5) As at December 31, 2025, Dr. Dai beneficially owned 106,164,523 Domestic Shares of the Company. In addition to his direct shareholding, Dr. Dai is also deemed to be interested in 37,034,191 Domestic Shares of the Company through the intermediaries he controlled under the SFO. Paradigm Investment and Paradigm Yinyuan own 31,981,367 Domestic Shares and 5,052,824 Domestic Shares of our Company, respectively. Dr. Dai, through Beijing New Wisdom, is the sole general partner of Paradigm Investment and Paradigm Yinyuan. The spouse of Dr. Dai is also deemed to be interested in the Shares in which Dr. Dai is interested under the SFO.
- (6) Paradigm Investment and Paradigm Yinyuan are indirectly controlled by Beijing New Wisdom, being the sole general partner of Paradigm Investment and Paradigm Yinyuan. Paradigm Investment and Paradigm Yinyuan hold 23,689,267 H Shares and 3,506,325 H Shares, respectively. By virtue of SFO, each of Dr. Dai and Beijing New Wisdom (through his/its interest in a controlled corporation or controlled corporations, as the case may be) are deemed to be interested in the H Shares held by each of Paradigm Investment and Paradigm Yinyuan.

(7) On November 25, 2025, the Company granted 1,559,100 share options to Mr. Chai Yifei under the Share Option Scheme adopted on September 19, 2024.

(8) This includes 502,200 treasury shares held by the Company.

Save as disclosed above and to the best knowledge of our Directors, as at December 31, 2025, we were not aware of any Director 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 (a) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (b) were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As far as the Company is aware, as at December 31 2025, the persons, other than our Directors and the chief executive of our Company, who had interests or short positions in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO are as follows:

### Interests in the Shares of the Company

Name of Shareholder	Capacity/ Nature of interest	Number of Shares interested	Approximate percentage of shareholding in Domestic Shares/H Shares of the Company <sup>(2)</sup>	Approximate percentage of shareholding in the total share capital of the Company <sup>(2)</sup>
Beijing New Wisdom <sup>(3) (4)</sup>	Interest in controlled corporations	37,034,191 Domestic Shares (L)	18.62%	7.13%
	Interest in controlled corporations	27,195,592 H Shares (L)	8.48%	5.23%
Paradigm Investment <sup>(3)</sup>	Beneficial owner	31,981,367 Domestic Shares (L)	16.08%	6.15%
	Beneficial owner	23,689,267 H Shares (L)	7.38%	4.56%
Paradigm Chuqi <sup>(4)</sup>	Interest in controlled corporations	31,981,367 Domestic Shares (L)	16.08%	6.15%
	Interest in controlled corporations	23,689,267 H Shares (L)	7.38%	4.56%
Fullgoal Fund Management Company Limited	Investment manager	19,684,400 H Shares (L)	6.14%	3.79%
Xinhe No. 1 <sup>(5)</sup>	Beneficial owner	12,077,978 Domestic Shares (L)	6.07%	2.32%
Xinhe No. 1 Shareholders <sup>(5)</sup>	Interest in controlled corporations	12,077,978 Domestic Shares (L)	6.07%	2.32%
Hu Yuanman <sup>(5)</sup>	Interest in controlled corporations	14,126,295 Domestic Shares (L)	7.10%	2.72%
Zhou Kui <sup>(6)</sup>	Interest in controlled corporations	18,941,724 Domestic Shares (L)	9.52%	3.64%

Notes:

- (1) (L) – Long position
- (2) The calculation is based on the total number of 198,869,237 Domestic Shares and 320,809,496 issued H Shares of the Company as at December 31, 2025.
- (3) Paradigm Investment and Paradigm Yinyuan are indirectly controlled by Beijing New Wisdom, being the sole general partner of Paradigm Investment and Paradigm Yinyuan. Paradigm Investment and Paradigm Yinyuan hold (i) 31,981,367 Domestic Shares and 23,689,267 H Shares; and (ii) 5,052,824 Domestic Shares and 3,506,325 H Shares, respectively. By virtue of SFO, each of Dr. Dai and Beijing New Wisdom (through his/its interest in a controlled corporation or controlled corporations, as the case may be) are deemed to be interested in the Shares held by each of Paradigm Investment and Paradigm Yinyuan.
- (4) Paradigm Chuqi (whose general partner is Beijing New Wisdom) is interested in more than one third of the limited partnership interest in Paradigm Investment. By virtue of SFO, Paradigm Chuqi is deemed to be interested in the Shares held by Paradigm Investment.
- (5) Xinhe No.1 (Tianjin) Science and Technology Center (Limited Partnership) ("**Xinhe No. 1**") directly holds 12,077,978 Domestic Shares. The general partner of Xinhe No.1 is Chunhua Mingde (Tianjin) Equity Investment Management Partnership Enterprise (Limited Partnership) ("**Chunhua Mingde**") and the limited partner holding more than one-third of the partnership interest in Xinhe No. 1 is Chunhua Xinhe (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership) ("**Chunhua Xinhe**"). The general partner of Chunhua Xinhe is Chunhua Mingde and the limited partner holding more than one-third of the partnership interest in Chunhua Xinhe is Primavera Capital Fund III L.P. ("**Primavera**"), which is owned as to 66.70% by Hu Fred Zulu.

The general partner of Chunhua Mingde is Chunhua (Tianjin) Equity Investment Management Co., Ltd. ("**Chunhua Investment**"), which is wholly-owned by Hu Yuanman. By virtue of the SFO, Chunhua Xinhe, Primavera, Hu Fred Zulu, Chunhua Mingde, Chunhua Investment (collectively, the "**Xinhe No. 1 Shareholders**") and Hu Yuanman are deemed to be interested in the Domestic Shares held by Xinhe No. 1.

Qiushi Xingde (Tianjin) Investment Center (Limited Partnership) ("**Qiushi Xingde**") is indirectly controlled by Hu Yuanman, who directly holds 2,048,317 Domestic Shares.

By virtue of the SFO, Hu Yuanman is deemed to be interested in the Domestic Shares held by Qiushi Xingde.

- (6) To the best knowledge of the Company, the general partner of Shenzhen HongShan Hanchen Equity Investment Partnership (L.P.) ("**HongShan Hanchen**") is Shenzhen HongShan Antai Equity Investment Partnership (L.P.) ("**HongShan Antai**") and the limited partner which holds more than one-third of the partnership interest in HongShan Hanchen is Shenzhen HongShan Yuechen Investment Partnership (L.P.) ("**HongShan Yuechen**"). The general partner of HongShan Yuechen is HongShan Antai and the limited partner holding more than one-third of the partnership interest in HongShan Yuechen is Shenzhen HongShan Yuchen Equity Investment Partnership (L.P.) ("**HongShan Yuchen**"). The general partner of HongShan Yuchen is HongShan Antai. The general partner of HongShan Antai is Shenzhen HongShan Huanyu Investment Consulting Co., Ltd. ("**HongShan Huanyu**"), which is owned as to 70% by Zhou Kui.

Beijing HongShan Mingde Equity Investment Center (Limited Partnership) ("**HongShan Mingde**") directly owns 6,352,978 Domestic Shares of the Company, its general partner is Beijing HongShan Kunde Investment Management Center (Limited Partnership) ("**HongShan Kunde**"), and its limited partners holding more than one-third of the partnership interest in HongShan Mingde are Beijing HongShan Shengde Equity Investment Center (Limited Partnership) ("**HongShan Shengde**") and Beijing HongShan Kangde Equity Investment Center (Limited Partnership) ("**HongShan Kangde**"). The general partner of HongShan Kunde is Shanghai Huanyuan Investment Management Co., Ltd. ("**Shanghai Huanyuan**") and Ningbo Meishan Bonded Port Area HongShan Huide Investment Management Partnership (Limited Partnership) ("**HongShan Huide**") is the general partner of HongShan Shengde and HongShan Kangde respectively. The general partner of HongShan Huide is Shanghai Huanyuan, which is owned as to 70% by Zhou Kui.

Ningbo Meishan Bonded Port Area HongShan Zhisheng Equity Investment Partnership (Limited Partnership) ("**HongShan Zhisheng**") directly owns 4,112,972 Domestic Shares of the Company, its general partner is Jiaying HongShan Kunsheng Investment Management Partnership (Limited Partnership) ("**HongShan Kunsheng**"), and the limited partners who hold more than one-third of the partnership interest in HongShan Zhisheng are Ningbo Meishan Bonded Port Area HongShan Mingsheng Equity Investment Partnership (Limited Partnership) ("**HongShan Mingsheng**") and Ningbo Meishan Bonded Port Area HongShan Jiasheng Equity Investment Partnership (Limited Partnership) ("**HongShan Jiasheng**"). HongShan Kunsheng is the general partner of HongShan Mingsheng and HongShan Jiasheng respectively, and the general partner of HongShan Kunsheng is Ningbo Meishan Bonded Port Area HongShan Huanjia Investment Management Co., Ltd. ("**HongShan Huanjia**"). HongShan Huanjia is owned as to 70% by Zhou Kui.

By virtue of the SFO, Zhou Kui is deemed to be interested in HongShan Hanchen, HongShan Mingde and the Shares held by them.

Save as disclosed above and to the best knowledge of our Directors, as at December 31, 2025, we were not aware of any other person (other than the Directors or the chief executive of our Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred therein.

## EQUITY-LINKED AGREEMENTS

Save as disclosed herein, the Company did not enter into any equity-linked agreements during the Reporting Period.

## RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors or Supervisors to acquire interests 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 had any right to subscribe for interests or debentures of the Company or any other body corporate or had exercised any such right.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

During the Reporting Period, none of the Directors or their respective close associates (as defined in the Listing Rules) is interested in any business (other than being a Director of the Company and/or its subsidiaries) which competes or is likely to compete, directly or indirectly, with the businesses of the Group.

After review, the independent non-executive Directors of the Company are of the opinion that there was no conflict of interest between the Group and the controlling shareholder during the Reporting Period.

## **RELATED-PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS**

Details of the Group's related-party transactions during the Reporting Period are set out in Note 36 to the consolidated financial statements contained in this report. For the year ended December 31, 2025, other than the remuneration of Directors and Supervisors, which constitutes fully-exempt connected transactions under Chapter 14A of the Listing Rules and has complied with the requirements under Chapter 14A of the Listing Rules, none of the related-party transactions disclosed in Note 36 to the consolidated financial statements constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules. During the year ended December 31, 2025, we did not enter into any non-exempt connected transactions or continuing connected transactions that would be required to be disclosed under Rules 14A.49 and 14A.71 of the Listing Rules.

## **DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE**

Save as otherwise disclosed in this report, during the Reporting Period, none of the Directors/Supervisors or entities connected with the Directors/Supervisors had a material interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

## **CONTRACTS WITH CONTROLLING SHAREHOLDERS**

Save as otherwise disclosed in this report, no contract of significance for the provision of services has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended December 31, 2025.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period and up to the date of this report with persons other than the Directors or persons employed by the Company on a full-time basis.

## **PERMITTED INDEMNITY PROVISIONS**

During the Reporting Period and up to the date of this report, the Company had appropriate liability insurance in place for its Directors.

## **INFORMATION ON TAX RELIEF FOR H SHAREHOLDERS**

The Company is not aware of any tax relief available to Shareholders for holding its securities. Shareholders should seek expert advice if they are unsure of the tax implications of purchasing, holding, selling, dealing in the Shares, or exercising any of the rights attached to them.

## REMUNERATION POLICY AND REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at December 31, 2025, we had a total of 619 employees (as at December 31, 2024: 967 employees). Our success depends on our ability to attract, retain and motivate qualified personnel. During the Reporting Period, the total staff costs of the Group amounted to approximately RMB275.7 million, including wages, salaries, bonuses, share-based compensation expenses, pension costs, other social security costs, housing benefits and other employee benefits. We provide various incentives and benefits to our employees. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees.

During the year ended December 31, 2025, our Directors and Supervisors received their remuneration in the form of salaries, social security, housing benefits and other employee benefits, contributions to employee pension plans, and discretionary bonuses.

During the Reporting Period, no emoluments were paid by the Group to any of the Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. During the year ended December 31, 2025, no Director or Supervisor waived or agreed to waive any emoluments. Save as disclosed in this annual report, there were no loans, quasi-loans and other transactions in favor of the Directors, controlled corporations of the Directors and connected entities at the end of the Reporting Period or at any time during the period. There were no significant transactions, arrangements and contracts concerning 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, at the end of the Reporting Period or at any time during the period.

Details of the remuneration of the Directors and Supervisors during the Reporting Period are set out in Note 11(b) to the consolidated financial statements.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans.

To maintain the quality, knowledge and skill levels of our workforce, we provide continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. We also provide trainings programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

Prior to the Listing, the Board of Directors of the Company approved the adoption of the Employee Incentive Scheme on April 25, 2021. After the Listing, the Company adopted an equity incentive scheme (the **"Equity Incentive Scheme"**) on September 19, 2024. The Equity Incentive Scheme consists of the H-Share RSU Scheme and the Partnership Employee Stock Ownership Plan of the Company. In addition, the Company adopted the Share Option Scheme on September 19, 2024. We have granted and may grant options or share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

## PENSION PLANS

Employees of the Group's subsidiaries in the PRC are required to contribute a certain percentage of their salaries to a pension plan to fund the benefits. The Group's only obligation with respect to the pension plan is to make specified contributions. During the Reporting Period, the Group did not use forfeited contributions to reduce the current level of contributions.

## SHARE SCHEMES

On September 19, 2024, the shareholders' meeting of the Company approved the Company's equity incentive scheme (the "**Equity Incentive Scheme**") (including the Company's H share restricted share unit scheme (the "**H-Share Scheme**") and the partnership employee stock ownership plan equity incentive scheme (the "**Partnership Plan**")) and the share option scheme (the "**Share Option Scheme**"). The Equity Incentive Scheme constitutes a scheme referred to in Chapter 17 of the Listing Rules involving the existing Shares of the Company, and the Share Option Scheme constitutes a share scheme under Chapter 17 of the Listing Rules involving the issuance of new Shares of the Company. For details, please refer to the announcement and circular of the Company both dated August 30, 2024 and the announcement of the Company dated September 19, 2024.

### Equity Incentive Scheme

#### 1A. Equity Incentive Scheme Limit

- 1A.1 (i) H Shares corresponding to the awards granted under the H-Share Scheme; and (ii) Shares of the Company corresponding to the incentive shares granted to the grantee on the grant date under the Partnership Plan shall not in aggregate exceed 5% (i.e. 23,283,271 Shares) of the total issued ordinary share capital of the Company (excluding treasury shares) as at the Adoption Date (the "**Equity Incentive Scheme Limit**"), representing 4.49% of the issued Shares of the Company (excluding treasury shares and shares repurchased but not yet cancelled) as at the date of this annual report. Awards that have lapsed under the H-Share Scheme are not counted as utilized for the purpose of determining the amount of utilization of the Equity Incentive Scheme Limit.
- 1A.2 The Company may convene a shareholders' meeting to seek Shareholders' approval to refresh the Equity Incentive Scheme Limit. The Company is required to comply with all applicable laws, regulations and the requirements of the Listing Rules when seeking to refresh the Equity Incentive Scheme Limit.

### H-Share Scheme

The principal terms of the H-Share Scheme are summarised below:

#### 1. Purposes of the Scheme

The purposes of the H-Share Scheme are:

- (a) to advocate a value-oriented performance culture, to establish a mechanism for profit-sharing and mutual accountability between Shareholders and eligible participants, to enhance the cohesion of the eligible participants, to strengthen the Company's competitiveness, and to ensure the realization of the Company's future development strategies and business objectives;
- (b) to align the interests of the Shareholders, the Company, and grantees, ensuring that all parties are collectively focused on the Company's sustained and healthy development, thereby bringing more efficient and long-lasting returns to the Company;
- (c) to further improve the Group's performance appraisal system and remuneration system in order to attract, retain and motivate talents required for the realization of the Group's strategic objectives; and
- (d) to establish a philosophy and a company culture in which employees and the Group work together for sustainable development.

## 2. Participants of the Scheme

The eligible participants of the H-Share Scheme are directors and employees of the Company or any of its subsidiaries, and other persons eligible to participate in the H-Share Scheme as the Board or the authorized person may determine from time to time. In assessing the eligibility of an eligible participant, the Board or the authorized person shall give due consideration to all relevant factors, including, among others:

- (a) their skills, knowledge, experience, expertise and other relevant personal strengths;
- (b) their performance, time commitment, responsibilities or terms of employment and prevailing market practices and industry standards;
- (c) the contribution he or she has made or is expected to make to the growth of the Group and the positive impact he or she may have on the business and development of the Group;
- (d) his or her academic and professional qualifications and knowledge of the industry; and
- (e) whether the granting of an Award to him or her is an appropriate incentive to motivate his or her continued contribution to the progress of the Group.

## 3. Limit of the Scheme

The H-Share Scheme is subject to the provisions of Rule 1A above.

## 4. Individual Sub-Limit

There is no limit on the number of Shares that may be granted to an individual participant under the H-Share Scheme.

## 5. Duration of the Scheme

Subject to the H-Share Scheme Rules, the H-Share Scheme shall be valid and effective for the award period (after which no further restricted share units will be granted), and thereafter for so long as there are any outstanding restricted share units that are granted but not yet vested hereunder prior to the expiration of the award period, the H-Share Scheme will continue to be extended until the vesting of such restricted share units is completed.

The "Award Period" refers to the period commencing on the adoption date and ending on the business day immediately prior to the tenth (10th) anniversary of the adoption date. Accordingly, the remaining life of the H-Share Scheme is approximately eight years and five months as at the date of this annual report.

## 6. Grant and Grant Price

The Board or the authorized person may from time to time select any eligible participant as a selected participant and, subject to the rules of the H Share Scheme, grant an award to such selected participant during the award period conditional upon his or her compliance with the terms and conditions of the award for such award price as the Board or the authorized person shall then determine in its discretion as may be deemed necessary or appropriate after taking into account a number of factors, such as his or her job position, years of service, remuneration and contribution to the Company.

Details of the grants during the Reporting Period are set out below:

Name	Position	Date of Grant	Vesting Period	Number of Shares		Vesting Date	Number of RSUs		Number of RSUs Cancelled During the Reporting Period	Number of Shares Underlying Unvested RSUs as at December 31, 2025
				Underlying Unvested RSUs as at January 1, 2025	Granted During the Reporting Period		Vested During the Reporting Period	Lapsed During the Reporting Period		
Other grantees (employees of the Group)		2025-06-02	Vested immediately upon grant	0	178,444	2025-06-02	178,444	0	0	0
		2025-09-01	Vested immediately upon grant	0	29,663	2025-09-01	29,663	0	0	0
		2025-11-25	Vested immediately upon grant	0	27,500	2025-11-25	27,500	0	0	0
<b>Total</b>				0	235,607		235,607	0	0	0

Notes:

- (1) In respect of the grants described in the table above, the grantees were not required to pay any purchase price for the grant or vesting of the RSUs, and the purchase price of the RSUs was nil.
- (2) The closing prices immediately before the dates of grant of the RSUs granted during the reporting period were as follows: RSUs granted on June 2, 2025: HK\$42.25; RSUs granted on September 1, 2025: HK\$60.15; and RSUs granted on November 25, 2025: HK\$47.70.
- (3) The fair values of the RSUs granted during the reporting period as at the dates of grant were as follows: June 2, 2025: HK\$42.25; September 1, 2025: HK\$60.15; and November 25, 2025: HK\$47.70. Please refer to note 27 to the financial statements for the accounting standards and policies adopted.
- (4) The RSUs granted during the reporting period vested immediately upon grant and were not subject to any vesting conditions.
- (5) Save as disclosed in the table above, no RSUs were cancelled or lapsed during the reporting period.
- (6) During 2025, other grantees (employees of the Group) were granted award shares comprising a total of 235,607 H shares. The weighted average closing price of these shares before the relevant vesting dates in 2025 was HK\$45.14.
- (7) During 2025, the Company did not grant any RSUs to the directors of the Company or the five highest paid individuals.

## 7. Vesting

The Board or the authorized person may from time to time while the H-Share Scheme is in force and subject to all applicable laws, rules and regulations, determine the vesting criteria, conditions or vesting periods for the award hereunder.

If a vesting date is not a business day, the vesting date shall, subject to any trading halt or suspension in the H Shares, be the business day immediately thereafter. The vesting date is set out in the Award Letter by the Board or the authorized person.

The vesting of awards granted under the H-Share Scheme is conditional upon the achievement of performance targets (if any) set out in the Award Letter.

## Partnership Plan

The principal terms of the Partnership Plan are summarised below:

### 1. Purposes of the Plan

The purposes of the Partnership Plan are:

- (a) to advocate a value-oriented performance culture, to establish a mechanism for profit-sharing and mutual accountability between Shareholders and the management team of the Company, to enhance the cohesion of the management team of the Company, to strengthen the Company's competitiveness, and to ensure the realization of the Company's future development strategies and business objectives;
- (b) to align the interests of the Shareholders, the Company, and grantees, ensuring that all parties are collectively focused on the Company's sustained and healthy development, thereby bringing more efficient and long-lasting returns to the Company;
- (c) to further improve the Group's performance appraisal system and remuneration system in order to attract, retain and motivate talents required for the realization of the Group's strategic objectives; and
- (d) to establish a philosophy and a company culture in which employees and the Group work together for sustainable development.

### 2. Grantees of the Plan

The scope of grantees under the Partnership Plan is:

- (a) Directors and senior management of the Group;
- (b) the Group's core technical staff, middle management and key employees with outstanding or special contributions in each department; and
- (c) other persons who may participate in the Partnership Plan as determined by the Board of Directors or the authorized person.

Grantees under the Partnership Plan shall meet the following basic criteria:

- (a) to identify himself or herself with the Company's philosophy;
- (b) to be highly loyal to the Company;
- (c) to make continuous efforts and contributions to the Group's medium and long-term development or to play an important role during critical periods; and
- (d) to have no shareholding in, position with, provision of service for or salary from any entity which is in business competition or potential business competition with the Group, no violation of laws and regulations in the recent three years, and no other circumstances required by laws and regulations or the Listing Rules to be prohibited for grantees.

### 3. Limit of the Plan

The Partnership Plan is subject to the provisions of Rule 1A above.

#### 4. Individual Sub-Limit

There is no limit on the number of Shares that may be granted to an individual participant under the Partnership Plan.

#### 5. Duration of the Plan

Subject to early termination as determined by the Board under the Partnership Plan, the Partnership Plan shall remain in effect for a period of ten years from the adoption date, after which no further incentive shares shall be made. Accordingly, the remaining life of the Partnership Plan is approximately eight years and five months as at the date of this annual report.

#### 6. Grant, Grant Price and Vesting

The Board of Directors or the authorized person shall determine the specific number of incentive shares to be granted to a grantee, the subscription price (if any) and the manner of grant after taking into account a number of factors, such as his or her job position, years of service, remuneration and contribution to the Company.

The procedures for a grantee to acquire incentive shares are detailed below:

- (a) The Board of Directors or the authorized person shall determine the list of grantees and the corresponding incentive shares;
- (b) The grantees shall sign a share incentive agreement with the employee shareholding platform;
- (c) The Board of Directors or the authorized person shall assist a grantee in completing the relevant procedure for registering the grantee as a limited partner of the employee shareholding platform within a reasonable period after the execution and effectiveness of the share incentive agreement.

To reflect the market fairness of the subscription price for incentive shares and to incentivize outstanding employees, the subscription price shall be determined according to the provisions of the share incentive agreement, but under no circumstances shall the subscription price be lower than the minimum price allowed by Chinese law.

During the Reporting Period, the Group has not yet granted any incentive shares under the Partnership Plan.

### Share Option Scheme

The principal terms of the Share Option Scheme are summarised below:

#### 1. Purposes of the Scheme

The purposes of the Share Option Scheme are:

- (i) to attract, motivate and retain skilled and experienced personnel who are eligible persons to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;
- (ii) to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and

- (iii) to (a) recognize the contributions of the management of the Company including the executive Directors, non-executive Directors and/or independent non-executive Directors; (b) encourage, motivate and retain the management of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (c) provide additional incentive for the leadership of the Company and long-standing employee by aligning the interests of the management of the Company with those of the Shareholders and the Group as a whole.

## 2. Participants of the Scheme

Participants who may participate in the scheme only include employee participants, being PRC or non-PRC directors and employees (whether full-time or part-time) of the Company or any of its subsidiaries, and persons who are granted options as an inducement to enter into employment contracts with the Company or any of its subsidiaries; Persons whom the Board or the scheme administrator consider(s), in their sole discretion, to have contributed or will contribute to the Group; and no individual who is resident in a place where the grant, acceptance, vesting or exercise of the options pursuant to the scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the scheme administrator, compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such individual, shall be entitled to participate in the scheme.

The participants will not include any related entity and service provider participant which has the meaning ascribed to them under Rule 17.03A(1) of the Listing Rules.

In determining the employee participants, various factors will be assessed, including, among others, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group.

In addition, the participants are determined in accordance with the applicable laws and regulations, together with the actual circumstances and matters of the Company including the present and expected contribution of the relevant participant to the Group. No person shall be considered as a participant of the scheme if he or she:

- (a) has been publicly reprimanded or deemed as an inappropriate candidate for similar award schemes or share incentive plans of a listed company by any securities regulatory bodies with authority in the last twelve months;
- (b) has been imposed with penalties or is banned from trading securities by securities regulatory bodies due to material non-compliance with laws or regulations in the last twelve months;
- (c) is prohibited from serving as a Director or the senior management of the Company under the Company Law of the PRC; or
- (d) is prohibited by any applicable laws to participate in share schemes or share incentive plans of a listed company.

The participants shall undertake that if any of the above provisions occur during implementation of the Scheme which would prevent them from being considered as a participant, they shall give up their rights to participate in the Scheme and shall not be given any compensation.

### 3. Limit of the Scheme

The Company shall not make any further grant of Options which will result in the scheme limit being exceeded unless the Shareholders approve a further refreshment of the scheme limit or Shareholders' approval has been obtained in compliance with the Listing Rules. The scheme limit will be 5% of the total number of issued Shares (excluding any treasury shares) as of the adoption date, i.e. 23,283,271 H Shares, representing 4.48% of the issued Shares (excluding treasury shares and shares repurchased but not yet cancelled) of the Company as at the date of this annual report.

### 4. Individual Sub-Limit

Where any grant of options to a grantee would result in the Shares issued and to be issued in respect of all options and awards granted to such person, pursuant to the Share Option Scheme and any other share scheme adopted by the Company (excluding options or awards lapsed in accordance with relevant scheme rules), in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of issued Shares (excluding any treasury shares) at the relevant time, such grant must be separately approved by Shareholders in a shareholders' meeting with such grantee and their close associates (or associates if the grantee is a connected person of the Company) to abstain from voting.

Where any grant of options to an independent non-executive Director or a substantial Shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (excluding options or awards lapsed in accordance with the relevant scheme rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of issued Shares (excluding any treasury shares) at the relevant time, such further grant of options must be approved by Shareholders in shareholders' meeting, in which case the Company will send a circular to the Shareholders. The grantee, his/her associates and all core connected persons of the Company will abstain from voting in favour at such shareholders' meeting. The Company will also comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

### 5. Duration of the Scheme

Unless terminated earlier in accordance with the scheme rules, the scheme shall be valid and effective for the Scheme Period of ten years commencing from the date on which the Share Option Scheme is approved by the Shareholders, after which no further options shall be granted. However, as long as there are any options that have been before the expiry of the scheme, options granted prior to such termination shall continue to be valid and exercisable in accordance with the scheme.

Accordingly, the remaining life of the Share Option Scheme is approximately eight years and five months as at the date of this annual report.

### 6. Grant and Grant Price

Each offer of an option (the "Offer") shall be in writing made to a participant by letter in such form as the Board or the scheme administrator may from time to time determine at its discretion (the "Offer Letter"). The Offer Letter shall state, among others, the period during which the option may be exercised (the "Option Period"), which period is to be determined and notified by the Board but shall expire in any event not later than the last day of the 10-year period after the date of grant of the option.

The Board may specify in the Offer Letter any conditions which must be satisfied before the option may be exercised, including without limitation such performance targets (if any) and minimum periods for which an option must be held before it can be exercised and any other terms in relation to the exercise of the option, including without limitation such percentages of the options that can be exercised during a certain period of time, as the Board may determine from time to time.

The Board shall specify in the Offer Letter a date by which the grantee must accept the Offer, being a date no later than 14 business days after the date on which the option is offered (the “**Offer Date**”).

No consideration is payable on acceptance of each grant of options by a participant.

No grant of any option to any participant may be made with respect to a grant of an option under certain circumstances including:

- (a) where the requisite approval from any applicable regulatory authorities has not been granted, provided that to the extent permissible under applicable laws, an option may be made conditional upon such approval being obtained;
- (b) where any member of the Group will be required under applicable laws to issue a prospectus or other offer documents in respect of such options or the scheme;
- (c) where such options would result in a breach by any member of the Group or its directors of any applicable laws in any jurisdiction;
- (d) where such grant of options would result in a breach of the scheme limit or the 1% individual limit or the minimum public float requirement as required under the Listing Rules (or the minimum percentage of public float as prescribed by the Stock Exchange), or would otherwise cause the Company to issue H Shares in excess of the permitted amount in the mandate approved by the Shareholders;
- (e) where an option is granted to, or for the benefit of, a connected person of the Company, which requires specific approval of the Shareholders under the Listing Rules, until such Shareholders' approval is obtained, provided that to the extent permissible under applicable laws, such Offer may be made conditional upon such Shareholders' approval being obtained;
- (f) after the expiry of the scheme period or after the earlier termination of the scheme;
- (g) where the Company has come to knowledge of any inside information (as defined in the SFO), until (and including) the trading day after the Company has announced the information;
- (h) in circumstances prohibited by the Listing Rules or where dealings by the participant will be prohibited under any code or requirement of the Listing Rules or any applicable laws;
- (i) during the period commencing 30 days immediately before the earlier of:
  - i. the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
  - ii. the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),
- (j) and ending on the date of the results announcement, provided that such period will also cover any period of delay in the publication of any results announcement.

The exercise price shall be a price determined by the Board in its sole and absolute discretion and notified to an eligible person, but in any event must be at least the highest of:

the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange on the Offer Date;

the average of the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange for the five (5) business days immediately preceding the Offer Date; and the nominal value of an H Share.

## 7. Vesting

Subject to the relevant provisions under the scheme, the vesting period and the vesting conditions, if any, may be determined by the Board or the scheme administrator from time to time during the scheme period and subject to applicable laws and regulations, provided however that the vesting period shall not be less than twelve months, except that any options granted to an employee participant may be subject to a shorter vesting period including where:

- (a) grants of "Make Whole" options to new employee participants to replace options and/or awards that such employee participants forfeited when leaving their previous employers;
- (b) grants to an employee participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of options which are subject to fulfillment of performance targets as determined in the conditions of their grant;
- (d) grants of options the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant employee participant, in which case the vesting date may be adjusted to take account of the time from which the options would have been granted if not for such administrative or compliance requirements;
- (e) grants of options with a mixed vesting schedule such that the options vest evenly over a period of twelve months; or
- (f) grants of options with a total vesting period of more than twelve months, such as where the options may vest by several batches with the first batch to vest within twelve months of the grant date and the last batch to vest twelve months after the grant date.

Unless otherwise specified in the Offer Letter approved by the Board or the scheme administrator, all options under the scheme shall be vested in a number of tranches. The specific commencement and duration of each vesting period and the actual vesting amount of the options granted to a participant for the respective vesting periods shall be specified in the Offer Letter approved by the Board or the scheme administrator.

Subject to the Board or the scheme administrator setting at their discretion performance objectives for options under the scheme, vesting of the options granted under the scheme is subject to the conditions of the performance indicators of the Company and any other applicable vesting conditions as set out in the Offer Letter. If the Participant fails to fulfil the vesting conditions applicable to the relevant Options, all the H Shares underlying the relevant Options which may otherwise be vested during the respective vesting periods shall not be vested and become immediately lapsed with respect to such Participant.

Details of the options/incentive shares granted to the participants of the Share Option Scheme and the movements during the Reporting Period are set out below:

Grantee	Grant date	Number of options granted	Vesting period	Exercise period	Exercise price	Outstanding as at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2025
<b>Director</b>												
Mr. Chai Yifei (employee representative Director)	November 25, 2025	1,559,100	Subject to the satisfaction of the vesting conditions specified below, the share options shall vest in four installments over four years as follows: (1) 25% on the first anniversary of the date of grant; (2) 25% on the second anniversary of the date of grant; (3) 25% on the third anniversary of the date of grant; and (4) 25% on the fourth anniversary of the date of grant.	The exercise period shall be four years commencing from the date of vesting, and any unexercised portion shall automatically lapse upon the expiry of such four-year period.	HK\$48.38 per H Share	-	1,559,100	-	-	-	-	1,559,100
<b>Others</b>												
Employees of the Group	November 19, 2024	5,124,445	Subject to the fulfilment of the performance target, 25% of the options granted shall be vested on November 19, 2025; 25% of the options granted shall be vested on November 19, 2026; 25% of the options granted shall be vested on November 19, 2027; and the remaining 25% of the options granted will be vested on November 19, 2028 <sup>(note 1)</sup> .	Valid for 4 years from the date of vesting and lapse at the expiry of such period.	HK\$41.19 per H Share	5,124,445	-	-	-	-	-	5,124,445
Employees of the Group	November 25, 2025	8,244,600	Subject to the satisfaction of the vesting conditions specified below, the share options shall vest in four installments over four years as follows: (1) 25% on the first anniversary of the date of grant; (2) 25% on the second anniversary of the date of grant; (3) 25% on the third anniversary of the date of grant; and (4) 25% on the fourth anniversary of the date of grant.	The exercise period shall be four years commencing from the date of vesting, and any unexercised portion shall automatically lapse upon the expiry of such four-year period.	HK\$48.38 per H Share	-	8,244,600	-	-	-	-	8,244,600
<b>Total</b>	-	14,928,145	-	-	-	5,124,445	9,803,700	-	-	-	-	14,928,145

Notes:

- The share options shall be subject to the individual performance target as set out in our employee incentive vesting assessment measures.
- The closing price of the H Shares immediately prior to the date of grant, November 19, 2024, was HK\$36.60 per Share.
- The weighted average fair value of the share options granted on November 19, 2024 at the date of grant was RMB13.89 per Share. For a summary of significant accounting policies and the accounting standards adopted, please refer to Note 27 to the consolidated financial statements.
- The closing price of the H Shares immediately prior to the date of grant, November 25, 2025, was HK\$47.70 per Share.
- The weighted average fair value of the share options granted on November 25, 2025 at the date of grant was RMB16.20 per Share. For a summary of significant accounting policies and the accounting standards adopted, please refer to Note 27 to the consolidated financial statements.

For details of the aggregate 5,124,445 share options granted on November 19, 2024, please refer to the Company's announcement published on the same date.

For details of the aggregate 9,803,700 share options granted on November 25, 2025, please refer to the Company's announcement published on the same date.

At the beginning of the Reporting Period, the number of Shares available for grant under share options was 18,149,521 shares. As at the end of the Reporting Period, the number of Shares available for future grant under the scheme mandate limit of the Share Option Scheme was 8,345,821 Shares.

During the Reporting Period, the number of Shares that may be issued for the options and awards granted under all share schemes of the Company (i.e. 9,803,700 Shares) divided by the weighted average number of ordinary Shares in issue (excluding treasury shares) of 500,024,828 during the Reporting Period was approximately 2.0%.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2025, the revenue of the five largest customers of the Group accounted for 57.6% of the total revenue of the Group. In addition, the revenue of the single largest customer of the Group accounted for 26.9% of the total revenue of the Group for the same period.

For the year ended December 31, 2025, the purchase of the five largest suppliers of the Group accounted for 31.8% of the total purchases of the Group. In addition, the purchase of the single largest supplier of the Group accounted for 7.4% of the total purchases of the Group for the same period.

To the reasonable knowledge of the Directors, none of the Directors or any of their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the issued share capital of the Company (excluding treasury shares)) has any interest in any of the five largest suppliers or customers.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased a total of 308,900 Shares (the “**Repurchased Shares**”) on the Stock Exchange for a total consideration (before expenses) of HK\$11,711,150. The Board is of the view that the repurchase of shares under the prevailing market conditions will demonstrate the Company’s confidence in its business development and future prospects, ultimately generate benefits for the Company and create value returns for shareholders, and is in the overall interests of the Company and its Shareholders. Details of the Repurchased Shares are set out below:

Month	Number of Repurchased Shares	Price paid per Share		Total consideration (before expenses)
		Highest (HK\$)	Lowest (HK\$)	
April 2025	308,900	40.20	35.95	11,711,150
<b>Total</b>	<b>308,900</b>			<b>11,711,150</b>

During the Reporting Period, the trustee of the Equity Incentive Scheme purchased a total of 235,700 H Shares on the Stock Exchange for an aggregate consideration (before expenses) of HK\$10,872,950 in accordance with the rules of the Equity Incentive Scheme and the terms of the trust deed.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including transfer of treasury shares) during the Reporting Period.

As at the end of the Reporting Period, the Company held a total of 186,100 H Shares which have been repurchased but not yet cancelled and 502,200 H Shares which have been repurchased and retained as treasury shares. The treasury shares are intended to be used for employee incentives, sale or transfer to obtain liquidity and other purposes, as determined by the Board of Directors.

## CHARITABLE DONATIONS

During the Reporting Period, the Group donated money and supplies totaling RMB2,000,000 to external parties.

## CONTINUING DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES

The Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## CORPORATE GOVERNANCE

The Board is committed to achieving good standards of corporate governance.

The Board believes that good corporate governance standards are essential for providing the Company with a framework to safeguard shareholders’ interests, enhance corporate value, formulate business strategies and policies, and improve transparency and accountability.

The Company has adopted the principles and code provisions under Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as the basis of the Company’s corporate governance practices.

In the opinion of the Directors, during the Reporting Period, the Company has complied with all code provisions set out in the CG Code save as the code provision C.2.1 of the CG Code as set out below:

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between Chairman and Chief Executive Officer should be segregated and should not be performed by the same individual. The Company has not separated the roles of the Chairman and the Chief Executive Officer, and currently, Dr. Dai holds both positions. Dr. Dai has assumed the role of Chief Executive Officer of our Company since 2015. He has extensive experience in the business operations and management of our Group and in the AI industry. Given his experience, personal qualifications, and role in the Company, the Board believes that Dr. Dai is the most suitable Director to identify strategic opportunities and serve as the core of the Board due to his comprehensive understanding of our business as the Chief Executive Officer. The Board also believes that having the same individual serve as both Chairman and Chief Executive Officer can (i) ensure unified leadership within the Group, (ii) make the Board's overall strategic planning and execution of strategic measures more effective and efficient, and (iii) facilitate the flow of information between management and the Board. The Board believes that the current arrangement will not impair the balance of power and authority, and this arrangement will enable the Company to make and implement decisions swiftly and effectively. The Board will continue to review and, taking into account the overall situation of the Group, consider separating the roles of the Chairman and the Chief Executive Officer at an appropriate time.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code and maintain high standards of corporate governance.

Save as disclosed herein, the Group has complied with the code provisions set out in the CG Code throughout the Reporting Period and up to the date of this report.

## AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2025 were audited by CL Partners CPA Limited.

PricewaterhouseCoopers served as the Company's auditor for 2023 and 2024.

On June 26, 2025, the Shareholders considered and approved the resolution on the appointment of CL Partners CPA Limited as the auditor of the Company for the year 2025 at the AGM. PricewaterhouseCoopers ceased to serve as the auditor of the Company upon conclusion of the AGM. For details, please refer to the announcements of the Company dated May 27, 2025 and June 26, 2025.

The name of CL Partners CPA Limited has been changed to Rongcheng (Hong Kong) CPA Limited.

All reports and chapters referenced in this Report shall form part of the Directors' Report.

By order of the Board  
**Phancy Group Co., Ltd.**  
**Dai Wenyuan**  
*Chairman*

Beijing, the PRC, March 30, 2026

## CORPORATE GOVERNANCE CULTURE

With a mission of “AI for Everyone,” the Company strives to bring the advantages of the AI era to all.

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.

Corporate governance is the process by which the Board guides the Group’s management on how to operate the business to ensure that business objectives are achieved. The Board is committed to maintaining and establishing sound corporate governance practices to ensure:

- Satisfactory and sustainable returns to Shareholders;
- Protection of the interests of those who do business with the Company;
- Understanding and appropriate management of overall business risk;
- Provision of quality products and services to satisfy its customers; and
- Maintaining of high standards of business ethics.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards.

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

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as the basis of the Company’s corporate governance practices.

In the opinion of the Directors, throughout the period from the Listing Date to the Reporting Period, the Company complied with all code provisions set out in the CG Code save as Code Provision C.2.1 of the Corporate Governance Code set out below.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between Chairman and Chief Executive Officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Dr. Dai currently performs these two roles. Details of the roles of the Chairman and the Chief Executive Officer are set out on Page 61 in the section headed “Board of Directors– Chairman and Chief Executive Officer” of this Corporate Governance Report.

Save as disclosed in this report, the Group complied with the code provisions set out in the CG Code throughout the Reporting Period and up to the date of this report. The Company will continue to review and monitor its corporate governance practices on a regular basis to ensure compliance with the CG Code and to maintain its high standards of corporate governance practices.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. After the Company made specific enquiries with the Directors, all of the Directors confirmed that they had complied with the required standards as set out in the Model Code throughout the Reporting Period.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. During the Reporting Period, no incidents of non-compliance with the Model Code by employees have come to the attention of the Company.

## BOARD OF DIRECTORS

The Company is headed by an effective Board. The Board oversees the business, strategic decisions and performance of the Group and makes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from the Directors to perform their responsibilities to the Company and whether the Directors are spending sufficient time performing them.

## DIRECTORS

The Directors during the Reporting Period and up to the date of this report were as follows:

### Executive Directors

Dr. Dai Wenyuan (戴文淵) (*Chairman, Chief Executive Officer and General Manager*)

Mr. Chen Yuqiang (陳雨強) (*Chief Research Scientist*)

Mr. Yu Zhonghao (于中灝) (*Vice Chairman and Senior Vice President*)

### Non-executive Directors

Dr. Yang Qiang (楊強)

Mr. Dou Shuai (竇帥)

Mr. Zhang Jing (張晶)

### Independent non-executive Directors

Mr. Li Jianbin (李建濱)

Mr. Liu Chijin (劉持金)

Ms. Ke Yele (柯燁樂)

Mr. Liu Zhuzhan (劉助展)<sup>(1)</sup>

Mr. Pan Jialin (潘嘉林)<sup>(2)</sup>

### Employee Representative Director

Mr. Chai Yifei (柴亦飛)<sup>(3)</sup>

Notes:

(1) With effect from June 26, 2025, Mr. Liu Zhuzhan was appointed as an independent non-executive Director. With effect from December 19, 2025, Mr. Liu Zhuzhan resigned as an independent non-executive Director.

(2) With effect from December 19, 2025, Mr. Pan Jialin was appointed as an independent non-executive Director.

(3) With effect from June 26, 2025, Mr. Chai Yifei was appointed as an employee representative Director.

The biographies of the Directors are set out in the section headed “Directors and Senior Management” of this report.

Save as disclosed under the section headed “Directors and Senior Management”, to the best knowledge of the Company, there are no other financial, business, family or other material/relevant relationships among the members of the Board.

### Chairman and Chief Executive Officer

Code Provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Reporting Period, the roles of Chairman and Chief Executive Officer of the Company are performed by Dr. Dai.

Dr. Dai has assumed the role of Chief Executive Officer of our Company since 2015. He has extensive experience in the business operations and management of our Group and in the AI industry. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Dr. Dai is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our Chief Executive Officer. The Board also believes that vesting the roles of both chairman and 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 and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this arrangement will enable the Company to make and implement decisions promptly and effectively.

The Board will continue to review and will separate the roles of the Chairman and the Chief Executive Officer of the Company at an appropriate time, taking into account the overall situation of the Group.

### Independent non-executive Directors

Throughout the year ended December 31, 2025, the Board complied with the requirements set out in Rules 3.10 and 3.10 (A) of the Listing Rules in relation to the appointment of at least three independent non-executive Directors, the possession of appropriate professional qualifications or accounting or related financial management expertise by at least one of the independent non-executive Directors and the appointment of independent non-executive Directors representing at least one-third of the Board.

The Board has received from each of the independent non-executive Directors an annual written confirmation of his/her independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. Accordingly, the Board considers all independent non-executive Directors to be independent.

### Board Independence Assessment

The Board has established a mechanism to ensure that it has access to independent views and opinions. The Board ensures that at least three independent non-executive Directors are appointed and at least one-third of the Board members are independent non-executive Directors. In addition, the independent non-executive Directors will be appointed as members of the Board committees in accordance with the Listing Rules to ensure independent views and opinions as far as practicable. The Nomination Committee strictly adheres to the independence assessment criteria for the nomination and appointment of independent non-executive Directors as set out in the Listing Rules and is obliged to assess the independence of the independent non-executive Directors on an annual basis so as to ensure that they can exercise independent judgment on a continuous basis.

The Board considers the results of the assessment of the Board’s independence for the year ended December 31, 2025 were satisfactory.

## Appointment and Re-election of Directors

Each of the Directors has entered into a service contract or letter of appointment with the Company. The key elements of such service contracts or letters of appointment include (a) a term of office commencing on the date the election is approved at a shareholders' meeting and ending on the date of expiration of the term of office of the Board members; and (b) termination provisions pursuant to the terms of the contracts. A Director shall be eligible for re-election, subject to the approval of the Shareholders. Service contracts or letters of appointment may be renewed in accordance with the Articles of Association and applicable rules.

Moreover, the Company or its subsidiaries did not enter into any service contracts with the Directors proposed for re-election at the forthcoming annual shareholders' meeting of the Company which is not determinable within one year without compensation (other than statutory compensation).

The procedures and processes for the appointment, re-election and removal of the Directors are set out in the Articles of Association.

Pursuant to Article 106 of the Company's Articles of Association, the Directors are elected or replaced by the Shareholders at a shareholders' meeting for a term of three years and may be removed from office by the Shareholders at a shareholders' meeting prior to the expiration of their terms of office. Directors may be re-elected upon expiration of their terms of office.

The term of office of a Director shall be counted from the date on which the shareholders' meeting's resolution of electing him/her as a Director is adopted (unless otherwise provided by the resolution of such shareholders' meeting) and shall end upon the expiration of the term of office of such Director. If a Director fails to be re-elected in time upon the expiration of his/her term of office, the original Director shall still perform his/her duties as a Director in accordance with laws, administrative regulations, departmental rules and the Articles of Association until the re-elected Director takes office.

## Duties, Responsibilities and Contributions of the Board and Management

The Board shall be responsible for leading and controlling the Company and jointly responsible for directing and supervising the affairs of the Company.

The Board, directly and indirectly through its committees, provides leadership and guidance to management, monitors the Group's operational and financial performance and ensures the establishment of sound internal control and risk management systems by formulating strategies and overseeing their implementation.

All Directors (including non-executive Directors and independent non-executive Directors) bring to the Board a wide range of valuable business experience, knowledge and expertise to enable the Board to operate efficiently and effectively. The independent non-executive Directors are responsible for ensuring that the Company has a high standard of regulatory reporting, acting as an equalizer on the Board, and making effective independent judgments on corporate actions and operations.

All Directors have full and timely access to all information relating to the Company and may request, where appropriate, to seek independent professional advice in the discharge of their duties with the Company at the Company's expense.

The Directors are required to disclose to the Company the details of other offices held by them.

The Board reserves the right to make decisions on all important matters relating to the Company's policies, strategies and budgets, internal control and risk management, major transactions (particularly those that may involve conflicts of interest), financial information, appointment of Directors and other significant operational matters. The responsibilities relating to the execution of Board decisions, direction and coordination of the day-to-day operation and management of the Company are delegated to the management.

The Company has arranged appropriate Directors and Officers Liability Insurance to provide protection against any legal action brought against them as a result of their corporate activities.

### **Continuing Professional Development for Directors**

Directors should keep abreast of regulatory developments and changes in order to perform their duties effectively and ensure that they continue to make informed and relevant contributions to the Board.

Each newly appointed Director has received formal and comprehensive induction training upon his/her first appointment to ensure that the Director has a proper understanding of the business and operations of the Company and fully understands the duties and obligations of a Director under the Listing Rules and relevant statutory requirements. Such induction training should be supplemented by regular meetings with the Group's senior management to understand the Group's business, governance policies and regulatory environment.

Directors should engage in appropriate continuing professional development to develop and update their knowledge and skills. The Company arranges internal briefings for Directors and will provide them with reading materials on relevant topics when appropriate. The Company encourages all Directors to attend relevant training programs at the Company's expense.

During the year ended December 31, 2025, the Directors were provided with information on an ongoing basis on developments in the legal and regulatory regime and in the business and market environment to assist them in discharging their duties. The Company and its professional advisers arrange ongoing briefings and professional development for the Directors.

<b>Director</b>	<b>Participation in continuing professional development</b> <sup>Note</sup>
<i>Executive Directors</i>	
Dr. Dai Wenyuan (戴文淵)	✓
Mr. Chen Yuqiang (陳雨強)	✓
Mr. Yu Zhonghao (于中灝)	✓
<i>Non-executive Directors</i>	
Dr. Yang Qiang (楊強)	✓
Mr. Dou Shuai (竇帥)	✓
Mr. Zhang Jing (張晶)	✓
<i>Independent non-executive Directors</i>	
Mr. Li Jianbin (李建濱)	✓
Mr. Liu Chijin (劉持金)	✓
Ms. Ke Yele (柯燁樂)	✓
Mr. Liu Zhuzhan (劉助展) <sup>(2)</sup>	✓
Mr. Pan Jialin (潘嘉林) <sup>(3)</sup>	✓
<i>Employee Representative Director</i>	
Mr. Chai Yifei (柴亦飛) <sup>(4)</sup>	✓

## Notes:

- (1) Attendance at training/seminars/meetings organized by the Company or other external organizations, or reading of related materials
- (2) With effect from June 26, 2025, Mr. Liu Zhuzhan was appointed as an independent non-executive Director. With effect from December 19, 2025, Mr. Liu Zhuzhan resigned as an independent non-executive Director.
- (3) With effect from December 19, 2025, Mr. Pan Jialin was appointed as an independent non-executive Director.
- (4) With effect from June 26, 2025, Mr. Chai Yifei was appointed as an employee representative Director.

## Attendance at Board and Committee Meetings

The Board held 9 Board meetings during the Reporting Period. The attendance of the Directors at Board and committee meetings and shareholders' meetings of the Company, either in person or by electronic communication, during the Reporting Period is detailed in the table below:

Director	Attendance/number of meetings held during the Reporting Period				
	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Shareholders' meetings
<i>Executive Directors</i>					
Dr. Dai Wenyuan (戴文淵)	9/9	–	–	3/3	2/2
Mr. Chen Yuqiang (陳雨強)	9/9	–	–	–	2/2
Mr. Yu Zhonghao (于中灝)	9/9	–	–	–	2/2
<i>Non-executive Directors</i>					
Dr. Yang Qiang (楊強)	9/9	3/3	7/7	–	2/2
Mr. Dou Shuai (竇帥)	9/9	–	–	–	2/2
Mr. Zhang Jing (張晶)	9/9	–	–	–	2/2
<i>Independent non-executive Directors</i>					
Mr. Li Jianbin (李建濱)	9/9	3/3	7/7	–	2/2
Mr. Liu Chijin (劉持金)	9/9	3/3	–	3/3	2/2
Ms. Ke Yele (柯燁樂)	9/9	–	7/7	3/3	2/2
Mr. Liu Zhuzhan (劉助展) <sup>(1)</sup>	5/5	–	–	–	0/0
Mr. Pan Jialin (潘嘉林) <sup>(2)</sup>	0/0	–	–	–	1/1
<i>Employee Representative Director</i>					
Mr. Chai Yifei (柴亦飛) <sup>(3)</sup>	5/5	–	–	–	1/1

Notes:

- (1) With effect from June 26, 2025, Mr. Liu Zhuzhan was appointed as an independent non-executive Director. With effect from December 19, 2025, Mr. Liu Zhuzhan resigned as an independent non-executive Director.
- (2) With effect from December 19, 2025, Mr. Pan Jialin was appointed as an independent non-executive Director.
- (3) With effect from June 26, 2025, Mr. Chai Yifei was appointed as an employee representative Director.

At the Board meetings held during the Reporting Period, the Board discussed a number of matters including the Company's financial and operational performance, the Company's approved annual results, interim results, the business outlook and other significant matters.

During the Reporting Period, Dr. Dai (Chairman of the Board) held three meetings with the independent non-executive Directors without the presence of other Directors.

## BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee specific areas of the Company's affairs. All Board committees established by the Company have specific written terms of reference which clearly define their powers and duties and are provided with sufficient resources to discharge their duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the website of the Company and the website of the Stock Exchange, and Shareholders may request for such information.

The chairpersons and members of each of the Board committees are listed in the "Corporate Information" section of this annual report.

### Audit Committee

As of the end of the Reporting Period, the Audit Committee comprised three members, including two independent non-executive Directors and one non-executive Director, namely Mr. Li Jianbin (李建濱), Mr. Liu Chijin (劉持金) and Dr. Yang Qiang (楊強). Mr. Li Jianbin, being the chairman of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has adopted written terms of reference which deal clearly with its duties and responsibilities (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee discharges its responsibilities mainly in the following aspects: (1) truthfulness of financial reports and procedures for financial reporting; (2) effectiveness of risk management and internal control systems; (3) ensuring the adequacy of resources, qualifications and experience of the accounting and financial reporting staff in accounting, internal audit and financial reporting functions and their staff training programs and budget expenditure; (4) reviewing the findings of internal investigations and management's response regarding any suspected fraudulent activities or irregularities or suspected violations of laws, rules and regulations; (5) assessing whether the Company has any significant failings or weaknesses in internal control, etc.

The Audit Committee has reviewed the financial results and report for the year ended December 31, 2025 and Interim results and report for the six months ended June 30, 2025, and has confirmed that it has complied with all applicable accounting principles, standards and requirements and that adequate disclosures have been made. The Audit Committee has discussed the audit and financial reporting matters. The Audit Committee has reviewed important matters relating to financial reporting, the effectiveness of the risk management and internal control systems and internal audit function, the change of an external auditor, and arrangements for employees to report possible misconduct. The Audit Committee conducts an annual review on the risk management and internal control systems.

The attendance record of the Audit Committee for the year ended December 31, 2025 is set out in "Attendance at Board and Committee Meetings".

During the year ended December 31, 2025, the Board did not deviate from any of the recommendations made by the Audit Committee with respect to the selection, appointment, resignation or removal of the external auditor.

### Remuneration Committee

As of the end of the Reporting Period, the Remuneration Committee comprised three members, including two independent non-executive Directors and one non-executive Director, namely, Ms. Ke Yele (柯燁樂), Dr. Yang Qiang (楊強) and Mr. Li Jianbin (李建濱). Ms. Ke Yele serves as the chairlady of the Remuneration Committee. The Remuneration Committee has adopted written terms of reference which deal clearly with its duties and responsibilities (the terms of reference are available on the websites of the Company and Stock Exchange).

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies, assessing performance of executive Directors, terms of executive Directors' services contracts and reviewing matters relating to share scheme. The Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

During the Reporting Period, the Remuneration Committee held 7 meetings. During the meetings, the Remuneration Committee reviewed, among others, the remuneration policy and remuneration packages of the Directors and senior management and provided recommendations to the Board in this regard. Details of the meetings include: providing recommendations to the Board on the remuneration packages of individual executive directors, non-executive directors and senior management; and reviewing and/or approving matters in connection with share scheme pursuant to Chapter 17 of the Listing Rules.

The following table sets out the range of remuneration payable to the Company's senior management (other than Directors) for the year ended December 31, 2025:

Remuneration	Number of members
Nil to HK\$1 million	1
HK\$20.5 million to HK\$21 million (Note)	1
<b>Total</b>	<b>2</b>

Note: Such remuneration includes the fair value of share-based payment of approximately RMB 18.15 million.

Further details of the remuneration payable to the Directors and the five highest paid individuals for the year ended December 31, 2025 are set out in Note 11(b) and Note 11(a) to the consolidated financial statements in this report, respectively.

### Nomination Committee

As of the end of the Reporting Period, the Nomination Committee comprised three members, including one executive Director and two independent non-executive Directors, namely Dr. Dai Wenyuan (戴文淵), Ms. Ke Yele (柯燁樂) and Mr. Liu Chijin (劉持金). Dr. Dai Wenyuan serves as the chairman of the Nomination Committee. The Nomination Committee has adopted written terms of reference which deal clearly with its duties and responsibilities (the terms of reference are available on the websites of the Company and Stock Exchange). With effect from March 31, 2025, Mr. Li Jianbin, an independent non-executive Director, ceased to be a member of the Nomination Committee; and Ms. Ke Yele, an independent non-executive Director, was appointed as a member of the Nomination Committee.

In evaluating the composition of the Board, the Nomination Committee considers a number of dimensions and factors relating to Board diversity as set out in the Company's Board diversity policy (the "**Board Diversity Policy**"). The Nomination Committee discusses and agrees, as necessary, on measurable objectives for Board diversity and makes recommendations to the Board for adoption.

In identifying and selecting suitable candidates for directorship, the Nomination Committee considers, where appropriate, whether a candidate meets the relevant criteria set out in the Company's policy on nomination of directors (the "**Director Nomination Policy**") that are necessary to complement the Company's strategy and to achieve Board diversity before making recommendations to the Board.

The Board has reviewed its structure, size and composition and the independence of the independent non-executive Directors, and considers that the Board maintained an appropriate balance in terms of diversity of membership in 2025.

During the Reporting Period, the Nomination Committee held 3 meetings. During the meetings, the Nomination Committee reviewed, among others, the structure, number of members and composition of the Board and the independence of the independent non-executive Directors. Details of the meetings include: the review of the independence of independent non-executive directors; the review of the structure, size and composition of the Board as well as the Board's diversity policy; and the nomination of new Directors.

## Board Diversity Policy

The Company is committed to promoting the culture of diversity. It has strived to promote diversity to the extent practicable by taking into consideration a number of factors in its corporate governance structure.

The Company has adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of its Board in order to enhance the effectiveness of the Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, cultural background, educational background, industry experience and professional experience. The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, computer science, AI technology, legal, economics, investment and accounting. They obtained degrees in various areas including computer science, law, economics, mathematics, astrophysics, finance. The Board Diversity Policy is well implemented as evidenced by the fact that there are Directors ranging from 35 years old to 63 years old with experience from different industries, sectors and genders.

The Company will continue to take steps to promote gender diversity at all levels, including but not limited to the Board and the senior management levels. It will encourage the incumbent Board members to recommend female candidate Directors and take other actions to help achieve greater Board diversity, for example inviting some of the outstanding female staff at mid-to-senior level to attend and observe Board meetings. This will allow the Board to understand more about these potential female candidates before they are nominated to the Board and provide opportunities for potential female candidates to prepare themselves for director duties. 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 including but not limited to business operation, management, accounting and finance, legal and compliance. As such, the Company is of the view that the Board will be offered chances to identify competent female staff at mid-to-senior level to be nominated as a Director in future with a pipeline of female candidates.

The Board's diversity target is to appoint at least one female director. As at 31 December 2025 and the date of this annual report, the Company has appointed one female director, Ms. Ke Yele (柯燁樂), as an independent non-executive Director of the Company. The composition of the Board is in line with the Company's Board Diversity Policy due to the Company's existing business model and specific needs as well as the diverse backgrounds of the Directors.

The Company is committed to adopting a similar approach to promote diversity in its management, including but not limited to senior management, in order to enhance the overall effectiveness of its corporate governance.

The Nomination Committee has been delegated by the Board to be responsible for compliance with the code relating to Board diversity in the CG Code. The Nomination Committee will review the Board Diversity Policy from time to time to ensure that it remains effective.

As of December 31, 2025, we had 619 employees, of which 395 were male and 224 were female. The gender ratio of employees, including senior management, is approximately 64% male to 36% female. The Company aims to achieve a more balanced gender ratio in its workforce. The Company will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness. The Company is not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

## Director Nomination Policy

The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the Shareholders for appointment as Directors of the Company at shareholders' meetings.

The Company has a Director Nomination Policy that sets out the selection criteria and procedures and the considerations for nomination and appointment of Directors in the Board Succession Plan, which is designed to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and continuity of the Board, as well as appropriate leadership at the Board level.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and the re-election of Directors at shareholders' meetings. The Nomination Committee will make recommendations to the Board on the appointment of Directors (including independent non-executive Directors) in accordance with the following selection criteria and nomination procedures:

- (a) The Nomination Committee should give consideration to the Rules Governing the Listing Rules, the Company's Articles of Association and applicable laws and regulations in identifying individuals suitably qualified to become Directors;
- (b) The Nomination Committee will consider the following factors in evaluating candidates: (i) integrity; (ii) educational background, professional qualifications and working experience (including part-time jobs); (iii) the availability of appropriate skills and experience; (iv) whether they are able to devote sufficient time and attention to the affairs of the Company; (v) the ability to promote diversity of the Board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and (vi) whether the candidates for independent non-executive Directors meet the independence requirements under Rule 3.13 of the Listing Rules;
- (c) The Nomination Committee is required to convene a meeting and invite nominees, if any, from Board members for consideration by the Nomination Committee prior to the meeting. The Nomination Committee may nominate individuals who have not been nominated by Board members;
- (d) In respect of the appointment of any Director candidate, the Nomination Committee shall conduct sufficient due diligence on the candidate and make recommendations to the Board for its consideration; and
- (e) For the re-appointment of any existing member of the Board, the Nomination Committee shall make a recommendation for the Board's consideration. The Nomination Committee will review the Director Nomination Policy from time to time and as appropriate to ensure its effectiveness.

## Corporate Governance Functions

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

During the year ended December 31, 2025, the Board reviewed the Company's policies and practices on corporate governance, training and continuing professional development of Directors and senior management, the Company's compliance with the policies and practices as stipulated in laws and regulations and the Model Code, the Company's compliance with the CG Code and the disclosure information in this Corporate Governance Report.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for risk management and internal control systems and for reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

### Risk Management and Internal Control Governance Framework

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional departments. The Company has established an internal audit department to actively perform internal audit functions.

### Financial Reporting Risk Management

We have adopted comprehensive accounting policies in connection with our financial reporting risk management, such as financial management, budget management and financial statement preparation. We also have procedures in place to carry out such accounting policies, and our finance department reviews our management accounts in accordance with such procedures. In addition, we provide ongoing training to our finance staff to ensure that these policies are well-observed and effectively implemented.

### Information System Risk Management

Sufficient maintenance, storage and protection of our data and other related information are critical to our success. We have implemented relevant internal procedures and controls to ensure that our data is protected and that leakage and loss of such data are avoided.

We have implemented comprehensive internal policies on protecting data privacy and security under the supervision of our Chief Architect, and we have established a Data and Information Security Committee, members of which include the responsible persons in various departments such as IT, R&D, Solution Deployment, Human Resources and Compliance. The committee is responsible for formulating data and information security strategies, and decision-making in material data and information incidents. We also engage external legal counsel to review and update our internal policies and ensure continuous compliance with all applicable laws and regulations.

We implement a robust internal authentication and authorization system to ensure that our confidential and important data can only be accessed for authorized use and by authorized personnel. We have clear and strict authorization and authentication procedures and policies in place. Our employees only have access to data which is directly relevant and necessary for their responsibilities and for limited purposes and are required to verify authorization upon every access attempt.

We have established an all-round information system in reference to data security requirements, national standards and industry best practices and intend to continually invest heavily in data security and privacy protection. Our information system applies multiple layers of safeguards, including both internal and external firewalls, to identify and protect us against security attacks. We have completed various information security, privacy and compliance certifications/validations, proving the security and reliability of our data protection technologies.

## Compliance and Intellectual Property Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations, as well as the protection of our intellectual property rights. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties or us to perform contractual obligations and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements. There was no material and systemic non-compliance event during the Track Record Period and as of the Latest Practicable Date.

We have in place detailed internal procedures to ensure that our in-house legal department reviews our solutions and services, including upgrades to existing solutions, for regulatory compliance before they are made available to the general public. Our legal department may also assist in obtaining any requisite governmental pre-approvals or consent, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines and ensuring all necessary application, renewals or filings for trademark, copyright and patent registration have been timely made to the competent authorities.

## Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operation, and conduct regular reviews to monitor the status and effectiveness of those licenses and approvals. We obtain requisite governmental approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

## Human Resources Risk Management

We have established internal control and risk management policies covering various aspects of human resource management such as recruitment, training, work ethics and legal compliance. We maintain high standards in recruitment with strict procedures to ensure the quality of new hires and provide specialized training tailored to the needs of our employees in different departments. We also conduct periodic performance reviews for our employees, and their remuneration is performance-based. We monitor the implementation of internal risk management policies on a regular basis to identify, manage and mitigate internal risks in relation to the potential incompliance with our code of conduct, work ethics, and violations of our internal policies or illegal acts at all levels of our Group.

In particular, we have in place a set of comprehensive anti-corruption and anti-bribery policies within our company (the “**Anti-corruption Policy**”) to promote and support the compliance with applicable anti-corruption laws and regulations, providing guidance on anti-corruption and anti-bribery practices, the whistleblowing channel, as well as the responsibilities for implementing the policies. All of our employees and third-party agents are required to understand and comply with the Anti-corruption Policy, and we from time to time provide anti-corruption trainings to our employees and third-party agents. Under our current whistleblowing policy, one who becomes aware of any possible violations of applicable law or the Anti-corruption Policy should report the relevant incidents to the legal department immediately. Such reports will be treated with confidentiality, and the reported matter will be investigated and handled in a prompt, independent and fair manner.

## Investment Risk Management

Our investment department is responsible for investment project sourcing, screening, execution and portfolio management. The department sources investment projects in accordance with our investment strategy, and conducts thorough pre-investment due diligence to assess the risks, business synergies and potential return of the investment projects.

### Policy on the Disclosure of Inside Information

The Company has put in place an internal policy for the handling and disclosure of inside information in compliance with the SFO. The internal policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, Supervisors, senior management and relevant employees a general guide in monitoring information disclosure and responding to enquiry.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

### Effectiveness of Internal Control and Risk Management

The Audit Committee, on behalf of the Board, has conducted an annual review on the effectiveness of the Group's internal control and risk management systems for the year ended December 31, 2025. The work process of the review included, but was not limited to, listening to the business management team and the external auditor, reviewing the results of the management's self-assessment of the internal control system and the risk assessment, and discussing material risks with the senior management team. The Board is of the view that the Group's internal control and risk management systems were effective and adequate during the Reporting Period and that the Group has complied with the code provisions in relation to internal control and risk management in the CG Code.

## DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended December 31, 2025, which give a true and fair view of the affairs of the Company and the Group and of the results and cash flows of the Group.

Management has provided the Board with explanations and information necessary to enable the Board to conduct an informed assessment on the Company's consolidated financial statements, which are presented to the Board for approval. The Directors are not aware of any material uncertainties relating to events or circumstances that may cast significant doubt upon the Company's ability to continue as a going concern.

The declaration of reporting responsibility made by the independent auditor of the Company on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on Pages 78 to 83.

## AUDITOR'S REMUNERATION

The remuneration paid/payable to the Company's independent auditor, Rongcheng (Hong Kong) CPA Limited, for its audit and non-audit services for the year ended December 31, 2025 is set out below. The non-audit service conducted by the auditor is agreed-upon procedures service.

Type of services	Expenses paid/ payable RMB'000
Audit services	2,200
Non-audit services	1,000
<b>Total</b>	<b>3,200</b>

## JOINT COMPANY SECRETARIES

During the Reporting Period, Ms. Guo Qingyuan was one of the joint company secretaries of the Company and was responsible for advising the Board on corporate governance matters and ensuring compliance with the Board's policies and procedures, applicable laws, rules and regulations. Subsequently, on January 21, 2025, Mr. Peng Jun was appointed as one of the joint company secretaries of the Company. On the same date, Ms. Guo Qingyuan resigned as the joint company secretary of the Company. On January 26, 2026, Mr. Peng Jun tendered his resignation as the joint company secretary of the Company.

During the Reporting Period, the Company appointed Ms. Yeung Siu Wai Kitty ("**Ms. Yeung**"), a senior manager of company secretarial services of Tricor Services Limited, a member of Vistra Group, as the other joint company secretary of the Company to assist Ms. Guo Qingyuan/Mr. Peng Jun in discharging her/his duties as the company secretary of the Company, in order to maintain good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws. With effect from January 26, 2026, Ms. Yeung has served as the sole company secretary of the Company. Mr. Liu Nan, the chief financial officer of the Company, serves as the contact person of Ms. Yeung at the Company.

During the year ended December 31, 2025, each of Mr. Peng Jun and Ms. Yeung received no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

## ARTICLES OF ASSOCIATION

To further improve the corporate governance structure, in accordance with the Company Law of the People's Republic of China, the Guidelines on Articles of Association of Listed Companies (2025 Revision), the Listing Rules and other relevant laws and regulations, the Board resolved on May 27, 2025 to propose amendments to the Articles of Association of the Company to, among other things, remove the supervisory committee, change the registered address of the Company and increase the number of Directors. On May 27, 2025, the Board also proposed to amend the Rules of Procedures for the Shareholders' Meetings and the Rules of Procedures for the Board Meetings, so as to, among other things, align with the proposed amendments to the Articles of Association. On June 26, 2025, the Shareholders of the Company considered and approved the resolutions on the removal of the Supervisory Committee and the amendments to the Articles of Association, the Rules of Procedures for the Shareholders' Meetings and the Rules of Procedures for the Board Meetings at the annual shareholders' meeting of the Company (the "**AGM**"). For details, please refer to the announcements of the Company dated May 27, 2025 and June 26, 2025, and the circular dated May 27, 2025.

The Board of Directors of the Company resolved on December 1, 2025 to change the English name of the Company from "Beijing Fourth Paradigm Technology Co., Ltd." to "Phancy Group Co., Ltd.", and resolved to amend the Articles of Association of the Company to reflect the change of the English name of the Company. On December 19, 2025, the extraordinary shareholders' meeting of the Company considered and approved the resolution to amend the Articles of Association. For details, please refer to the Company's announcements dated December 1, 2025, December 19, 2025 and January 12, 2026, and the circular dated December 3, 2025.

## SHAREHOLDERS' RIGHTS

The Company communicates with its Shareholders through various communication channels. The Company's information is communicated to Shareholders in the following manner:

- Presentation of annual and interim results and reports to all Shareholders;
- Publication of announcements relating to annual and interim results on the websites of the Stock Exchange and the Company and other announcements and Shareholders' circulars pursuant to the continuous disclosure obligations under the Listing Rules; and
- The Company's shareholders' meetings, which are one of the channels for effective communication between the Board and the Shareholders.

In order to protect the interests and rights of the Shareholders, separate resolutions will be proposed at the shareholders' meetings of the Company in respect of each significant individual matter, including the election of individual Directors. Pursuant to the Listing Rules, all resolutions proposed at the shareholders' meetings will be voted on by way of a poll, the results of which will be posted on the websites of the Company and the Stock Exchange after the conclusion of the shareholders' meetings.

## CONVENING OF SHAREHOLDERS' MEETINGS

The annual shareholders' meeting shall be convened once a year and be held within six months of the end of the previous fiscal year. According to Article 55 in the Articles of Association, independent non-executive Directors shall be entitled to propose to the Board to convene an extraordinary shareholders' meeting.

Regarding the proposal requesting to convene an extraordinary shareholders' meeting by the independent non-executive Directors, the Board shall, pursuant to the relevant laws, administrative regulations and the Articles of Association of the Company, give a written reply stating its consent or reject for the convening of the extraordinary shareholders' meeting within 10 days after receiving the proposal.

If the Board agrees to convene the extraordinary shareholders' meeting, a notice for convening such meeting shall be issued within five days after the passing of the relevant Board resolution. If the Board does not agree to convene the extraordinary shareholders' meeting, it shall state the reasons therefor and make an announcement thereof.

Pursuant to Article 56 of the Company's Articles of Association, the Audit Committee shall propose in writing to the Board to convene an extraordinary shareholders' meeting. The Board shall, pursuant to the relevant laws, administrative regulations and the Articles of Association of the Company, give a written reply stating its consent or reject for the convening of the extraordinary shareholders' meeting within 10 days after receiving the proposal.

If the Board agrees to convene the extraordinary shareholders' meeting, the notice of convening such meeting shall be issued within 5 days after it passes a resolution. Any changes to the original proposal in the notice should be approved by the Audit Committee.

If the Board makes a rejection or does not respond within 10 days of receipt of the proposal, it shall be deemed to be unable to fulfill or fail to meet its duty of convening the extraordinary shareholders' meeting, and the Audit Committee may convene and preside over the meeting on its own.

Pursuant to Article 57 of the Company's Articles of Association, Shareholders holding, individually or collectively, 10% or more of the shares entitled to vote at such proposed meeting are entitled to request in writing the Board to convene an extraordinary shareholders' meeting. The Board shall, in accordance with the laws, administrative regulations, the Listing Rules of the Stock Exchange on which the Company's Shares are listed and the Company's Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary shareholders' meeting within 10 days after receipt of the written request.

In the event that the Board of Directors agrees to convene an extraordinary shareholders' meeting, the notice of the shareholders' meeting shall be issued within 5 days after the passing of the relevant resolution of the Board of Directors. Any changes to the original proposal made in the notice shall be subject to the consent of the relevant Shareholders.

In the event that the Board does not agree to convene an extraordinary shareholders' meeting or does not furnish any reply within 10 days after receiving such request, shareholders alone or in aggregate holding 10% or more of the Company's shares shall be entitled to propose to the Audit Committee the convening of the extraordinary shareholders' meeting, and such proposal shall be made in writing.

In the event that the Audit Committee agrees to convene an extraordinary shareholders' meeting, the notice of the shareholders' meeting shall be issued within 5 days after receiving such request. Any changes to the original request made in the notice shall be subject to the consent of the shareholders concerned.

In the event that the Audit Committee fails to issue a notice of the shareholders' meeting within the stipulated period, the Audit Committee shall be deemed not to convene or preside over a shareholders' meeting, and shareholders alone or in aggregate holding 10% or more of the Company's shares for 90 consecutive days or more shall be entitled to convene and preside over the meeting on their own.

## **PRESENTATION OF RESOLUTIONS AT SHAREHOLDERS' MEETINGS**

When the Company convenes a Shareholders' meeting, the Board, the Audit Committee and Shareholders who individually or collectively own more than 1% of the Company's Shares have the right to propose a resolution to the Company.

Shareholders who individually or collectively hold more than 1% of the Shares of the Company may propose temporary resolutions and submit them in writing to the convener 10 days before the shareholders' meeting is held. The convener shall issue a supplemental notice of the shareholders' meeting within two days after receiving the proposed resolution announcing the contents of the temporary resolution.

Save as provided above, the convener shall not amend resolutions stated in or add new resolutions to the notice of the shareholders' meeting after the same has been issued and announced.

No voting or resolution shall be executed or adopted at the shareholders' meeting for resolutions that have not been stated in the notice of the shareholders' meeting or that do not comply with the Articles of Association.

## MAKING ENQUIRIES TO THE BOARD

Shareholders who wish to make any enquiries to the Board may send their written enquiries to the Company. The Company generally does not handle verbal or anonymous enquiries.

### Contact Details

Shareholders may send such enquiries or requests or put forward proposals in the following manner:

Address: Block A, Hongyuan New Era, Shangdi West Road, Haidian District, Beijing, the PRC

Email: IR@4paradigm.com

For the avoidance of doubt, to be valid, a Shareholder must send a duly signed original of a written request, notice or statement or enquiry (as the case may be) to the above address, giving his/her full name, contact details and identity. Shareholder information may be disclosed as required by law.

## SHAREHOLDER COMMUNICATION POLICY

The Company recognizes that effective communication with its Shareholders is essential in fostering investor relations and deepening investors' understanding of the Group's business performance and strategy. Accordingly, the Company has set up a website ([www.4paradigm.com](http://www.4paradigm.com)) from which the public can obtain relevant and up-to-date information, the latest developments regarding its business operations and development, its financial information and corporate governance practices and other data. Information uploaded by the Company to the Stock Exchange's website will also be immediately posted on the Company's website.

The Company also endeavors to maintain an ongoing dialogue with its Shareholders, especially through annual shareholders' meetings and other shareholders' meetings, so as to obtain information about the Company, including its latest strategic plans, products and profit distribution plans. The Directors (or their representatives, as the case may be) will meet with Shareholders and respond to their enquiries at the annual shareholders' meeting.

The Company has a Shareholder Communication Policy in place. During the year ended December 31, 2025, the Board reviewed the implementation and effectiveness of the Policy, and all the results of the review were satisfactory on the basis that the Shareholder Communication Policy provides sufficient channel to provide information to the Shareholders and solicit views from the Shareholders.

## DIVIDEND POLICY

The Company has adopted a dividend policy (the “**Dividend Policy**”) in accordance with Code Provision F.1.1 in the CG Code. In recommending the payment of a dividend and determining the amount of the dividend, the Board shall consider, among other things, (i) our actual and estimated financial performance; (ii) our estimated working capital requirements, capital expenditure requirements and future business expansion plans; (iii) our current and future cash flows; (iv) other internal and external factors that may affect our business operations or financial performance and condition; and (v) other factors that our Board deem relevant.

The Board may determine and pay to the Shareholders of the Company such interim and final dividends as it thinks fit, subject to the approval of the Shareholders at a shareholders’ meeting of the Company.

Taking into account the business development needs of the Company and the factors set out in the Dividend Policy, the Board does not recommend the payment of a final dividend for the year ended December 31, 2025.

As of December 31, 2025, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

# 容诚 | RCHK

**To the Shareholders of Phancy Group Co., Ltd.**  
**(formerly known as Beijing Fourth Paradigm Technology Co., Ltd)**  
*(incorporated in the People's Republic of China with limited liability)*

## OPINION

We have audited the consolidated financial statements of Phancy Group Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 84 to 170, which comprise the consolidated balance sheet as at December 31, 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") 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") as issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>For the year ended December 31, 2025, the Group's revenue as derived from the operations of AI Platform, and provision of application programming interface and Agentic AI services amounted to approximately RMB7,135,286,000 which were recognised upon transfer of control of products or services to the customer, at a point in time or over time, depending on the nature, terms and conditions of the business arrangements.</p> <p>We identified revenue recognition as a key audit matter due to the magnitude of the revenue transactions and number of customers involved, and therefore significant effort was spent on auditing this area.</p>	<p>Our procedures in relation to revenue recognition of the Group included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the Group's revenue recognition process, evaluated management's key controls over revenue recognition and validating these key controls on a sample basis;</li> <li>• Evaluating the appropriateness of the Group's revenue recognition policies in accordance with the requirement of prevailing applicable accounting standards;</li> <li>• Testing revenue recognised during the year, on a sample basis, by tracing to relevant underlying supporting documents, including sales contracts, records of customers' acceptance on goods or services delivered and sales invoices, where applicable; and</li> <li>• Obtaining confirmations from customers, on a sample basis, to confirm the amount of transactions for the year.</li> </ul> <p>Based on the procedures performed, we found that the Group's revenue as recognised was supported by the evidence obtained.</p>

**KEY AUDIT MATTERS** (continued)

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Impairment assessment of trade receivables</b></p> <p>As at December 31, 2025, the Group's gross carrying amount of trade receivables amounting to approximately RMB2,633,458,000, which represented approximately 28.3% of the total assets of the Group. Loss allowances for expected credit losses ("ECL") amounting to approximately RMB292,576,000 has been provided on these trade receivables.</p> <p>The Group applied the simplified approach as permitted by International Financial Reporting Standard 9 Financial Instruments to determine the amounts of ECL on trade receivables. To measure ECL, the management of the Group estimates the amount of lifetime ECL on (i) credit impaired trade receivables individually; and (ii) remaining trade receivables are grouped based on their nature and risk characteristics, and then analysing their aging information and historical observed default rate before further incorporating forward-looking information that is reasonable and supportable, and available without undue cost or effort at the reporting date.</p> <p>We focused on this area due to the significance of the balance of trade receivables and significant degree of estimation was involved in the assessment of ECL as mentioned above.</p>	<p>Our procedures in relation to impairment assessment of trade receivables included:</p> <ul style="list-style-type: none"> <li>• Understanding the key controls on how the management estimates the loss allowances for trade receivables;</li> <li>• Understanding and assessing the appropriateness of management's methodology for identifying credit impaired trade receivables;</li> <li>• Evaluating the appropriateness of the grouping of trade receivables with reference to their shared credit risk characteristics;</li> <li>• Testing the accuracy of trade receivables aging analysis, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices; and</li> <li>• Evaluating the reasonableness of the credit loss allowances on trade receivable with reference to historical observed default rate and forward-looking information.</li> </ul> <p>Based on the procedures performed, we considered the methodology, significant judgements and estimates as adopted by management in the impairment assessment of trade receivables were supported by the evidence obtained.</p>

## OTHER MATTER

The consolidated financial statements of the Group for the year ended December 31, 2024 were audited by another auditor who expressed an unqualified opinion on those statements on March 31, 2025.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 THOSE CHARGED WITH GOVERNANCE 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 as issued by IASB 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.

Those Charged with Governance are 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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.

We communicate with those charged with governance 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 those charged with governance 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.

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

From the matters communicated with those charged with governance, 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.

### **Rongcheng (Hong Kong) CPA Limited**

*Certified Public Accountants*

### **Fong Ho Keung**

*Practicing Certificate Number: P08079*

Hong Kong

March 30, 2026

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
<b>Revenue</b>	7	<b>7,135,286</b>	5,260,650
Cost of sales	10	<b>(4,651,850)</b>	(3,015,821)
<b>Gross profit</b>		<b>2,483,436</b>	2,244,829
Selling and marketing expenses	10	<b>(205,183)</b>	(268,699)
Administrative expenses	10	<b>(154,374)</b>	(193,310)
Research and development expenses	10	<b>(2,337,401)</b>	(2,169,767)
Provision for credit loss allowance, net		<b>(17,398)</b>	(199,961)
Other income	8	<b>96,241</b>	120,145
Other gains or losses, net	9	<b>1,210</b>	111,681
<b>Operating loss</b>		<b>(133,469)</b>	(355,082)
Share of results of investments accounted for using the equity method	19	<b>17,410</b>	19,265
Finance income	12	<b>77,320</b>	51,866
Finance costs	12	<b>(1,031)</b>	(6,137)
<b>Loss before tax</b>		<b>(39,770)</b>	(290,088)
Income tax credit/(expenses)	13	<b>1,992</b>	(6,179)
<b>Loss for the year</b>		<b>(37,778)</b>	(296,267)
<b>Other comprehensive (loss)/income:</b>			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		<b>(13,231)</b>	3,258
<i>Item that will not be reclassified to profit or loss</i>			
Share of other comprehensive loss of investments accounted for using the equity method	19	<b>-</b>	(10,961)
<b>Other comprehensive loss for the year, net of tax</b>		<b>(13,231)</b>	(7,703)
<b>Total comprehensive loss for the year</b>		<b>(51,009)</b>	(303,970)
<b>Loss attributable to:</b>			
Owners of the Company		<b>(26,266)</b>	(268,788)
Non-controlling interests		<b>(11,512)</b>	(27,479)
		<b>(37,778)</b>	(296,267)



	Notes	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(39,497)	(276,491)
Non-controlling interests		(11,512)	(27,479)
		(51,009)	(303,970)
<b>Loss per share for loss attributable to owners of the Company (expressed in RMB per share)</b>			
	14		
Basic		(0.05)	(0.58)
Diluted		(0.05)	(0.58)

## CONSOLIDATED BALANCE SHEET

		As at December 31,	
		2025	2024
		RMB'000	RMB'000
	Notes		
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets	15(a)	14,554	24,299
Property and equipment	16	291,037	34,685
Intangible assets	17	476	189,747
Investments accounted for using the equity method	19	718,071	554,509
Financial assets at fair value through profit or loss	20	711,131	459,968
Contract assets	7(b)	–	1,236
Term bank deposits	24(c)	566,459	405,009
Prepayments and other receivables	23	22,303	227,927
		<b>2,324,031</b>	1,897,380
<b>Current assets</b>			
Inventories	21	328,512	171,617
Contract assets	7(b)	1,266	1,026
Trade receivables	22	2,340,882	3,085,640
Prepayments and other receivables	23	1,090,751	535,966
Financial assets at fair value through profit or loss	20	832,353	475,234
Term bank deposits	24(c)	377,559	559,653
Restricted cash	24(b)	465	2,511
Cash and cash equivalents	24(a)	1,997,010	858,618
		<b>6,968,798</b>	5,690,265
<b>Total assets</b>		<b>9,292,829</b>	7,587,645
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	25	519,679	465,859
Treasury stock	26	(28,947)	(18,107)
Shares held for share award schemes	26	(255)	–
Reserves	26	12,416,509	9,969,530
Accumulated losses		(5,381,429)	(5,355,163)
		<b>7,525,557</b>	5,062,119
<b>Non-controlling interests</b>		<b>(21,854)</b>	8,769
<b>Total equity</b>		<b>7,503,703</b>	5,070,888

	Notes	As at December 31,	
		2025 RMB'000	2024 RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	15(b)	1,023	11,470
Deferred tax liabilities	30	6,337	7,782
Borrowings	31	178,500	–
Other liabilities	32	17,743	–
		<b>203,603</b>	19,252
<b>Current liabilities</b>			
Trade payables	28	1,172,241	2,183,263
Other payables and accruals	29	45,883	94,789
Contract liabilities	7(c)	305,031	173,055
Lease liabilities	15(b)	10,532	11,009
Income tax payables		–	1,336
Borrowings	31	23,383	5,883
Other liabilities	32	28,453	28,170
		<b>1,585,523</b>	2,497,505
<b>Total liabilities</b>		<b>1,789,126</b>	2,516,757
<b>Total equity and liabilities</b>		<b>9,292,829</b>	7,587,645

The consolidated financial statements on pages 84 to 170 were approved by the Board of Directors of the Company on March 30, 2026 and were signed on its behalf by:

**Dai Wenyuan**  
Director

**Yu Zhonghao**  
Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company							Total equity RMB'000
		Share capital RMB'000	Treasury stock RMB'000	Shares held for share award schemes RMB'000	Reserves (Note 26) RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	
<b>Balance at January 1, 2025</b>		465,859	(18,107)	-	9,969,530	(5,355,163)	5,062,119	8,769	5,070,888
<b>Comprehensive loss</b>									
Loss for the year		-	-	-	-	(26,266)	(26,266)	(11,512)	(37,778)
Currency translation differences		-	-	-	(13,231)	-	(13,231)	-	(13,231)
<b>Total comprehensive loss for the year</b>		-	-	-	(13,231)	(26,266)	(39,497)	(11,512)	(51,009)
<b>Transactions with owners in their capacity as owners</b>									
Shares repurchase	26	-	(10,840)	-	-	-	(10,840)	-	(10,840)
Recognition of equity-settled share-based payments	27	-	-	-	44,108	-	44,108	-	44,108
Placing of shares	25	53,820	-	-	2,419,613	-	2,473,433	-	2,473,433
Transaction costs attributable to issue of shares		-	-	-	(805)	-	(805)	-	(805)
Shares purchased and withheld for									
Share Scheme Trust	26	-	-	(9,983)	-	-	(9,983)	-	(9,983)
Vesting of awarded shares from									
Share Scheme Trust	26	-	-	9,728	(9,728)	-	-	-	-
Partial disposal of an associate		-	-	-	(1,434)	-	(1,434)	-	(1,434)
Partial disposal of a subsidiary with loss of control	35(a)	-	-	-	8,456	-	8,456	(19,110)	(10,654)
<b>Total transactions with owners in their capacity as owners</b>		53,820	(10,840)	(255)	2,460,210	-	2,502,935	(19,110)	2,483,825
<b>Balance at December 31, 2025</b>		519,679	(28,947)	(255)	12,416,509	(5,381,429)	7,525,557	(21,854)	7,503,703

	Notes	Attributable to owners of the Company				Subtotal RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
		Share capital (Note 25) RMB'000	Treasury stock (Note 26) RMB'000	Reserves (Note 26) RMB'000	Accumulated losses RMB'000			
<b>Balance at January 1, 2024</b>		465,859	-	9,969,638	(5,086,375)	5,349,122	103,392	5,452,514
<b>Comprehensive income/(loss)</b>								
Loss for the year		-	-	-	(268,788)	(268,788)	(27,479)	(296,267)
Currency translation differences		-	-	3,258	-	3,258	-	3,258
Share of other comprehensive loss of investments accounted for using the equity method	19	-	-	(10,961)	-	(10,961)	-	(10,961)
<b>Total comprehensive loss for the year</b>		-	-	(7,703)	(268,788)	(276,491)	(27,479)	(303,970)
<b>Transactions with owners in their capacity as owners</b>								
Shares repurchase	26	-	(18,107)	-	-	(18,107)	-	(18,107)
Recognition of equity-settled share-based payments	27	-	-	3,797	-	3,797	-	3,797
Share of reserves of investments accounted for using the equity method		-	-	3,798	-	3,798	-	3,798
Partial disposal of subsidiaries with loss of control		-	-	-	-	-	(67,144)	(67,144)
<b>Total transactions with owners in their capacity as owners</b>		-	(18,107)	7,595	-	(10,512)	(67,144)	(77,656)
<b>Balance at December 31, 2024</b>		465,859	(18,107)	9,969,530	(5,355,163)	5,062,119	8,769	5,070,888

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
<b>Cash flows from operating activities</b>			
Net cash used in operations	37(a)	(701,595)	(642,076)
Interest received		20,635	23,551
Income tax paid		–	(3,475)
<b>Net cash used in operating activities</b>		<b>(680,960)</b>	<b>(622,000)</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(266,936)	(27,578)
Purchase of intangible assets		(125)	(735)
Proceeds from disposal of property and equipment		1,077	368
Placement of term bank deposits		(8,562,669)	(1,292,093)
Withdrawal of term bank deposits		8,588,164	1,001,392
Interest income received from term bank deposits		46,660	47,871
Purchase of short-term investments measured at fair value through profit or loss		(2,266,150)	(995,000)
Purchase of long-term investments measured at fair value through profit or loss		(298,920)	(74,592)
Proceeds from disposal of short-term investments measured at fair value through profit or loss		1,911,055	1,172,898
Proceeds from disposal of long-term investments measured at fair value through profit or loss		78,244	–
Proceeds from disposal of investments accounted for using the equity method		43,600	–
Acquisition of an investment accounted for using the equity method	19	–	(300,000)
Settlement of consideration payable for business combination completed in prior years		–	(42,877)
Investment income received from disposal of short-term investments measured at fair value through profit or loss		1,763	15,169
Proceeds from partial disposal of subsidiaries with loss of control, net of cash disposed	35	64,378	18,801
Dividends received		–	2,207
Loan to related parties		(176,923)	–
<b>Net cash used in investing activities</b>		<b>(836,782)</b>	<b>(474,169)</b>

	Notes	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
<b>Cash flows from financing activities</b>			
Payments for shares repurchased		(20,823)	(18,107)
Proceeds from placing of shares		2,473,433	–
Transaction costs attributable to issue of shares		(805)	–
Proceeds from borrowings		200,000	45,666
Repayment of borrowings		(4,000)	(39,980)
Interest expenses paid		(72)	(1,446)
Payment of lease liabilities		(11,907)	(25,564)
Advance from a non-controlling shareholder		8,800	8,500
Payment of listing expenses capitalised or to be capitalised		(2,663)	–
<b>Net cash from/(used in) financing activities</b>		<b>2,641,963</b>	<b>(30,931)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		858,618	1,977,891
Effects of exchange rate changes on cash and cash equivalents		14,171	7,827
Cash and cash equivalents at the end of the year	24(a)	<b>1,997,010</b>	858,618

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Phancy Group Co., Ltd. (the “Company”) was incorporated in Shenzhen, the People’s Republic of China (the “PRC”) on September 17, 2014 as a limited liability company, and relocated to Beijing, the PRC on April 21, 2021. On July 9, 2021, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The address of the Company’s registered office is Room 303, 3/F, Block A, Heying Centre, Building 1, No. 10 Xiaoying West Road, Haidian District, Beijing, the PRC.

The Company has changed its English name from “Beijing Fourth Paradigm Technology Co., Ltd” to “Phancy Group Co., Ltd.” with effect from January 7, 2026 and the name in Chinese from “北京第四範式智能技術股份有限公司” to “範式智能技術集團股份有限公司” with effect from February 4, 2026 in Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”) are primarily engaged in operations of artificial intelligence (“AI”) platform, and provision of Application Programming Interface (“API”) and Agentic AI services in the PRC and certain overseas countries and regions.

Dr. Dai Wenyuan is the ultimate controlling shareholder of the Group as at the date of approval of these consolidated financial statements.

The consolidated financial statements of the Group are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

## 2 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

### Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

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

## 2 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

(continued)

### New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards IFRS 18	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>2</sup>
Amendments to IAS 21	Presentation and Disclosure in Financial Statements <sup>3</sup>
	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2026.

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2027.

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

### IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 17. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated financial statements.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

#### 3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

#### 3.2 Material accounting policy information

##### (a) Basis of consolidation and equity accounting

###### (i) *Subsidiaries*

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power 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.

Intra-group 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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity.

###### (ii) *Associates*

An associate is an entity 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 (iv) below), after initially being recognised at cost.

###### (iii) *Joint arrangements*

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (a) Basis of consolidation and equity accounting (continued)

##### (iv) *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 other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures 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 and joint ventures 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 equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity of the Group that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the Group may elect to measure that investments at fair value through profit or loss ("FVTPL") in accordance with IFRS 9 *Financial Instruments*. The Group shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture.

##### (v) *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (b) Intangible assets

##### (i) Goodwill

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

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

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

##### (ii) Other intangible assets

Other intangible assets mainly include software and copyright, technology, customer relationship and brand name. They are initially recognised and measured at cost or fair value of intangible assets acquired through business combination. The Group amortises these intangible assets with a limited useful life using the straight-line method over the following periods:

Software and copyright	3-5 years
Technology	5 years
Customer relationship	5-7 years
Brand name	10 years

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

In particular, the Company determined the estimated useful life of customer relationship with consideration of the historical cooperation period of existing clients, degree of customer loyalty and historical attrition situation of the customers. In relation to the brand name, the Company considered the historical presence of the brand, its market share in relevant industry, and the remaining period of its business license in determining its estimated useful life.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (b) Intangible assets (continued)

##### (iii) *Research and development expenditures*

Research expenditures is recognised as an expense as incurred. Development cost is capitalised only if all of the following conditions are satisfied:

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

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

##### (c) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal 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 CGUs. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (d) Investments and other financial assets

###### (i) **Classification**

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

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

The classification depends on the 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 other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

###### (ii) **Measurement**

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

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (d) Investments and other financial assets (continued)

##### (ii) **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. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income ("FVTOCI"):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. 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 income.

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of comprehensive income within other gains/losses, net in the period in which it arises.

###### *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 other comprehensive income, 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 FVTPL are recognised in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (d) Investments and other financial assets (continued)

##### *(iii) Impairment*

The Group assesses on a forward-looking basis for the expected credit losses (“ECL”) on financial assets (including trade receivables, other receivables, term bank deposits, restricted cash and cash and cash equivalents), which is subject to impairment under IFRS 9. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For others, it is measured as either 12-month ECL (“12m ECL”) or lifetime ECL, 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 ECL.

##### *(iv) Derecognition*

##### *Financial assets*

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows (“pass through” requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred;
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (d) Investments and other financial assets (continued)

###### (iv) **Derecognition** (continued)

###### *Other financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

##### (e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

##### (f) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventory 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.

The Group also recognises the inventory of contract fulfilment cost from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The contract fulfilment cost recognised shall be amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

**(f) Inventories** (continued)

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of contract fulfilment cost recognised exceeds:

- the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates; less
- the costs that relate directly to providing those services and that have not been recognised as expenses.

**(g) Cash and cash equivalents and restricted cash**

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

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheet, and is not included in the total cash and cash equivalents in the consolidated statement of cash flows.

**(h) Share capital and treasury stock**

Ordinary shares and share capital from owners are classified as equity.

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

The Company accounts for treasury shares from shares repurchase using the cost method. Under this method, the cost incurred to purchase the shares is recorded in the treasury shares account on the consolidated balance sheet. At retirement of the treasury shares, the ordinary shares account is charged only for the aggregate par value of the shares. The excess of the acquisition cost of treasury shares over the aggregate par value is allocated between additional paid-in capital and retained earnings.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (i) Current and deferred tax

The income tax expense for the period comprises current and deferred tax. Income 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 income tax is also recognised in other comprehensive income or directly in equity, respectively.

##### **Current tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company, its subsidiaries, associates and joint ventures 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.

##### **Deferred tax**

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred 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 tax asset is realised or the deferred 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 are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (j) Employee benefits

###### ***Pension obligations and other social welfare benefits***

Full-time employees of the Group in the PRC are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurances, medical insurances, unemployment benefits and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labor regulation requires that the Group make contributions to the government for these benefits based on certain percentage of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the required contributions.

###### ***Employee leave entitlements***

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

###### ***Bonus plans***

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.

###### ***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.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (k) Share-based payments

###### ***Equity-settled share-based payment transactions***

The Group operates certain share incentive plans, under which it receives services from employees as consideration for equity instruments of the Company. The fair value of the services received in exchange for the grant of the equity instruments is recognised as an expense on the consolidated statement of comprehensive income with a corresponding increase in equity.

In terms of the options granted to employees, the total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Service and non-marketing performance vesting conditions are included in calculation of the number of options and shares that are expected to vest. The total amount expensed 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 and non-marketing vesting performance conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

In some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in reserves will continue to be held in reserves.

###### ***Cash-settled share-based payment transactions***

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is with recognition of a corresponding liability. The liability is re-measured at each reporting date up to and at the date of settlement, with any changes in fair value recognised in profit or loss for the period. The Group did not have any cash-settled share-based payment during the reporting periods.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (I) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods sold or services supplied, stated net of discounts, returns and value-added taxes. The Group recognises revenue when the specific criteria have been met for each of the Group's activities, as described below.

##### **AI platform**

The AI platform are platform and ready-to-use applications and related equipment of which are delivered primarily as:

- (a) licensed software installed at the end users' servers and,
- (b) all-in-one server or other related hardware with pre-installed software, which is combined into a single performance obligation for the server/hardware and pre-installed software are highly integrated and the integration between the server/hardware and pre-installed software is critical for the customer to obtain the intended benefit from the arrangement.

Revenue from delivering of (a) licensed software installed at the end users' servers and (b) all-in-one server or other related hardware with pre-installed software is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the application software and the all-in-one server or other related hardware. In other circumstance, the platform and ready-to-use applications and related equipment are delivered to end users for usage with a subscription period, the revenue is recognised over the subscription period.

##### **API and Agentic AI services**

The Group recognised revenues from API and Agentic AI services when the services are rendered, or when the control of the products is transferred to customers.

##### *Contract balance*

Timing of revenue recognition may differ from the timing of invoicing to customers. The Group may perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, also may has a right to an amount of consideration before transferring goods or services to a customer. The Group recognises a contract asset or a contract liability in the balance sheet, depending on the relationship between the Group's performance and the customer's payment.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### **(m) Leases**

The Group assesses whether a contract is or contains a lease at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these short-term leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in the consolidated statement of cash flows from operating activities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the Group considers its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the Group is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognised as an expense in the consolidated statement of comprehensive income in the period in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase option. The corresponding adjustment is made to the related right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term.

The principal portion of the lease payments and the interest component are presented within financing activities in the consolidated statement of cash flows.

##### **(n) Government grant**

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 costs 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 property and equipment and other non-current assets are included in the liabilities and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (o) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of 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 a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period 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.

##### (p) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income 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.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (q) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. 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 the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

Buildings	Over the shorter of the term of the lease, or 50 years
Server and electronic equipment	3-5 years
Office equipment	3-5 years
Leasehold improvements	Estimated useful lives or remaining lease terms, whichever is shorter

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.

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 income.

##### (r) Trade and other receivables

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

Trade and other 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 and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

**(s) Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**(t) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest 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 pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 end of the reporting period.

**(u) Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.2 Material accounting policy information (continued)

##### (v) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

##### (w) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

##### (x) Interest income

Interest income from financial assets at FVTPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at FVTOCI calculated using the effective interest method is recognised in profit or loss as part of finance income.

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).

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Estimates and judgments 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.

### (a) Fair value of financial assets

Fair value of financial assets, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity risks, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in Note 6.3.

### (b) Impairment assessment of trade receivables

The credit loss allowance for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the aging information of trade receivables and historical observed default rate, as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Notes 6.1 and 22.

### (c) Valuation of share-based payments

The fair value of share options at the grant date are determined by using valuation techniques. Significant estimates on assumptions, such as risk-free interest rate, volatility, dividend yield and lack of marketability discount are made based on management's best estimates. Further details are included in Note 27.

### (d) Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent in the provision of certain services to its customers require judgment and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers whether the Group controls the specified good or service before it is transferred to the customer. If the conclusion is not clear, the Group further considers the indicators of control, individually or in combination, including (i) primarily responsibility for fulfilling the contract, (ii) inventory risk, and (iii) discretion in establishing prices.

### (e) Income taxes

Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the year in which such determination is made.

For temporary differences or tax losses which give rise to deferred tax assets, the Group assesses the likelihood that the deferred tax assets could be recovered. Deferred tax assets are recognised based on the Group's estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future.

## 5 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31,	
	2025 RMB'000	2024 RMB'000
<b>Assets as per balance sheets</b>		
Financial assets at FVTPL:		
– Listed equity securities	3,011	–
– Unlisted equity securities	333,684	113,695
– Wealth management products	310,032	–
– Preferred shares investments	–	3,634
– Fund investments	896,757	817,873
Financial assets at amortised cost:		
– Trade receivables	2,340,882	3,085,640
– Other receivables (excluding deductible value-added input tax)	361,255	196,553
– Term bank deposits	944,018	964,662
– Restricted cash	465	2,511
– Cash and cash equivalents	1,997,010	858,618
	<b>7,187,114</b>	<b>6,043,186</b>
<b>Liabilities as per balance sheets</b>		
Financial liabilities at amortised cost:		
– Trade payables	1,172,241	2,183,263
– Other payables and accruals (excluding payroll payables and other taxes payables)	12,265	64,365
– Borrowings	201,883	5,883
– Payable for acquisition of subsidiaries	18,840	18,840
Lease liabilities	11,555	22,479
	<b>1,416,784</b>	<b>2,294,830</b>

## 6 FINANCIAL RISK MANAGEMENT

### 6.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price 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. Risk management is carried out by the senior management of the Group.

#### (a) Market risk

##### ***Foreign exchange risk***

Foreign exchange risk primarily arises from recognised assets and liabilities denominated in a currency other than the functional currency of entities comprising the Group. The Group operates mainly in the PRC with most of the transactions settled in RMB.

If RMB had strengthened/weakened by 5% against United States dollar ("USD") with all other variables held constant, the loss before tax for the year ended December 31, 2025 would have been approximately RMB93,787,000 (2024: RMB43,427,000) higher/lower, respectively, as a result of net foreign exchange losses on translation of net monetary assets denominated in USD.

##### ***Interest rate risk***

As at December 31, 2025 and 2024, the Group's interest rate risk primarily arose from borrowings, term bank deposits 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.

All the Group's interest bearing borrowings bear fixed interest rates as at December 31, 2025 and 2024, and hence are not subject to cash flow interest rate risk.

If the interest rate of cash and cash equivalents had been 50 basis points higher/lower, the loss before income tax for the year ended December 31, 2025 would have been approximately RMB9,985,000 (2024: RMB4,293,000) lower/higher, respectively.

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

##### ***Price risk***

The Group is exposed to price risk in respect of the long-term investments and short-term investments held by the Group and classified in the balance sheet as at FVTPL. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments are managed by management one by one, either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. The sensitivity analysis is performed by management as set out in Note 6.3.

## 6 FINANCIAL RISK MANAGEMENT (continued)

### 6.1 Financial risk factors (continued)

#### (b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, term bank deposits, trade receivables, other receivables and contract assets. The carrying amounts of each class of the above financial assets and contract assets represent the Group's maximum exposure to credit risk in relation to financial assets and contract assets.

To manage risk arising from cash and cash equivalents, restricted cash and term bank deposits, the Group only transacts with state-owned banks and reputable or licensed financial institutions. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables and contract assets, the Group has policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers are assessed by taking into account their financial position, past experience and other factors.

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 experiences.

#### **Impairment of financial assets and contract assets**

The Group performs impairment assessment under the ECL model on financial assets at amortised cost (mainly including trade receivables and other receivables) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

#### *Trade receivables and contract assets*

For trade receivables and contract assets, the Group applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables and contract assets. To measure ECL, trade receivables and contract assets have been grouped based on their nature and risk characteristics, and then analysing their aging information and historical observed default rate before further incorporating forward-looking information that is reasonable and supportable, and available without undue cost or effort at the reporting date. Details of credit loss allowance of trade receivables and contract assets as at December 31, 2025 and 2024 were included in Notes 22 and 7(b), respectively.

## 6 FINANCIAL RISK MANAGEMENT (continued)

### 6.1 Financial risk factors (continued)

#### (b) Credit risk (continued)

##### **Impairment of financial assets and contract assets** (continued)

###### *Other receivables*

Other receivables mainly include deposits and other receivables from third party customers. The management of the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences. The Group measures credit risk using Probability of Default (“PD”), Exposure at Default (“EAD”) and Loss Given Default (“LGD”). This is similar to the approach used for the purposes of measuring ECL under IFRS 9.

- Other receivables that are not credit-impaired on initial recognition are classified in ‘Stage 1’ and have their credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.
- If a significant increase in credit risk (specifically, when the debtor is more than 30 day past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired. The ECL is measured on lifetime basis.
- If the financial instrument is credit-impaired (specifically, when the debtor is more than 90 days past due on its contractual payments), the financial instrument is then moved to ‘Stage 3’. The ECL is measured on lifetime basis.

##### **Write-off policy**

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

## 6 FINANCIAL RISK MANAGEMENT (continued)

### 6.1 Financial risk factors (continued)

#### (c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents or adjust financing arrangements to meet the Group's liquidity requirements.

The table below analyses the Group's non-derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 year and 2 years RMB'000	Between 2 years and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
<b>At December 31, 2025</b>					
Borrowings	29,846	5,953	179,952	215,751	201,883
Trade payables	1,172,241	-	-	1,172,241	1,172,241
Other payables (excluding payroll payables and other taxes payables)	12,265	-	-	12,265	12,265
Lease liabilities	10,532	1,029	-	11,561	11,555
Payable for acquisition of subsidiaries	20,000	-	-	20,000	18,840
<b>At December 31, 2024</b>					
Borrowings	5,907	-	-	5,907	5,883
Trade payables	2,183,263	-	-	2,183,263	2,183,263
Other payables (excluding payroll payables and other taxes payables)	64,365	-	-	64,365	64,365
Lease liabilities	11,689	10,031	1,743	23,463	22,479
Payable for acquisition of subsidiaries	20,000	-	-	20,000	18,840

### 6.2 Capital management

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

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is not significant.

The directors of the Company believe that the Group's available cash and cash equivalents as well as access to borrowing facilities, will be sufficient to fund capital expenditures, debt servicing and other cash requirements going forward.

## 6 FINANCIAL RISK MANAGEMENT (continued)

### 6.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at each balance sheet dates, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>At December 31, 2025</b>				
<b>Assets</b>				
Long-term investments measured at FVTPL	–	–	711,131	711,131
Short-term investments measured at FVTPL	3,011	310,032	519,310	832,353
	<b>3,011</b>	<b>310,032</b>	<b>1,230,441</b>	<b>1,543,484</b>
<b>At December 31, 2024</b>				
<b>Assets</b>				
Long-term investments measured at FVTPL	–	–	459,968	459,968
Short-term investments measured at FVTPL	–	–	475,234	475,234
	–	–	935,202	935,202

The fair value of short-term investments measured at FVTPL categorised as level 1 were determined by quoted prices in active markets.

The fair value of short-term investments measured at FVTPL categorised as level 2 were determined by quoted market values provided by financial institutions which represented the fair value of the underlying investments.

In addition, there is a contingent put option granted to the buyer from the partial disposal of a subsidiary with loss of control during the year ended December 31, 2024 (see Note35(b)), according to which, if the buyer does not pay the consideration to the Group in certain situation, the buyer could put his shares to the Group. The Group recognised such consideration receivable with the embedded put option as financial assets measured at fair value and evaluates the fair value of the consideration receivable at every balance sheet date. As at December 31, 2025, the balance of the fair value measured consideration receivables from the partial disposal of a subsidiary with loss of control were RMB65,997,000 (2024: RMB72,598,000), recorded in prepayments and other receivables.

## 6 FINANCIAL RISK MANAGEMENT (continued)

### 6.3 Fair value estimation (continued)

The following table presents the changes in level 3 instruments of unlisted equity securities measured at FVTPL during the years ended December 31, 2025 and 2024.

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>At the beginning of the year</b>	<b>113,695</b>	84,858
Additions	<b>218,920</b>	–
Changes in fair value	<b>1,069</b>	28,837
<b>At the end of the year</b>	<b>333,684</b>	113,695

The following table presents the changes in level 3 instruments of preferred shares investments measured at FVTPL for the years ended December 31, 2025 and 2024.

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>At the beginning of the year</b>	<b>3,634</b>	20,372
Disposals	–	(3,091)
Changes in fair value	<b>(3,634)</b>	(13,647)
<b>At the end of the year</b>	<b>–</b>	3,634

The following table presents the changes in level 3 instruments of fund investments measured at FVTPL for the years ended December 31, 2025 and 2024.

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>At the beginning of the year</b>	<b>817,873</b>	807,084
Additions	<b>196,152</b>	1,069,592
Dividends	–	(2,207)
Disposals	<b>(150,399)</b>	(1,081,824)
Changes in fair value	<b>33,131</b>	23,021
<b>At the end of the year</b>	<b>896,757</b>	817,873

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts were involved when necessary.

## 6 FINANCIAL RISK MANAGEMENT (continued)

### 6.3 Fair value estimation (continued)

As at December 31, 2025 and 2024, the valuation of the level 3 instruments mainly included long-term investments in unlisted equity securities, preferred shares and fund investments measured at FVTPL and short-term investments in wealth management products and fund investments measured at FVTPL. As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows and market approach etc.

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

Description	Fair values		Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair values
	As at December 31,			As at December 31,		
	2025	2024		2025	2024	
	RMB'000	RMB'000				
Long-term investments measured at FVTPL:						
- Unlisted equity securities and preferred shares investments	333,684	117,329	Expected volatility	43.57%-61.84%	47.56%-61.79%	The higher the expected volatility, the lower the fair value
			Discount for lack of marketability ("DLOM")	10.00%-22.00%	18.00%-26.00%	The higher the DLOM, the lower the fair value
- Fund investments (note)	377,447	342,639	N/A	N/A	N/A	N/A
	711,131	459,968				
Short-term investments measured at FVTPL:						
- Fund investments (note)	519,310	475,234	N/A	N/A	N/A	N/A
	519,310	475,234				

Note: The Group determines the fair values of its fund investments as at the reporting date based on the reported net asset values of the respective funds as provided and evaluated by fund managers.

If the fair values of the above long-term investments and short-term investments measured at FVTPL held by the Group had been 0.5% higher/lower, the loss before tax for the year ended December 31, 2025 would have been approximately RMB6,152,000 (2024: RMB4,698,000) lower/higher, respectively.

The Group believes that any reasonably possible change in assumptions used for the significant unobservable inputs would not have any significant impact on the Group's profit or loss.

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

The carrying amounts of the Group's financial assets that are not measured at fair value including cash and cash equivalents, restricted cash, term bank deposits, trade receivables and other receivables, and the Group's financial liabilities that are not measured at fair value, including borrowings, lease liabilities, trade payables, other payables and payable for acquisition of subsidiaries, approximate their fair values due to their short maturities or the financial assets/liabilities bear interests at interest rates that are close to the market interest rates.

## 7 SEGMENT INFORMATION AND REVENUE

The Group's business activities primarily involve the operation of AI platform, and provision of API and Agentic AI services in the PRC.

The Group's chief operating decision maker has been identified as the Chief Executive Officer, who reviews consolidated results when making strategic decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports. As substantially all of the Group's non-current assets are located in the PRC and substantially all of the Group's revenue are derived from the PRC based on the delivery location of the goods and services, no geographical information is presented.

### (a) Revenue

For the year ended December 31, 2025, revenue from contracts with customers of approximately RMB6,552,191,000 (2024: RMB4,965,352,000) was from operations of AI Platform, and revenue of approximately RMB583,095,000 (2024: RMB295,298,000) was from provision of API and Agentic AI services.

The Group derives revenue from the transfer of goods and services at a point in time and over time are analysed as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Point in time	7,121,797	5,237,020
Over time	13,489	23,630
	<b>7,135,286</b>	5,260,650

For the year ended December 31, 2025, revenue from contracts with customers of approximately RMB1,918,548,000 (2024: RMB558,295,000) was derived from an independent external customer which accounted for approximately 26.9% (2024: 10.6%) of the Group's revenue.

## 7 SEGMENT INFORMATION AND REVENUE (continued)

### (b) Contract assets

The Group has recognised the following assets related to contracts with customers:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Contract assets		
– Current portion	1,289	1,055
– Non-current portion	–	1,271
	<b>1,289</b>	2,326
Less: credit loss allowance	(23)	(64)
	<b>1,266</b>	2,262

Contract assets are generally the final payments of revenue contracts which are due at the end of the quality assurance period (1–3 years). Contract assets are recorded as the Group has no right on these amounts of consideration when the related revenue is recognised.

### (c) Contract liabilities

The Group has recognised the following liabilities related to contracts with customers:

	As at December 31,		As at January 1,
	2025 RMB'000	2024 RMB'000	2024 RMB'000
Contract liabilities	305,031	173,055	146,184

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Due to the generally short-term duration of the relevant contracts, a majority of the contract liabilities are recognised in the following year.

The following table shows the revenue recognised in the current reporting year related to carried-forward contract liabilities:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liabilities at the beginning of the year	112,442	49,573

## 7 SEGMENT INFORMATION AND REVENUE (continued)

### (d) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from long-term contracts:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied	49,226	7,024

Management expects that 49% and 56% of the transaction price allocated to unsatisfied performance obligations as at December 31, 2025 and 2024, respectively, will be recognised as revenue within one year. The remaining 51% and 44% will be recognised over one year.

Other contracts at the end of each reporting period had an original expected duration of one year or less and thus the Group applied the expedient under IFRS 15 Revenue from Contracts with Customers for not disclosing of unsatisfied performance obligations.

## 8 OTHER INCOME

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Government grants (note)	43,040	24,485
Value-added tax and other tax refunds	52,869	95,517
Others	332	143
	<b>96,241</b>	<b>120,145</b>

Note: Government grants primarily relate to grants in connection with the Group's contributions to technology development and investments in local business districts. There are no unfulfilled conditions or contingencies relating to these incomes.

## 9 OTHER GAINS OR LOSSES, NET

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Fair value changes on financial assets at FVTPL	34,273	39,815
– Listed equity securities	1,911	–
– Unlisted equity securities	1,069	28,837
– Preferred shares investments	(3,634)	(13,647)
– Fund investments	33,131	23,021
– Wealth management products	1,796	1,604
Foreign exchange (losses)/gains, net	(58,525)	6,872
Gain on partial disposal/dilution of an investment accounted for using the equity method	12,582	5,313
Gain on partial disposals of subsidiaries with loss of control (Note 35)	6,375	67,151
Loss on disposal of property and equipment	(203)	–
Others	6,708	(7,470)
	1,210	111,681

## 10 EXPENSES BY NATURE

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Employee benefit expenses	231,598	443,363
Share-based payment expenses	44,108	3,797
Cloud service and other technical service fees	723,816	233,264
Technology service fees	2,045,698	2,595,768
Cost of finished goods sold	4,046,529	2,064,221
Advertising and marketing expenses	155,233	148,179
Depreciation and amortisation		
– Property and equipment	12,075	22,400
– Right-of-use assets	9,846	22,488
– Intangible assets	4,317	16,890
Auditor's remuneration		
– audit services	2,200	5,100
– non-audit services	1,000	100
Other professional fees	16,082	20,185
Business travel expenses	6,591	18,767
Impairment provision for inventories	3,277	6,192
Others	46,438	46,883
	7,348,808	5,647,597

## 11 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	195,900	362,720
Contributions to pension plans	19,616	44,598
Other social security costs, housing benefits and other employee benefits	19,617	47,660
Share-based payment expenses (Note 27)	44,108	3,797
	<b>279,241</b>	458,775
Amount capitalised as contract fulfilment cost (Note 21)	<b>(3,535)</b>	(11,615)
	<b>275,706</b>	447,160

### (a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 2 directors (2024: 1) during the year ended December 31, 2025. The emoluments of the directors of the Company (2024: directors and supervisors of the Company) during the year ended December 31, 2025 are reflected in the note (b) below. The emoluments payable to the remaining 3 (2024: 4) individuals are analysed as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Wages and salaries	4,418	6,384
Discretionary bonuses	1,368	2,748
Contributions to pension plans	190	259
Other social security costs, housing benefits and other employee benefits	264	365
Share-based payment expenses	31,083	–
	<b>37,323</b>	9,756

The emoluments fell within the following bands:

	Year ended December 31,	
	2025	2024
HKD0 to HKD1,000,000	–	1
HKD9,500,001 to HKD10,000,000	1	2
HKD10,000,001 to HKD10,500,000	1	1
HKD20,500,001 to HKD21,000,000	1	–
	<b>3</b>	4

Note 1: Share-based payment expenses are included.

Note 2: There is no individual whose emolument falls within any unlisted band.

**11 EMPLOYEE BENEFIT EXPENSES** (continued)

**(b) Benefits and interests of directors and supervisors**

The remuneration of each director and supervisor of the Company for the year ended December 31, 2025 are set out as follows:

	Fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Contributions to pension plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based payment expenses RMB'000	Total RMB'000
Executive directors							
– Dai Wenyuan	-	761	285	63	88	-	1,197
– Chen Yuqiang	-	1,533	570	68	96	-	2,267
– Yu Zhonghao	-	1,560	570	54	87	-	2,271
Non-executive directors							
– Yang Qiang	-	-	-	-	-	-	-
– Zhang Jing	-	-	-	-	-	-	-
– Dou Shuai	-	-	-	-	-	-	-
Independent non-executive directors							
– Li Jianbin	450	-	-	-	-	-	450
– Liu Chijin	450	-	-	-	-	-	450
– Ke Yele	450	-	-	-	-	-	450
– Liu Zhuzhan (note (i))	232	-	-	-	-	-	232
– Pan Jialin (note (ii))	-	-	-	-	-	-	-
Supervisors							
– Shao Liling	-	789	148	68	96	-	1,101
– Zhou Wenjing	-	252	-	11	16	-	279
Employee representative director							
– Chai Yifei (note (iii))	-	1,584	570	54	89	1,297	3,594
	<b>1,582</b>	<b>6,479</b>	<b>2,143</b>	<b>318</b>	<b>472</b>	<b>1,297</b>	<b>12,291</b>

Notes:

- (i) Liu Zhuzhan has been appointed as an independent non-executive director of the Company on June 26, 2025 and resigned as an independent non-executive director of the Company on December 19, 2025.
- (ii) Pan Jialin has been appointed as an independent non-executive director of the Company on December 19, 2025.
- (iii) Chai Yifei has been elected as the employee representative director of the Company on June 26, 2025. Prior to that, Chai Yifei served as a supervisor of the Company.
- (iv) The resolution of abolishment of the supervisory committee of the Company was approved by the shareholders on June 26, 2025.

**11 EMPLOYEE BENEFIT EXPENSES** (continued)**(b) Benefits and interests of directors and supervisors** (continued)

The remuneration of each director and supervisor of the Company for the year ended December 31, 2024 are set out as follows:

	Fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Contributions to pension plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
Executive directors						
- Dai Wenyuan	-	720	285	66	93	1,164
- Chen Yuqiang	-	1,510	570	66	93	2,239
- Yu Zhonghao	-	1,481	570	65	103	2,219
Non-executive directors						
- Yang Qiang	-	-	-	-	-	-
- Zhang Jing	-	-	-	-	-	-
- Dou Shuai	-	-	-	-	-	-
Independent non-executive directors						
- Li Jianbin	450	-	-	-	-	450
- Liu Chijin	450	-	-	-	-	450
- Ke Yele	450	-	-	-	-	450
Supervisors						
- Chai Yifei	-	1,795	570	69	107	2,541
- Zhou Wenjing	-	2,233	570	66	93	2,962
- Shao Liling	-	789	148	66	93	1,096
	1,350	8,528	2,713	398	582	13,571

**(c) Directors' and supervisors' retirement and termination benefits**

No retirement and termination benefits were paid or payable to the directors or supervisors during both years.

**(d) Consideration provided to third parties for making available directors' and supervisors' services**

No consideration provided to third parties for making available directors' or supervisors' services during both years.

## 11 EMPLOYEE BENEFIT EXPENSES (continued)

**(e) Information about loans, quasi-loans and other dealings in favor of directors and supervisors, controlled body corporates by and connected entities with such directors and supervisors**

No loans, quasi-loans and other dealings in favor of directors or supervisors, controlled body corporates by and connected entities with such directors or supervisors subsisted as at year end date.

**(f) Directors' and supervisors' material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted as at year end date.

**(g) Inducement to join the Group and compensation for loss of office**

No directors, supervisors or five highest paid individuals received any emolument from the Group as an inducement to join or upon joining the Group or compensation for loss of office for both years.

## 12 FINANCE INCOME AND FINANCE COSTS

	<b>Year ended December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Finance income:</b>		
Interest income from bank deposits	<b>72,145</b>	49,077
Interest income from loans to related parties	<b>2,192</b>	203
Others	<b>2,983</b>	2,586
	<b>77,320</b>	51,866
<b>Finance costs:</b>		
Interest expense on lease liabilities	<b>(691)</b>	(1,622)
Interest expense on borrowings	<b>(72)</b>	(1,446)
Amortised amounts on payable for acquisition of subsidiaries	<b>-</b>	(2,830)
Others	<b>(268)</b>	(239)
	<b>(1,031)</b>	(6,137)

### 13 INCOME TAX CREDIT/(EXPENSES)

The income tax credit/(expense) of the Group for the years ended December 31, 2025 and 2024 are analysed as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Current tax	–	(604)
Deferred tax	1,992	(5,575)
<b>Income tax credit/(expenses)</b>	<b>1,992</b>	<b>(6,179)</b>

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the statutory tax rate applicable to loss of the Group as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>Loss before tax</b>	<b>39,770</b>	290,088
Tax calculated at statutory income tax rate of 25% in the PRC (Note (a))	9,943	72,522
Tax effects of:		
– Effect of lower tax rates in other jurisdictions (Notes (b), (c))	(3,560)	(1,328)
– Preferential income tax rate applicable to subsidiaries (Note (d))	52,657	(11,304)
– Tax losses and temporary differences for which no deferred tax assets were recognised	(159,335)	(122,084)
– Non-taxable income and non-deductible expenses, net	18,421	26,998
– Super Deduction for research and development expenses (Note (e))	11,090	21,905
– Impact of share of results and net gains on disposal/dilution of investments accounted for using the equity method	489	19
– Utilisation of previously unrecognised tax losses	72,287	7,093
<b>Income tax credit/(expenses)</b>	<b>1,992</b>	<b>(6,179)</b>

### 13 INCOME TAX CREDIT/(EXPENSES) (continued)

Notes:

**(a) Enterprise income tax in The PRC (“EIT”)**

The income tax provision of the Group in respect of its operations in the PRC was calculated at tax rate of 25% on the assessable profits for the respective year presented, based on the existing legislation, interpretations and practices in respect thereof.

**(b) Hong Kong Profits Tax**

The entity incorporated in Hong Kong is subject to Hong Kong Profits Tax of which the tax rate is 8.25% for assessable profits in the first HKD2 million and 16.5% for any assessable profits in excess of HKD2 million.

No provision for Hong Kong Profits Tax was made as the Group had no estimated assessable profit that was subject to Hong Kong Profits Tax during the years presented.

**(c) Singapore income tax**

The entity incorporated in Singapore is subject to Singapore income tax at a rate of 17% for taxable income earned in Singapore.

No provision for Singapore income tax was made as the Group had no estimated assessable profit that was subject to Singapore income tax during the years presented.

**(d) Preferential EIT rate**

Certain subsidiaries in the PRC are entitled to preferential EIT rate of 15%, mainly include a subsidiary of the Company in the PRC which was approved as High and New Technology Enterprise (“HNTE”) in December 2016 and renewed the qualification in December 2019, November 2022 and October 2025, hence it enjoys a preferential income tax rate of 15% from December 2016 to October 2028.

**(e) Super Deduction for research and development expenses**

As announced by the State Taxation Administration of the PRC in March 2023, all enterprises engaging in research and development activities would entitle to claim 200% of their research and development expenses (“Super Deduction”) from January 1, 2023. The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits.

## 14 LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective years. In determining the weighted average number of ordinary shares in issue, treasury stock and shares held for share award schemes are excluded from the calculation.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As the Group incurred losses for both years, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Hence, diluted loss per share for the years ended December 31, 2025 and 2024 are the same as basic loss per share for the respective years.

	<b>Year ended December 31,</b>	
	<b>2025</b>	2024
Loss attributable to owners of the Company (RMB'000)	<b>(26,266)</b>	(268,788)
Weighted average number of ordinary shares in issue excluding treasury stock and shares held for share award schemes (thousand shares)	<b>500,025</b>	465,649
Basic and diluted loss per share for loss attributable to owners of the Company (expressed in RMB per share)	<b>(0.05)</b>	(0.58)

## 15 LEASES

The Group leases certain of its offices under operating lease arrangements, which are negotiated for terms within 2 years (2024: 3 months to 3 years).

The consolidated balance sheets include the following amounts relating to leases:

### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the years ended December 31, 2025 and 2024 are as follows:

	<b>Year ended December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>At the beginning of the year</b>	<b>24,299</b>	44,363
Additions	<b>292</b>	29,393
Depreciation charge	<b>(9,846)</b>	(22,488)
Derecognition upon termination of leases	<b>–</b>	(24,567)
Partial disposal of subsidiaries with loss of control (Note 35)	<b>(191)</b>	(2,402)
<b>At the end of the year</b>	<b>14,554</b>	24,299

**15 LEASES** (continued)**(b) Lease liabilities**

The carrying amounts of the Group's lease liabilities as at December 31, 2025 and 2024 are as follows:

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Current	<b>10,532</b>	11,009
Non-current	<b>1,023</b>	11,470
	<b>11,555</b>	22,479

The consolidated statements of comprehensive income show the following amounts relating to leases:

	<b>Year ended December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Depreciation charge of right-of-use assets	<b>9,846</b>	22,488
Interest expense	<b>691</b>	1,622
Expense relating to short-term leases	<b>735</b>	95

The total cash outflows for leases during the years ended December 31, 2025 and 2024 was RMB11,907,000 and RMB25,564,000, respectively, including principal elements of lease payments of approximately RMB11,216,000 and RMB23,942,000, respectively, and related interest paid of approximately RMB691,000 and RMB1,622,000, during the years ended December 31, 2025 and 2024, respectively.

## 16 PROPERTY AND EQUIPMENT

	Land and buildings RMB'000	Server and electronic equipment RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>At January 1, 2025</b>					
Cost	-	44,458	46,580	7,452	98,490
Accumulated depreciation	-	(27,648)	(31,122)	(5,035)	(63,805)
<b>Net book amount</b>	<b>-</b>	<b>16,810</b>	<b>15,458</b>	<b>2,417</b>	<b>34,685</b>
<b>Year ended December 31, 2025</b>					
Opening net book amount	-	16,810	15,458	2,417	34,685
Additions	190,643	69,690	-	9,978	270,311
Disposals	-	(37)	(1,009)	-	(1,046)
Partial disposal of a subsidiary with loss of control (Note 35)	-	(663)	(99)	(76)	(838)
Depreciation charge	-	(5,323)	(5,460)	(1,292)	(12,075)
<b>Closing net book amount</b>	<b>190,643</b>	<b>80,477</b>	<b>8,890</b>	<b>11,027</b>	<b>291,037</b>
<b>At December 31, 2025</b>					
Cost	190,643	111,165	44,871	17,254	363,933
Accumulated depreciation	-	(30,688)	(35,981)	(6,227)	(72,896)
<b>Net book amount</b>	<b>190,643</b>	<b>80,477</b>	<b>8,890</b>	<b>11,027</b>	<b>291,037</b>
<b>At January 1, 2024</b>					
Cost	-	38,027	46,608	34,627	119,262
Accumulated depreciation	-	(22,695)	(26,112)	(23,408)	(72,215)
<b>Net book amount</b>	<b>-</b>	<b>15,332</b>	<b>20,496</b>	<b>11,219</b>	<b>47,047</b>
<b>Year ended December 31, 2024</b>					
Opening net book amount	-	15,332	20,496	11,219	47,047
Additions	-	10,115	1,803	2,704	14,622
Disposals	-	(116)	(252)	-	(368)
Partial disposal of subsidiaries with loss of control	-	(1,721)	(748)	(1,747)	(4,216)
Depreciation charge	-	(6,800)	(5,841)	(9,759)	(22,400)
<b>Closing net book amount</b>	<b>-</b>	<b>16,810</b>	<b>15,458</b>	<b>2,417</b>	<b>34,685</b>
<b>At December 31, 2024</b>					
Cost	-	44,458	46,580	7,452	98,490
Accumulated depreciation	-	(27,648)	(31,122)	(5,035)	(63,805)
<b>Net book amount</b>	<b>-</b>	<b>16,810</b>	<b>15,458</b>	<b>2,417</b>	<b>34,685</b>

**16 PROPERTY AND EQUIPMENT** (continued)

Depreciation charges were expensed off in the following categories in the consolidated statement of comprehensive income:

	<b>Year ended December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Research and development expenses	<b>7,537</b>	13,045
Administrative expenses	<b>4,336</b>	8,163
Selling and marketing expenses	<b>202</b>	1,192
	<b>12,075</b>	22,400

## 17 INTANGIBLE ASSETS

	Goodwill RMB'000	Software and copyright RMB'000	Technology RMB'000	Customer relationship RMB'000	Brand name RMB'000	Total RMB'000
<b>At January 1, 2025</b>						
Cost	165,639	34,786	11,100	30,800	6,700	249,025
Accumulated amortisation	-	(33,763)	(7,770)	(15,400)	(2,345)	(59,278)
<b>Net book amount</b>	<b>165,639</b>	<b>1,023</b>	<b>3,330</b>	<b>15,400</b>	<b>4,355</b>	<b>189,747</b>
<b>Year ended December 31, 2025</b>						
Opening net book amount	165,639	1,023	3,330	15,400	4,355	189,747
Additions	-	125	-	-	-	125
Partial disposal of a subsidiary with loss of control (Note 35)	(165,639)	-	(2,220)	(13,200)	(4,020)	(185,079)
Amortisation charge	-	(672)	(1,110)	(2,200)	(335)	(4,317)
<b>Closing net book amount</b>	<b>-</b>	<b>476</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>476</b>
<b>At December 31, 2025</b>						
Cost	-	34,890	-	-	-	34,890
Accumulated amortisation	-	(34,414)	-	-	-	(34,414)
<b>Net book amount</b>	<b>-</b>	<b>476</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>476</b>
<b>At January 1, 2024</b>						
Cost	335,801	41,057	48,300	97,200	6,700	529,058
Accumulated amortisation	-	(33,425)	(24,685)	(43,595)	(1,675)	(103,380)
<b>Net book amount</b>	<b>335,801</b>	<b>7,632</b>	<b>23,615</b>	<b>53,605</b>	<b>5,025</b>	<b>425,678</b>
<b>Year ended December 31, 2024</b>						
Opening net book amount	335,801	7,632	23,615	53,605	5,025	425,678
Additions	-	735	-	-	-	735
Partial disposal of subsidiaries with loss of control	(170,162)	(4,674)	(15,763)	(29,177)	-	(219,776)
Amortisation charge	-	(2,670)	(4,522)	(9,028)	(670)	(16,890)
<b>Closing net book amount</b>	<b>165,639</b>	<b>1,023</b>	<b>3,330</b>	<b>15,400</b>	<b>4,355</b>	<b>189,747</b>
<b>At December 31, 2024</b>						
Cost	165,639	34,786	11,100	30,800	6,700	249,025
Accumulated amortisation	-	(33,763)	(7,770)	(15,400)	(2,345)	(59,278)
<b>Net book amount</b>	<b>165,639</b>	<b>1,023</b>	<b>3,330</b>	<b>15,400</b>	<b>4,355</b>	<b>189,747</b>

**17 INTANGIBLE ASSETS** (continued)

Amortisation charges were expensed off in the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Research and development expenses	1,322	4,779
Administrative expenses	795	1,958
Selling and marketing expenses	2,200	10,153
	<b>4,317</b>	16,890

**Impairment losses**

As at December 31, 2024, the Goodwill of RMB165,639,000 was arisen from the acquisition of Beijing Ideal Information Technology Co., Ltd. ("Ideal Technology") on June 30, 2021. Ideal Technology was mainly engaged in provision of digital operation and maintenance platform and solutions. Management considered Ideal Technology was a stand-alone cash generating unit (the "CGU") since management allocate resources to and assess the performance obligations of Ideal Technology as a whole business unit. Therefore, management allocated the aforesaid goodwill to the CGU of Ideal Technology.

The impairment reviews of the goodwill arising from the acquisition of Ideal Technology had been conducted by the management as at December 31, 2024. For the purposes of the impairment review, the recoverable amount of the CGU of Ideal Technology was determined based on value in use calculations by using the discounted cash flow method. For goodwill related to acquisition of Ideal Technology, management forecasted that the revenue compound annual growth rate in the five-year period from the balance sheet date of December 31, 2024 was 20.8%, and the cash flows beyond the five-year period were extrapolated using a terminal growth rate of 2.0%. Pre-tax discount rate of 18.2% was used to reflect market assessment of time value and the specific risks relating to the CGU for the impairment reviews as at December 31, 2024. The values assigned to the key assumptions and discount rates were consistent with external information sources. The directors of the Company had considered and assessed that any reasonably possible changes in key parameters would not cause the carrying amount of the CGU of Ideal Technology exceeded its recoverable amount.

For sensitivity analysis conducted during the impairment review as at December 31, 2024, had there been a reduction of the revenue compound annual growth rate of the first five years by 2.7 percentage point, a reduction of terminal growth rate by 1.9 percentage point, or an increase in pre-tax discount rate by 1.3 percentage point in the value in use calculations each in isolation, the recoverable amount of the CGU of Ideal Technology would be closed to the breakeven point.

## 18 PRINCIPAL SUBSIDIARIES

As of December 31, 2025 and 2024, the Company had the following principal subsidiaries:

Name of subsidiary	Place and date of incorporation	Kind of legal entity	Particulars of issued/registered capital	Equity interest held as at December 31,		Principal activities and place of operation	Notes
				2025	2024		
Fourth Paradigm (Beijing) Data & Technology Co., Ltd.	The PRC, May 12, 2015	Limited liability company	RMB2,300,000,000	100%	100%	Sales of AI platform, provision of AI related services, research and development of technology, in The PRC	
Phancy (Shanghai) Intelligent Equipment Co., Ltd. (formerly known as Shanghai Shishuo Intelligent Technology Co., Ltd.)	The PRC, April 1, 2017	Limited liability company	RMB700,000,000	100%	100%	Sales of AI platform, provision of AI related services, research and development of technology, in The PRC	
Beijing Fourth Paradigm Science & Technology Co., Ltd.	The PRC, September 29, 2016	Limited liability company	RMB1,000,000	100%	100%	Investment holding and investment activities, in The PRC	
Phancy (Shenzhen) Holdings Investment Co., Ltd. (formerly known as Fourth Paradigm (Shenzhen) Data & Technology Co., Ltd.)	The PRC, March 11, 2019	Limited liability company	RMB800,000,000	100%	100%	Sales of AI platform and provision of AI related services, in The PRC	
Phancy Zhilian (Beijing) Science & Technology Co., Ltd. (formerly known as Beijing Xuexian Intelligent Technology Co., Ltd.)	The PRC, January 18, 2019	Limited liability company	RMB10,000,000	100%	100%	Provision of AI related services, in The PRC	
Beijing Yuntian Xinrui Technology Co., Ltd.	The PRC, September 27, 2019	Limited liability company	RMB50,000,000	100%	100%	Sales of AI platform and provision of AI related services, in The PRC	
Beijing Future Paradigm Technology Co., Ltd.	The PRC, May 28, 2018	Limited liability company	RMB500,000	100%	100%	Sales of AI platform and provision of AI related services, in The PRC	
Phancy International Limited (formerly known as Fourth Paradigm International Limited)	Hong Kong, June 1, 2018	Limited liability company	HKD500,000	100%	100%	Sales of AI platform and provision of AI related services, in Hong Kong	
Fourth Paradigm Southeast Asia Pte. Ltd.	Singapore, July 11, 2018	Limited liability company	Singapore Dollar ("SGD") 50,000	100%	100%	Sales of AI platform, provision of AI related services, research and development of technology, in Singapore	
The 4th Paradigm Europe B.V.	Netherlands, January 21, 2020	Limited liability company	Euro ("EUR") 100,000	100%	100%	Sales of AI platform and provision of AI related services, in Netherlands	
Zhongyuan Putai (Beijing) Intelligent Technology Co., Ltd.	The PRC, April 14, 2021	Limited liability company	RMB1,000,000	51%	51%	Sales of AI platform and provision of AI related services, in The PRC	

**18 PRINCIPAL SUBSIDIARIES** (continued)

As of December 31, 2025 and 2024, the Company had the following principal subsidiaries: (continued)

Name of subsidiary	Place and date of incorporation	Kind of legal entity	Particulars of issued/registered capital	Equity interest held as at December 31,		Principal activities and place of operation	Notes
				2025	2024		
Shanghai Yisaihai Technology Co., Ltd.	The PRC, June 9, 2021	Limited liability company	RMB100,000	100%	100%	Investment holding, in The PRC	
Beijing Ideal Information Technology Co., Ltd.	The PRC, April 17, 2000	Limited liability company	RMB58,641,975	N/A	56.84%	Provision of digital operation and maintenance platform and solutions, in The PRC	(a)
Zhimei Xinchuang (Beijing) Technology Co., Ltd.	The PRC, October 27, 2020	Limited liability company	RMB1,000,000	70%	70%	Sales of AI platform and provision of AI related services, in The PRC	
Hefei Shanyue Intelligence Technology Co., Ltd.	The PRC, March 4, 2022	Limited liability company	RMB20,000,000	51%	51%	Sales of AI platform and provision of AI related services, in The PRC	
Fourth Paradigm (Beijing) Digital Technology Co., Ltd.	The PRC, June 10, 2022	Limited liability company	RMB5,000,000	100%	100%	Sales of AI platform and provision of AI related services, in The PRC	
Shanghai Phancy Digital Software Technology Co., Ltd. (formerly known as Shanghai Paradigm Digital Software Technology Co., Ltd.)	The PRC, July 19, 2022	Limited liability company	RMB10,000,000	100%	100%	Sales of AI platform and provision of AI related services, in The PRC	
Changchun Ideal Technology Information Co., Ltd.	The PRC, August 3, 2022	Limited liability company	RMB30,000,000	N/A	56.84%	Provision of digital operation and maintenance platform and solutions, in The PRC	(a)
Phancy Data Service (Xiamen) Co., Ltd. (formerly known as Paradigm Digital Technology (Guangzhou) Co., Ltd.)	The PRC, November 18, 2022	Limited liability company	RMB5,000,000	100%	100%	Sales of AI platform and provision of AI related services, in The PRC	
Phancy Digital Technology (Wuhan) Co., Ltd. (formerly known as Paradigm Digital Technology (Wuhan) Co., Ltd.)	The PRC, December 1, 2022	Limited liability company	RMB5,000,000	100%	100%	Sales of AI platform and provision of AI related services, in The PRC	
Phancy Digital Technology (Hangzhou) Co., Ltd. (formerly known as Paradigm Digital Technology (Hangzhou) Co., Ltd.)	The PRC, December 6, 2022	Limited liability company	RMB5,000,000	-	100%	Sales of AI platform and provision of AI related services, in The PRC	(b)

**18 PRINCIPAL SUBSIDIARIES** (continued)

As of December 31, 2025 and 2024, the Company had the following principal subsidiaries: (continued)

Name of subsidiary	Place and date of incorporation	Kind of legal entity	Particulars of issued/registered capital	Equity interest held as at December 31,		Principal activities and place of operation	Notes
				2025	2024		
Phancy Network Motion (Beijing) Science & Technology Co., Ltd. (formerly known as Beijing Paradigm Pilot Technology Co., Ltd.)	The PRC, December 16, 2022	Limited liability company	RMB5,000,000	100%	100%	Sales of AI platform and provision of AI related services, in The PRC	
Beijing Phancy Empowerment Enterprise Management Co., Ltd. (formerly known as Beijing Paradigm Empowerment Enterprise Management Co., Ltd.)	The PRC, January 17, 2023	Limited liability company	RMB500,000	100%	100%	Investment holding, in The PRC	
Beijing Shiqin Enterprise Management Partnership (Limited Partnership)	The PRC, March 13, 2023	Limited partnership	RMB100,000	100%	100%	Investment holding, in The PRC	
Beijing Shita Enterprise Management Partnership (Limited Partnership)	The PRC, March 13, 2023	Limited partnership	RMB100,000	100%	100%	Investment holding, in The PRC	
Beijing Shijing Enterprise Management Partnership (Limited Partnership)	The PRC, March 13, 2023	Limited partnership	RMB100,000	100%	100%	Investment holding, in The PRC	
Beijing Shijin Enterprise Management Partnership (Limited Partnership)	The PRC, March 13, 2023	Limited partnership	RMB100,000	100%	100%	Investment holding, in The PRC	
Beijing Shixin Enterprise Management Partnership (Limited Partnership)	The PRC, March 13, 2023	Limited partnership	RMB100,000	100%	100%	Investment holding, in The PRC	
Beijing Shili Enterprise Management Partnership (Limited Partnership)	The PRC, March 13, 2023	Limited partnership	RMB100,000	100%	100%	Investment holding, in The PRC	
Shanghai Fan'an Technology Co., Ltd.	The PRC, June 20, 2023	Limited liability company	RMB10,000,000	100%	100%	Research and development of technology, in The PRC	

**18 PRINCIPAL SUBSIDIARIES** (continued)

As of December 31, 2025 and 2024, the Company had the following principal subsidiaries: (continued)

Name of subsidiary	Place and date of incorporation	Kind of legal entity	Particulars of issued/registered capital	Equity interest held as at December 31,		Principal activities and place of operation	Notes
				2025	2024		
Beijing Phancy Zhixin Technology Co., Ltd. (formerly known as Beijing Paradigm Zhixin Technology Co., Ltd.)	The PRC, September 13, 2023	Limited liability company	RMB10,000,000	100%	100%	Research and development of technology, in The PRC	
Shishuo AI International Limited	Hong Kong, August 8, 2024	Limited liability company	HKD1,000,000	100%	100%	Research and development of technology	
Phancy (Zhuhai Hengqin) Artificial Intelligence Technology Co., Ltd. (formerly known as Paradigm (Zhuhai Hengqin) Artificial Intelligence Technology Co., Ltd.)	The PRC, July 17, 2024	Limited liability company	RMB20,000,000	100%	100%	Research and development of technology	
Shishuo Artificial Intelligence Technology (Shanghai) Co., Ltd.	The PRC, April 1, 2024	Limited liability company	RMB200,000,000	100%	100%	Research and development of technology	
Chengdu Wuhou Phancy Pilot International Hospital Co., Ltd.	The PRC, July 17, 2025	Limited liability company	RMB1,000,000	100%	–	Research and development of technology	(c)
Phancy Zhilian (Shenzhen) Science & Technology Co., Ltd. (formerly known as Shishuo Navigation (Shenzhen) Artificial Intelligence Co., Ltd.)	The PRC, July 25, 2025	Limited liability company	RMB10,000,000	100%	–	AI application system integration services	(c)
Shishuo Navigation Engineering Technology Research (Beijing) Co., Ltd.	The PRC, March 25, 2025	Limited liability company	RMB10,000,000	100%	–	Research and development of technology	(c)

Notes:

- (a) The Group has partially disposed of the entity with loss of control during the year ended December 31, 2025. Details are set out in Note 35(a).
- (b) The entity was deregistered during the year ended December 31, 2025.
- (c) The entity was newly established during the year ended December 31, 2025.
- (d) As at December 31, 2025 and 2024, no subsidiary has non-controlling interests that are material to the Group.

## 19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Investments accounted for using the equity method		
– Associates	426,000	250,920
– Joint ventures	292,071	303,589
	<b>718,071</b>	554,509
	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>At the beginning of the year</b>	<b>554,509</b>	53,436
Additions (Note (a))	–	300,000
Transfers from partial disposal of subsidiaries with loss of control (Note 35)	168,627	223,542
Disposals (Note (b))	(22,452)	(36,093)
Share of results	17,410	19,265
Share of other comprehensive loss	–	(10,961)
Share of reserves of investments accounted for using the equity method	–	3,798
Increase in share of net assets due to the dilution gains	–	1,522
Exchange difference	(23)	–
	<b>718,071</b>	554,509

Notes:

- (a) In November 2024, the Group entered into a joint venture agreement to purchase 45% equity interest in Shenzhen Wake UP Technology Co., Ltd. ("Wake UP") for a total cash consideration of RMB300,000,000. The Group together with other shareholders have joint control over Wake UP. Accordingly, the Group's investment in Wake UP is classified as a joint venture company using the equity method of accounting. Its main business centers on "intelligent hardware + AI technology" providing comprehensive software and hardware solutions and enabling services for global clients.
- (b) In November 2024, the group partially disposed of 10% equity interest in Zhongneng Shibe Technology for a cash consideration of RMB40,000,000, with a net gain of RMB3,907,000 recognised in profit or loss as other gains/losses.

During the year ended December 31, 2025, the Group partially disposed of 12% equity interest of EpicHust Technology (Wuhan) Co., Ltd. to an independent third party at the consideration of approximately RMB33,600,000. The Group's equity interest to the entity has been reduced from 31.8% to 19.8% and the Group has maintained the significant influence on the entity. A gain on disposal of an investment accounted for using the equity method amounted to approximately RMB12,582,000 was recognised in profit or loss during the year ended December 31, 2025.

In the opinion of the directors of the Company, none of the associates or joint venture are individually material to the Group.

**19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD** (continued)

Aggregate information of investments accounted for using the equity method that are not individually material

	2025 RMB'000	2024 RMB'000
The Group's share of total comprehensive income	17,410	8,304
Aggregate carrying amount of the Group's interests in these investments accounted for using the equity method	718,071	554,509

**20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	As at December 31,	
	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>		
Long-term investments measured at FVTPL		
– Unlisted equity securities (i)	333,684	113,695
– Preferred shares investments (ii)	–	3,634
– Fund investments (iii)	377,447	342,639
	711,131	459,968
<b>Current assets</b>		
Short-term investments measured at FVTPL		
– Listed equity securities	3,011	–
– Wealth management products (iv)	310,032	–
– Fund investments (iii)	519,310	475,234
	832,353	475,234

**(i) Unlisted equity securities**

The fair values of unlisted equity securities are measured using a valuation technique with unobserved inputs and hence classified as level 3 of the fair value hierarchy. The major assumptions used in the valuation for investment in private companies have been set out in Note 6.3.

**(ii) Preferred shares investments**

As at December 31, 2024, the preferred shares investments in the investee were ordinary shares with preferential rights. The Group had the right to require and demand the investees to redeem all of the shares held by the Group at guaranteed predetermined fixed amount upon redemption events which were out of control of issuers. Hence, these investments were accounted for as debt instruments and were measured at FVTPL. These investments are within level 3 of the fair value hierarchy (Note 6.3).

## 20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

### (iii) Fund investments

The Group invested in funds which focus on equity investments in unlisted companies and debt securities investments. The returns of the funds are not guaranteed and their contractual cash flows do not qualify for solely payments of principal and interest, hence they are measured at FVTPL. The Group determines the fair values of the fund investments as at the reporting date based on the reported net asset values of the funds. These investments are within level 3 of the fair value hierarchy (Note 6.3).

On September 17, 2021, Beijing Paradigm Artificial Intelligence Equity Investment Fund (Limited Partnership) (“Paradigm Fund”) was incorporated in Beijing, the PRC. Phancy (Shenzhen) Holdings Investment Co., Ltd. (formerly known as Fourth Paradigm (Shenzhen) Data & Technology Co., Ltd.), the Company’s wholly owned subsidiary, as a limited partner, paid RMB200,000,000 and RMB40,842,000 (total investment of RMB240,842,000, 47.5% of the total capital contribution) on December 13, 2021 and April 11, 2024, respectively. The Group has elected to measure the investment in Paradigm Fund at FVTPL in accordance with IFRS 9. The carrying amount of this fund investment was approximately RMB279,418,000 as at December 31, 2025 (2024: RMB255,131,000).

On September 26, 2023, the Group invested RMB390,000,000 in a private fund, GaoTeng Overseas Equity No.3 Private Equity Investment Fund. GaoTeng Overseas Private Fund Management (Hainan) Ltd. and Agricultural Bank of China Limited Hainan Branch are the fund manager and the fund trustee, respectively. The Group has no significant influence over the fund and the fund manager and the Group can redeem its fund shares after a lockup period of 360 days. As at December 31, 2025, this fund investment was classified as current assets. The carrying amount of this fund investment was approximately RMB403,966,000 as at December 31, 2025 (2024: RMB403,079,000).

On September 19, 2023, the Group invested RMB155,000,000 in a private fund, Jinyi Equity A-9 Private Equity Investment Fund. Beijing Jinyi Asset Management Co., Ltd. and Citic Securities Company Limited are the fund manager and the fund trustee, respectively. The Group has no significant influence over the fund and the fund manager and the Group can redeem its fund shares after a lockup period of 730 days. During the year ended December 31, 2025, this fund investment was wholly redeemed (carrying amount of this fund investment as at December 31, 2024 was approximately RMB144,309,000).

During the year ended December 31, 2025, the Group invested USD16,143,000 (equivalent to approximately RMB116,151,000) in a fund linked note issued by a financial institution. The Group has no significant influence over the fund and the fund manager. As at December 31, 2025, the investment was classified as a current asset. The carrying amount of the investment was approximately RMB115,345,000 as at December 31, 2025 (December 31, 2024: nil).

During the year ended December 31, 2025, the Group acquired 13.70% equity interest of Jinan Junchuan Technology Co., Ltd. (Limited Partnership) at a consideration of RMB50,000,000. As at December 31, 2025, the investment was classified as a non-current asset. The carrying amount of the investment was approximately RMB47,659,000 (2024: nil).

### (iv) Wealth management products

The wealth management products are mainly denominated in RMB. The returns on all these wealth management products are not guaranteed and their contractual cash flows do not qualify for solely payments of principal and interest, hence they are measured at FVTPL. None of these investments are past due. The Group determines the fair value of the wealth management products based on the statement provided by the financial institutions. These investments are within level 2 of the fair value hierarchy (Note 6.3).

## 20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

### (v) Gains recognised in profit or loss

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Fair value changes on long-term investments measured at FVTPL	30,487	6,004
Fair value changes on short-term investments measured at FVTPL	3,786	33,811
	<b>34,273</b>	<b>39,815</b>

## 21 INVENTORIES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Finished goods	42,779	10,162
Contract fulfilment cost	292,802	165,247
	<b>335,581</b>	<b>175,409</b>
Less: provision for impairment	(7,069)	(3,792)
	<b>328,512</b>	<b>171,617</b>

Finished goods are mainly server and other related hardware products to be delivered to customers with a quick turnover. Contract fulfilment cost are recognised from the costs incurred to fulfil contracts of customised AI applications development services, which will be recognised to cost of sales mainly within 3-6 months when the Group's related performance obligations are satisfied and hence the related service contract revenue is recognised.

Provision for impairment was recognised for the amount by which the carrying amount of the inventories exceeds its net realisable value and was recorded in "cost of sales" in the consolidated statement of comprehensive income. Provision for impairment movements for the years ended December 31, 2025 and 2024 are as below:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	(3,792)	(1,771)
Provision for impairment	(3,277)	(6,192)
Written off	-	5
Partial disposals of subsidiaries with loss of control	-	4,166
	<b>(7,069)</b>	<b>(3,792)</b>

## 22 TRADE RECEIVABLES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Third parties	2,633,458	3,366,568
Less: credit loss allowance	(292,576)	(280,928)
	<b>2,340,882</b>	3,085,640

The carrying amounts of the Group's trade receivables are mainly denominated in RMB.

Movements on the Group's credit loss allowance for trade receivables are as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>At the beginning of the year</b>	<b>(280,928)</b>	(116,729)
Credit loss allowance recognised, net	(13,152)	(201,055)
Receivables written off as uncollectable	575	–
Partial disposals of subsidiaries with loss of control	602	36,856
Exchange difference	327	–
<b>At the end of the year</b>	<b>(292,576)</b>	(280,928)

The Group generally allows a credit period within 90 days to its customers. Aging analysis of trade receivables based on invoice date is as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
<b>Trade receivables</b>		
Up to 3 months	970,446	1,708,710
3 to 6 months	511,539	875,386
6 months to 1 year	237,756	346,588
Over 1 year	913,717	435,884
	<b>2,633,458</b>	3,366,568

**22 TRADE RECEIVABLES** (continued)

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

	As at December 31, 2025		
	Gross carrying amount RMB'000	Expected credit loss rate (%)	Credit loss allowance RMB'000
<b>For credit loss allowance measured by aging</b>			
– Up to 1 year	254,788	7.03	17,919
– 1 year to 2 years	83,519	29.31	24,482
– Over 2 years	163,262	64.70	105,633
	<b>501,569</b>	<b>29.51</b>	<b>148,034</b>
<b>For credit loss allowance measured by industry</b>			
– Leasing and business services	1,498,781	0.87	12,994
– Education, science and technology	83,882	1.38	1,157
	<b>1,582,663</b>	<b>0.89</b>	<b>14,151</b>
<b>For credit loss allowance measured individually</b>	<b>549,226</b>	<b>23.74</b>	<b>130,391</b>
	<b>2,633,458</b>	<b>11.11</b>	<b>292,576</b>
	As at December 31, 2024		
	Gross carrying amount RMB'000	Expected credit loss rate (%)	Credit loss allowance RMB'000
<b>For credit loss allowance measured by aging</b>			
– Up to 1 year	978,397	5.31	51,963
– 1 year to 2 years	223,387	30.52	68,183
– Over 2 years	153,149	65.30	100,009
	<b>1,354,933</b>	<b>16.25</b>	<b>220,155</b>
<b>For credit loss allowance measured by industry</b>			
– Leasing and business services	964,340	0.87	8,359
– Education, science and technology	518,900	1.38	7,156
– Telecommunication, computer and software	446,854	1.69	7,540
	<b>1,930,094</b>	<b>1.19</b>	<b>23,055</b>
<b>For credit loss allowance measured individually</b>	<b>81,541</b>	<b>46.26</b>	<b>37,718</b>
	<b>3,366,568</b>	<b>8.34</b>	<b>280,928</b>

## 23 PREPAYMENTS AND OTHER RECEIVABLES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Prepayments to suppliers (Note)	547,445	436,501
Prepayments for plant and equipment	–	12,956
Deductible value-added input tax	204,354	78,122
Other receivables from third-party customers (Note 29)	247	31,000
Consideration receivables from partial disposals of subsidiaries with loss of control (Note 35)	81,997	108,598
Consideration receivables from the partial disposal of investment accounted for using the equity method (Note 19)	30,000	40,000
Receivables from related parties (Note 36)	224,441	45,326
Rental, bidding and other deposits	21,461	13,628
Others	9,748	6,400
	<b>1,119,693</b>	772,531
Less: credit loss allowance	<b>(6,639)</b>	(8,638)
	<b>1,113,054</b>	763,893
Presented as:		
Non-current	22,303	227,927
Current	1,090,751	535,966
	<b>1,113,054</b>	763,893

Note: The amount included prepayments for cloud computing services amounted to RMB234,543,000 (2024: RMB237,970,000) of which RMB22,303,000 (2024: RMB175,210,000) was the non-current portion classified as non-current assets.

As at December 31, 2025 and 2024, the carrying amounts of other receivables were primarily denominated in RMB and approximated their fair values at each of the reporting dates.

## 24 CASH AND BANK BALANCES

### (a) Cash and cash equivalents

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Cash at bank and in hand	<b>1,997,010</b>	858,618

Cash and cash equivalents are denominated in the following currencies:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
RMB	<b>348,372</b>	593,127
USD	<b>1,519,598</b>	254,907
HKD	<b>128,161</b>	8,939
SGD	<b>861</b>	1,636
EUR	<b>18</b>	9
	<b>1,997,010</b>	858,618

### (b) Restricted cash

Restricted cash are denominated in the following currencies:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
RMB	<b>465</b>	2,511

As at December 31, 2025 and 2024, restricted cash was held at bank as security deposits mainly for bidding, issuance of letter of guarantee or bank acceptance bills.

**24 CASH AND BANK BALANCES** (continued)**(c) Term bank deposits**

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Included in current assets</b>		
Short-term bank deposits	<b>356,158</b>	454,636
Long-term bank deposits maturing within one year	<b>21,401</b>	105,017
	<b>377,559</b>	559,653
<b>Included in non-current assets</b>		
Long-term bank deposits	<b>566,459</b>	405,009

Short-term bank deposits are bank deposits with original maturities over three months but within twelve months and redeemable on maturity. Long-term bank deposits are bank deposits with original maturities over twelve months and redeemable on maturity with term ranging from 3 to 5 years. The effective interest rate for the short-term bank deposits was 4.05% (2024: 1.85% to 4.70%) per annum for the year ended December 31, 2025. The effective interest rates for the long-term bank deposits were 2.15% to 3.90% (2024: 2.60% to 3.90%) per annum for the year ended December 31, 2025.

Term bank deposits are denominated in the following currencies:

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
RMB	<b>587,860</b>	853,405
USD	<b>356,158</b>	111,257
	<b>944,018</b>	964,662

## 25 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares RMB'000
<b>Authorised and issued:</b>		
<b>At January 1, 2024, December 31, 2024 and January 1, 2025</b>	<b>465,858,733</b>	<b>465,859</b>
Placing of shares (Note)	53,820,000	53,820
<b>At December 31, 2025</b>	<b>519,678,733</b>	<b>519,679</b>

Note: On February 13, 2025, a total of 27,920,000 placing shares have been successfully placed by the placing agents at the placing price of HKD50.20 per place share pursuant to the terms and conditions of the placing agreement. The total placing price is therefore amounted to HKD1,401,584,000 (equivalent to approximately RMB1,285,056,000), comprising of RMB27,920,000 share capital and RMB1,257,136,000 of share premium.

On August 14, 2025, a total of 25,900,000 placing shares have been successfully placed by the placing agents at the placing price of HKD50.50 per place share pursuant to the terms and conditions of the placing agreement. The total placing price is therefore amounted to HKD1,307,950,000 (equivalent to approximately RMB1,188,377,000), comprising of RMB25,900,000 share capital and RMB1,162,477,000 of share premium.

## 26 TREASURY STOCK AND RESERVES

	Treasury stock RMB'000	Shares held for share award schemes RMB'000	Reserves				Subtotal RMB'000
			Capital reserve (Note (a)) RMB'000	Share- based payment reserve RMB'000	Currency translation reserve RMB'000	Other reserve RMB'000	
<b>Balance at January 1, 2025</b>	(18,107)	-	8,370,096	1,597,720	(4,014)	5,728	9,969,530
Currency translation differences	-	-	-	-	(13,231)	-	(13,231)
Shares repurchase (Note (b))	(10,840)	-	-	-	-	-	-
Placing of shares (Note 25)	-	-	2,419,613	-	-	-	2,419,613
Transaction costs attributable to issue of shares	-	-	(805)	-	-	-	(805)
Shares purchased and withheld for Share Scheme Trust (Note (c))	-	(9,983)	-	-	-	-	-
Vesting of awarded shares from Share Scheme Trust (Note (c))	-	9,728	-	(9,728)	-	-	(9,728)
Recognition of equity-settled share-based payments	-	-	-	44,108	-	-	44,108
Partial disposal of an associate	-	-	(1,434)	-	-	-	(1,434)
Partial disposal of a subsidiary with loss of control	-	-	8,456	-	-	-	8,456
<b>Balance at December 31, 2025</b>	<b>(28,947)</b>	<b>(255)</b>	<b>10,795,926</b>	<b>1,632,100</b>	<b>(17,245)</b>	<b>5,728</b>	<b>12,416,509</b>
<b>Balance at January 1, 2024</b>	-	-	8,370,096	1,590,125	(7,272)	16,689	9,969,638
Currency translation differences	-	-	-	-	3,258	-	3,258
Shares repurchase (Note (b))	(18,107)	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	3,797	-	-	3,797
Share of reserves of investments accounted for using the equity method	-	-	-	3,798	-	-	3,798
Share of other comprehensive loss of investments accounted for using the equity method	-	-	-	-	-	(10,961)	(10,961)
<b>Balance at December 31, 2024</b>	<b>(18,107)</b>	<b>-</b>	<b>8,370,096</b>	<b>1,597,720</b>	<b>(4,014)</b>	<b>5,728</b>	<b>9,969,530</b>

## 26 TREASURY STOCK AND RESERVES (continued)

Notes:

- (a) In May, June, and July 2024, the Company has repurchased 379,400 ordinary shares on the Hong Kong Stock Exchange with an aggregate consideration of approximately RMB18,107,000.

In April 2025, the Company has further repurchased 308,900 ordinary shares on the Hong Kong Stock Exchange with an aggregate consideration of approximately RMB10,840,000.

As of December 31, 2024 and 2025, the repurchased shares have not been cancelled. Details are as below:

Month	Number of Repurchased Shares	Price paid per Share		Total consideration	
		Highest HKD	Lowest HKD	HKD'000	RMB'000
May 2024	186,100	54.30	51.20	9,807	8,932
June 2024	73,700	53.55	52.30	3,901	3,560
July 2024	119,600	53.95	48.30	6,127	5,615
	379,400			19,835	18,107
April 2025	308,900	40.20	35.95	11,711	10,840

The Company accounts for the repurchased ordinary shares under the cost method and includes such treasury stock as a component of the shareholders' equity.

- (b) On April 8, 2025, the Company set up a Share Scheme Trust (the "Trust"), which was administrated by a third-party trustee. H shares of the Company will be purchased by the Trust from the open market from time to time in satisfaction of the share awards. The consideration, including any directly attributable incremental cost, is presented as "Shares held for share award schemes" and the amount is deducted from total equity. When the Trust transfers the Company's shares to the awardees upon vesting, the related costs of the awarded shares vested are credited to "Shares held for share award schemes", with a corresponding adjustment made to "Share-based payment reserve". During the year ended December 31, 2025, the trustee of the Share Scheme Trust purchased and withheld 235,700 ordinary shares (2024: nil) of the Company for an amount of approximately HK\$10,973,000 (equivalent to approximately RMB9,983,000) (2024: nil), which had been deducted from equity.

On June 2, September 1 and November 25, 2025, the Company granted a total of 235,607 RSUs (the "RSUs") to the awardees in accordance with the H-Share RSU Scheme of the Company adopted on September 19, 2024. The RSUs were granted without service conditions and performance condition, and vested and matured immediately upon grant. During the year ended December 31, 2025, the Share Scheme Trust transferred 235,607 ordinary shares of the Company to the share awardees upon vesting of the RSUs.

The total expenses recognised in profit or loss for the aforementioned share-based payments are RMB9,728,000 for the year ended December 31, 2025 (2024: nil).

## 27 SHARE-BASED PAYMENTS

On September 19, 2024, the Board of Directors of the Company approved and adopted the establishment of the 2024 share option scheme (“Share Option Scheme”) with the purpose of attracting, motivating, retaining and rewarding certain employees. The share options granted to employees were subject to a service condition and a performance condition and will be vested in equal installments over 4 years from the grant date. An evaluation is made each year as to the likelihood of performance condition being met.

On November 25, 2025, the Company granted an aggregate of 9,803,700 share options to eligible persons comprising employees of the Group include an employee representative director of the Company to subscribe for H Shares of the Company at HK\$48.38 per H Share subject to the acceptance of the share options by the grantees. The exercise period shall be valid for 4 years from the date of vesting, with any unexercised portion automatically lapsing upon expiry of the 4-year term. The share options granted to the grantees were subject to fulfillment of the individual performance target as set out in the employee incentive vesting assessment measures of the Company and will be vested in equal installments over 4 years from the grant date. An evaluation is made each year as to the likelihood of performance condition being met. The share options shall be subjected to the clawback mechanism as set out in the terms of the Share Option Scheme, and in particular, the lapse of the share options upon termination of employment of the grantees.

Among the above share options granted, 1,559,100 share options were granted to Chai Yifei, an employee representative director of the Company, and the remaining 8,244,600 share options were granted to employees of the Group. The number of H Shares available for grant in the future under the Share Option Scheme after the above grant of the share options is 8,345,821 shares.

Movement in the number of share options granted is set out as below:

	Number of share options
<b>Outstanding as of January 1, 2024</b>	–
Granted during the year	<b>5,124,445</b>
<b>Outstanding as of December 31, 2024 and January 1, 2025</b>	<b>5,124,445</b>
Granted during the year	<b>9,803,700</b>
<b>Outstanding as of December 31, 2025</b>	<b>14,928,145</b>

**27 SHARE-BASED PAYMENTS** (continued)**Fair value of share options**

Based on fair value of the underlying ordinary shares, the Group has used Binomial option-pricing model to determine the fair value of the share option as of the grant date. Key assumptions are set as below:

	<b>At date of grant November 25, 2025</b>	At date of grant September 19, 2024
Fair value of ordinary shares (HKD)	<b>47.70</b>	36.60
Exercise price (HKD)	<b>48.38</b>	41.19
Risk-free interest rate	<b>3.51%</b>	3.2%
Dividend yield	<b>0%</b>	0%
Expected volatility	<b>43.43%</b>	44.04%
Expected terms	<b>4.00</b>	3.88

The risk-free rates have been derived based on the yield to maturity of HK Treasury Bonds with a term close to the expected maturity date as of the valuation date. The dividend yield is 0% because there has been no dividend paid out by the Company to date and the Company does not expect to pay any dividends in the near future. The expected volatility is estimated based on the annualised standard deviation of the daily return of the historical stock prices of the Company and those of the comparable companies with a time horizon close to the expected return.

The weighted-average fair value of granted share options was RMB16.20 and RMB13.89 per share for the years ended December 31, 2025 and 2024, respectively.

The total expenses recognised in profit and loss for the aforementioned share-based payments are RMB34,380,000 (2024: RMB3,797,000) for the year ended December 31, 2025.

**28 TRADE PAYABLES**

Trade payables primarily include payables for inventories and outsourcing service fees.

As at December 31, 2025 and 2024, the carrying amounts of trade payables were primarily denominated in RMB.

Trade payables and their aging analysis based on invoice date are as follows:

	<b>As at December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Up to 3 months	<b>640,124</b>	1,463,293
3 to 6 months	<b>142,634</b>	328,772
Over 6 months	<b>389,483</b>	391,198
	<b>1,172,241</b>	2,183,263

## 29 OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Payroll payables	21,730	25,936
Payable to third party hardware suppliers	1,300	32,300
Amount due to a non-controlling shareholder (Note 36)	–	8,500
Listing expenses payables	2,514	7,079
Other taxes payables	11,888	4,488
Expense reimbursement payable to employees	869	2,319
Accrual expenses and others	7,582	14,167
	<b>45,883</b>	<b>94,789</b>

The carrying amounts of other payables approximated their fair values as at December 31, 2025 and 2024. The other payables were primarily denominated in RMB.

## 30 DEFERRED TAXATION

Deferred taxes are calculated in full on temporary differences under the liability method using the tax rates at which are expected to be applied at the time of reversal of the temporary differences.

The amounts of offsetting deferred tax assets and liabilities are RMB1,965,000 and RMB7,314,000 as at December 31, 2025 and 2024, respectively. After offsetting, net deferred tax assets and net deferred tax liabilities are nil (2024: nil) and RMB6,337,000 (2024: RMB7,782,000) as at December 31, 2025, respectively. The analysis of deferred tax assets and liabilities before offsetting is as follows:

The gross movement on the deferred tax assets is as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>At the beginning of the year</b>	<b>7,314</b>	19,108
Charged to profit or loss (Note 13)	(1,887)	(4,328)
Partial disposals of subsidiaries with loss of control	(3,462)	(7,466)
<b>At the end of the year</b>	<b>1,965</b>	7,314

### 30 DEFERRED TAXATION (continued)

Deferred tax assets are recognised for deductible temporary differences and tax losses to the extent that the realisation of the related tax benefits through future taxable profits is probable. As at December 31, 2025 and 2024, the Group did not recognise deferred tax assets in respect of deductible temporary differences and cumulative tax losses amounting to RMB2,072,273,000 and RMB2,342,825,000, respectively, that can be carried forward against future taxable income. The tax losses as at December 31, 2025 and 2024 amounting to RMB155,475,000 and RMB113,088,000, can be carried forward indefinitely, respectively, and the remaining amount of RMB1,916,798,000 and RMB2,229,737,000 will expire within 5 or 10 years from the respective balance sheet dates.

The gross movement on the deferred tax liabilities is as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>At the beginning of the year</b>	<b>(15,096)</b>	(20,590)
Credited/(charged) to profit or loss (Note 13)	<b>3,879</b>	(1,247)
Partial disposals of subsidiaries with loss of control	<b>2,915</b>	6,741
<b>At the end of the year</b>	<b>(8,302)</b>	(15,096)

The detailed movements in deferred tax assets and liabilities are as follows:

Deferred tax assets:

	Credit loss allowance RMB'000	Tax losses RMB'000	Lease liabilities RMB'000	Total RMB'000
<b>At January 1, 2025</b>	–	<b>3,462</b>	<b>3,852</b>	<b>7,314</b>
Charged to profit or loss	–	–	<b>(1,887)</b>	<b>(1,887)</b>
Partial disposal of a subsidiary with loss of control	–	<b>(3,462)</b>	–	<b>(3,462)</b>
<b>At December 31, 2025</b>	–	–	<b>1,965</b>	<b>1,965</b>
<b>At January 1, 2024</b>	6,144	6,192	6,772	19,108
Charged to profit or loss	–	(1,408)	(2,920)	(4,328)
Partial disposal of subsidiaries with loss of control	(6,144)	(1,322)	–	(7,466)
<b>At December 31, 2024</b>	–	3,462	3,852	7,314

**30 DEFERRED TAXATION** (continued)

Deferred tax liabilities:

	Fair value changes of financial assets RMB'000	Intangible assets acquired in business combination RMB'000	Right-of-use assets RMB'000	Total RMB'000
<b>At January 1, 2025</b>	(7,782)	(3,462)	(3,852)	(15,096)
Credited to profit or loss	1,445	547	1,887	3,879
Partial disposal of a subsidiary with loss of control	–	2,915	–	2,915
<b>At December 31, 2025</b>	<b>(6,337)</b>	<b>–</b>	<b>(1,965)</b>	<b>(8,302)</b>
<b>At January 1, 2024</b>	(1,482)	(12,336)	(6,772)	(20,590)
(Charged)/credited to profit or loss	(6,300)	2,133	2,920	(1,247)
Partial disposal of subsidiaries with loss of control	–	6,741	–	6,741
<b>At December 31, 2024</b>	<b>(7,782)</b>	<b>(3,462)</b>	<b>(3,852)</b>	<b>(15,096)</b>

**31 BORROWINGS**

	As at December 31,	
	2025 RMB'000	2024 RMB'000
<b>Included in current liabilities</b>		
Unsecured and guaranteed borrowing (Note (a))	–	4,000
Unsecured and unguaranteed borrowings (Notes (b) and (c))	23,383	1,883
	<b>23,383</b>	<b>5,883</b>
<b>Included in non-current liabilities</b>		
Unsecured and unguaranteed borrowings (Note (c))	178,500	–
	<b>178,500</b>	<b>–</b>

### 31 BORROWINGS (continued)

Notes:

- (a) As at December 31, 2024, borrowing of RMB4,000,000 (2025: nil) was guaranteed by the director of a subsidiary of the Company with effective interest rate of 3.73% per annum.
- (b) As at December 31, 2025, unsecured borrowings comprise of short-term unsecured borrowings of RMB1,883,000 (2024: RMB1,883,000) which bear fixed interest rate at 4.0% (2024: 4.0%) per annum, and a short-term unsecured borrowing of RMB20,000,000 (2024: n/a) which bear fixed interest rate of 2.4% (2024: n/a) per annum.
- (c) As at December 31, 2025, the unsecured borrowings comprise of unsecured borrowings of RMB180,000,000 which bear fixed interest rates of 2.5% per annum and with maturity dates from June 2026 to December 2028. As at December 31, 2025, the borrowings amounting of RMB1,500,000 were classified as current liabilities.

At the end of the reporting period, the Group's borrowings are scheduled to repay as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
On demand or within one year	23,383	5,883
More than one year, but not exceeding two years	1,500	–
More than two years, but not exceeding five years	177,000	–
	<b>201,883</b>	5,883

### 32 OTHER LIABILITIES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
<b>Included in current liabilities</b>		
Payable for acquisition of subsidiaries	18,840	18,840
Receipt in advance	9,613	950
Deferred income (Note)	17,743	8,380
	<b>46,196</b>	28,170
Presented as:		
Non-current	17,743	–
Current	28,453	28,170
	<b>46,196</b>	28,170

Note: Deferred income represented government grants in connection with the Group's contributions to technology development and investments in local business districts.

### 33 CONTINGENCIES AND COMMITMENTS

The Group did not have any material contingent liabilities as at December 31, 2025 and 2024.

Commitments for expenditure or investments as contracted at the balance sheet date but not yet incurred are summarised as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Investments	4,000	4,000

As of 31 December 2025 and 2024, the Group had no material commitments other than those disclosed above.

### 34 DIVIDENDS

No dividends have been paid or declared by the Company during the years ended December 31, 2025, and 2024.

### 35 PARTIAL DISPOSALS OF SUBSIDIARIES WITH LOSS OF CONTROL

#### (a) Partial disposal of equity interest in Beijing Ideal Information Technology Co., Ltd. ("Beijing Ideal") with loss of control

On June 30, 2025, the Group entered into an equity transfer agreement with an independent third party, Shenzhen Zhongzhengguang Intelligent Technology Co., Ltd for the transfer of the Group's 10% (out of the total of 56.84%) equity interest in Beijing Ideal, a subsidiary of the Company and its consolidated subsidiaries, which were principally engaged in provision of digital operation and maintenance platform and solutions, with a cash consideration of RMB36,000,000. The transaction was completed on June 30, 2025 with an aggregate net gain of approximately RMB6,375,000. Upon completion of the partial disposal, Beijing Ideal ceased to be a subsidiary of the Company and the Group continues to have significant influence on Beijing Ideal through the Group's representative in the board of directors of Beijing Ideal. Accordingly, the Group's remaining 46.84% equity interest in Beijing Ideal with a fair value of approximately RMB168,627,000 was transferred as an investment accounted for using the equity method.

The consideration of the transaction will be paid by instalments prior to December 31, 2026. As of December 31, 2025, consideration in cash of RMB20,000,000 had been received by the Group in accordance with the agreed payment schedule.

**35 PARTIAL DISPOSALS OF SUBSIDIARIES WITH LOSS OF CONTROL** (continued)

**(a) Partial disposal of equity interest in Beijing Ideal Information Technology Co., Ltd. (“Beijing Ideal”) with loss of control** (continued)

The assets and liabilities derecognised as a result of the partial disposal of Beijing Ideal with loss of control are as follows:

	As at June 30, 2025 RMB'000
<b>Non-current assets</b>	
Right-of-use assets	191
Property and equipment	838
Intangible assets	19,440
Contract assets	451
Deferred tax assets	546
	21,466
<b>Current assets</b>	
Inventories	19,376
Trade receivables	28,466
Contract assets	446
Prepayments and other receivables	3,016
Restricted cash	1,839
Cash and cash equivalents	1,622
	54,765
<b>Total assets</b>	76,231
<b>Current liabilities</b>	
Trade payables	3,360
Other payables and accruals	6,262
Amount due to a non-controlling shareholder	17,300
Contract liabilities	6,042
	32,964
<b>Total liabilities</b>	32,964
<b>Net assets</b>	43,267

**35 PARTIAL DISPOSALS OF SUBSIDIARIES WITH LOSS OF CONTROL** (continued)**(a) Partial disposal of equity interest in Beijing Ideal Information Technology Co., Ltd. (“Beijing Ideal”) with loss of control** (continued)

Details of partial disposal of Beijing Ideal with loss of control:

	<b>Period from January 1, 2025 to December 31, 2025 RMB'000</b>
Consideration received or receivable:	
Cash received	20,000
Consideration receivable	16,000
<hr/>	
Total cash consideration	36,000
Fair value of the Group's remaining equity interest	168,627
<hr/>	
Total disposal consideration	204,627
<hr/>	
Carrying amount of net assets disposed excluding goodwill	(43,267)
Release of reserves	(8,456)
Non-controlling interests	19,110
Goodwill disposed	(165,639)
<hr/>	
Gain on partial disposal of Beijing Ideal with loss of control	6,375

Reconciliation of the cash flows from partial disposal of Beijing Ideal with loss of control:

	<b>As at December 31, 2025 RMB'000</b>
Cash received	20,000
Cash disposed	(1,622)
<hr/>	
Cash flows from partial disposal of Beijing Ideal with loss of control, net of cash disposed at date of disposal	18,378

**35 PARTIAL DISPOSALS OF SUBSIDIARIES WITH LOSS OF CONTROL** (continued)**(b) Partial disposal of equity interest in Zhongneng Shibe Technology with loss of control**

In the first quarter of 2024, the Group entered into an equity transfer agreement with an independent third party, Ningbo Herong Shengjing Investment Management Partnership (Limited Partnership) for the transfer of the Group's 22% (out of the total of 66%) equity interest in Zhongneng Shibe Technology, a subsidiary of the Company and its subsidiaries, which was principally engaged in provision of intelligent platform and solutions in energy and power industry, with a total cash consideration of RMB88,000,000. The transaction was completed on April 1, 2024 with an aggregate net gain of approximately RMB31,545,000. Upon completion of the partial disposal, Zhongneng Shibe Technology ceased to be a subsidiary of the Company and the Group continues to have significant influence on Zhongneng Shibe Technology through the Group's representative on the board of directors of Zhongneng Shibe Technology. Accordingly, the Group's remaining 44% equity interest in Zhongneng Shibe Technology with a fair value of approximately RMB167,200,000 was transferred as an investment accounted for using the equity method.

The consideration of the transaction will be paid by instalments prior to December 31, 2026. As of December 31, 2025, consideration of RMB20,000,000 (2024: RMB10,000,000) had been received by the Group. The current and non-current portion of remaining receivables arising from the equity transfer amounted to RMB65,997,000 (2024: RMB32,837,000) and nil (2024: RMB39,761,000).

**(c) Partial disposal of equity interest in EpicHust Technology (Wuhan) Co., Ltd. ("EpicHust Technology") with loss of control**

In the third quarter of 2024, the Group entered into an equity transfer agreement with several entities controlled by the management team for the transfer of 44.69% (out of the total of 79.66%) equity interest in EpicHust Technology, a subsidiary of the Company and its consolidated subsidiaries, which was principally engaged in provision of intelligent platform and solutions in manufacturing industry, with a total cash consideration of RMB72,000,000. The transaction was completed on August 31, 2024 with an aggregate net gain of approximately RMB35,606,000. Upon completion of the partial disposal, EpicHust Technology ceased to be a subsidiary of the Company and the Group continues to have significant influence on EpicHust Technology through the Group's representative in the board of directors of EpicHust Technology. Accordingly, the Group's remaining 34.97% equity interest in EpicHust Technology with a fair value of approximately RMB56,342,000 was transferred as an investment accounted for using the equity method.

The consideration of the transaction was scheduled to be paid by instalments prior to April 30, 2025. As of December 31, 2025, consideration of RMB72,000,000 (2024: RMB36,000,000) had been received by the Group in accordance with the agreed payment schedule.

## 36 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to 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 members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties 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) Names and relationships with related parties

The following companies are related parties of the Group that had significant transactions and/or balances with the Group during the reporting periods:

<b>Names of the major related parties</b>	<b>Relationship</b>
Yijing Zhilian (Suzhou) Technology Co., Ltd. ("Yijing Zhilian")	Associate of the Group
Beijing Data Element Intelligent Technology Co., Ltd. ("Data Element")	Associate of the Group
Zhongneng Shibe Technology	Associate of the Group
EpicHust Technology	Associate of the Group
Beijing Ideal	Associate of the Group (a subsidiary of the Group prior to June 2025)
Shenzhen Wake UP Technology Co., Ltd. ("Wake Up")	Joint venture of the Group
Lianxu Qi	Non-controlling shareholder

### (b) Significant transactions with related parties

	<b>Year ended December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Sales of goods and services</b>		
Wake Up	<b>8,827</b>	–
Zhongneng Shibe Technology	<b>33</b>	773
EpicHust Technology	<b>12</b>	141
Beijing Ideal	<b>45</b>	–
	<b>8,917</b>	914

**36 RELATED PARTY TRANSACTIONS** (continued)

**(b) Significant transactions with related parties** (continued)

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>Purchases of goods and services</b>		
Data Element	2,497	1,137
Wake Up	19,392	303
	<b>21,889</b>	1,440

**(c) Significant balances with related parties**

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>Receivables from related parties</b>		
<i>Receivable from Zhongneng Shibe Technology:</i>		
At the beginning of the year	35,326	–
Partial Disposal of subsidiary with loss of control	–	35,123
Repayment	(35,000)	–
Interest charged	118	203
At the end of the year	444	35,326
<i>Receivable from EpicHust Technology:</i>		
At the beginning of the year	10,000	–
Partial Disposal of subsidiary with loss of control	–	10,000
Repayment	(10,077)	–
Interest charged	77	–
At the end of the year	–	10,000
<i>Receivable from Wake Up:</i>		
At the beginning of the year	–	–
Additions	257,000	–
Repayment	(35,000)	–
Interest charged	1,997	–
At the end of the year	223,997	–
<b>Trade receivables from related parties</b>		
Zhongneng Shibe Technology	731	1,107
Beijing Ideal	65	–
Wake Up	9,357	–
	<b>10,153</b>	1,107

**36 RELATED PARTY TRANSACTIONS** (continued)**(c) Significant balances with related parties** (continued)

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>Advance from a non-controlling shareholder</b>		
<i>Lianxu Qi:</i>		
At the beginning of the year	8,500	–
Additions	8,800	8,500
Partial disposal of a subsidiary with loss of control	(17,300)	–
At the end of the year	–	8,500
<b>Trade payables to related parties</b>		
Yijing Zhilian	789	890
Data Element	236	523
Zhongneng Shibe Technology	139	142
	1,164	1,555
<b>Receipt in advance from related parties</b>		
Zhongneng Shibe Technology	348	–
EpicHust Technology	80	92
Beijing Ideal	87	–
	515	92

**(d) Key management personnel compensation**

The remuneration of directors, and key management personnel is as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	11,660	17,015
Contributions to pension plans	376	619
Other social security costs, housing benefits and other employee benefits	569	898
Share-based payment expenses	17,926	2,026
	30,531	20,558

The wages, salaries, bonuses, contributions to pension plans, other social security costs, housing benefits and other employee benefits of key management personnel as disclosed above include RMB3,379,582 (2024: RMB4,351,180) which were unpaid as at December 31, 2025 and included in other payables and accruals. The share-based payments provided to key management personnel during the year ended December 31, 2025 are equity-settled, see Note 27 for details.

## 37 CASH FLOW INFORMATION

### (a) Cash used in operations

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<b>Loss before tax</b>	<b>(39,770)</b>	(290,088)
Adjustments for:		
– Depreciation and amortisation		
– property and equipment	12,075	22,400
– right-of-use assets	9,846	22,488
– intangible assets	4,317	16,890
– Provision for credit loss allowance, net	17,398	199,961
– Impairment provision for inventories	3,277	6,192
– Share-based payment expenses	44,108	3,797
– Interest income	(77,320)	(51,866)
– Interest expenses	763	5,898
– Net gains on disposal of right-of-use assets	–	(1,071)
– Net losses on disposal of property and equipment	203	–
– Fair value changes on financial assets at fair value through profit or loss	(34,273)	(39,815)
– Share of results of investments accounted for using the equity method	(17,410)	(19,265)
– Net gains on partial disposals of investments accounted for using the equity method	(12,582)	(5,313)
– Net gains on the partial disposal of subsidiaries with loss of control	(6,375)	(67,151)
– Foreign exchange losses, net	(27,384)	(7,827)
<b>Operating cash flows before movements in working capital</b>	<b>(123,127)</b>	(204,770)
– Decrease/(increase) in contract assets	120	(16,894)
– Increase in inventories	(179,547)	(35,708)
– Decrease/(increase) in trade receivables	703,140	(1,700,754)
– Increase in prepayments and other receivables	(226,648)	(104,306)
– Decrease in restricted cash	207	51,970
– (Decrease)/increase in trade payables	(1,007,662)	1,356,926
– Decrease in other payables and accruals	(22,786)	(32,519)
– Increase in contract liabilities	138,018	46,173
– Increase/(decrease) in other liabilities	16,690	(2,194)
Cash used in operations	<b>(701,595)</b>	(642,076)

**37 CASH FLOW INFORMATION** (continued)**(b) Reconciliation of liabilities from financing activities**

This section sets out an analysis and the movements of liabilities from financing activities for the years ended December 31, 2025 and 2024, respectively.

	Liabilities from financing activities		
	Lease liabilities RMB'000	Borrowings RMB'000	Total RMB'000
<b>As at January 1, 2025</b>	<b>22,479</b>	<b>5,883</b>	<b>28,362</b>
Cash flows	(11,907)	195,928	184,021
Accrued interest expenses	691	72	763
Addition of new leases	292	–	292
<b>As at December 31, 2025</b>	<b>11,555</b>	<b>201,883</b>	<b>213,438</b>
<b>As at January 1, 2024</b>	45,886	108,747	154,633
Cash flows	(25,564)	4,240	(21,324)
Accrued interest expenses	1,622	1,446	3,068
Addition of new leases	29,393	–	29,393
Termination of leases	(25,638)	–	(25,638)
Partial disposals of subsidiaries with loss of control	(3,220)	(108,550)	(111,770)
<b>As at December 31, 2024</b>	<b>22,479</b>	<b>5,883</b>	<b>28,362</b>

**(c) Major non-cash investing and financing activities**

During the year ended December 31, 2025, the major non-cash investing and financing activities mainly include (i) the addition of right-of-use assets and lease liabilities and (ii) transfer of an investment accounted for using the equity method upon partial disposal of a subsidiary with loss of control (Note 19).

During the year ended December 31, 2024, the major non-cash investing and financing activities mainly include (i) the addition of right-of-use assets and lease liabilities and (ii) increase in the interest in associates due to dilution gains (Note 19).

## 38 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

### (a) Statement of financial position of the Company

	As at December 31,	
	2025 RMB'000	2024 RMB'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property and equipment	94	12
Investment in subsidiaries	2,898,639	2,234,661
Investments accounted for using the equity method	315,066	331,834
Financial assets at FVTPL	47,659	–
Amounts due from subsidiaries	5,760,434	3,722,584
	<b>9,021,892</b>	6,289,091
<b>Current assets</b>		
Trade receivables	–	1,239
Prepayments and other receivables	2,467	3,197
Financial assets at FVTPL	115,345	–
Term bank deposits	356,158	454,636
Cash and cash equivalents	1,115,172	578,732
	<b>1,589,142</b>	1,037,804
<b>Total assets</b>	<b>10,611,034</b>	7,326,895

### 38 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

#### (a) Statement of financial position of the Company (continued)

	As at December 31,	
	2025 RMB'000	2024 RMB'000
<b>Equity</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	519,679	465,859
Treasury stock	(28,947)	(18,107)
Shares held for share award schemes	(255)	–
Reserves	10,842,849	8,389,661
Accumulated losses	(1,546,730)	(1,522,039)
<b>Total equity</b>	<b>9,786,596</b>	<b>7,315,374</b>
<b>Liabilities</b>		
<b>Non-current liability</b>		
Borrowings	178,500	–
<b>Current liabilities</b>		
Trade payables	2,453	4,360
Other payables and accruals	641,985	7,161
Borrowings	1,500	–
	<b>645,938</b>	<b>11,521</b>
<b>Total liabilities</b>	<b>824,438</b>	<b>11,521</b>
<b>Total equity and liabilities</b>	<b>10,611,034</b>	<b>7,326,895</b>

The balance sheet of the Company was approved by the Board of Directors on March 30, 2026 and was signed on its behalf by:

**Dai Wenyuan**  
Director

**Yu Zhonghao**  
Director

### 38 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

#### (b) Movements in reserves and accumulated losses of the Company

	Reserves						Accumulated losses RMB'000
	Treasury stock RMB'000	Treasury stock RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Other reserve RMB'000	Total RMB'000	
<b>Balance at January 1, 2025</b>	(18,107)	-	8,380,154	3,797	5,710	8,389,661	(1,522,039)
Loss for the year	-	-	-	-	-	-	(24,691)
Shares repurchase	(10,840)	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	44,108	-	44,108	-
Placing of shares	-	-	2,419,613	-	-	2,419,613	-
Transaction costs attributable to issue of shares	-	-	(805)	-	-	(805)	-
Shares purchased and withheld for Share Award Scheme	-	(9,983)	-	-	-	-	-
Vesting of awarded shares from Share Scheme Trust	-	9,728	-	(9,728)	-	(9,728)	-
<b>Balance at December 31, 2025</b>	<b>(28,947)</b>	<b>(255)</b>	<b>10,798,962</b>	<b>38,177</b>	<b>5,710</b>	<b>10,842,849</b>	<b>(1,546,730)</b>
<b>Balance at January 1, 2024</b>	-	-	8,380,154	-	16,671	8,396,825	(1,543,617)
Profit for the year	-	-	-	-	-	-	21,578
Shares repurchase	(18,107)	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	3,797	-	3,797	-
Share of other comprehensive loss of investments accounted for using the equity method	-	-	-	-	(10,961)	(10,961)	-
<b>Balance at December 31, 2024</b>	<b>(18,107)</b>	<b>-</b>	<b>8,380,154</b>	<b>3,797</b>	<b>5,710</b>	<b>8,389,661</b>	<b>(1,522,039)</b>

### 39 EVENT AFTER THE REPORTING PERIOD

On January 20, 2026, the Company acquired addition 39.58% of equity interest in Wake Up from other shareholders of Wake Up at a total consideration of approximately RMB278,363,000 and the consideration was paid as at the date of this report. Upon completion of the acquisition on January 20, 2026, Wake Up will be owned as to 84.58% by the Company and become a direct non-wholly owned subsidiary of the Company.

In this report, unless the context otherwise requires, the following expressions have the following meanings. These expressions and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

<b>“associate(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Audit Committee”</b>	the audit committee of the Board
<b>“Beijing New Wisdom”</b>	Beijing New Wisdom Pilot Management Consulting Co., Ltd. (北京新智領航管理諮詢有限公司), a limited liability company established in the PRC on April 9, 2020, being the sole general partner of our Employment Incentive Platform and owned as to 99.0% by Dr. Dai and 1.0% by his spouse, respectively, and one of our Controlling Shareholders
<b>“Board” or “Board of Directors”</b>	the board of Directors
<b>“China” or “PRC”</b>	the People’s Republic of China, for the purpose of this report and for geographical reference only, excluding Hong Kong and Macao Special Administrative Regions and Taiwan
<b>“Company”, “the Company”, “our Company” or “Phancy”</b>	Phancy Group Co., Ltd. (範式智能技術集團股份有限公司), the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6682)
<b>“Director(s)” or “our Director(s)”</b>	the director(s) of the Company
<b>“Dr. Dai”</b>	Dr. Dai Wenyuan (戴文淵), the chairman of the Board, an executive Director, chief executive officer and one of our Controlling Shareholders
<b>“Employee Incentive Scheme”</b>	the employee incentive scheme of our Company approved and adopted by our Board on April 25, 2021, a summary of the principal terms of which is set forth in “Statutory and General Information – Further information about our Directors, Supervisors, Senior Management and Substantial Shareholders – 5. Employee Incentive Scheme” in Appendix VI to the Prospectus
<b>“Global Offering”</b>	the global offering of the H Shares in Hong Kong as described in the Prospectus
<b>“Group,” “our Group,” “we” or “us”</b>	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the context may require)
<b>“H Share(s)”</b>	overseas listed foreign share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and to be listed on the Hong Kong Stock Exchange
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong” or “HK”</b>	the Hong Kong Special Administrative Region of the PRC

<b>“Hong Kong Stock Exchange” or “Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
<b>“HongShan”</b>	a reference to the HongShan funds and entities that are engaged in activities related to investing and are principally focused on companies located in, or with connections to, the PRC
<b>“IFRS”</b>	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by International Accounting Standards Board and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee
<b>“Listing”</b>	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
<b>“Listing Date”</b>	September 28, 2023, on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
<b>“Listing Rules” or “Hong Kong Listing Rules”</b>	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
<b>“Main Board”</b>	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with Growth Enterprise Market of the Hong Kong Stock Exchange
<b>“Paradigm Chuqi”</b>	Tianjin Paradigm Chuqi Management Consulting Partnership (Limited Partnership) (天津範式出奇管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on April 21, 2021, of which Beijing New Wisdom is the sole general partner, and it is one of our Controlling Shareholders which is interested in more than one third of limited partnership interest in Paradigm Investment
<b>“Paradigm Investment”</b>	Paradigm (Tianjin) Management Consulting Partnership (Limited Partnership) (範式(天津)管理諮詢合夥企業(有限合夥)), previously known as Paradigm (Ningbo Free Trade Zone) Investment Partnership (Limited Partnership) (範式(寧波保稅區)投資合夥企業(有限合夥)), a limited partnership established in the PRC on March 29, 2018, of which Beijing New Wisdom is the sole general partner, and it is the Employee Incentive Platform and one of our Controlling Shareholders
<b>“Paradigm Yinyuan”</b>	Tianjin Paradigm Yinyuan Management Consulting Partnership (Limited Partnership) (天津範式隱元管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on April 21, 2021 of which Beijing New Wisdom is the sole general partner, and one of our Controlling Shareholders
<b>“Placing Agents”</b>	China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited
<b>“Placing Agreement”</b>	the conditional placing agreement entered into between the Company and the Placing Agents dated April 22, 2026 in relation to the Placing under the General Mandate

<b>“Placing Shares”</b>	27,920,000 new H Shares issued and allotted pursuant to the terms and conditions of the Placing Agreement
<b>“Prospectus”</b>	the prospectus dated September 18, 2023 issued by the Company in connection with Hong Kong public offering under the Global Offering
<b>“Reporting Period”</b>	for the year ended December 31, 2025
<b>“RMB” or “Renminbi”</b>	Renminbi, the lawful currency of the PRC
<b>“Securities and Futures Ordinance” or “SFO”</b>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Share(s)”</b>	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each
<b>“Shareholder(s)”</b>	holder(s) of Share(s)
<b>“subsidiary(ies)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“substantial shareholder(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Supervisor(s)”</b>	member(s) of the Supervisory Committee
<b>“treasury shares”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Unlisted Shares”</b>	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/ are not listed on any stock exchange
<b>“U.S.” or “United States”</b>	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
<b>“U.S. dollar”, “US\$” or “USD”</b>	United States dollar, the lawful currency of the United States
<b>“%”</b>	Per cent.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) have been included in this report in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

\* For identification purposes only



## GLOSSARY OF TECHNICAL TERMS

<b>“AI”</b>	artificial intelligence, simulation of human intelligence by machines
<b>“AIGS”</b>	AI-Generated Software
<b>“algorithm”</b>	a procedure of formula for solving a problem, based on conducting a sequence of specified actions
<b>“cloud”</b>	the computers and connections that support cloud computing
<b>“enterprise AI”</b>	AI technologies and software applied by enterprises to address their business needs and drive their digital and automation transformation
<b>“IDC”</b>	International Data Corporation
<b>“IT”</b>	information technology
<b>“machine learning”</b>	the scientific study of algorithms and statistical models that computer systems use to effectively perform specific tasks without being explicitly programmed to do so
<b>“platform-centric”</b>	a type of AI solutions that come with an AI development platform in addition to AI applications and underlying computing infrastructure
<b>“R&amp;D”</b>	research and development

\* Any difference in the figures in this annual report is due to rounding.