

壁仞科技
BIREN TECHNOLOGY

Shanghai Biren Technology Co., Ltd.

上海壁仞科技股份有限公司

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

Stock Code : 6082

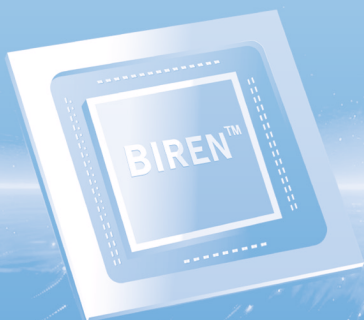


2025

Annual Report

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CORPORATE INFORMATION

CHINESE NAME OF THE COMPANY

上海壁仞科技股份有限公司

ENGLISH NAME OF THE COMPANY

Shanghai Biren Technology Co., Ltd.

BOARD OF DIRECTORS

Executive Directors

Mr. Wen ZHANG

(Chairman of the Board and Chief Executive Officer)

Mr. Zhou HONG

Mr. Linglan ZHANG

Mr. Bing XIAO (肖冰)

Mr. Luting PAN

Non-executive Directors

Mr. Jingguo LIU (劉經國)

Independent Non-executive Directors

Dr. Yuan WANG (王源)

Mr. Siu Wing LAM (林兆榮)

Ms. Jin LIU (劉瑾)

AUDIT COMMITTEE

Mr. Siu Wing LAM (林兆榮) *(Chairman)*

Dr. Yuan WANG (王源)

Ms. Jin LIU (劉瑾)

REMUNERATION COMMITTEE

Ms. Jin LIU (劉瑾) *(Chairman)*

Dr. Yuan WANG (王源)

Mr. Wen ZHANG

NOMINATION COMMITTEE

Dr. Yuan WANG (王源) *(Chairman)*

Ms. Jin LIU (劉瑾)

Mr. Wen ZHANG

AUTHORISED REPRESENTATIVES

Mr. Luting PAN

Mr. Chun Ho TSANG

COMPANY SECRETARY

Ms. Yimin TONG

Mr. Chun Ho TSANG *(ACG, HKACG)*

REGISTERED OFFICE

Room 1302, 13/F, Building 16

No. 2388 Chenhang Road

Minhang District, Shanghai

PRC

HEADQUARTERS PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 1302, 13/F, Building 16

No. 2388 Chenhang Road

Minhang District, Shanghai

PRC

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1919, 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

COMPLIANCE ADVISER

Maxa Capital Limited
Unit 2602, 26/F
Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

LEGAL ADVISORS

Davis Polk & Wardwell
10/F, The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

AUDITOR

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

PRINCIPAL BANKS

Construction Bank Corporation Shanghai Lingang Branch
B-3, No. 555 Xinyuan South Road
Pudong New Area
Shanghai
PRC

Bank of China Limited Shanghai Pujiang Hi-Tech Business
Park Branch
No. 2518, Chenhang Highway
Minhang District
Shanghai
PRC

STOCK CODE

6082

WEBSITE

www.birentech.com

FOUR-YEAR FINANCIAL HIGHLIGHTS

	For the Years ended 31 December,			2025 RMB'000
	2022 RMB'000	2023 RMB'000	2024 RMB'000	
Revenue	499	62,030	336,803	1,034,614
Gross profit	499	47,403	179,197	557,002
Operating loss	(1,133,828)	(1,145,443)	(835,148)	(1,041,853)
Loss before income tax	(1,474,187)	(1,744,058)	(1,538,189)	(16,493,028)
Loss for the year	(1,474,312)	(1,743,955)	(1,538,100)	(16,493,028)
Adjusted loss for the year (non-IFRS measure)	(1,038,251)	(1,051,365)	(767,253)	(873,802)

	As at 31 December			2025 RMB'000
	2022 RMB'000	2023 RMB'000	2024 RMB'000	
Non-current assets	712,362	624,223	687,800	1,035,051
Current assets	2,834,211	2,773,545	2,353,347	4,882,768
Total assets	3,546,573	3,397,768	3,041,147	5,917,819
Non-current liabilities	7,528,713	8,141,869	8,912,353	28,731,356
Current liabilities	324,238	1,225,760	1,552,999	1,030,201
Total liabilities	7,852,951	9,367,629	10,465,352	29,761,557
Deficit attributable to owners of the Company	(4,306,378)	(5,969,861)	(7,424,205)	(23,843,738)
Total deficits	(4,306,378)	(5,969,861)	(7,424,205)	(23,843,738)
Total deficits and liabilities	3,546,573	3,397,768	3,041,147	5,917,819

CHAIRMAN'S REPORT

BUSINESS REVIEW: SOLIDIFYING TECHNOLOGICAL FOUNDATIONS, ACHIEVING A CRITICAL LEAP IN COMMERCIALIZATION

2025 marked an inflection point for the global AI industry, as it pivoted from technical breakthroughs to scaled deployment. The evolution of AI models has shifted from parameter scale to optimization of architectural efficiency and deployment costs in production environments. The explosive demand for AI Agents and AIGC applications has triggered exponential growth in inference computing power, as a single Agent invocation may trigger multi-round inference tasks, imposing systematic requirements on infrastructure efficiency, cluster scalability, and long-term operational stability. Against this industry backdrop, our Company has leveraged our proprietary full-stack innovation to achieve substantive progress in commercial deployment, product evolution, technological advancement, and ecosystem expansion, successfully transitioning from technology validation to scaled commercialization.

Operating Results and Financial Performance

During the period from January 1, 2025 to December 31, 2025 (the “**Reporting Period**”), the Company recorded revenue of RMB1,034.6 million, representing a year-on-year increase of 207.2%. Gross profit was RMB557.0 million, up 210.8% year-on-year, with the gross profit margin reaching 53.8%, which increased 63 basis points (bps) as compared to 2024. Research and development (“**R&D**”) expenses were RMB1,476.1 million, increasing by 78.5% year-on-year, reflecting significantly enhanced investment in next-generation product and technology to lay the foundation for mass production. Adjusted loss for the year was RMB873.8 million, reflecting our continued R&D investment in next-generation products and technologies to address future market demands.

In terms of financial position, as of the end of the Reporting Period, the Company held total cash resources comprising cash and cash equivalents, bank deposits, restricted cash¹ and current financial assets at fair value through profit or loss of RMB2,895.7 million. Together with the net proceeds from the listing of H shares of the Company on the Hong Kong Stock Exchange of RMB5,631.4 million in early 2026, this provides ample funding for sustained technology R&D, capacity expansion and commercial deployment. As of the end of the Reporting Period, our inventories stood at RMB948.6 million to address accelerating customers' demand and ensure supply chain resilience. Our combination of relentless product innovation, proven deployment at scale, and disciplined financial management underscores a core competency: the ability to translate strategy into results in a fast-moving market.

Commercial Deployment: Landmark Projects and Scalable Deployment

Over the past year, the AI industry has undergone profound transformation: workloads are shifting from training to inference, and computing demand is evolving from “single-GPU peak performance” to “system-level efficiency”. This transition imposes higher requirements on AI chip companies, requiring not only strong hardware performance but also deep integration of software ecosystems, cluster engineering, and vertical scenarios. In 2025, we completed volume production and commercialization of our general-purpose computing on graphics processing unit (“**GPGPU**” or “**General-purpose GPU**”) – BR106 and BR166 – across all form factors, crossing a critical threshold into thousand-card-scale intelligent computing cluster deployment while broadening our high-quality customer base.

¹ Including current and non-current restricted cash of RMB91.7 million

CHAIRMAN'S REPORT

During the Reporting Period, the Company successfully delivered several multi-thousand-card-scale intelligent computing cluster projects, with clients ranging from national-level intelligent computing centers and telecom operators to commercial AI Data Centers (AIDC), AI/ Large Language Model (LLM) companies, and enterprises. In vertical sectors, we have established tailored solutions across AI Agents/AI Coding, generative AI (AIGC), financial technology, smart manufacturing, smart education, and smart government/civil services etc., further enriching end-use scenarios and building an end-to-end deployment capability spanning "chip + system + vertical application". Our intelligent computing cluster projects achieved service level of "minute-level resumption of training from breakpoint", validating our cluster's engineering reliability under intensive continuous loads.

We enabled rapid adaptation of leading foundation models including DeepSeek's V3/R1 series, MiniMax M2 series, Zhipu's GLM series, Alibaba's Qwen series, StepFun's Step Series, and Tencent's Hunyuan series, with Day-0 adaptation for several frontier releases, demonstrating that our software ecosystem has achieved the ability to co-evolve with global cutting-edge algorithms. This full-stack engineering capability is the critical threshold for chip companies to upgrade from "hardware suppliers" to "AI computing infrastructure operators".

The Company is committed to building an open industry ecosystem. In 2025, we established a series of important strategic partnerships. For example, we formed strategic alliance with StepFun, Shanghai Yidian AI Computing Services, and other partners to establish the "Domestic AI Joint Laboratory". This collaboration aims to create a vertically integrated Chip-Model-Cloud innovation ecosystem, reducing the per token cost for AI applications through deep co-optimization between underlying hardware and upper-layer algorithms, thereby accelerating AI deployment in real-world use cases.

Advancing the Technology Frontier: Critical Product Evolution and System-Level Innovation

We have efficiently executed our architecture and product evolution roadmap, proactively positioning for next-generation technology trends.

Next-Generation Product Pipeline: The next-generation BR20X product series, planned for commercial launch in 2026, will sustain training leadership while architecting for exponential inference growth through holistic upgrades in compute density, memory capacity and bandwidth, and interconnect capabilities. With dedicated FP8/FP4 engines, the series achieves breakthrough in both throughput and energy efficiency.

CHAIRMAN'S REPORT

System-Level Innovation: Built on the BR10X series, we launched the “LightSphere X” SuperPod solution with ecosystem partners utilizing optical interconnect and distributed optical circuit switching (dOCS) technology. This solution aims to overcome the physical limitations of traditional electrical interconnect in bandwidth density and energy efficiency, providing a technical pathway for ultra-large-scale computing clusters. This solution received the prestigious SAIL Award (Super AI Leader) at the 2025 World Artificial Intelligence Conference (WAIC). A 2,048-card GPU SuperPod cluster with optical interconnect and dOCS solution has been deployed at a national-level intelligent computing center. We will continue to advance our optical interconnect technology in future generations of products.

The BR20X series will introduce SuperPod cluster solutions based on our proprietary Blink 2.0 interconnect protocol. It supports scale-up to thousand-card-scale cluster. This solution is compatible with mainstream SUE protocols, supports multiple southbound switches and In-Network Computing function, making it suitable for large-scale MoE (Mixture of Experts) model expert parallelism and other scenarios.

Software Ecosystem Development: We have further strengthened software ecosystem, keeping pace with leading model release schedules and achieving rapid adaptation and deep optimization within short timeframes, demonstrating strong capabilities in technology iteration and compatibility. We have progressively enhance support for open-source frameworks including PyTorch, vLLM, and SGLang, while extending adaptation with open-source ecosystems such as Triton and TileLang, systematically reducing customers' migration costs and improving the ease of deployment. We continuously expand our self-developed software stack BIRENSUPA™ ecosystem through our ongoing commitment to open-source strategies.

CORPORATE STRATEGY

Looking ahead, the global race for AI is a marathon, not a sprint – centered on “system efficiency, ecosystem breadth, and supply chain resilience”. Our Company will embrace long-termism, focusing on the following core strategies to build sustainable competitive advantages:

- 1. Deepening Technology Leadership with Cutting-Edge R&D.** Our R&D will focus on the following directions: continuously evolving our proprietary GPU core architecture while incorporating advanced packaging, and multi-chiplet integration technologies to optimize performance and computing efficiency; deepening system-level innovation represented by SuperPods, and establishing a leading advantage in building clusters of 10,000-card and beyond; continuously investing in optical interconnect, advanced liquid cooling, and other frontier directions to enhance data center scalability and efficiency; continuously optimizing full-stack software and embracing open-source ecosystems to unleash hardware potential.
- 2. Business Model Elevation: “Chip + System + Ecosystem” Integration.** We will evolve toward becoming a “leading computing system solution provider”. We will provide deeply co-optimized hardware-software integrated solutions centered on self-developed chips, SuperPods, clusters, and software. As the technological foundation of the AI-native era, we are dedicated to working with leading domestic foundation model companies, cloud service providers and other partners to co-optimize every layer – from silicon to application, evolving from “chip-to-model adaptation” to “chip-model co-design”. We will continuously push the boundaries of innovation and building sustainable competitiveness for the future.

CHAIRMAN'S REPORT

3. **Building a Robust, Diversified, and Resilient Supply Chain.** Supply chain safety is of strategic importance to China's AI chip companies. We ensure supply security and stability through strategic partnerships, diversified sourcing and technology synergy, and to work with industry partners to co-define future technical standards, thereby securing resilient, scalable supply capacity to meet customers' sustained, high-volume demand.
4. **Establishing AI-Driven Organizational Capabilities.** Continuously evolving our organization with AI. We integrate large models and AI Agents across critical workflows – from code generation, chip design to operational optimization, continuously improving the productivity and creativity of our employees, creating a virtuous cycle of “accelerating innovation through innovation”.

OUTLOOK

We are entering a new era of transformation driven by AI. As AI Agents begin large-scale deployment and embodied intelligence gradually enters reality, artificial intelligence is reshaping the global economy and social structure. Computing power is the cornerstone of all these transformations, and general-purpose computing solutions will become the critical infrastructure connecting digital intelligence with the physical world.

Guided by our mission of “Guoxin (homegrown chip), Guoshe (designed in China), Guozao (manufactured in China), and Guoyong (deployed in China)” (“國芯、國設、國造、國用”), we are dedicated to cultivating a sovereign intelligent computing ecosystem and serving as the core engine of China's AI industry. The milestones achieved in 2025 validate our ability to commercialize cutting-edge technology and maintain strategic patience to invest with discipline for the future. The Company is advancing customer validation, commercial partnerships, and scalable deployment with a broader base of key customers, transforming computing power into stable, efficient, and accessible innovation momentum.

Looking ahead, we will harness technological innovation as our driving force, customer needs as our guiding compass, and ecosystem collaboration as our accelerator, empowering every individual and enterprise with the “compute engine” to thrive in the intelligent age. We are confident that through relentless innovation, deep co-optimization across silicon, systems, and applications, building a complete and self-controlled industrial chain, we are uniquely positioned to capitalize on the historic opportunities in AI computing and contribute substantively to building China's world-class artificial intelligence infrastructure.

Shanghai Biren Technology Co., Ltd.

Wen ZHANG

Chairman of the Board, Executive Director and Chief Executive Officer

Shanghai, PRC

March 30, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

For details of the business review, corporate strategy and outlook, please refer to the Chairman's Report in this report.

FINANCIAL REVIEW

Revenue

For the year ended December 31, 2025, our revenue increased by 207.2% to RMB1,034.6 million as compared to the previous year.

The table below sets forth a breakdown of our revenue by revenue sources for 2025 and 2024:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Sale of products		
– Intelligent computing solutions	1,027,655	336,794
Rendering of support or extended warranty service	914	9
Rendering of entrusted R&D service	4,631	–
	1,033,200	336,803
Revenue from other source		
Rental income from intelligent computing clusters	1,414	–
	1,034,614	336,803

Our principal revenue sources consist of (i) sales of products, including intelligent computing solutions, (ii) rendering of support or extended warranty service, (iii) rendering of entrusted R&D service, and (iv) rental income from intelligent computing clusters. Our revenue increased from RMB336.8 million in 2024 to RMB1,034.6 million in 2025, primarily due to an increase in our revenue from intelligent computing solutions.

Revenue from sales of product, including intelligent computing solutions, surged by 205.1% from RMB336.8 million in 2024 to RMB1,027.7 million in 2025, primarily due to at-scale volume production and shipment of our BR10X series flagship GPGPU products, delivery of multiple thousand-card scale intelligent computing clusters, and expansion of our high-quality clients.

Cost of Sales

Our cost of sales increased by 203.0% from RMB157.6 million in 2024 to RMB477.6 million in 2025, primarily attributable to an increase in our cost of sales of intelligent computing solutions in line with our business growth such as cost of semiconductors, tooling costs and software testing costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

Our gross profit increased by 210.8% from RMB179.2 million to RMB557.0 million in 2025. The overall gross profit margin was 53.8% in 2025, which increased 63 basis points (bps) as compared to 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 11.6% from RMB51.5 million in 2024 to RMB57.5 million in 2025, primarily due to the expansion of our sales team and higher share-based compensation expenses.

General and Administrative Expenses

Our general and administrative expenses increased by 35.8% from RMB244.2 million in 2024 to RMB331.5 million in 2025, primarily due to the increase in (i) employee benefit expenses, including share-based compensation expenses, (ii) professional service fees and other consultancy fees in relation to the Hong Kong initial public offering and the global public offering.

Research and Development Expenses

Our research and development expenses increased by 78.5% from RMB827.0 million in 2024 to RMB1,476.1 million in 2025, primarily due to (i) the continuous increase in R&D technical services and equipment depreciation to strongly support significant enhancements in product and technology iteration; and (ii) expansion of R&D team and higher share-based compensation expenses.

Other Income

Our other income increased by 189.6% from RMB100.0 million in 2024 to RMB289.6 million in 2025, primarily due to an increase in government grants.

Other (Losses)/Gains – net

Our other gains amounted to RMB10.5 million in 2024, whereas other losses of RMB10.0 million were recorded in 2025, mainly attributable to the increase in foreign exchange loss and the loss from disposal of fixed assets.

Finance cost – net

Our finance cost – net increased by 2,097.8% from RMB703.0 million in 2024 to RMB15,451.2 million in 2025, primarily due to the increase in the fair value of the redemption liabilities related to the redemption rights granted to certain investors. The redemption rights granted to investors would be irrevocably terminated upon the listing. The carrying amount of the related redemption liabilities would be derecognized on January 2, 2026, and credited to the equity attributed to the owners of the Company, and no further gains or losses related to the redemption liabilities would arise in 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the Year

Given the above reasons, our loss for the year increased by 972.3% from RMB1,538.1 million in 2024 to RMB16,493.0 million in 2025.

Non-IFRS Measure

We use adjusted loss for the year (non-IFRS measure), which is a non-IFRS measure, in evaluating our operating results and for financial and operational decision-making purposes. We believe that adjusted loss for the year (non-IFRS measure) provides useful information about our results of operations, enhances the overall understanding of our past performance and future prospects.

Adjusted loss for the year (non-IFRS measure) should not be considered in isolation or construed as an alternative to loss for the year. Adjusted loss for the year (non-IFRS measure) presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data.

We define our adjusted loss for the year (non-IFRS measure) by adding back (i) changes in the carrying value of redemption liabilities, (ii) share-based compensation expenses, and (iii) listing expenses, to loss for the year. Specifically, (i) changes in the carrying value of redemption liabilities are non-cash in nature, and the redemption rights of the shareholders shall automatically terminate immediately upon the completion of the listing, (ii) share-based compensation expenses relate to the share-based awards that we grant to employees and directors and are non-cash expenses, and (iii) listing expenses relate to global offering.

The following table presents our non-IFRS measures for the periods indicated.

	2025 RMB'000	2024 RMB'000
Loss for the year	(16,493,028)	(1,538,100)
Add:		
Changes in the carrying value of redemption liabilities	15,470,522	674,309
Share-based compensation expenses	106,467	82,633
Listing expenses	42,237	13,905
Adjusted loss for the year (non-IFRS measure)	(873,802)	(767,253)

Our adjusted loss for the year (non-IFRS measure) is defined by adding back changes in the carrying value of redemption liabilities, share-based compensation expenses, and listing expenses, and our adjusted loss for the year (non-IFRS measure) was RMB767.3 million in 2024 and RMB873.8 million in 2025, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Sources of Capital

As of December 31, 2025, our liquidity stood at RMB2,822.7 million, comprising cash and cash equivalents of RMB1,037.7 million, financial assets at fair value through profit or loss of RMB1,312.7 million, restricted cash of RMB18.8 million, and bank deposits of RMB453.6 million. This compares to liquidity of RMB1,751.6 million as of December 31, 2024.

Indebtedness

Our indebtedness mainly includes borrowings lease liabilities and redemption liabilities. As of December 31, 2025, we had bank borrowings of approximately RMB200.1 million (December 31, 2024: nil). The effective interest rates on the borrowings was 2.27% per annum in 2025 (2024: not applicable). Particulars of borrowings of the Group as at the balance sheet date are set out in Note 36 to the Consolidated Financial Statements.

As of December 31, 2025, we had lease liabilities of approximately RMB36.3 million (December 31, 2024: RMB40.7 million) primarily representing the present value of outstanding lease payments under our lease agreements, primarily relate to our office buildings and facilities.

As of December 31, 2025, we had redemption liabilities of approximately RMB28,524.9 million (December 31, 2024: RMB8,743.0 million), primarily arising from redemption rights granted to investors, representing the Group's obligations to repurchase its own equity instruments under certain specified conditions. Details are set out in Note 31 to the Consolidated Financial Statements.

Gross trade receivables

Our gross trade receivables increased by 508.3% from RMB87.5 million as of December 31, 2024 to RMB532.3 million as of December 31, 2025, primarily due to an increase in project deliveries and rapid revenue growth in the fourth quarter. As of the date of the Chairman's Report, collections amounted to RMB302.3 million, representing a collection rate of 56.8%. We will continue to monitor the collection of trade receivables and do not expect any material recovery issues.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

As of December 31, 2025, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

Pledge of Assets

As of December 31, 2025, the Group did not charge or pledge any assets.

Significant Investments Held

During the Reporting Period the Group did not hold any significant investment in equity interest in any other company.

Gearing Ratio

As of December 31, 2025, the Company's gearing ratio (calculated as total liabilities divided by total assets, expressed in percentage terms) was 502.9% (December 31, 2024: 344.1%). Redemption liabilities were the primary driver behind the change in the gearing ratio. All of our redemption liabilities were automatically converted into common shares upon the listing, and their carrying amount was credited to equity.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

As at December 31, 2025, the Company had no material contingent liabilities.

Capital Commitments

As of December 31, 2025, capital commitments of the Company amounted to RMB58.0 million (December 31, 2024: RMB14.5 million), which mainly related to the acquisition of property, plant and equipment and intangible assets that have been authorized and contracted.

Employees and Remuneration Policy

As at December 31, 2025, the Company had 842 employees. The number of employees may vary from time to time in response to business needs.

The Company is dedicated to establishing and maintaining a fair, reasonable and competitive compensation and performance management system, aiming to attract, motivate and retain top talent, ensuring employees' contributions are matched with rewards. The Company builds a compensation structure of "Base Salary + Variable Compensation". Employee salaries are determined based on their job position, experience, responsibilities, work skills, performance and market positioning, and are paid monthly as per the labor contract. To promote company development and enhance cohesion, attract outstanding talent, and incentivize major contributors to the Company, the Board ("**Board**") of Directors of the Company approved an Employee Share Ownership Plan (ESOP) on April 24, 2024. This ESOP covers nearly two-thirds of the total full-time employees.

The Company also conducts regular performance appraisals for all employees, taking the calendar year as an appraisal cycle. In principle, performance reviews are conducted every six months. Employees are comprehensively assessed across multiple dimensions including achievement of goals, work capabilities, and practice of corporate values. Employees have the right to appeal to the human resources department within 5 working days after the release of appraisal results if they have any objections.

Regarding welfare and benefits, the Company is continuously refining the *Employee Handbook*, legally safeguarding employees' rights to "Social Insurance and Housing Provident Fund", paid annual leave, maternity leave, sick leave, breastfeeding leave, childcare leave, etc. The Company also provides employees with diverse benefits such as supplementary housing fund contributions, annual health check-ups, consolation payments, and commercial insurance (including transportation accident insurance, supplementary medical insurance, critical illness insurance, etc.).

MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR RISKS

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the group entities' functional currency. Our Company's functional currency is RMB. Our Company's principal subsidiaries were incorporated in Chinese Mainland and Hong Kong and these subsidiaries considered RMB and USD as their functional currency, respectively.

We are primarily exposed to changes in RMB/USD exchange rates. We manage our foreign exchange risk by performing regular reviews of our Group's net foreign exchange exposures and minimizing these exposures with necessary measures.

Interest Rate Risk

Except for structured deposits, bank deposits, restricted cash and cash and cash equivalents, we have no significant interest-bearing assets. Our income and operating cash flows are substantially independent of changes in market interest rates. Our finance lease receivables carried at fixed rates expose us to fair value interest risk. The long-term payables, investment intention deposits, redemption liabilities, borrowings and the convertible debentures of us carried at fixed rates expose us to fair value interest risk.

We will continue to monitor interest rate risks and will consider hedging significant interest rate risks when necessary. During the Reporting Period, we did not use any interest rate swap contracts or other financial instruments to hedge against our interest rate risk.

BIOGRAPHIES OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

DIRECTORS

Executive Directors

Mr. Wen ZHANG, aged 54, is the Chairman of the Board, an executive director and the Chief Executive Officer of the Group. Mr. Wen Zhang (“**Mr. Zhang**”) founded our Company in September 2019 and has been the Chairman of the Board and the Chief Executive Officer since October 2019 and November 2019, respectively. He was re-designated as an executive director of our Company with effect from January 2, 2026. He is a member of the Remuneration Committee and the Nomination Committee.

Mr. Zhang has extensive experience in the integrated circuit, artificial intelligence and next-generation information technology industries, with demonstrated achievements in corporate strategy, management and capital markets operation. Prior to founding the Group, he worked in SenseTime Group Inc. (商湯集團股份有限公司) (a company listed on the Stock Exchange, stock code: 0020) as the president from January 2018 to October 2019. He served as the chairman and chief executive officer of Shanghai Dingyu Hengrui Equity Investment Fund Management Co., Ltd. (上海鼎域恒睿股權投資基金管理有限公司), an equity investment fund management company, from December 2013 to December 2017. He served as the president and chief executive officer of Enraytek Optoelectronics Co., Ltd. (映瑞光電科技(上海)有限公司), an LED chip company, from August 2010 to December 2013. From March 2007 to February 2009, he worked as an attorney at Kirkland & Ellis LLP.

Mr. Zhang was presented with the Shanghai “Magnolia Gold Award” in 2021; “Outstanding Entrepreneur in IT industry in Shanghai” in 2020; “2021 Annual Entrepreneur” awarded by Dark Horse Technology (創業黑馬); “2022 Annual Entrepreneur” awarded by Cyzone (創業邦); “2025 Forbes China Science and Technology Innovation Influential Person Award” and “2025 Most Influential Entrepreneur Leader” by Cailianshe (財聯社). Mr. Zhang was appointed as a member of the Chief Executive’s Council of Advisers (CECA). He is also an Adjunct Associate Professor at the University of Hong Kong.

Mr. Zhang received an MBA degree from Columbia University in the United States in February 2007, and a Juris Doctor degree from Harvard University in the United States in June 2005. Mr. Zhang was admitted as a licensed attorney-at-law of the State of New York of the United States.

Mr. Zhou HONG, aged 60, is an executive director and Chief Technology Officer of the Group. Mr. Hong joined our Company in January 2020 and was appointed as a director in July 2020. He was appointed as our Chief Technology Officer in September 2020. He was re-designated as an executive director with effect from January 2, 2026.

Mr. Hong has nearly 30 years of experience in design and engineering of GPU. Prior to joining the Group, from April 1995 to March 2003, Mr. Hong served as the engineering director at S3, Inc., a graphics chip pioneer in U.S. From March 2003 to September 2004, Mr. Hong worked as a principal architect at Nvidia Corporation (a company listed on the NASDAQ Global Market, stock code: NVDA), a leading global manufacturer of high-end GPUs. Mr. Hong worked at Futurewei Technologies, U.S. Research Center of Huawei, as the chief architect from June 2016 to January 2020. From January 2007 to April 2016, he worked at S3 Graphics Inc., a U.S. computer graphics company as a vice president of hardware architecture.

Mr. Hong received his bachelor’s degree of science from Peking University (北京大學) in the PRC in July 1986; a master’s degree of engineering from Tsinghua University (清華大學) in the PRC in August 1989; and a master’s degree of science from State University of New York at Buffalo in the United States in September 1994.

BIOGRAPHIES OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

Mr. Linglan ZHANG, aged 52, is an executive director and Chief Operating Officer of the Group. Mr. Linglan Zhang was appointed as a director in December 2019 and joined our Company as vice president of engineering in January 2020. From September 2021, he was appointed as our Chief Operating Officer. Mr. Linglan Zhang was re-designated as an executive director with effect from January 2, 2026.

Mr. Linglan Zhang has over 24 years of experience in the semiconductor industry. Prior to joining the Group, he worked in Higon Austin R&D Center Corporation as a deep computing vice president from February 2018 to September 2019. He had also worked at Samsung Electronics United States R&D Center as a senior R&D manager (SMTS) from August 2015 to February 2018; and Advanced Micro Devices, Inc. (a company listed on the NASDAQ Global Market, stock code: AMD) as a PMTS, GPU SoC architect from August 2001 to August 2015.

Mr. Linglan Zhang received his bachelor's degree in electrical engineering from Zhejiang University (浙江大學) in the PRC in July 1996; a master's degree in electrical engineering from University of Southern California in the United States in August 2001; and a Master of Business Administration degree from University of California, Berkeley in the United States in December 2014.

Mr. Bing XIAO (肖冰), aged 58, is an executive director and General Manager of the Group. Mr. Xiao joined our Company as a senior vice president since February 2020 and was appointed as a director in May 2020. Mr. Xiao was re-designated as an executive director with effect from the January 2, 2026.

Mr. Xiao has over 20 years of experience in strategic operation and sales industry. Prior to joining the Group, Mr. Xiao worked in SenseTime Group Inc. (商湯集團股份有限公司) (a company listed on the Stock Exchange, stock code: 0020) as a vice president of business development from May 2019 to February 2020. He had also worked in Petuum Inc., an artificial intelligence solution company, as general manager of China; Oracle Corporation (a company listed on the New York Stock Exchange, stock code: ORCL) as a general manager of Telecommunications Industry in China region from October 2014 to September 2017; IBM (a company listed on the New York Stock Exchange, stock code: IBM) as software general manager of Telecommunications in China from May 2010 to September 2014; and Teradata China (a company listed on the New York Stock Exchange, stock code: TDC) as a vice president in China region from June 2004 to May 2010.

Mr. Xiao received his bachelor's degree in electronic engineering from Tsinghua University (清華大學) in the PRC in July 1990.

Mr. Xiao is a director of certain subsidiaries of the Group, including but not limited to Zhuhai Biren Integrated Circuit Co., Ltd., Beijing Biren Technology Development Co., Ltd., Hangzhou Biren Technology Development Co., Ltd. and Shanghai Aoyan Technology Co., Ltd.

BIOGRAPHIES OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

Mr. Luting PAN, aged 50, is an executive director, secretary of the Board and responsible person of finance. Mr. Pan joined our Company in July 2020 as a vice president. He was appointed as a director in November 2020 and re-designated as an executive director with effect from January 2, 2026.

Mr. Pan has extensive experience in strategic operations, risk management and operations of enterprises. Prior to joining the Group, Mr. Pan served as an associate at BNP Paribas, a French multinational universal bank listed on the Euronext Paris (stock code: BNP) and the London Stock Exchange (stock code: 0HB5), from 2007 to 2009. He worked as a senior planning management employee of commodity forecasting department at Consolidated Edison Company of New York, Inc., an energy company listed on the New York Stock Exchange (stock code: ED), from March 2009 to September 2018. Mr. Pan worked in Petuum Inc., an artificial intelligence solution company as a director of Asia and strategic development lead from August 2018 to June 2020.

Mr. Pan received his bachelor's degree in electrical engineering from University of Connecticut in the United States in August 1998; a master's degree in electrical engineering from University of Connecticut in the United States in December 2000; and a Master of Business Administration degree from Columbia University in the United States in May 2007.

Non-executive Directors

Mr. Jingguo LIU (劉經國), aged 46, is our non-executive director. Mr. Liu is responsible for providing advice on the operation and development of the Company. Mr. Liu was appointed as a director in June 2025 and was re-designated as a non-executive director with effect from January 2, 2026.

Mr. Liu currently serves as an investment and research partner at Shanghai Lingang Kechuang Investment Management Co., Ltd. (上海臨港科創投資管理有限公司), an equity investment firm. From January 2012 to December 2014, Mr. Liu worked at Signify (China) Investment Co., Ltd. (昕諾飛(中國)投資有限公司) (previously known as Philips Lighting (China) Investment Co., Ltd. (飛利浦照明(中國)投資有限公司)) under the Koninklijke Philips N.V., a Dutch multinational corporation listed on the New York Stock Exchange (stock code: PHG) and the Euronext Amsterdam (stock code: PHIA), with his last position being senior system engineer. From January 2015 to February 2017, He served as a securities analyst at TF Securities Co., Ltd. (天風證券股份有限公司), a comprehensive Chinese securities firm listed on the Shanghai Stock Exchange (stock code: 601162). From April 1, 2021 to January 24, 2025, Mr. Liu served as a director of Shanghai Mifeng Laser Technology Co., Ltd. (上海米蜂激光科技有限公司), a company specializing in the research, development, and production of high-power laser equipment. From March 2017 to June 2020, he served as an investment director at Shanghai Linchuang Investment Management Co., Ltd. (上海臨創投資管理有限公司), an investment management company.

Mr. Liu received his bachelor's degree in materials science and engineering from University of Science and Technology Beijing (北京科技大學) in July 2001 and received his master's degree in materials science and engineering from Tsinghua University (清華大學) in July 2004.

BIOGRAPHIES OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

Independent Non-executive Directors

Dr. Yuan WANG (王源), aged 46, was appointed as an independent non-executive director of our Company in June 2025 with effect from January 2, 2026. He is a member of the Nomination Committee, Audit Committee and Remuneration Committee.

Dr. Wang has been a professor of, and was an associate professor and a lecturer of, the school of electronics engineering and computer science in Peking University (北京大學信息科學技術學院) since August 2017, from August 2008 to July 2017 and from July 2006 to July 2008, respectively. His academic focus is centered on the design and development of integrated circuits design and new computing architectures. Notably, his research interests include the key project of National Natural Science Foundation of China (國家自然科學基金委員會) on "Native AI Chips and Systems Based on NOR Flash for Intelligent Computing", (基於 NOR Flash 的存算一體人工智能芯片和系統研究), and the national key project on "Research on Novel Neuromorphic Devices and Circuits" (新型神經形態器件與電路研究). Furthermore, Dr. Wang has contributed to academic publications such as "Analysis and Design of Large-Scale Integrated Circuits" (超大規模集成電路分析與設計), reflecting his expertise in circuit design, analysis and architecture.

From October 2024 to February 2026, Dr. Wang served as an independent non-executive director of Biwin Storage Technology Co., Ltd. (深圳佰維存儲科技股份有限公司), whose shares are listed on Shanghai Stock Exchange (stock code: 688525). Dr. Wang also served as an independent non-executive director of Chengdu Sino Microelectronics Technology Co., Ltd. (成都華微電子科技股份有限公司), whose shares are listed on Shanghai Stock Exchange (stock code: 688709), from May 2025 to March 2026.

Dr. Wang received his Ph. D. from Peking University (北京大學) in the PRC in July 2006.

Dr. Wang has, due to work arrangements, submitted his resignation as independent non-executive director, chairman of the Nomination Committee, and a member of the Audit Committee and Remuneration Committee of the Company. Dr. Wang's resignation will only take effect upon the election of a new independent non-executive director at the Company's annual general meeting. For details, please refer to the Company's relevant announcement dated March 30, 2026.

BIOGRAPHIES OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

Mr. Siu Wing LAM (林兆榮), aged 65, was appointed as an independent non-executive director of our Company in June 2025 with effect from January 2, 2026. He is the chairman of the Audit Committee.

Mr. Lam has extensive experience in accounting, auditing and business consulting. Mr. Lam was an audit partner at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合伙)) and PricewaterhouseCoopers in Hong Kong (collectively "PricewaterhouseCoopers") from July 2004 to June 2020. He had also worked in various audit firms including KPMG Hong Kong from September 1991 to February 1992, Horwath Australia from August 1987 to August 1991 and the New South Wales Auditor-General's Office from March 1987 to July 1987.

He has served as (i) an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 1349) and the Shanghai Stock Exchange (stock code: 688505), since May 2023; (ii) an independent non-executive director of Suzhou Basecare Medical Corporation Limited (蘇州貝康醫療股份有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 2170), since July 2023; (iii) an independent non-executive director of Xi'an Kingfar Property Services Co., Ltd. (西安經發物業股份有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 1354), since May 2024; (iv) an independent non-executive director of Bluestar Adisseo Co., Ltd. (藍星安迪蘇股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600299), since September 2024; and (v) an independent non-executive director of Qeeka Home (Cayman) Inc. (齊屹科技(開曼)有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 1739), since June 2025. Mr. Lam has also been appointed as an independent non-executive director of Greatpower Nickel And Cobalt Materials Co., Ltd. (上海格派鎳鈷材料股份有限公司) since June 2022.

Mr. Lam received his bachelor of economics degree from Macquarie University in Australia in May 1985, and a master of commerce degree from the University of New South Wales in Australia in October 1989.

Mr. Lam was admitted as a member and was advanced to a fellow member of the Chartered Accountants Australia and New Zealand (previously known as the Institute of Chartered Accountants in Australia) in April 1990 and September 2011, respectively. He was also admitted as an associate member and was advanced to a fellow member of the Hong Kong Institute of Certified Public Accountants in April 1992 and September 2013, respectively.

Ms. Jin LIU (劉瑾) aged 59, was appointed as an independent non-executive director of our Company in June 2025 with effect from January 2, 2026. She is the chairman of the Remuneration Committee, and a member of the Audit Committee and the Nomination Committee.

Ms. Liu has around 30 years of consulting, investment and financing, IPO and mergers and acquisitions experience. She has been involved in investment and financing as a vice chairperson, responsible for investment and financing matters as well as strategic cooperation and related work, at Chengdu WestVac Biopharma Co., Ltd. (成都威斯克生物醫藥有限公司), an innovative biopharmaceutical enterprise, since 2020.

Her prior experience includes working as a managing director in global investment banking at Merrill Lynch (Asia Pacific) Limited from 2012 to 2020, an executive director in global banking and markets at Goldman Sachs (China) Securities Company Limited from 2008 to 2012, a director in assurance dept. at PricewaterhouseCoopers from 2002 to 2008, a manager of China affairs at the Hong Kong General Chamber of Commerce from 1998 to 2002, etc. Ms. Liu received her bachelor of arts degree from Sichuan University (四川大學) in the PRC in 1988, and an MBA degree from the ESICAD Business School in France in 1996.

Ms. Liu is a member of 11th committee of All-China Federation of Returned Overseas Chinese (中國僑聯第 11 屆委員會). She is vice chairman of Hong Kong Chinese Financial Association of Hong Kong (香港中國金融協會).

BIOGRAPHIES OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our directors confirms that for the year ended December 31, 2025, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in June 2025, and (ii) understands his or her obligations as a director of a listed issuer on the Stock Exchange under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive directors confirms (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules for the year ended December 31, 2025, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

SENIOR MANAGEMENT

The following table sets out information regarding the members of senior management of our Company.

Name	Age	Position/Title	Time of Appointment as Senior Management	Time of Joining our Group	Role and Responsibility
Mr. Wen ZHANG	54	Chairman of the Board, executive director and Chief Executive Officer	November 2019	November 2019	Responsible for overall management and business strategies
Mr. Zhou HONG	60	Executive director and Chief Technology Officer	September 2020	January 2020	Responsible for leading the development of core technologies
Mr. Linglan ZHANG	52	Executive director and Chief Operating Officer	September 2021	January 2020	Responsible for R&D and engineering operation management
Mr. Bing XIAO	58	Executive director and General Manager	April 2023	February 2020	Responsible for overseeing and managing sales and marketing
Mr. Luting PAN	50	Executive director, secretary of the Board and responsible person of finance	July 2023	July 2020	Responsible for overseeing finance matters, risk management and strategic operations

BIOGRAPHIES OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

Mr. Wen ZHANG, aged 54, is the Chairman of the Board, an executive director and the Chief Executive Officer. For details of his biography, see “—Executive Directors”.

Mr. Zhou HONG, aged 60, is an executive director and Chief Technology Officer. For details of his biography, see “—Executive Directors”.

Mr. Linglan ZHANG, aged 52, is an executive director and Chief Operating Officer. For details of his biography, see “—Executive Directors”.

Mr. Bing XIAO (肖冰), aged 58, is an executive director and General Manager. For details of his biography, see “—Executive Directors”.

Mr. Luting PAN, aged 50, is an executive director, secretary of the Board and responsible person of finance. For details of his biography, see “—Executive Directors”.

DIRECTORS’ AND SENIOR MANAGEMENT’S INTERESTS

Save as disclosed above, each of our directors and members of senior management has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Prospectus.

None of our directors and members of the senior management is related to other directors and members of the senior management.

To the best knowledge, information and belief of our directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our directors that needs to be brought to the attention of the Shareholders and there was no information relating to our directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules for the year ended December 31, 2025.

JOINT COMPANY SECRETARIES

Ms. Yimin TONG (童義敏), aged 30, was appointed as a joint company secretary of our Company with effect from January 2, 2026. Ms. Tong joined our Group as a manager of the Board office in June 2021.

Prior to joining our Group, Ms. Tong worked at Hangzhou Xingong Xiao’an Information Technology Co., Ltd. (杭州信公小安信息科技有限公司) as a senior operation manager from July 2017 to May 2021.

Ms. Tong received her bachelor’s degree in economics from East China University of Political Science and Law (華東政法大學) in the PRC in July 2017. Ms. Tong also obtained the fund practitioner qualification issued by the Asset Management Association of China (中國證券投資基金業協會) in September 2017; securities practitioner qualification issued by the Securities Association of China (中國證券業協會) in November 2015 and the futures qualification issued by the China Futures Association (中國期貨業協會) in March 2016.

Mr. Chun Ho TSANG (曾俊豪) was appointed as a joint company secretary of our Company with effect from January 2, 2026

Mr. Tsang is an Assistant Manager of Company Secretarial Services of Tricor Services Limited, a member of Vistra Group. Mr. Tsang has over 12 years of experience in the company secretarial field, and has served various listed companies in Hong Kong, as well as multi-national corporations, private companies and offshore companies by providing them with professional corporate services.

Mr. Tsang is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Mr. Tsang obtained a Bachelor of Arts degree from the University of Huddersfield in the United Kingdom in December 2017, and a Master of Corporate Governance degree from the Hong Kong Metropolitan University in November 2021.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. Save as disclosed in this report, the Company has adopted the principles and code provisions of *Corporate Governance Code* (the “CG Code”) set out in Appendix C1 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “Listing Rules”). As the H Shares of the Company were listed on the Main Board of the Stock Exchange on January 2, 2026 (the “Listing Date”), the CG Code was not applicable to the Company prior to the Listing Date. The Company aims to achieve high standards of corporate governance, which are crucial to the Company’s development and safeguard the interests of the Shareholders.

Since the Listing Date, the Company has applied the principles of good corporate governance and adopted the code provisions of the CG Code as its own code of corporate governance. The Company has complied with all applicable code provisions set out in the CG Code during the period from the Listing Date to the date of this report, save 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 the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not segregate the roles of Chairman of the Board and Chief Executive Officer, and Mr. Wen ZHANG currently performs both roles. Our Board believes that, in view of his experience, personal profile and his roles in our Company, Mr. Wen ZHANG 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 of the Board 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 consider splitting the roles of Chairman of the Board and the Chief Executive Officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Save as disclosed above, the Board considers that throughout the period since the Listing Date to the date of this report, the Company complied with the code provisions as set out in the CG Code. Key corporate governance principles and practices of the Company are summarised below.

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. In achieving its long-term goals, the Company must act in an ethical, transparent and accountable manner. The Company believes that this will benefit shareholders, its employees and those who do business with the Company in the long run.

Corporate governance is the process by which the Board directs the management of the Group to conduct business to ensure that its objectives are achieved. The Board is committed to maintaining and developing sound corporate governance practices to ensure:

CORPORATE GOVERNANCE REPORT

- Delivery of satisfactory and sustainable returns to shareholders;
- Understanding and management of overall business risks in a proper manner; and
- Maintenance of high ethical standards.

BOARD

The Board is collectively responsible to all Shareholders for leading and overseeing the operations of the Group with the objective of achieving long-term value enhancement for Shareholders. The Board is responsible for the overall development of the Group, including approving and monitoring the Group's overall development strategies, assessing, monitoring and controlling operational and financial performance, ensuring that the directors of the Company perform their duties diligently and act in the best interests of the Group, and holding timely discussions on various important and appropriate matters relating to the Company's business. All directors are entitled to propose any matter that requires Board consideration for inclusion in the agenda of Board meetings. The management provides members of the Board and its specialised committees with appropriate and sufficient information in a timely manner to keep them informed of the latest developments of the Company, thereby enabling them to discharge their duties effectively and make informed assessments and decisions.

Pursuant to code provision B.1.4 of the CG Code, the Board has established mechanism(s) to ensure independent views and input are available to the Board, in particular, (i) independent non-executive directors are encouraged to actively participate in the Board meetings; (ii) the number of independent non-executive directors must comply with the requirement under the Listing Rules; and (iii) the independent non-executive directors shall devote sufficient time to discharge their duties as a director. Furthermore, the Board may access external independent professional advice to assist their performance of duties at the expense of the Company. The Board will review the implementation and effectiveness of such mechanism(s) on an annual basis.

As of the date of this report, all directors have completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

The executive directors and the senior management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board fully supports the senior management to discharge their responsibilities.

The Board as a whole is responsible for performing the corporate governance duties set out in code provision A.2.1 of the CG Code. The Board has reviewed and monitored the Company's corporate governance policies and practices, the training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the *Model Code for Securities Transactions by Directors of Listed Issuers* (the "**Model Code**") as set out in Appendix C3 to the Listing Rules and the employees' written guidelines, and the Company's compliance with the CG Code and disclosures in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION

The Board composition of the Company during the Reporting Period and as of the date of this report are as follows:

Executive Directors

Mr. Wen ZHANG (*Chairman of the Board and Chief Executive Officer*)

Mr. Zhou HONG

Mr. Linglan ZHANG

Mr. Bing XIAO (肖冰)

Mr. Luting PAN

Non-executive Directors

Mr. Jingguo LIU (劉經國)

Mr. Zhifeng ZHOU (周志峰) (*resigned on January 1, 2026*)

Mr. Lin WANG (王林) (*resigned on January 1, 2026*)

Ms. Shuying CHEN (陳淑英) (*resigned on January 1, 2026*)

Independent Non-executive Directors

Mr. Siu Wing LAM (林兆榮)

Ms. Jin LIU (劉瑾)

Dr. Yuan WANG (王源) (*resigned on March 30, 2026 which shall take effect upon the election of a new independent non-executive director at the Company's annual general meeting*)

The biographical details of the current directors and the relationship among them, if any, are set out on pages 15 to 21 of this annual report. Save as disclosed in the section headed "Biographies of Directors, Senior Management and Company Secretary", there are no other relationships among the members of the Board of Directors and senior management, including financial, business, family or other material/relevant relationships.

The appointment of independent non-executive directors strictly adheres to the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. The Company acknowledges that the independent non-executive directors are independent of the management and, as of the date of this report, free of any relationship that could materially interfere with the exercise of their independent judgment. Accordingly, the Company is of the view that the independent non-executive directors meet the independence requirements set out in Rule 3.13 of the Listing Rules. The Board considers that each of the independent non-executive directors can bring his/her own relevant expertise to the Board, as well as a wide range of business and financial expertise, experiences and independent judgement to the Board, and is also invited to join the Board committees of the Company. Through active participation in Board meetings and taking the lead in managing issues involving potential conflict of interests, all independent non-executive directors have made various contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and its shareholders.

CORPORATE GOVERNANCE REPORT

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to the Company's Articles of Association, the term of office of the directors of the Company (including executive directors, non-executive directors and independent non-executive directors) is fixed at three years, and retiring directors are eligible for re-election and re-appointment.

Pursuant to the Company's Articles of Association, the term of office of a director commences from the date of his/her appointment and expires upon the conclusion of the term of the current Board. If a director whose term has expired is not re-elected in a timely manner, he/she shall continue to perform his/her duties as a director in accordance with the applicable laws, administrative regulations, departmental rules, regulatory documents, securities regulatory rules of the place where the shares are listed and the provisions of these Articles until the appointment of the newly elected director takes effect. Subject to compliance with the relevant applicable laws, regulations and regulatory requirements in Hong Kong, any person appointed by the Board as a director to fill a casual vacancy in the Board or to increase the number of directors on the Board shall hold office only until the conclusion of the first annual general meeting of the Company following his/her appointment, and shall then be eligible for re-election.

BOARD MEETINGS

During the Reporting Period, the Board has convened 14 meetings. The Board has, by means of meetings and written resolutions, discussed and approved the overall strategies and policies of the Company.

The attendance records of each director at the Board meetings and general meetings during the Reporting Period are set out below:

Name of Director	Attendance/ No. of Board meetings held	Attendance rate (%)	Attendance/ No. of general meetings held	Attendance rate (%)
Executive Directors				
Mr. Wen ZHANG	14/14	100	8/8	100
Mr. Zhou HONG	14/14	100	8/8	100
Mr. Linglan ZHANG	14/14	100	8/8	100
Mr. Bing XIAO (肖冰)	14/14	100	8/8	100
Mr. Luting PAN	14/14	100	8/8	100
Non-executive Directors				
Mr. Jingguo LIU (劉經國) ^(Note 1)	6/6	100	4/4	100
Mr. Zhifeng ZHOU (周志峰) ^(Note 2)	14/14	100	8/8	100
Mr. Lin WANG (王林) ^(Note 2)	14/14	100	8/8	100
Ms. Shuying CHEN (陳淑英) ^(Note 2)	14/14	100	8/8	100
Independent Non-executive Directors				
Dr. Yuan WANG (王源) ^(Note 3)	–	–	–	–
Mr. Siu Wing LAM (林兆榮) ^(Note 3)	–	–	–	–
Ms. Jin LIU (劉瑾) ^(Note 3)	–	–	–	–

Notes:

- Mr. Jingguo LIU (劉經國) was appointed as a director in June 2025 and was re-designated as a non-executive director with effect from January 2, 2026. Following his appointment, the Company held 6 Board meetings and 4 general meetings during the Reporting Period.
- Mr. Zhifeng ZHOU (周志峰), Mr. Lin WANG (王林) and Ms. Shuying CHEN (陳淑英) resigned as non-executive directors on January 1, 2026.
- Dr. Yuan WANG (王源), Mr. Siu Wing LAM (林兆榮) and Ms. Jin LIU (劉瑾) have served as independent non-executive directors with effect from January 2, 2026 and therefore did not participate in any of the Board meetings or general meetings held by the Company during the Reporting Period.

CORPORATE GOVERNANCE REPORT

The Company has adopted the code provisions of the CG Code to issue meeting notice of at least 14 days before convening a regular Board meeting and a reasonable notice for other Board meetings so that all directors can have sufficient time and plan to attend the meetings. All meeting papers are sent to all directors no less than three days before a meeting is convened. Matters discussed and resolved at Board meetings are recorded in detail, minutes are summarized, and resolutions are filed.

TRAINING FOR DIRECTORS

Each newly appointed director shall receive training upon his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group, and that he/she is adequately aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing directors are continually updated with legal and regulatory developments, and the business and market changes to refresh their knowledge and to facilitate the discharge of their responsibilities. Continuing briefings and professional development for directors are arranged by the Company whenever necessary. To ensure all directors' continuous contributions to the Board are made with comprehensive and relevant information as well as the development and the update of knowledge and skills of all directors, the Company would arrange trainings. Training records for the directors of the Company during the Reporting Period are as follows:

Directors	Training Categories <small>Notes</small>
Executive Directors	
Mr. Wen ZHANG	A, B
Mr. Zhou HONG	A, B
Mr. Linglan ZHANG	A, B
Mr. Bing XIAO (肖冰)	A, B
Mr. Luting PAN	A, B
Non-executive Director	
Mr. Jingguo LIU (劉經國)	A, B
Independent Non-executive Directors	
Dr. Yuan WANG (王源)	A, B
Mr. Siu Wing LAM (林兆榮)	A, B
Ms. Jin LIU (劉瑾)	A, B

Notes:

Training Categories

A: Participation in training events, which include but are not limited to lectures, seminars and online training programmes

B: Reading of relevant training materials, news digests, newspapers, journals, magazines and other pertinent publications

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended December 31, 2025. The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements. The senior management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

DIRECTORS' LIABILITY INSURANCE

The Company has purchased directors' liability insurance for its directors.

BOARD DIVERSITY POLICY

The Company is committed to promoting the culture of diversity in the Company. The Company has strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure. We have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, the Company seeks 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. Our directors have a balanced mix of knowledge and skills. They obtained degrees in various areas, including engineering, electronic engineering, materials science, law, business administration and economics, etc. The Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the directors in various aspects and fields can enable the Company to maintain a high standard of operations. Our Board Diversity Policy is well implemented as evidenced by the fact that there are both female and male directors ranging from 46 years old to 65 years old with experience from different industries and sectors.

The Company will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to our Board and the senior management. The Company will have at least one female director at all times, and we will ensure that a female director serves on the Nomination Committee at all times. The Company will encourage our incumbent Board members to recommend female candidate directors and take other actions to help achieve greater board diversity, for example inviting some of our outstanding female staff at mid to senior levels to attend and observe Board meetings. This will allow our Board to understand more about these potential female candidates before they are nominated to our 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 levels so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our 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 our Board will be offered chances to identify competent female staff at mid to senior levels to be nominated as a director in the future with a pipeline of female candidates.

CORPORATE GOVERNANCE REPORT

The Company is committed to adopting a similar approach to promote diversity within management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. The Company will review the Board Diversity Policy from time to time, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives to ensure its continued effectiveness. The Company will disclose the implementation of the Board Diversity Policy in our corporate governance report on an annual basis.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender

Male: 8 directors

Female: 1 director

Designation

Executive directors: 5 directors

Non-executive directors: 1 director

Independent non-executive directors: 3 directors

Age Distribution

41-50: 3 directors

51-60: 5 directors

61-70: 1 director

Directors should possess relevant professional experience:

As at the date of this report, the members of the Board possess a wide range of professional experience, including but not limited to corporate strategic planning, corporate management, financial management, capital market and legal compliance. They also have in-depth industry knowledge and practical expertise that is highly relevant to the development of the Company's business.

GENDER DIVERSITY

Currently, the Board comprises 1 female director, representing 11.11% of all directors of the Company, and the Group has 193 female employees, representing 23% of the total workforce. The Group considers the current level of gender diversity to be satisfactory. During the Reporting Period, there were no factors or circumstances that made the achievement of gender diversity across the entire workforce (including the Board, senior management and other employees) more challenging or less relevant.

Similar considerations shall apply from time to time to the assessment of candidates for the senior management team. The Company is committed to maintaining gender diversity and equality throughout its workforce and will strive to achieve gender equality in the gender ratio of the senior management team.

CORPORATE GOVERNANCE REPORT

ANTI-CORRUPTION AND WHISTLE BLOWING POLICIES

The Group is committed to acting with integrity, honesty, fairness, impartiality, and ethical business practices. The Group has adopted anti-corruption policies to promote an ethical culture within our Group and have zero-tolerance for bribery and any act of corruption. The Board and senior management also strive to promote an ethical culture within our Group. The Group has also adopted a whistleblowing policy that serves the purpose of establishing whistleblowing procedures for employees and other relevant external parties of our Group, in order to report and escalate any suspicious misconducts. In accordance with the policy, we protect all whistleblowers from any kind of retaliation. All the information provided by the whistleblowers will be kept strictly confidential.

COMPLIANCE ADVISER

The Group has appointed Maxa Capital Limited as our Compliance Adviser pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise the Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- (c) where the Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where the Company's business activities, developments or results deviate from any forecast, estimate or other information in this Prospectus; and
- (d) where the Hong Kong Stock Exchange makes an inquiry to the Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform the Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Adviser will also inform the Company of any new or amended law, regulation or code in Hong Kong applicable to the Company, and advise it on the continuing requirements under the Listing Rules and applicable laws and regulations.

CORPORATE GOVERNANCE REPORT

DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of directors of the Company to the Nomination Committee under the Board.

The Company established a *Director Nomination Policy* which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and to ensure the Board continuity and appropriate leadership at Board level.

In evaluating and selecting candidate for directorship, the following criteria should be considered:

- integrity and reputation;
- educational background, professional qualifications and work experience (including part-time work);
- whether they possess the necessary skills and experience;
- whether they are able to devote sufficient time and attention to the affairs of the Company;
- whether they will promote diversity on 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;
- whether candidates for independent non-executive director positions satisfy the independence requirements under Rule 3.13 of the Listing Rules; and
- any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new directors and re-election of directors at general meetings. The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company complies with the requirements of the Listing Rules regarding the appointment of at least three independent non-executive directors (with independent non-executive directors comprising at least one-third of the Board members) and the requirement that at least one of them possesses appropriate professional qualifications or accounting or related financial management expertise. Currently, the Company has appointed three independent non-executive directors, namely Dr. Yuan WANG (王源), Mr. Siu Wing LAM (林兆榮) and Ms. Jin LIU (劉瑾).

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All of these three committees are established with defined written terms of reference which are available at the websites of the Stock Exchange and the Company. All Board committees must report to the Board on their decisions or proposals.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The Audit Committee consists of three directors, namely Mr. Siu Wing (林兆榮) LAM, Dr. Yuan WANG (王源) and Ms. Jin LIU (劉瑾). Mr. Siu Wing LAM (林兆榮) serves as the chairman of the Audit Committee, holding the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but not limited to, making recommendations to the Board on the appointment, reappointment and removal of the external auditors, monitoring the Company's financial statements, annual reports and accounts, and interim reports, reviewing the Company's financial controls and discussing the risk management and internal control systems with management of the Company. The Audit Committee will also discharge the roles and responsibilities of a supervisory committee under the PRC laws.

Due to the Company's H Shares being listed on the Stock Exchange on January 2, 2026, no meetings of the Audit Committee were held during the year ended December 31, 2025.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code. The Remuneration Committee consists of three directors, namely Ms. Jin LIU (劉瑾), Mr. Wen ZHANG and Dr. Yuan WANG (王源). Ms. Jin LIU (劉瑾) serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, making recommendations to the Board on Company's policy and structure for all directors' and senior management remuneration, reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

Due to the Company's H Shares being listed on the Stock Exchange on January 2, 2026, no meetings of the Remuneration Committee were held during the year ended December 31, 2025.

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration of the members of the senior management, whose particulars are contained in the section headed "Biographies of Directors, Senior Management and Company Secretary" in this annual report by band for the year ended December 31, 2025 is set out below:

Remuneration bands (RMB)	Number of individuals
2,500,001-3,000,000	3
3,500,001-4,000,000	1
5,500,001-6,000,000	1

Details of the remuneration of all directors of the Company for the year ended December 31, 2025 are set out in Note 42 to the consolidated financial statements in this annual report.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Company has established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the CG Code. The Nomination Committee consists of three directors, namely Dr. Yuan WANG (王源), Ms. Jin LIU (劉瑾) and Mr. Wen ZHANG. Dr. Yuan WANG (王源) serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships, and assessing the independence of independent non-executive directors.

Due to the Company's H Shares being listed on the Stock Exchange on January 2, 2026, no meetings of the Nomination Committee were held during the year ended December 31, 2025.

The Nomination Committee believes that the composition of the Board is diversified. For example, there is one female member with extensive experience in investment and financing and merger and acquisition.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as a code of conduct regarding securities transactions by the directors. As the Company's Shares had not been listed on the Stock Exchange as of December 31, 2025, the Model Code was not applicable to the Company during the Reporting Period. However, specific enquiry has been made to all the directors and all of them have confirmed that they have complied with the Model Code from the Listing Date to the date of this report.

The Company has established written guidelines for the relevant employees of the Company (the "Relevant Employees") in respect of their dealings in the securities of the Company (the "Written Guidelines") on terms no less exacting than the required standard set out in the Model Code. For this purpose, "Relevant Employees" include any employee of the Company or a director or employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to possess inside information in relation to the Company or its securities. As the Company's Shares had not been listed on the Stock Exchange as of December 31, 2025, the Model Code was not applicable to the Company during the Reporting Period. Since the Listing Date to the date of this report, no incident of non-compliance of the Written Guidelines was noted by the Company.

If the Company becomes aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and Relevant Employees in advance.

CORPORATE GOVERNANCE REPORT

TRAINING FOR COMPANY SECRETARY

Mr. Chun Ho TSANG has been appointed by the Company as the company secretary provided by an external service provider, who has met the qualifications as required by the Listing Rules. The biography of Mr. Chun Ho TSANG is set out in the section headed “Biographies of Directors, Senior Management and Company Secretary” of this annual report. The main contact person of Mr. Chun Ho TSANG in the Company is Mr. Luting PAN (the Company’s executive director).

As of the date of this report Mr. Chun Ho TSANG has received relevant professional training of no less than 15 hours in accordance with the Listing Rules. In addition, Ms. Yimin Tong will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules from the Listing.

EXTERNAL AUDITOR AND AUDITOR’S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the section headed “Independent Auditor’s Report”. The external auditor of the Company will be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor’s report, and auditor’s independence.

The fees to PricewaterhouseCoopers, the Company’s auditor, in respect of audit services and non-audit services provided for the year ended December 31, 2025 are analysed below:

Types of service provided by the external auditor	Fees paid/payable
Audit services (RMB’000)	
Audit fee for the year ended December 31, 2025	1,500
Non-audit services (RMB’000)	160

Non-audit services refer to ESG consultancy services for the first year after the listing of the Company’s Shares.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility towards risk management and internal control systems and that it is responsible for reviewing their effectiveness, to safeguard shareholders' investments and the Company's assets. The Group has established and currently maintains risk management and internal control systems consisting of policies and procedures that are appropriate for the Group's business operations. The Group is dedicated to continually improving these systems. The Group has adopted and implemented comprehensive risk management policies in various aspects of our business operations such as legal compliance and intellectual property rights, information technology, human resources, financial reporting, and internal control. Taking into account that the internal audit function encompasses multiple dimensions, including risk identification, supervision and control, and process optimisation, the Group has allocated sufficient resources to the relevant work and has assigned personnel with appropriate qualifications and practical experience to continuously improve the internal audit system. The Group's senior management monitors the daily implementation of the internal control procedures and measures with respect to the Company and each subsidiary and functional department. Specific measures are as follows:

1. **Establish a sound risk management system:** Build a comprehensive risk management framework covering risk identification, risk assessment, and risk response. Continuously optimize risk control procedures to support the Company's stable and sound operations.
2. **Improve the institutional framework:** Formulate systems and policies in key areas such as research and development, sales, procurement, finance, intellectual property protection, information security, environmental protection, and occupational health. Clearly define operational standards for each business process to ensure that all operating activities are conducted in accordance with established rules and procedures.
3. **Strengthen risk early warning and process control:** Focus on critical areas such as business operations, process management, and compliance, and enhance risk early warning mechanisms and ongoing process controls. Strengthen in-process risk prevention to continuously improve the Company's risk resilience and the effectiveness of operational management.
4. **Establish an anti-corruption monitoring system:** The Company has formulated an anti-corruption management policy, which explicitly prohibits bribery, fraud, and corruption in written form. The Company has also established reporting channels and investigation and handling mechanisms for anti-corruption matters. Reporting channels include a dedicated reporting email and hotline. In accordance with this policy, the Company will investigate and handle any reported clues of anti-corruption or violations of rules.
5. **Ongoing optimization and compliance culture building:** In response to business development, changes in the external environment, and regulatory requirements, the Company continuously refines its risk management system and internal control processes. It strengthens risk awareness and compliance culture through training, communication, and other initiatives, thereby enhancing the risk prevention capabilities of all employees and ensuring the long-term effective operation of the risk management system.

CORPORATE GOVERNANCE REPORT

As of the date of this report, the Board has conducted one review of the effectiveness of the Group's risk management and internal control systems as of December 31, 2025. The review covers the Group's legal and compliance risks, internal control risks, intellectual property risks, data privacy and information security risks, human resources risks, and financial reporting risks.

Based on the findings from the relevant departments, the Board and the Audit Committee have reached the following conclusions regarding the Group's risk management and internal control for the year ended December 31, 2025: (i) the Group's risk management and internal control systems are effective and adequate; (ii) the Group has adopted the necessary monitoring mechanisms to identify and rectify non-compliance incidents; and (iii) the Group has complied with the requirements relating to risk management and internal control as set out in the CG Code.

During the year ended December 31, 2025, the Group did not identify any material deficiencies in its risk management and internal control systems that would have had an adverse impact on shareholders' interests.

The Group conducts its affairs with close regard to the disclosure requirements under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012, and established specialised agency and appointed personnel responsible for registration and management of insiders. It also sets up internal management files for insiders management of the Company which is subject to regular updating. Meanwhile, regular training has been provided to insiders and management staff to enhance their awareness of consciously complying with relevant laws.

The Group has established the "System for Information Insiders Management" in respect of the Group's senior management and employees who are more likely to be familiar with inside information or other information unpublished by the Group in accordance with the "Guidelines on Disclosure of Inside Information", which stipulates that confidential and inside information shall not be used without authorisation.

The Company has adopted the disclosure policy intended to provide a general guidance for the Company's directors, officers, senior management and relevant employees with the aim of handling confidential information or monitoring information disclosure in accordance with applicable laws and rules.

CORPORATE GOVERNANCE REPORT

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company attaches great importance to the communication with shareholders and promotes understanding and communication with shareholders through various channels, such as general meetings, road show activities, investor visits and telephone enquiries.

The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make informed investment decisions. The general meetings of the Company provide a platform for communication between the Board and the shareholders. The Chairman of the Board as well as the Chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee under the Board, or in their absence, other members of the respective committees will attend the annual general meeting and, where applicable, the Chairman of the Independent Board Committee will attend the general meetings to answer questions.

To promote effective communication with shareholders and the public, the Company maintains a corporate website at www.birentech.com. The website contains information on the principal business activities, the latest developments of the Company and its subsidiaries, and investor relations documents, which is available for public access. Shareholders may direct any enquiries to the Company's principal place of business in Hong Kong. The Company will handle all such enquiries in a timely and appropriate manner.

During the year ended December 31, 2025, the Company held eight general meetings.

Any shareholders' enquiries regarding their shareholding, including transfer of shares, change of address, report of lost share certificates and dividend warrants, can be directed to Tricor Investor Services Limited, the Company's H share registrar:

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Email: is-enquiries@vistra.com

Tel: (852) 2980 1333 (Office hours: Monday to Friday, 9:00 a.m. to 6:00 p.m., excluding Hong Kong public holidays)

CORPORATE GOVERNANCE REPORT

RIGHTS OF SHAREHOLDERS

The Board is committed to maintaining an on-going dialogue with shareholders and providing timely disclosure of information concerning the Company's material developments to shareholders and investors. The annual general meetings of the Company provide a good opportunity for communication between shareholders and the Board.

To safeguard shareholders' interests and rights, separate resolutions on each substantial issue, including the election of individual directors, are proposed at general meetings for shareholders' consideration and voting. Shareholders of the Company could convene extraordinary general meetings or propose resolutions at general meetings as follows:

Pursuant to Article 56 of the Articles of Association of the Company, the shareholders individually or jointly holding 10% or more of the Company's shares have the right to request the Board of Directors to convene the extraordinary general meeting and the proposal shall be made in writing to the Board of Directors, stating the subject of the meeting. The Board of Directors shall, according to applicable laws, administrative regulations, departmental rules, regulatory documents, securities regulatory rules of the place where the shares are listed, the Articles of Association and the corresponding rules of procedures, give a written feedback to agree or disagree to hold the extraordinary general meeting within 10 days after receiving the proposal.

If the Board of Directors agrees to hold the extraordinary general meeting, a notice to convene such meeting shall be given within 5 days after the Board of Directors makes such a resolution. Changes to the original proposal in the notice shall be approved by relevant shareholders.

If the Board of Directors disagrees to hold the extraordinary general meeting or fails to give feedback within 10 days after receiving the request, the shareholders individually or jointly holding 10% or more of the Company's shares have the right to request the Audit Committee to hold the extraordinary general meeting and such request shall be made in writing to the Audit Committee.

If the Audit Committee agrees to hold the extraordinary general meeting, a notice of convening such meeting shall be given within 5 days after receiving the request. Changes to the original proposal in the notice shall be approved by relevant shareholders.

If the Audit Committee fails to give the notice of the extraordinary general meeting within the specified period, it shall be deemed that the Audit Committee will not convene or preside over the meeting. Then the shareholders individually or jointly holding 10% or more of the Company's shares for 90 consecutive days or more may hold and preside over the extraordinary general meeting by themselves.

For the avoidance of doubt, the shareholder must provide his/her full name, contact details and identification in the duly signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of the shareholder may be disclosed as required by law.

All resolutions put forward at shareholders' meetings shall be voted by poll, on a one vote per share basis, pursuant to the Listing Rules. The poll voting results will be posted on the websites of the Stock Exchange and the Company after each shareholders' general meeting.

CORPORATE GOVERNANCE REPORT

CONSTITUTIONAL DOCUMENTS

Pursuant to the resolution passed by the Board on December 15, 2025, the Articles of Association have been adopted and became effective from the Listing Date. Pursuant to the resolution passed by the shareholders on June 25, 2025 and November 28, 2025, it is conferred to authorize the Board and/or person authorized by the Board to make corresponding adjustment and amendment to the Articles of Association as a result of the completion of Global Offering, including but not limited to the contents of the changes in share capital of the Company. For details, please refer to the Company's relevant announcement dated February 2, 2026. The latest version of the Memorandum and Articles of Association has been posted on the websites of the Company and the Stock Exchange.

In order to further optimize the corporate governance structure and promote standardized operations of the Company and taking into account the actual situation of the Company, it is proposed that certain provisions in the articles of association of the Company (the "**Articles of Association**") be amended (the "**Proposed Amendments**"). The Proposed Amendments are subject to consideration and approval of the shareholders of the Company by way of a special resolution at the 2026 AGM of the Company. A circular containing, among other things, the details of the above proposal, together with the notice of the annual general meeting will be made available to the shareholders of the Company in due course.

SHAREHOLDERS' COMMUNICATION POLICY

The Company has developed a shareholders' communication policy. The policy aims to promote effective communication with shareholders and other stakeholders, encourage shareholders to engage actively with the Company, and enable shareholders to exercise their rights as shareholders effectively. The Board reviewed the implementation and effectiveness of the communication policy during the Reporting Period, and was satisfied with the results.

The Company has established certain channels to maintain an ongoing communication with shareholders as follows:

(a) **Announcements and Other Documents in Compliance with the Listing Rules**

The Company publishes announcements (relating to inside information, corporate actions, transactions and other matters) and other documents (such as the Articles of Association) on the website of the Stock Exchange in a timely manner in accordance with the Listing Rules.

CORPORATE GOVERNANCE REPORT

(b) Corporate Website

The Company maintains a corporate website at www.birentech.com, which provides shareholders with information on the principal business activities, the latest developments of the Company and its subsidiaries, and investor relations documents. The website also contains relevant information regarding the Group's corporate governance matters, as well as the structure and functions of the Board and its committees. Press releases and other announcements issued by the Company from time to time are also available on the website. Information on the website is updated on a regular basis.

(c) General Meeting

The Company's annual general meetings and other general meetings serve as the primary platform for communication between the Company and its shareholders. In accordance with the Listing Rules, the Company provides shareholders with timely and relevant information on the resolutions to be proposed at general meetings. Such information is reasonably sufficient to enable shareholders to make informed decisions on the proposed resolutions. The Company encourages shareholders to participate in general meetings or, if unable to attend in person, to appoint proxies to attend and vote on their behalf. Where appropriate or necessary, the Chairman of the Board, other Board members, the chairmen of Board committees (or their representatives) and the external auditors attend the Company's general meetings to answer questions raised by shareholders (if any).

REPORT OF THE BOARD OF DIRECTORS

The Board of directors (“**Directors**”) of the Company is pleased to present the annual report together with the audited consolidated financial statements of the Group (the “**Consolidated Financial Statements**”) for the year ended December 31, 2025 (the “**Reporting Period**” or the “**Year**”).

PRINCIPAL ACTIVITIES

The Company was incorporated in the People’s Republic of China (the “**PRC**”) on September 9, 2019 and was converted into a joint stock limited company in September 2023. The principal activities of the Company and its subsidiaries (the “**Group**”) are the sale of general-purpose computing on graphics processing units (“**GPGPU**”) chips, GPGPU-based intelligent computing solutions to enable artificial intelligence (“**AI**”) and related services as well as research and development activities in relation to GPGPU mainly in the PRC and other geographical areas during the Reporting Period.

BUSINESS REVIEW

A fair review of the Group’s business as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including the Group’s performance analysis during the year ended December 31, 2025, particulars of important events affecting the Group that have occurred since the end of the year ended December 31, 2025, as well as the possible future business development of the Group, are set out in the sections headed “Chairman’s Report” on pages 5 to 8, “Management Discussion and Analysis” on pages 9 to 14 and “Report of the Board of Directors – Events After the Reporting Period” on page 58 of this annual report.

Possible risks and uncertainties that the Group may be facing are set out in the section headed “Principal Risks and Uncertainties” below in this report. Discussions on the environmental policies and performance, compliance by the Group with the relevant laws and regulations that have a significant impact on the Group and the account of the key relationships of the Group with its stakeholders are set out in the “Environmental, Social and Governance Report” on pages 60 to 105 of this annual report.

A summary of the operating results and financial position of the Group for the most recent four financial years is set out on page 4 of this annual report. This summary does not form part of our Consolidated Financial Statements.

PRINCIPAL RISKS AND UNCERTAINTIES

We are at a relatively early stage of commercialization of our intelligent computing solutions, as we only started to generate revenue from our intelligent computing solutions in 2023. In addition, we recorded net losses since our inception. We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. Further details regarding these risk factors are set forth in the “Risk Factors” in the prospectus. The following summarizes certain principal risks and uncertainties (some of which are beyond our control) faced by the Group.

- We have a limited operating history and our ability to develop and manufacture our products and solutions on a large scale is unproven and still evolving, which makes it difficult to evaluate our current business and predict our future performance. Our historical financial performance and results of operations may not be indicative of our future performance.

REPORT OF THE BOARD OF DIRECTORS

- The future commercial success of our products and solutions will depend on the degree of their market acceptance and customer demand. Failure to estimate customer demand properly could lead to mismatches between supply and demand.
- If we fail to establish, expand and optimize an effective sales network for our products and solutions, we may not be able to generate revenue as planned, and our business and results of operations could be adversely affected.
- Disruptions in our supply chain could delay our development plans. If essential items or services to the production of our products are not supplied timely and adequately, our business could be materially and adversely affected.
- The success of our business is dependent upon our ability to introduce products or solutions on a timely basis with features and performance levels that provide value to our customers while supporting and coinciding with significant industry transitions.
- We are investing heavily in our research and development, and such investment may not generate the results we expect to achieve. Failure in developing, enhancing or adapting to new technologies and methodologies may make our technologies and products obsolete, which will materially adversely affect our business.
- If we are unable to attract, hire, retain and motivate our key executives, technical staffs and employees, our business may be harmed.
- We are subject to the risks associated with international trade policies, international export controls and economic sanctions, geopolitics and trade protection measures, and our business, financial condition and results of operations could be adversely affected.
- We have incurred significant losses and net operating cash outflows since inception, and may not be able to achieve or subsequently maintain profitability in the near future.
- We expect to incur significant R&D expenditure and capital expenditures for our business operations, R&D and expansion plans, which may adversely affect our short-term cash flow, liquidity and profitability.

LIQUIDITY AND SOURCES OF CAPITAL

As of December 31, 2025, our liquidity stood at RMB2,822.7 million, comprising cash and cash equivalents of RMB1,037.7 million, financial assets at fair value through profit or loss of RMB1,312.7 million, restricted cash of RMB18.8 million, and bank deposits of RMB453.6 million. This compares to liquidity of RMB1,751.6 million as of December 31, 2024.

As at December 31, 2025, we had bank borrowings of approximately RMB200.1 million (December 31, 2024: nil). The effective interest rates on the borrowings was 2.27% per annum in 2025 (2024: not applicable). The Group's gearing ratio calculated based on total liabilities divided by total assets, was 502.9% as at December 31, 2025 (December 31, 2024: 344.1%).

As at December 31, 2025, the Group has not provided guarantees and pledges to related parties.

REPORT OF THE BOARD OF DIRECTORS

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Stock Exchange on January 2, 2026 (the "Listing Date") with 284,846,600 new H shares of the Company issued, upon the full exercise of the over-allotment option, 327,573,400 H shares of the Company were issued in aggregate. The net proceeds received from the global offering, after deducting the underwriting fees and commissions and expenses payable by the Company in connection with the global offering, amounted to approximately HK\$6,203.6 million (equivalent to approximately RMB5,631.4 million) and an offering price of HK\$19.60 per H share of the Company (the "H Share(s)").

Use of proceeds	Planned proportion of the net proceeds	Net proceeds from the global offering (HKD million)	Expected time to utilize the remaining net proceeds in full
A. Research and development of intelligent computing solutions	85.0%	5,273.1	Fully utilized by the end of 2029
(i) Evolution of intelligent computing hardware	45.0%	2,791.6	Fully utilized by the end of 2029
– Develop and upgrade the existing GPGPU chips and next-generation GPGPU chips	32.0%	1,985.2	Fully utilized by the end of 2029
– Develop GPGPU-based hardware powered by the existing and next-generation GPGPU chips	13.0%	806.5	Fully utilized by the end of 2029
(ii) Development and upgrade of software platform	40.0%	2,481.4	Fully utilized by the end of 2029
– Expand the array of training and inference models supported by the intelligent hardware and BIRENSUPA software stack	10.0%	620.4	Fully utilized by the end of 2029
– Enhance each part of software platform	20.0%	1,240.7	Fully utilized by the end of 2029
– Build the software development infrastructure	10.0%	620.4	Fully utilized by the end of 2029
B. The commercialization of intelligent computing solution	5.0%	310.2	Fully utilized by the end of 2029
C. Working capital and general corporate purposes	10.0%	620.4	Fully utilized by the end of 2029
Total	100.0%	6,203.6	—

REPORT OF THE BOARD OF DIRECTORS

The Company intends to use the net proceeds in the same manner and proportion as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. As at the date of this report, the Company does not anticipate any change to its plan on the use of proceeds.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended December 31, 2025 and the state of affairs of the Group as at December 31, 2025 are set out in the Consolidated Financial Statements on pages 111 to 214.

The Board does not recommend any final dividend for the year ended December 31, 2025 (2024: nil). As of the date of this report, the Board is not aware of any Shareholders who have waived or agreed to waive any dividends.

SHARE CAPITAL

Details of movements in share capital of the Company during the year ended December 31, 2025 are set out in Note 29 to the Consolidated Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group are set out in the consolidated statement of changes in equity of this annual report. As at December 31, 2025, the Company has no reserves available for distribution (as at December 31, 2024: nil).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's largest customers for the year ended December 31, 2025 accounted for approximately 19.1% (2024: 54.5%) of the Group's total revenue. The aggregate revenue attributable to the Group's five largest customers for the year ended December 31, 2025 accounted for approximately 71.3% (2024: 90.3%) of the Group's total revenue.

The aggregate purchases attributable to the Group's largest suppliers for the year ended December 31, 2025 accounted for approximately 29.1% (2024: 32.0%) of the Group's total purchases. The aggregate purchases attributable to the Group's five largest suppliers for the year ended December 31, 2025 accounted for approximately 57.7% (2024: 58.9%) of the Group's total purchases.

To the best knowledge of the Directors, none of the Directors or their associates or any Shareholders who owned more than 5% of the Company's issued share capital, excluding treasury shares (if any) had any beneficial interest in any of the Group's five largest customers or suppliers during the year ended December 31, 2025.

REPORT OF THE BOARD OF DIRECTORS

DIVIDEND POLICY

During the year ended December 31, 2025 and up to the date of this report, we did not declare or pay any dividends. We adopted our dividend policy upon listing. Pursuant to our Articles of Association and dividend policy, we may declare and pay dividends mainly by cash or by stock that we consider appropriate. Decisions to declare or to pay any dividends in the future, will depend on, among other things, the Company's profitability, operation and development plans, external financing environment, costs of capital, the Company's cash flows and other factors that our Directors may consider relevant. Our ability to pay dividends in the future also depends on whether we can receive dividends from our subsidiaries. Pursuant to the PRC Company Law, each PRC company is required to set aside at least 10% of its after-tax profits each year, if any, to fund its statutory reserve funds until the total amount set aside reaches 50% of its registered capital. In addition, a company shall not distribute dividend before losses are covered and the statutory reserve funds are drawn. After the company makes the allocation to its statutory reserve funds from its after-tax profits, it may also make an allocation to its discretionary reserve funds from its after-tax profits upon a resolution approved at the shareholders' meeting. Therefore, under the circumstances that the losses have been made up and the reserve funds have been set aside, we may distribute the after-tax profits as dividend to our shareholders.

SUBSIDIARIES OF THE COMPANY

The details of the principal subsidiaries of the Company are set out in Note 12 to the Consolidated Financial Statements on pages 145 to 146 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

During the year ended December 31, 2025, the Group's total property, plant and equipment amounted to approximately RMB498.0 million (2024: RMB323.2 million). The details of the properties, plant and equipment of the Group and their movements during the year ended December 31, 2025 are set out in Note 16 to the Consolidated Financial Statements.

PROPERTY INTERESTS AND PROPERTY VALUATION

The Company has valued the property interests of the Group and such valuation has been included in the Company's prospectus. These property interests are not stated at valuation (or at subsequent valuation) in the financial statements. As set out in the Company's prospectus, the valuation of the Group's property interests as at September 30, 2025 amounted to RMB62,850,000. Had the property interests been stated at this valuation, the amount of depreciation charged to the consolidated statement of profit or loss and other comprehensive profit and loss for the Reporting Period would have been reduced by approximately RMB53,000.

BORROWINGS

Particulars of borrowings of the Group as at the balance sheet date are set out in Note 36 to the Consolidated Financial Statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended December 31, 2025, to the best knowledge of the Directors, there was no material breach of or non-compliance with applicable laws and regulations that have a significant impact on the business and operations of the Group, by the Group.

REPORT OF THE BOARD OF DIRECTORS

SERVICE CONTRACT AND LETTER OF APPOINTMENT OF THE DIRECTORS

The Directors during the year ended December 31, 2025, and up to the date of this report were as follows:

Executive Directors

Mr. Wen ZHANG (*Chairman of the Board*)

Mr. Zhou HONG

Mr. Linglan ZHANG

Mr. Bing XIAO (肖冰)

Mr. Luting PAN

Non-executive Directors

Mr. Jingguo LIU (劉經國)

Mr. Zhifeng ZHOU (周志峰) (*resigned on January 1, 2026*)^[notes 1, 3]

Mr. Lin WANG (王林) (*resigned on January 1, 2026*)^[notes 1, 3]

Ms. Shuying CHEN (陳淑英) (*resigned on January 1, 2026*)^[notes 1, 3]

Independent Non-executive Directors

Dr. Yuan WANG (王源) (*with effect from January 2, 2026*)^[notes 2, 3]

Mr. Siu Wing LAM (林兆榮) (*with effect from January 2, 2026*)

Ms. Jin LIU (劉瑾) (*with effect from January 2, 2026*)

The biographical details of the Directors and the senior management of the Group are disclosed in the section headed "Biographies of Directors, Senior Management and Company Secretary" on pages 15 to 21 of this annual report, and the section headed "Directors and Senior Management" in the prospectus.

Each of the Directors has entered into a service contract or a letter of appointment with the Company for a term of three years.

Pursuant to Article 103 and Article 106 of the Articles of Association, the term for Directors is three years commencing from the date of their respective appointment or re-appointment, subject to re-appointment at a general meeting.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

Notes:

1. Mr. Zhifeng ZHOU, Mr. Lin WANG and Ms. Shuying CHEN resigned due to their personal commitments.
2. Dr. Wang has tendered his resignation due to work arrangements, and such resignation shall take effect upon the election of a new independent non-executive director at the Company's annual general meeting.
3. Each of Mr. Zhifeng ZHOU, Mr. Lin WANG, Ms. Shuying CHEN and Dr. Wang has respectively confirmed that (i) he has no disagreement with the Board, and (ii) there is no matter relating to his resignation that needs to be brought to the attention of the Shareholders or the Stock Exchange.

REPORT OF THE BOARD OF DIRECTORS

Each of our Directors confirms that he or she (1) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in June 2025; and (2) understands his or her obligations as a director of a listed issuer under the Listing Rules.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and all of them are considered to be independent.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year or subsisted at the end of the year ended December 31, 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, to the knowledge of the Directors, none of the Directors controlled any business that was similar to the principal business of the Group, directly or indirectly competed or might compete with the Group's business and was required to be disclosed pursuant to the Rule 8.10 of the Listing Rules.

INFORMATION ON EMPLOYEES

As at December 31, 2025, the Group had 842 (2024: 752) employees. Total staff costs (including Directors' emoluments) were approximately RMB853.3 million, as compared to approximately RMB722.8 million for the year ended December 31, 2024. Substantially all of our employees are based in the PRC. The following table sets forth a breakdown of our employees categorized by function as of December 31, 2025.

Function	Number	% of total
Research and development	689	81.8%
Sales and marketing	33	3.9%
General and administration	120	14.3%
Total	842	100%

We adopt high standards and strict procedures in our recruitment, including campus recruitment, open market recruitment, online recruitment, internal referral and recruitment through executive search, to satisfy our demands for different types of talent. We believe we offer our employees competitive compensation, comprehensive professional trainings, exceptional working environment and employee care, and promotion opportunities. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience. In addition, we place strong emphasis on providing trainings to our employees to enhance their professional skills. We offer onboarding trainings for all new hires and provide targeted trainings for employees at various positions from different departments. Our employees can also improve their skills through mutual learning among colleagues.

REPORT OF THE BOARD OF DIRECTORS

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are determined by the Board with reference to the respective responsibilities and duties, experience, individual performance, and time devoted to the Group and may be adjusted upon the recommendation of the Remuneration Committee. The Remuneration Committee was responsible for reviewing the Company's emolument policy and structure of all remuneration of the Directors and senior management of the Company.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals of the Group are set out in Note 8(b) and Note 42 to the Consolidated Financial Statements on page 142 and pages 200 to 203 of this annual report.

For the year ended December 31, 2025, no emoluments were paid by the Group to any Director, any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived or agreed to waive any emoluments for the year ended December 31, 2025.

Except as disclosed above, no other payments have been made or are payable, for the year ended December 31, 2025, by the Group to or on behalf of any of the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year under December 31, 2025 or at any time during the year ended December 31, 2025.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance in respect of legal actions arising out of corporate activities against its Directors against all costs, losses, damages and expenses which he may incur or become liable in respect of or by reason of any contract entered into, or act or thing done by him as Director or in any way in or about the execution of his duties, in the absence of actual fraud or wilful default. The permitted indemnity provision is in force for the benefit of the Directors as required by the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

REPORT OF THE BOARD OF DIRECTORS

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Company had not entered into any connected transaction during the year ended December 31, 2025, which is required to be disclosed in accordance with Chapter 14A of the Listing Rules. Related party transactions entered into by the Group during the year ended December 31, 2025 are disclosed in Note 41 to the Consolidated Financial Statements. Other than the related party transaction disclosed in Note 41 to the Consolidated Financial Statements, no transactions, arrangements, contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director or his connected entity had a material interest, whether directly or indirectly, were entered into or subsisted at the end of the Reporting Period or at any time during the Reporting Period.

CONVERTIBLE SECURITIES, SHARE SCHEMES, WARRANTS OR SIMILAR RIGHTS

Save as disclosed in the prospectus, during the Year, the Company did not issue any convertible securities, share options, warrants or similar rights.

During the year ended December 31, 2025 and up to the date of this report, the Group has no share scheme (including any share option scheme) subject to the provisions of Chapter 17 of the Listing Rules.

DEBENTURES IN ISSUE

Neither the Company nor any of its subsidiaries issued any debentures during the Year.

EQUITY-LINKED AGREEMENT

The Company did not enter into any equity-linked agreement and there was no equity-linked agreement during the Year.

PRE-IPO EMPLOYEE INCENTIVE SCHEME

In recognition of the contributions of our employees and to incentivize them to further promote our development, the Company approved and adopted the Pre-IPO Employee Incentive Scheme on April 24, 2024. Given the underlying Shares under the Pre-IPO Employee Incentive Scheme had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the Shares under the Pre-IPO Employee Incentive Scheme.

As of December 31, 2025, the incentives corresponding to the total 191,221,400 Shares (accounted for approximately 7.84% of the total issued Shares of the Company) under the Pre-IPO Employee Incentive Scheme have been granted to the eligible participants. No further Shares will be granted according to the Pre-IPO Employee Incentive Scheme after the listing. Please refer to the Prospectus for further details about the Pre-IPO Employee Incentive Scheme.

REPORT OF THE BOARD OF DIRECTORS

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

As the Company's H Shares had not been listed on the Main Board of the Stock Exchange as at the end of the reporting period, Divisions 7 and 8 of Part XV and section 352 of the Securities and Futures Ordinance (the "SFO") were not applicable to the Directors and the chief executive of the Company as at the end of the reporting period.

As at the date of this report, save as disclosed below, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix C3 of the Listing Rules.

Name of Directors/chief executive	Class of Shares	Capacity/Nature of interest	Number of securities held	Approximate percentage shareholding of the total unlisted Shares	Approximate percentage in Unlisted Shares/H Shares ⁽²⁾	Approximate percentage of the total share capital ⁽²⁾
Mr. Zhang ⁽¹⁾	Unlisted Shares	Beneficial owner	183,174,800(L)	14.80	14.80%	7.51%
	Unlisted Shares	Interest in controlled corporations	191,221,400(L)	15.45	15.45%	7.84%

Notes:

(1) Pursuant to the acting in concert agreement entered into by Mr. Zhang and Shanghai Biliren Enterprise Management Consulting Partnership (Limited Partnership) (上海壁立初企業管理諮詢合夥企業(有限合夥)) ("Shanghai Biliren") on June 26, 2025, Shanghai Biliren and Mr. Zhang confirmed and acknowledged they have been acting in concert to control the decision-making and operational management of the Company in its shareholders' meetings. In the event they are unable to reach consensus on matters of the Company, Shanghai Biliren shall act in accordance with the instructions of Mr. Zhang. Further, Mr. Zhang is in a position to control Shanghai Biliren as a result of the voting proxy agreement entered into with, among others, Shanghai Zhuoren Management Consulting Co., Ltd. ("Shanghai Zhuoren") (as the general partner of Shanghai Biliren) and the general partners of all limited partners of Shanghai Biliren. As such, under the SFO, Mr. Zhang is deemed to be interested in the Shares held by Shanghai Biliren.

(2) As at the date of this report, the total number of issued shares of the Company was 2,438,858,500 shares, consisting of 1,238,013,076 unlisted shares and 1,200,845,424 H Shares. The letter (L) refers to long position in the shares.

REPORT OF THE BOARD OF DIRECTORS

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

As the Company's H Shares had not been listed on the Main Board of the Stock Exchange as at the end of the reporting period, Divisions 2 and 3 of Part XV and section 336 of the Securities and Futures Ordinance were not applicable to the substantial shareholders of the Company.

As at the date of this report, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name of Shareholder	Nature of Interest	Number of Shares ⁽³⁾	Approximate Percentage of Shareholding in Unlisted Shares/ H Shares ⁽⁵⁾	Approximate Percentage of Shareholding in Our Total Share Capital ⁽⁵⁾
Mr. Zhang ⁽¹⁾	Beneficial owner	183,174,800 Unlisted Shares (L)	14.80%	7.51%
	Interest in controlled corporations	191,221,400 Unlisted Shares (L)	15.45%	7.84%
Shanghai Biliren ⁽¹⁾	Beneficial owner	191,221,400 Unlisted Shares (L)	15.45%	7.84%
Mr. Xiaoyao Liang ("Mr. Liang")	Beneficial owner	65,234,050 Unlisted Shares (L)	5.27%	2.67%
Zhuhai Da Heng Qin Innovative Development Co., Ltd. ⁽²⁾	Beneficial owner	80,717,950 Unlisted Shares (L)	6.52%	3.31%
Zhuhai Yuexinchen Investment Co., Ltd. ⁽²⁾	Interest in controlled corporations	80,717,950 Unlisted Shares (L)	6.52%	3.31%
China Cinda Asset Management Co., Ltd. ⁽²⁾	Interest in controlled corporations	80,717,950 Unlisted Shares (L)	6.52%	3.31%
YANG Huiyan 楊惠妍 ⁽³⁾	Interest in controlled corporations	66,597,200 Unlisted Shares (L)	5.38%	2.73%
Chen Chong ⁽⁴⁾	Interest of spouse	66,597,200 Unlisted Shares (L)	5.38%	2.73%

REPORT OF THE BOARD OF DIRECTORS

Notes:

- (1) Mr. Zhang is in a position to control Shanghai Biliren as a result of the voting proxy agreement entered into, among others, Shanghai Zhuoren (as the general partner of Shanghai Biliren) and the general partners of all limited partners of Shanghai Biliren. The acting in concert agreement and the voting proxy agreement are arrangements to consolidate and entrench control over the Company's decision-making at shareholders' meetings by acting in concert and proxying voting rights. As such, under the SFO, Mr. Zhang is deemed to be interested in the Shares held by Shanghai Biliren.
- (2) Zhuhai Da Heng Qin Innovative Development Co., Ltd. (珠海大橫琴創新發展有限公司) is held as to 51% by China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司) through Zhuhai Yuexinchen Investment Co., Ltd. (珠海市粵信宸投資有限責任公司). As such, under the SFO, each of China Cinda Asset Management Co., Ltd. and Zhuhai Yuexinchen Investment Co., Ltd. is deemed to be interested in the Shares held by Zhuhai Da Heng Qin Innovative Development Co., Ltd..
- (3) Yang Huiyan is deemed to be interested in 33,298,600 Unlisted Shares held by Huibi No. 2 and 33,298,600 Unlisted Shares held by Country Garden Venture Capital (which is also the largest limited partner of Huibi No. 2 holding more than one-third partnership interest). Such deemed interest in an aggregate of 66,597,200 Unlisted Shares is held through the controlled corporations of Yang Huiyan, namely, Concrete Win Limited, Country Garden Holdings, Country Garden Financial Holdings Co., Ltd.* (碧桂園金融控股有限公司), Chong Ji Co. Ltd* (崇績有限公司), Power Shine Enterprises Limited* (眾朗企業有限公司), Country Garden Fuxin Investment Consulting (Shenzhen) Co., Ltd.* (碧桂園富鑫投資諮詢(深圳)有限公司) and Zhongshan Weikang Enterprise Management Consulting Co., Ltd.* (中山市瓊康企業管理諮詢有限公司).
- (4) As the spouse of Yang Huiyan, Chen Chong is deemed to be interested in such 66,597,200 Unlisted Shares.
- (5) As at the date of this report, the total number of issued shares of the Company was 2,438,858,500 shares, consisting of 1,238,013,076 unlisted shares and 1,200,845,424 H Shares. The letter (L) refers to long position in the shares.

Save as disclosed above, as at the date of this report, the Directors were not aware of any other person/entity (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

REPORT OF THE BOARD OF DIRECTORS

LOCK-UP PERIODS

The table below sets out the list of persons who are, together with their respective close associates, subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules (furthermore, pursuant to the Company Law of the People's Republic of China, the Shares of the Company held by the following persons shall not be transferred within one year from the Listing Date of the Company (i.e., before January 2, 2027)):

Name of Shareholder	Capacity	Number of Shares	Percentage of Shareholding in the Total Issued Capital of the Company ⁽¹⁾	Lock-up Period
Mr. Zhang	Chairman of the Board, Executive Director, and Chief Executive Officer	183,174,800	7.51%	The period commencing on the date by reference to which disclosure of its shareholding is made in the Prospectus and ending on the date which is 12 months from the Listing Date, i.e. January 2, 2027
Shanghai Biliren	Close associate of Mr. Zhang	191,221,400	7.84%	
QM120 Limited ["QM120"]	Pathfinder SII	91,773,400	3.76%	The period commencing on the date by reference to which disclosure of its shareholding is made in the Prospectus and ending on the date which is 6 months from the Listing Date, i.e. July 2, 2026
Shenzhen Country Garden Innovation Investment Co., Ltd. ["Country Garden Venture Capital"]	Pathfinder SII (comprising shares held by Country Garden Venture Capital and Huibi No.2)	66,597,200 ⁽²⁾	2.73%	
Sky9 Capital ["Sky9 Capital"]	Pathfinder SII	55,270,450 ⁽⁴⁾	2.27%	
Zhuhai Gree Venture Capital Investment Co., Ltd. ["Zhuhai Gree"]	Pathfinder SII	45,904,650	1.88%	

REPORT OF THE BOARD OF DIRECTORS

Name of Shareholder	Capacity	Number of Shares	Percentage of Shareholding in the Total Issued Capital of the Company ⁽¹⁾	Lock-up Period
Shenzhen Songhe Growth Equity Investment Partnership (Limited Partnership) ("Shenzhen Songhe")	Pathfinder SII	39,967,350	1.64%	

Notes:

- The calculations of the percentage of shareholding are based on the number of total Shares in issue as at the date of this report, comprising 2,438,858,500 Shares.
- Shanghai Biliren is our employee incentive platform. We had granted Share Options to selected participants under the Pre-IPO Employee Incentive Scheme for indirect limited partnership interests in 31 limited partners of Shanghai Biliren. As of the date of this report, four of our Directors (including Mr. Zhou HONG, our Chief Technology Officer, and Mr. Linglan ZHANG, our Chief Operating Officer, who are also key management and core members of our R&D team) were limited partners of four of the limited partners of Shanghai Biliren, including (i) Limited Partnership 1 (a limited partner of Shanghai Biliren holding 46.54% of its partnership interests), whereby Mr. Zhou HONG, Mr. Linglan ZHANG and Mr. Luting PAN held 35.32%, 22.91% and 1.28% of the partnership interests of Limited Partnership 1; (ii) Limited Partnership 2 (a limited partner of Shanghai Biliren holding approximately 9.08% of its partnership interests), whereby Mr. Xiao held 2.53% of the partnership interests of Limited Partnership 2; (iii) Limited Partnership 3 (a limited partner of Shanghai Biliren holding 1.95% of its partnership interests), whereby Mr. Xiao held 66.89% of the partnership interests of Limited Partnership 3; and (iv) Limited Partnership 31 (a limited partner of Shanghai Biliren holding 2.83% of its partnership interests), whereby Mr. Luting PAN held 17.23% of the partnership interests of Limited Partnership 31. Such partnership interests held by our four executive Directors in the limited partners of Shanghai Biliren will be subject to lock-up period ending on the expiry of 12 months from the Listing Date. Save as disclosed above, there is no other senior management or key management and core members of our R&D team who hold any interest in our Company.
- Includes 33,298,600 Shares held by Huibi No. 2 and 33,298,600 Shares held by Country Garden Venture Capital.
- Includes 29,194,700 Shares held by Sky9 Alpha, 20,400,500 Shares held by Sky9 Capital MVP and 5,675,250 Shares held by Yunjiu No. 1.

COMPETITION AND CONFLICT OF INTERESTS

During the year ended December 31, 2025, save as disclosed in the Prospectus, none of the Directors or any of their respective associates has any interests in any business that competes or may compete, directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

REPORT OF THE BOARD OF DIRECTORS

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

No contract of significance (including contract of significance for the provision of services) was entered into between the Company or its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended December 31, 2025 or subsisted as at December 31, 2025.

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS

According to the *Enterprise Income Tax Law of the PRC* and its implementing rules, the Company is required to withhold and pay enterprise income tax at the rate of 10% before distributing dividends to non-resident enterprise shareholders whose names appear on the register of members of H Shares of the Company. Any H Shares registered in the name of non-individual H Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding and payment of the enterprise income tax. Should any H Shareholder wish to change its shareholder status, please consult your agent or trust institution over the relevant procedure. The Company will withhold and pay the enterprise income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments and strictly based on what has been registered on the Company's register of members of H Shares on the record date.

TAXATION

During the Year, the income tax provision of the Group in respect of its operations in the PRC was calculated at a tax rate of 25% on the assessable profits for the relevant year presented, based on the existing legislation, interpretations and practices.

Certain subsidiaries in the PRC were qualified as "Small and Low-Profit Enterprise" in 2025. Due to their tax loss position in 2025, these subsidiaries did not actually enjoy the 20% preferential corporate income tax rate in 2025. Beijing Biren Technology Development Co., Ltd., a subsidiary of the Group, is qualified for new/high-tech technology enterprises status and enjoyed a preferential corporate income tax rate of 15% from 2024 to 2026.

The relevant details are set out in Note 13 to the Consolidated Financial Statements on pages 147 to 149 of this annual report.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief and exemption available to the Shareholder by reason of their holding of the Shares.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Articles of Association or the PRC laws, which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

REPORT OF THE BOARD OF DIRECTORS

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that various stakeholders including employees, customers, suppliers and others are key to the Group's success. Our employees are considered the Group's most important and valuable assets. We offer competitive remuneration packages along with a robust performance appraisal system that includes suitable incentives to attract and motivate our workforce. Additionally, the Group recognizes that fostering strong relationships with customers and suppliers is essential for achieving our long-term objectives. During the Reporting Period, there was no material and significant dispute between the Group and its customers and suppliers. An account of the Company's relationships with its key stakeholders that have a significant impact on the Company is set out in the environmental, social and governance report of the Company (the "ESG Report").

CORPORATE GOVERNANCE REPORT

As the H Shares were listed on the Stock Exchange on the Listing Date, the CG Code was not applicable to the Company prior to the Listing Date. The Company aims to achieve high standards of corporate governance, which are crucial to the Company's development and safeguard the interests of the Shareholders.

Since the Listing Date, the Company has applied the principles of good corporate governance and adopted the code provisions of the CG Code as its own code of corporate governance. The Company has complied with all applicable code provisions set out in the CG Code during the period from the Listing Date to the date of this report, save 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 the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate Chairman of the Board and Chief Executive Officer and Mr. Zhang currently performs these two roles. Our Board believes that, in view of his experience, personal profile and his roles in the Company as mentioned above, Mr. Zhang 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 of the Board 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 consider splitting the roles of Chairman of the Board and the Chief Executive Officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 22 to 40 of this annual report.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors.

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to confirm that, after making specific enquiries with all Directors, all Directors have fully complied with the standards required according to the Model Code set out in Appendix C3 to the Listing Rules since the Listing Date.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules since the Listing Date up to the date of this report.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended December 31, 2025.

LOAN AND GUARANTEE

Save as disclosed in this annual report, during the year ended December 31, 2025, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, or their respective connected persons.

CONFIRMATION OF INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

As of the date of this report, the Company confirmed that it had received the annual confirmation of independence from each of the independent non-executive Directors in compliance with Rule 3.13 of the Listing Rules. The Company is of the view that the independent non-executive Directors remain independent since the Listing Date in accordance with the relevant requirements of Rule 3.13 of the Listing Rules.

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

Since the Listing Date to the date of this report, there was no purchase, sale or redemption of any listed securities (including sale of treasury shares (as defined under the Listing Rules)) of the Company by the Company or any of its subsidiaries. As at December 31, 2025, the Company did not hold, purchase or redeem any treasury shares.

REPORT OF THE BOARD OF DIRECTORS

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in the section headed "Use of Net Proceeds from the Global Offering" in this report, the Group did not have plan for material investments and capital assets as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

On January 2, 2026, the Company was listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and offered 284,846,600 ordinary shares at a price of HK\$19.60 per share (excluding any ordinary shares issued pursuant to the exercise of the over-allotment option). In addition, as disclosed in the Company's announcement dated January 28, 2026, the Company issued and allotted 42,726,800 ordinary shares on February 2, 2026, pursuant to the full exercise of the over-allotment option. The total proceeds received by the Company (before deducting underwriting fees and commissions payable by the Company in connection with the Global Offering and expenses) amounted to approximately HK\$6,420,439,000 (equivalent to approximately RMB5,828,217,000).

Save as disclosed above, no material event affecting the Group has occurred since the end of the Reporting Period and up to the date of this report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

It is proposed that the annual general meeting of the Company ("**AGM**") will be held on Monday, June 15, 2026. The record date for the purpose of ascertaining the eligibility of the holders of H Shares to attend and vote at the AGM is on Monday, June 15, 2026. The register of members of the Company will be closed from Wednesday, June 10, 2026 to Monday, June 15, 2026 (both days inclusive) during which no transfer of H Shares will be registered. In order to be eligible to attend and vote at the forthcoming AGM, Shareholders must lodge all completed transfer documents accompanied by the relevant share certificates with the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before 4:30 p.m. on Tuesday, June 9, 2026. The notice of the AGM will be dispatched to the holders of H Shares in the manner in which the Shareholders have selected to receive corporate communications and made available at the Company's and the Stock Exchange's websites.

AUDITOR

PricewaterhouseCoopers has been appointed as the Company's auditor for the year 2025. A resolution for their re-appointment as auditor of the Company for the year 2026 will be proposed at the upcoming annual general meeting of the Company.

REPORT OF THE BOARD OF DIRECTORS

PricewaterhouseCoopers has served as the Company's auditor since the listing of the H Shares of the Company. The financial statements for the year ended December 31, 2025 have been audited by PricewaterhouseCoopers.

There has been no change in auditors of the Company in the three years preceding the Reporting Period and up to the date of this report.

DONATION

For the year ended December 31, 2025, the Group's total charitable donations were RMB1.1 million (2024: RMB2.3 million).

APPROVAL OF ANNUAL REPORT

The annual report and the audited consolidated results of the Group for the year ended December 31, 2025 were approved and authorized for issue by the Board on March 30, 2026.

By order of the Board

Shanghai Biren Technology Co., Ltd.

Mr. Wen ZHANG

Chairman of the Board, Executive Director and Chief Executive Officer

Shanghai PRC, March 30, 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Introduction

This report aims to systematically and objectively disclose the practical measures and performance outcomes of Shanghai Biren Technology Co., Ltd. (hereinafter referred to as “**Biren Technology**”, the “**Company**” or “**we**”) and its subsidiaries in the areas of Environmental, Social and Governance (hereinafter referred to as “ESG”) for the year 2025. For detailed information on corporate governance, it is recommended to read this section in conjunction with the “Corporate Governance Report” section of this annual report. In the event of any discrepancy between the Chinese and English versions of this report, the Traditional Chinese version shall prevail.

Reporting Methodology

This report is prepared in accordance with the *Environmental, Social and Governance Reporting Code* outlined in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange**”).

Reporting Principles

This report has been prepared in accordance with the reporting principles of the *Environmental, Social and Governance Reporting Code*, namely materiality, quantitative, balance and consistency:

- **Materiality:** This report gives a report on the ESG issues that the board of directors has determined to have a significant impact on all stakeholders.
- **Quantitative:** This report discloses relevant quantitative data in the ESG area, supplemented with explanatory text.
- **Balance:** This report objectively presents the Company’s ESG performance during the Reporting Period.
- **Consistency:** Unless otherwise stated, a consistent disclosure and statistical methodology is applied for each Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting Period

This report covers the Company's ESG management approaches and performance from January 1, 2025 to December 31, 2025 (the "**Reporting Period**"). To enhance the completeness and comparability of the report, certain information has been appropriately extended, either retrospectively or prospectively.

Reporting Scope

Unless otherwise specified, the disclosure scope of this report is consistent with that covered by the annual report.

BOARD'S STATEMENT

As the highest supervision and decision-making body for ESG matters, the Board of Directors (the "Board") is responsible for reviewing and approving the key tasks and management priorities related to ESG, overseeing the formulation of ESG-related strategies and systems, participating in the materiality identification process of ESG topics, and conducting materiality assessments and prioritization based on the topics' potential impact on the Company's business, long-term financial performance and stakeholders. The Board supervises and manages material ESG matters, regularly reviews significant ESG-related issues, appropriately considers the impact of significant ESG risks or opportunities in the decision-making or strategy for major transactions, ensuring the adequate attention and effective advancement of ESG matters.

The Company has set some ESG objectives related to its business, including targets for energy conservation, water conservation and greenhouse gas emission reduction. The Board monitors the performance of ESG Key Performance Indicators (KPIs) and regularly reviews and evaluates the progress of implementing ESG objectives.

This report details the progress and effectiveness of Biren Technology's ESG work in 2025. The Board confirms that there are no false records or misleading statements in this report and assumes responsibility for the truthfulness, accuracy and completeness of its content. Upon confirmation by management, this report was reviewed and approved by the Board on March 30, 2026.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG MANAGEMENT

ESG Philosophy

We are committed to promoting corporate social responsibility and sustainable development and integrating it into the major aspects of our business operations. Corporate social responsibility is an integral part of our culture “R.E.C.I.P.E.”, which stands for Responsibility, Excellence, Collaboration, Innovation, Pragmatism, Empowering.

As a responsible corporate citizen, we see sustainable development as a strategic priority, actively fulfill our social responsibility, continuously improve corporate responsibility structure, manage our supply chains sustainably and protect stakeholder interests. We have obtained the ISO14001 Environmental Management System Certificate, ISO9001 Quality Management System Certificate, ISO45001 Occupational Health and Safety Management System Certificate, ISO/IEC27001 Information Security Management System Certificate and ISO/IEC20000 Information Technology-Services Management System Certificate.

ESG Governance

We place strong emphasis on the effective implementation of ESG measures by continuously improving the ESG governance structure and actively promoting the integration of ESG philosophy into the Company’s strategy and daily operations. The Board, as the highest supervisory body for ESG issues, is responsible for supervision and management over risks and opportunities related to ESG, conducting prudent deliberations on the materiality and priorities of significant ESG risks, and making final decisions. The Board supervises the formulation of strategies and systems related to ESG, regularly reviews major issues related to ESG, and assesses the impacts of significant ESG-related risks or opportunities for decision-making or strategies in major transactions, so as to ensure full attention to ESG issues and effective progress of ESG measures. To ensure the effective implementation of ESG measures, the Company has established the ESG working group, which is responsible for the implementation of specific ESG measures and overall planning and coordination for collection, consolidation, analysis and monitoring of ESG performance data across various departments, thereby continuously tracking developments and frontier trends of ESG issues for the enhancement in effectiveness of the ESG management.

We have formulated the *Policy on ESG responsibilities*, clarifying ESG-related commitments and requirements, providing specific guidelines for ESG management practices in daily operations.

We actively put concepts of sustainable development in practice by integrating ESG management into daily operations of the Company with reference to the Code of Conduct — RBA (Responsible Business Alliance), thereby driving high-quality and sustainable development of the Company, and safeguarding interests of investors, customers and employees as stakeholders. During the Reporting Period, the Company did not experience any non-compliance events related to ESG laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

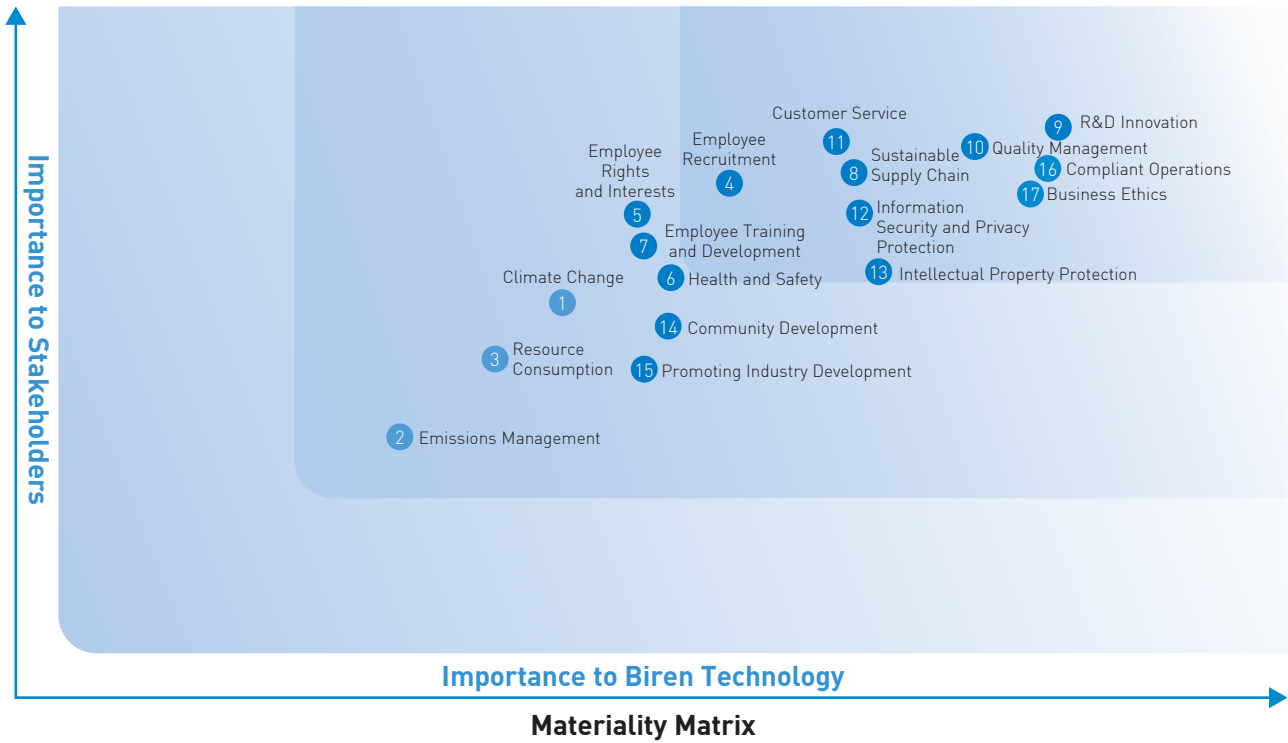
Transparent and two-way stakeholder communication is crucial for the Company to practice sustainable development. We have established diverse, regular communication channels with various stakeholder groups, aiming to listen to their expectations and concerns and incorporating their feedback into ESG management and decision-making, which serves as a significant basis for our ESG management, continuously enhancing sustainable development levels. The Company's primary stakeholders, their core concerns and communication methods are as follows:

Stakeholder	Key Concerns	Communication Channels
Government & Regulatory Authorities	<ul style="list-style-type: none"> Compliant Operations Business Ethics Quality Management Employee Rights and Interests R&D Innovation Information Security & Privacy Protection Intellectual Property Protection Community Development Resource Consumption 	<ul style="list-style-type: none"> Regular Reports Policy Consultations Daily Communications
Investors/Shareholders	<ul style="list-style-type: none"> Compliant Operations Business Ethics Quality Management R&D Innovation 	<ul style="list-style-type: none"> Shareholders' Meetings Company Announcements (e. g., Financial Results, Annual Reports, etc.) IR Email
Customers	<ul style="list-style-type: none"> Quality Management Customer Service Sustainable Supply Chain R&D Innovation Information Security & Privacy Protection Intellectual Property Protection 	<ul style="list-style-type: none"> Business Negotiations Customer Service Email Satisfaction Surveys
Employees	<ul style="list-style-type: none"> Employee Recruitment Employee Rights and Interests Health and Safety Employee Development & Training R&D Innovation 	<ul style="list-style-type: none"> HR Feedback Channel CEO Mailbox CEO Hotline in Office Instant Messaging Tools Staff Meetings Whistleblowing Email, Reporting Channel
Suppliers & Partners	<ul style="list-style-type: none"> Sustainable Supply Chain Business Ethics Information Security & Privacy Protection Intellectual Property Protection 	<ul style="list-style-type: none"> Business Communications Whistleblowing Email
Community & Public	<ul style="list-style-type: none"> Community Development Business Ethics R&D Innovation Employee Rights and Interests Health and Safety Emission Management Climate Change 	<ul style="list-style-type: none"> Public Welfare & Charity Activities Official Website & Social Media Platforms

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIAL ISSUES

To focus on key ESG issues, we conducted identification and assessment following the principle of materiality. This year’s assessment is primarily based on a comprehensive internal and external perspective. We screened material issues of key concern to stakeholders by reviewing management strategy, benchmarking against regulatory requirements and industry practices, and incorporating continuous feedback from ongoing communications with investors, customers, employees, suppliers and the community. We evaluated these issues from two dimensions: “Importance to Stakeholders” and “Importance to Biren Technology”, ranking them by materiality to construct a Materiality Matrix, providing strong support for the Company’s ESG management, practices and business operations.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL MANAGEMENT

Biren Technology consistently regards environmental responsibility as an intrinsic requirement for high-quality corporate development and creating world-class products. We strictly comply with the *Environmental Protection Law of the People's Republic of China* and various environmental regulations in which our operation is located. By upholding both compliant operations and green development, we proactively fulfill our environmental and social responsibilities.

The Company integrates the concept of green development throughout the entire lifecycle of product R&D, operations and services, and implements pollution prevention and detailed environmental management across the entire chain, continuously enhancing environmental management effectiveness. We proactively take systematic measures to reduce the impact of our business activities and products on the ecological environment, natural resources and communities, and actively communicate our green development philosophy and commitments to employees, customers and partners. The Company has obtained ISO14001 Environmental Management System Certificate and incorporates green environmental requirements into the supply chain management process, striving to ensure that delivered products comply with green environmental protection regulations and standards requirements such as RoHS¹ and REACH².

The Company adheres to resource conservation and recycling, and is committed to driving steady business development sustainably. Under the premise of stable business landscape and relevant policies, we have established clear environmental goals. Simultaneously, we recognize that achieving these goals is subject to various internal and external factors. To actively respond to changes and enhance the effectiveness of goal attainment, we will maintain necessary flexibility, continuously evaluating progress and changes in internal and external environments through dynamic tracking and regular reviews. In the future, the Company will continuously optimize environmental goals and action plans based on operational realities and business development needs, ensuring goal-setting and execution remain aligned with actual conditions, consistently guiding the Company towards sustainable development.

Environmental Goals:

- Energy conservation: Taking 2024 as the base year, achieve an 8% reduction in per capita electricity consumption intensity by the end of 2030.
- Water conservation: Taking 2024 as the base year, achieve a 5% reduction in per capita water consumption intensity by the end of 2030.

¹ Restriction of Hazardous Substances (RoHS), the *EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment*, which restricts specific hazardous substances in electrical and electronic products to reduce harm to the environment and human health from e-waste.

² Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), the *EU Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals*, ensuring safe use of chemicals, protecting human health and the environment, and promoting transparency of chemical information and substitution of hazardous chemicals.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Emission Management

Biren Technology does not directly engage in manufacturing operations. Emissions during operations primarily originate from office activities; there are no production-related exhaust gases, wastewater or hazardous waste discharges. The Company insists on extending environmental control requirements to the entire supply chain, urging suppliers to establish sound environmental control systems, routinely monitoring and effectively identifying and controlling hazardous exhaust gases, wastewater and various wastes that may be emitted into the environment, strictly regulating the entire process of safe handling, transportation, storage and final disposal of related pollutants, and ensuring suppliers' environmental practices comply with national and industry standards, jointly fulfilling environmental responsibility with the Company.

Solid waste from the Company's operations primarily consists of general office waste like domestic garbage. We strictly adhere to the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and local relevant laws and regulations, formulating and strictly implementing the *Regulations on Disposal of Commerce Waste* to ensure 100% compliant disposal of waste. We continuously promote the scientific and detailed upgrade of waste management, contributing to sustainable resource utilization and harmonious coexistence with the ecological environment. The Company has established a specialized collection management mechanism, implementing centralized collection and separate storage for used batteries, and entrusting qualified professional agencies for standardized disposal. For recyclable waste such as paper, plastic and metal generated in offices, we appropriately place "Recyclables Collection Bins" in office areas, clearly guiding employees to sort disposal to enable resource recycling. Other domestic waste is centrally collected and disposed of compliantly by professional agencies, fully implementing detailed management requirements.

2025 Emission Key Performance Indicators (KPIs)

Indicator	Unit	2025 Data
Total Hazardous Waste³	Kg	33.52
Hazardous Waste Emission Intensity	Kg/employee	0.04
Total Non-Hazardous Waste⁴	Tonnes	70.70
Non-Hazardous Waste Emission Intensity	Tonnes/employee	0.08

³ Hazardous waste mainly includes toner cartridges, ink cartridges and used batteries.

⁴ The calculation scope for non-hazardous waste primarily covers domestic garbage, calculated with reference to the *First National Pollutant Source Census Manual of Urban Living Source Discharge Coefficients* issued by the State Council.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Resource Consumption Management

Biren Technology strictly complies with laws and regulations such as the *Energy Conservation Law of the People's Republic of China* and the *Water Law of the People's Republic of China*, adhering to the core purpose of conserving resources and protecting the environment, and consistently emphasizing environmental management and efficient resource utilization. The Company deeply integrates the 3R principles (Reduce, Reuse, Recycle) into the entire office operations process, focusing on key aspects such as energy consumption, water resource utilization, and materials management. Through regular advocacy and practical guidance, we promote the practice of green office concepts among all employees, achieving comprehensive resource conservation and efficient use in office scenarios, effectively reducing resource consumption and waste in operations.

Energy Conservation

- Efficient operations management: Continuously optimize electrical facilities, conduct real-time monitoring of electricity usage, develop precise energy-saving plans, and continuously improve energy utilization efficiency.
- Scientific layout planning: Fully consider equipment heat dissipation and cooling needs, rationally arrange the location and orientation of cabinets to ensure efficient circulation of cold and hot air, reducing energy consumption of cooling systems.
- Hardware iteration & optimization: Steadily advance the renewal and replacement of old servers; prioritize high energy efficiency ratio and cost-effective new servers in equipment procurement to reduce energy consumption of server room from the source.
- Low-carbon office operations: Fully adopt LED energy-saving lighting; regularly conduct electricity monitoring and assessments; strictly implement air conditioning temperature control standards; optimize the operational efficiency of equipment such as air conditioners and ventilation systems; promptly turn off lighting and non-essential electrical equipment in unoccupied areas to reduce electricity consumption.

Water Conservation

- Facility operation & maintenance and control: Establish daily duty and inspection systems, strengthen maintenance management of water consumption equipment, promptly identify and eliminate waste such as running, dripping and leaks of water, enhancing water resource utilization efficiency.
- Data monitoring and analysis: Regularly collect and analyze water usage data, identify and rectify potential waste issues, promoting intensive and efficient water resource use.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Smart Office

- Digital green operations: Deepen the application of cloud services, comprehensively promote paperless office, and drive the online operation of business processes, reducing resource consumption while improving operational efficiency.
- Low-carbon communication & collaboration: Promote online meeting modes such as teleconferences and video conferences, minimizing non-essential travel and business trips.

Awareness Promotion

- Cultivating green practices: Guide employees to develop good habits such as water and electricity conservation, turning off equipment promptly, and green travel, reducing the environmental impact of daily operations.
- Environmental knowledge communication: Regularly communicate environmental knowledge and waste management regulations through diverse formats, fostering a green office atmosphere and enhancing employees' environmental awareness.
- Specialized training and empowerment: Organize an environmental protection and training initiative titled "3R Practical Empowerment • Green Office Together" for all employees, comprehensively standardizing employees' environmental practices, strengthening overall environmental awareness, promoting the implementation of the 3R principles and the Company's various environmental measures, and providing support for the Company's comprehensive green operations.

2025 Resource Consumption Key Performance Indicators

Indicator	Unit	2025 Data
Total Energy Consumption	Tce	782.84
Energy Consumption Intensity	Tce/employee	0.93
Direct Energy Consumption	Tce	7.42
Gasoline	Liters	6,906.08
Indirect Energy Consumption	Tce	775.43
Purchased Electricity	kWh	6,309,402.87
Total Water Consumption⁵	Tonnes	5,623.00
Water Consumption Intensity	Tonnes/employee	6.68
Packaging Materials Used⁶	Tonnes	17.28

⁵ Water consumption primarily consists of domestic water used in daily office processes. The statistical scope here includes major operating premises such as Shanghai and Hangzhou. All water is sourced from municipal water supply systems with stable quality and reliable supply, with no compliance or supply risks regarding water sources.

⁶ Packaging materials mainly include paper boxes, cardboard, plastic pellets, silica gel desiccants, etc., all tested to comply with EU RoHS Directive requirements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment and Natural Resources

Given the nature of our business, we do not operate any production facilities or otherwise pose a major threat to the environment or climate. We are committed to minimizing the environmental and natural resource impact of our operations and take proactive measures and actions to reduce such impacts. In 2025, the Company did not identify any incidents causing severe environmental pollution or significant negative environmental impacts in its production and operations, nor did it receive any administrative penalties related to environmental protection.

Climate Change

Governance

Biren Technology has fully integrated climate change response measures into the Company's ESG governance structure. The Board of Directors, as the highest supervision body for ESG matters, holds the core supervision responsibility for climate risk and opportunity management. It is responsible for comprehensively reviewing and approving the Company's overall climate change strategy, core objectives and major response measures. It receives at least one dedicated report on the assessment results of climate risks and opportunities, progress of response strategies, and achievement of phased targets per year, providing suggestions for optimization based on the report content to ensure climate-related governance aligns with the Company's overall development strategy and overall ESG governance requirements. The ESG working group undertakes the daily governance and coordination responsibilities for climate risks and opportunities, specifically implementing the overall climate change strategy approved by the Board, coordinating efforts across departments to carry out climate change-related work, and being responsible for the collection, integration, analysis and monitoring of climate-related indicator data, promoting the practical effectiveness of climate response efforts.

The Company highly values the construction of climate governance capabilities, and focuses on enhancing the understanding of climate risks and opportunities among the Board and managers at all levels. We plan to conduct relevant training and activities to help relevant personnel acquire the knowledge and skills needed to supervise and manage the Company's climate response strategy, promoting continuous improvement in climate governance. Additionally, the Company has incorporated climate-related key performance indicators (KPIs) (such as energy-saving targets) into the relevant corporate assessment system, continuously improving the effectiveness of climate governance to ensure climate response work progresses in synergy with overall ESG efforts and yields practical results.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Strategy

The Company fully recognizes the potential impact of climate-related risks and opportunities on business operations, financial performance and long-term sustainable development. We continuously improve mechanisms for identifying and analyzing climate-related risks and opportunities. By strengthening cross-departmental collaboration and deepening each business unit's understanding of climate-related risks and opportunities, we formulate targeted management strategies and response measures, systematically enhancing climate risk management capabilities and actively seizing climate-related development opportunities.

Climate Change-Related Risks		Potential Impact	Timeframe ⁷	Response Measures
Physical Risks	Acute physical risks	Severe weather events like rainstorms, typhoons and floods may damage office facilities, leading to depreciation of fixed assets, and simultaneously affect employee commuting safety. Frequent heatwaves, droughts and other extreme weather events leading to rising temperatures and water supply shortages may increase power consumption intensity, affecting business continuity and operation & maintenance safety of daily operations and management, resulting in increased operational costs.	Short-term, Medium-term	The Company has established a sound environmental emergency plan and enhanced response mechanisms and emergency material reserves for extreme weather events. We regularly review and continuously refine response strategies; departments collaborate to ensure R&D work continuity.
	Chronic physical risks	Climate change (global warming, sea-level rise, etc.) leading to resource and energy scarcity may increase the risk of higher energy consumption and equipment failures, affecting efficiency and data security, potentially causing increased operational costs.	Medium-term, long-term	The Company upgrades cooling equipment, reasonably controls energy consumption, regularly maintains equipment to ensure normal operation and data security, and fully guarantees the continuity and stability of company operations.

⁷ Based on extensive external information reference and considering the Company's business operations, we set the timeframe for the impact of climate risks and opportunities as: within and upon 1 year after the Reporting Period (short-term); over 1 year and upon and less than 5 years after the Reporting Period (medium-term); more than 5 years after the Reporting Period (long-term).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate Change-Related Risks		Potential Impact	Timeframe ⁷	Response Measures
Transition Risks	Policy & legal risks	Government regulations regarding carbon emissions, environmental information disclosure and supply chain management are becoming increasingly stringent. The Company may incur higher compliance costs to meet these regulatory requirements.	Short-term, medium-term, long-term	The Company actively responds to the national strategy of "Carbon Peaking and Carbon Neutrality", closely monitors updates in relevant policies, regulations and standards, and promptly optimizes and adjusts its operational strategies.
	Technology risk	To address climate change, new green technologies and energy-saving solutions are continuously emerging in the industry. Failure to keep pace with technological transformation may lead to the replacement of existing technologies, thereby increasing R&D and operational costs.	Medium-term, long-term	The Company continuously tracks the development trends of low-power technologies, increases related R&D investment, steadily advances technological iteration and upgrades, reduces the risk of technological substitution, and effectively controls R&D and operational costs.
	Market risk	Investors and customers show increasing attention and demand for low-carbon, low power consumption, high energy efficiency computing products. If the Company fails to meet customer requirements in sustainable development performance such as energy saving and emission reduction, it may face the risk of customer loss, adversely affecting revenue.	Short-term, medium-term, long-term	The Company focuses on the R&D of low-carbon, low power consumption, high energy efficiency computing products to meet customer sustainability needs, strengthens product advantages and market promotion, enhances core competitiveness, and reduces customer loss risk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate Change-Related Opportunities

Climate Change-Related Opportunities	Potential Impact	Timeframe	Opportunities
Growing Demand for Low-Carbon Computing Products	The explosive growth in global AI computing demand highlights energy consumption issues. Demand from investors, cloud service providers, and government/enterprise clients for low-carbon, low power consumption, high energy efficiency ratio computing chips and solutions continues to rise, presenting new revenue growth points.	Short-term, medium-term, long-term	By focusing on the R&D of low power consumption computing products, the Company may gradually enhance product market competitiveness, expand the green computing customer base, and transform market demand into new revenue growth points.

During this Reporting Period, the Company comprehensively reviewed the potential financial impacts of various significant climate-related physical risks, transition risks and opportunities. Regarding physical risks, extreme weather events may damage the Company's R&D testing environment and infrastructure, leading to impairment losses on fixed assets. Regarding transition risks, the advancement of low-carbon policies and the emergence of green technologies may lead to increased investment in upgrading existing R&D equipment and energy-saving retrofits, resulting in temporary increases in operating costs. Regarding climate-related opportunities, leveraging the Company's inherent advantages in low-power consumption and high energy efficiency ratio, we continue to deepen technological innovation and innovative applications, continuously strengthen product market competitiveness, contributing to revenue growth. Overall, no significant adverse impact on the Group's overall profitability and financial stability occurred during the year, and the Company's current overall financial performance was not materially affected. Based on current assessments, it is expected that these factors will not pose significant risks requiring material adjustments to the carrying amounts of assets and liabilities in the next reporting period. Meanwhile, considering the Company's stable and standardized business operation model, effective response measures have been formulated for various risks and opportunities, and continuous dynamic monitoring of the evolution of risks and opportunities will be carried out, and significant financial impacts are not anticipated.

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Risk Management

Addressing climate-related risks has become an integral part of Biren Technology's comprehensive risk management. We have established and continuously improved mechanisms for identifying and assessing climate risks and opportunities:

- Risk identification: With reference to the TCFD (Task Force on Climate-Related Financial Disclosures) analysis framework and peer practices, and in combination with industry trend research, we compile a list of climate risks; based on core business models, we accurately identify and regularly update key climate risks and opportunities through cross-departmental discussions and external expert consultations.
- Risk assessment: We organize thematic workshops, collect input from key departments and business management, and systematically assess the potential impact of climate factors on business models, value chains and financial performance. Based on assessment results, we incorporate high-priority risks into the Company's overall risk ranking and control system, serving as an important basis for resource allocation and business decision-making.
- Risk response: Based on assessment results, we formulate differentiated response plans for different risks and opportunities, clarifying responsible departments, implementation paths and timelines. We review the adequacy of resource allocation, the effectiveness of response measures, and the rationality of transition plans. We also integrate climate risk into the Company's overall risk ranking and management system for closed-loop management.
- Management oversight & improvement: The management of the Company regularly reviews the execution progress and effectiveness of climate risk response measures, dynamically optimizing response strategies to adapt to internal and external environmental changes.

Metrics & Targets

(1) Climate-related Metrics

Biren Technology has systematically conducted a carbon footprint review of its entire operational process, continuously improved the construction of greenhouse gas (GHG) data collection and accounting systems, and constantly enhanced data quality and reliability. The Company advanced Scope 3 GHG emission accounting, and completed the emission data accounting related to Category 6 (Business Travel) during the year. The Company will continue to promote the collection and accounting of data for the remaining Scope 3 GHG emission categories.

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2025 GHG Emission Key Performance Indicators

Indicator ⁸	Unit	2025 Data
Total GHG Emissions (Scope 1 & 2)	tCO ₂ e	3,362.52
GHG Emission Intensity (Scope 1 & 2)	tCO ₂ e/employee	3.99
Direct GHG Emissions (Scope 1)	tCO ₂ e	14.75
Indirect GHG Emissions (Scope 2)	tCO ₂ e	3,347.77
Indirect GHG Emissions (Scope 3) – Employee Business Travel⁹	tCO ₂ e	559.07

(2) Climate-related Targets

Based on its business characteristics and medium-to-long-term development plan, Biren Technology collaborated with professional institutions for scientific justification, reasonably setting GHG emission targets. The Company continuously manages and reduces GHG emissions during production and operations, contributing to mitigating the impact of the greenhouse effect on the global climate.

We have established a short-term emission reduction target covering the entire company:

Taking 2024 as the base year, we aim to achieve an 8% reduction in per capita GHG emission intensity (Scope 1 & 2) by the end of 2030.

The process of achieving these targets may be affected by multiple uncertain factors such as industry trends, policy updates, and technological developments. Therefore, we will regularly review and optimize the setting of climate change-related targets in conjunction with actual operation dynamics and market trend changes. Furthermore, we have established regular tracking and evaluation mechanisms to continuously monitor target execution progress and make reasonable adjustments as necessary to ensure targets remain achievable and dynamically aligned with business development.

⁸ GHG emissions accounting is presented in terms of carbon dioxide equivalent and calculated according to the *2023 Electricity Carbon Dioxide Emission Factors* published by the Ministry of Ecology and Environment of the People's Republic of China. We use the operational control approach to define the accounting boundary for GHG emissions, with Shanghai Biren Technology Co., Ltd. as the main entity, covering our major operation premises in Shanghai, Guangzhou, Hangzhou, Beijing, Zhuhai, Hong Kong, etc., based on emission ranking.

⁹ The data covers only employee air travel.

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EMPLOYMENT & LABOR PRACTICES¹⁰

Employment

Adhering to the philosophy of “Putting People First”, we have committed to fully respect and exercise strict measures over protection of various labor rights. We are dedicated to creating a workplace with diversity, equality, openness, inclusiveness, innovation and efficiency, thereby working together to create value and grow with stakeholders.

We strictly comply with laws and regulations such as the *Labor Law of the People’s Republic of China* and have formulated multiple internal management policies, including the *Employee Handbook*, to safeguard employees’ fundamental rights. The Company does not differentiate in employee recruitment based on nationality, place of birth, gender, political and religious beliefs. Recruitment and onboarding processes strictly review candidates’ relevant identity information. We maintain a “Zero-tolerance” policy towards all violations of labor rights, including child labor, forced labor and human trafficking, discrimination and harassment (including both sexual and non-sexual harassment). We have established reporting and rectification procedures. Any person (including all employees, suppliers, contractors, business partners, and other potentially involved stakeholders) can communicate, report or file complaints regarding the aforementioned labor rights violations and other human rights-related issues through multiple channels such as the whistleblowing email and reporting channels, either named or anonymously. Upon discovering any violation, the Company will immediately address the responsible person based on the severity of the circumstances. During the Reporting Period, the Company did not experience any incidents involving child labor, forced labor or employment discrimination or harassment.

We have made creating the best workplace one of the key elements of sustainable development of the Company. Through persistence, we have established a favorable internal atmosphere and management system. Given our excellent workplace culture and employee satisfaction, we have won Best Workplaces in Greater China 2022 and Best Workplaces in Asia 2023 from Great Place to Work™.

Indicator		Unit	2025 Data
Total Number of Employees by Gender, Age Group, Region, and Employee Category	Total number of full-time employees		842
	Total employees by gender		
	Male	Persons	649
	Female	Persons	193
	Total employees by age group		
	30 years old and below	Persons	297
	31-50 years old	Persons	527
	51 years old and above	Persons	18
	Total employees by region		
	Domestic	Persons	821
	Overseas (including Hong Kong, Macao, Taiwan)	Persons	21
	Total employees by category		
	Middle and Senior management	Persons	125
	Front-line employees	Persons	717

¹⁰ The relevant data on the total number of employees, turnover rate, satisfaction survey, health and safety, development and training, classified by different types, are all based on the total number of full-time employees.

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Indicator		Unit	2025 Data	
Employee Turnover rate by Gender, Age Group and Region	Employee turnover rate	%	14	
	Employee turnover rate by gender	Male	%	15
		Female	%	11
	Employee turnover rate by age group	30 years old and below	%	28
		31-50 years old	%	11
		51 years old and above	%	0
	Employee turnover rate by region	Domestic	%	15
Overseas (including Hong Kong, Macao, Taiwan)		%	0	

Compensation & Benefits

The Company is dedicated to establishing and maintaining a fair, reasonable and competitive compensation and performance management system, aiming to attract, motivate and retain top talent, ensuring employees' contributions are matched with rewards. The Company builds a compensation structure of "Base Salary + Variable Compensation". Employee salaries are determined based on their job position, experience, responsibilities, work skills, performance and market positioning, and are paid monthly as per the labor contract. To promote company development and enhance cohesion, attract outstanding talent, and incentivize major contributors to the Company, the Board of Directors of the Company approved an Employee Share Ownership Plan (ESOP) on April 24, 2024. This ESOP covers nearly two-thirds of the total full-time employees.

The Company also conducts regular performance appraisals for all employees, taking the calendar year as an appraisal cycle. In principle, performance reviews are conducted every six months. Employees are comprehensively assessed across multiple dimensions including achievement of goals, work capabilities, and practice of corporate values. Employees have the right to appeal to the human resources department within 5 working days after the release of appraisal results if they have any objections.

Regarding welfare and benefits, the Company is continuously refining the *Employee Handbook*, legally safeguarding employees' rights to "Social Insurance and Housing Provident Fund", paid annual leave, maternity leave, sick leave, breastfeeding leave, childcare leave, etc. The Company also provides employees with diverse benefits such as supplementary housing fund contributions, annual health check-ups, consolation payments, and purchase of commercial insurance (including transportation accident insurance, supplementary medical insurance, critical illness insurance, etc.).

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Employee Caring

The Company is committed to creating an open, inclusive, equal and innovative workplace. Not only do we continuously conduct diversity policy training to promote a diverse culture, but we also incorporate the concept of care into corporate culture and daily operations, providing practical support for employees' comprehensive development in their careers and personal lives.

Regarding female employee care, we have established dedicated nursing rooms to support female employees' childcare needs and regularly hold women-themed events to highlight "Her" power. In 2024, we invited a female CEO to share experiences on workplace growth and management, which attracted many colleagues to participate onsite and hundreds of colleagues to interact online. In 2025, we innovatively launched the "Blue Flag" special activity, where 413 employees conveyed gratitude and blessings to female colleagues through handwritten messages, fostering a good atmosphere of participation and mutual respect among all employees.

We also show our care for persons with disabilities through practical actions, actively providing suitable job positions and improving support systems to attract people with disabilities to join our team, and promote the construction of a truly equal and barrier-free employment environment.

To promote work-life balance, the Company organizes diverse cultural and sports activities throughout the year. These include psychological wellness lecture series, birthday parties, team building events, family days, sports meets, etc., balancing workplace interaction and emotional connection, helping employees relax and unwind after work, and enhancing team cohesion.

We also extend care to employee families by occasionally organizing family gatherings to build a warm platform for interaction and exchange between the Company and employees' families, which strengthens emotional bonds between employees and their families. Additionally, the Company has launched special care initiatives, providing growth support and academic incentives for employees' children, assisting in their holistic development.

Employee Communication

The Company values open, two-way communication with employees. We have established diverse communication and feedback channels, such as the HR Feedback Channel, CEO mailbox, CEO Hotline in office instant messaging tools, and whistleblowing email, ensuring employees' opinions can be effectively conveyed and promptly addressed. Simultaneously, we periodically hold staff meetings covering all employees, where management directly listens to employees' opinions and provides responses. We encourage employees to report issues and provide suggestions to relevant department heads or direct supervisors. We conduct an employee satisfaction survey every two years, covering topics such as confidence in the Company, fairness, career growth, and sense of security. The 2024 employee satisfaction survey covered 81% of employees and achieved a score of 8.7 out of 10.

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Health and Safety

Biren Technology's operations do not involve traditional manufacturing production processes; therefore, potential health and safety risks inherent in operations are relatively low. Nonetheless, we strictly comply with applicable laws and regulations and industry standards such as the *Occupational Disease Prevention and Control Law of the People's Republic of China* and the *Work Safety Law of the People's Republic of China*. We have established a systematic occupational health and safety management system and have obtained ISO45001 Occupational Health and Safety Management System Certificate. There have been no work-related fatalities at the Company for the past three years.

Regarding safety management and emergency prevention, we have formulated safety management policies such as the *Physical Safety Management Measures* and *Regulations on Fire Safety Management*, clarifying safety management responsibility allocation, operational standards, and supervision processes in office areas. To effectively respond to various emergencies, the Company has established an Emergency Response Team (ERT), defining its responsibilities and emergency response procedures. We regularly organize company-wide participation in health and safety training, fire emergency drills and other activities to enhance employees' awareness of emergency prevention and response capabilities. Furthermore, all office locations are equipped with comprehensive fire-fighting facilities, emergency first-aid equipment, clear emergency evacuation signs, and first-aid guidance. We ensure facilities and equipment undergo regular maintenance and are ready for use at all times.

To protect employee health, we provide annual health check-up services for all full-time employees, helping them detect and address health issues early. Additionally, we have set up a gym in the office area with a full set of professional fitness equipment and organize various sports meets, creating a positive and healthy work atmosphere. We encourage employees to balance work and fitness, enhancing their overall-wellbeing.

Indicator	Unit	2025 Data
Number of work-related fatalities	Persons	0
Work-related fatality rate	%	0
Number of work-related injuries	Persons	1
Workdays lost due to work-related injuries	Days	33

Development and Training

Biren Technology consistently adheres to a talent-centric development philosophy, actively builds diverse growth platforms for employees and establishes a training and development system covering all employees throughout their career cycles. Concurrently, through multiple measures such as strengthening internal talent cultivation, facilitating growth and circulation mechanisms, and deepening university-enterprise collaborative education, we continuously consolidate the foundation of talent team building, steadily enhance employees' professional capabilities and comprehensive qualities, stimulate innovation vitality and development potential, providing solid talent support and intellectual backing for the Company's high-quality development and sustainable innovation.

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Employee Training

We have established a comprehensive training system covering the entire career lifecycle for all employees (including full-time and part-time), meeting the needs of different positions and levels, ensuring personal capability enhancement resonates with the Company's strategic development.

We have created diverse learning channels combining offline training, online E-Learning systems, technical communities, internal knowledge base (BR Wiki), and an AI Knowledge Assistant. Our comprehensive course modules cover all employees in annual training sessions, effectively promoting continuous development of employee skills and knowledge.

New Employee Onboarding Programs

For fresh graduates, we launch the "Qianfan Plan" graduate training program. We conduct paid training lasting 7-9 days annually at the end of July, including external training, corporate visits and team-building activities, helping graduates quickly integrate into corporate culture and enhance job adaptability.

For both experienced hires and campus recruitment of new employees, we create the specialized "MyNEO Program". During the 6-month cultivation period, we help new employees rapidly integrate into Biren Technology through a combination of online and offline methods.

Leadership Development Ladder

We conduct "New Manager" and "Hubble Series" training for junior managers, aiding role transition; implement "Turing Program" and "Climber Series" courses for mid-to-senior management, enhancing strategic thinking and leadership. Management and leadership training covers all managers and technical leaders, with average satisfaction exceeding 4.2/5.

Professional Competency Enhancement

For frontline technical staff, we regularly conduct technical communities and open courses monthly, organizing discussions on cutting-edge technology fields to enhance technical and comprehensive abilities.

We invite professors and experts from top universities and research institutes like Tsinghua University, Shanghai Jiao Tong University, Fudan University and Zhejiang University to deeply engage in the corporate technical community, conducting series of cutting-edge technology sharing, core technical problem exchange seminars, and employee specialized technical training activities.

Compliance and Culture Shaping

We conduct annual mandatory training on information security, law and compliance, strengthening overall risk awareness. We emphasize the inheritance of "RECIPE" corporate values.

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Talent Cultivation

Biren Technology adheres to a talent-first approach, implements talent attraction and development programs, and facilitates internal growth and development channels. Furthermore, we continuously deepen university-enterprise cooperation, actively organize and support various innovation competitions, participate in building the industry's innovation ecosystem, reserve talent pipelines, practically fulfill talent development responsibilities, and solidify the talent foundation for corporate and societal innovative development.

Facilitating Career Development: We have established a comprehensive talent recruitment and cultivation system, designing differentiated growth paths for campus recruits and experienced hires. The "Qianfan Plan" is the flagship program for cultivating campus recruits, continuously implemented since the Company's founding, having cultivated a large number of key technical talents who have become core pillars of the company. Meanwhile, through internal transfer mechanisms, we support the orderly flow of employees across multiple channels such as hardware, software, products and project management, promoting talent flow and experience sharing.

Cultivating High-Tier Talent Jointly: We highly value talent strategy and social responsibility, collaborate with universities including Tsinghua University and Shanghai Jiao Tong University to jointly establish postdoctoral innovation practice bases. Leveraging top academic resources, research platforms, and faculty from universities, we conduct joint research and cultivation of high-tier talent in cutting-edge technology fields. We collaborated with Shanghai University to establish the "AI + Integrated Circuits" Innovation Center, engaging in deep-level collaborative education from undergraduate to postdoctoral levels. Both parties promote systematic cultivation of high-quality talent in the integrated circuits field through various forms such as joint course development, dual-mentor cultivation, support for on-the-job advanced studies, and student internships at the company.

Reserving Future Talent: The Company has established student internship and employment bases with multiple universities. Through initiatives including developer training, technology salons, AI general courses, and the "Support for 100 Universities", we open our self-developed computing platforms and development tools, building a seamless cultivation platform from academia to industry. We provide students with real project practice, technical mentorship, and career development channels. Through diverse mechanisms including joint laboratories, research projects, competition incentives, and internship-to-employment, we facilitate the synergistic development of high-quality employment for university talent and high-quality talent reserve for enterprises. We continuously hold the "Feixiang Cup" GPU Programming Challenge and AI Application Competition to attract and cultivate participants as Biren Technology's ecosystem developers, cultivating reserve talent proficient in domestic GPU development capabilities; vigorously support important industry events such as Tsinghua University's "Qingxing Cup" Large Model Application Innovation Challenge, "Kunshan Cup" Entrepreneurship Competition, "Sanda Cup" Industry-Education Integration Innovation and Creativity Competition, and the National Advanced Computing Technology Innovation Competition, stimulating innovation vitality and entrepreneurial passion among university students; and continuously build the "Biren Open Course" series courses and bring them to major universities, organize students to visit enterprises for exchanges and provide abundant internship opportunities, actively welcoming young students. This achieves two-way interaction and deep integration in talent cultivation.

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Indicator		Unit	2025 Data	
Percentage of employees trained by gender and employee category	Percentage of employees trained	%	93.5	
	Percentage of employees trained by gender	Male	%	93
		Female	%	96
	Percentage of employees trained by employee category	Middle and Senior Management	%	100
Front-line Employees		%	92.75	
Average training hours per employee by gender and employee category	Average training hours per employee	Hours	15.26	
	Average training hours per employee by gender	Male	Hours	15.24
		Female	Hours	15.3
	Average training hours per employee by employee category	Middle and Senior Management	Hours	18.77
Front-line Employees		Hours	14.64	

Supply Chain Management

Supplier Full-Lifecycle Management

Biren Technology strictly complies with laws and regulations such as the *Tendering and Bidding Law of the People's Republic of China* and has formulated internal management systems including the *Supplier Procurement Management System* and the *Employee Procurement Compliance and Conduct Code*. We have constructed a supplier full-lifecycle management system covering the entire process of "Onboarding – Assessment – Empowerment – Exit", and are committed to establishing long-term, stable, and responsible high-quality cooperative relationships with value chain partners, jointly building a safe, efficient and sustainable supply chain ecosystem.

Indicator		Unit	2025 Data
Number of Suppliers		Entities	686
Number of Suppliers by Region	Domestic	Entities	626
	Overseas (including Hong Kong, Macao, Taiwan)	Entities	60
Supplier Screening Rate		%	91

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Supplier Onboarding

We set stringent supplier onboarding standards covering professional qualifications, financial conditions, quality management, social responsibility, and other aspects. Based on the characteristics of different industries, we require suppliers to provide relevant qualifications, licenses and other documents. For example, supply chain-related suppliers must provide ISO14001 Environmental Management System Certificate, RoHS certification, ISO45001 Occupational Health and Safety Management System Certificate; if a supplier is an agent, they shall present original manufacturer's authorized agency qualification documents, etc. On-site or off-site inspections are conducted based on actual circumstances.

Supplier Assessment

We have established a regular supplier assessment mechanism, divided into periodic assessments and process assessments. Differentiated evaluation indicators are set for different types of suppliers, coordinated and facilitated by the assessment and implementation team to complete assessments as planned. Based on the ranking of supplier classification assessment scores and considering the importance of the supplier, suppliers are categorized into S, A, B and C levels. For suppliers with excellent performance in regular or daily assessments, corresponding incentives are applied, such as preferential procurement quotas or favorable settlement and payment terms.

Supplier Exit

To ensure the stability and compliance of the supply chain, we perform dynamic management of suppliers. Suppliers will be removed from the vendor list under the following circumstances:

- **Persistent failure to meet assessment standards:** Suppliers rated as C-level in two consecutive regular assessments, or confirmed through assessment as unable to meet the Company's core business requirements.
- **Major quality and business impact:** Suppliers causing significant losses to the Company's business due to poor attitude, major quality incidents, etc., and lacking willingness or action to improve.
- **Serious violations of law and regulations:** Suppliers engaging in illegal activities such as bribery/corruption, fraud, etc., during cooperation, or seriously violating business ethics.

Suppliers who are removed will, in principle, not be considered for cooperation within one year. If involving serious violations of law and regulations, they will be permanently blacklisted, prohibited from engaging in any cooperation with any entity under the Company.

Supplier Empowerment

We aim to establish and develop long-term, stable, and mutually beneficial partnerships with suppliers. During daily cooperation, we closely monitor suppliers' business dynamics and delivery performance, promptly identify and collaboratively resolve issues in cooperation to prevent potential risks. Meanwhile, we will organize company-level supplier visits, training exchanges, and satisfaction surveys, understand suppliers' feedback and challenges through open dialogue, and jointly optimize cooperation processes.

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Responsible Supply Chain

We are committed to building a responsible and sustainable supply chain, establishing a risk-oriented, materiality principle-based ESG management system for core suppliers, embedding ESG requirements into supplier full-lifecycle management.

For crucial core supply chain segments, we prioritize ESG compliance and social responsibility reviews, proactively collect and verify suppliers' relevant qualification certificates, including but not limited to ISO14001 Environmental Management System Certificate, ISO45001 Occupational Health and Safety Management System Certificate, RBA (Responsible Business Alliance) Code of Conduct Certification, SA8000 Social Responsibility Management System Certification, etc., serving as important evaluation bases for suppliers' ESG performance. We continuously identify and control potential risks in the supply chain regarding labor rights, occupational health, environmental protection, business ethics, etc., through certificate verification, compliance questionnaires, document reviews, and site visits to key suppliers, promote core suppliers to enhance their ESG management levels, jointly build a compliant, stable, and sustainable supply chain ecosystem. During the Reporting Period, we conducted ESG reviews on dozens of key suppliers in the supply chain¹¹.

For non-core suppliers, we implement differentiated, lightweight management based on their importance and risk profile, improving management efficiency while ensuring compliance baselines. Non-core suppliers are primarily subject to basic compliance reviews, including verifying business licenses, business integrity, and other fundamental information, signing compliance commitments and liability clauses.

During cooperation with suppliers, if any non-compliance is identified, we will require relevant suppliers to take corrective measures. If suppliers fail to take corrective actions or the rectification is non-compliant, we reserve the right to terminate the business relationship with the supplier.

Meanwhile, we have established procedures of reporting and rectification. Suppliers can report non-compliant behavior via multiple channels, such as whistleblowing email, either named or anonymously. We will strictly protect whistleblowers.

Responsible Mineral Sourcing

We require suppliers to commit to taking reasonable actions to prevent the exploitation or trading of metals such as tantalum, tin, tungsten, gold and cobalt contained in their products from directly or indirectly financing illegal armed conflict, supporting human rights violations, harming the environment, or posing health and safety risks. They should conduct due diligence on the source and chain of production & sales and supervision of these minerals.

¹¹ Key suppliers include chip/board production materials, packaging, testing-related suppliers.

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PRODUCT RESPONSIBILITY

R&D and Innovation

Innovation is the core driving force of enterprise development. Biren Technology systematically drives technological breakthroughs and product excellence by establishing a scientific R&D management system, building a top-tier talent team, and fostering an open innovation ecosystem, laying a solid foundation for the Company's sustainable development.

R&D System

We have built an R&D team characterized by "Strong composition, High-end leadership, Extensive experience and Balanced structure". R&D personnel account for over 80% of the Company's total headcount, with over 75% holding master's or doctoral degrees. We have nearly 240 R&D personnel with over 10 years of industry experience, accounting for 35% of the total R&D team. The expertise of our R&D team covers a wide range of disciplines, including product architecture design, chip design, mid-to-back end, software development, etc. To further enhance our R&D capabilities and attract more talent, we have established a postdoctoral research workstation and collaborate with top-tier universities, achieving deep integration of academic research and industry needs, providing solid intellectual support for original technological breakthroughs.

We have established a closed-loop management process from market demand analysis to product mass production delivery, centered around phased decision-making, coordinating cross-departmental resources to ensure alignment of R&D direction, technical feasibility and commercial value.

Starting from customer needs and industry trends, we conduct multiple rounds of cross-departmental reviews to scientifically assess technical feasibility and commercial value, prudently deciding on project advancement; during the development process, set key quality control nodes, strengthening design verification and forward-looking risk management; after entering trial production and mass production phases, continuously monitor product yield, reliability, and user feedback to ensure stable and reliable delivery quality. This systematic, institutionalized R&D management model effectively guarantees the unification of high performance and high reliability.

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Innovation Ecosystem

While deepening internal R&D, Biren Technology actively builds an open and vibrant technology exchange ecosystem. In 2022, we initiated the “Biren Technology Community”. The community, with its core philosophy of “Collaborative research, Shared results, Mutual development”, focuses on cutting-edge fields such as chip design and AI computing, and activates technological exchange through diverse activities and mechanisms:

- Regular technical activities: We regularly host online seminars, offline technology salons, developer workshops, etc., inviting industry experts and Biren Technology technical experts to share cutting-edge achievements and practical experience, covering full-scope interpretation from technical principles to case implementation.
- Resource support and collaboration: We provide resources such as technical white papers, open-source tools, and experimental platforms, support community members in conducting joint R&D and tackling technical challenges, and promote the transformation of technological innovation from theory to practice.
- Open ecosystem building: We open the community to universities, research institutions and enterprise developers, encouraging cross-disciplinary collaboration, forming an “Industry-Academia-Research-Application” integrated technology ecosystem, assisting in industry talent cultivation and technological upgrade.

The Biren Technology Community not only strengthens Biren Technology’s influence in the technological field but also aims to become an important engine driving innovation in the chip and AI industries, providing members with a multi-dimensional platform for knowledge sharing, capability enhancement, and value realization.

University-Enterprise Cooperation

We collaborate with top domestic universities and research institutions such as Tsinghua University, Shanghai Jiao Tong University and Fudan University. Through various forms like joint laboratory construction and launching specialized research programs, we engage in deep collaboration in cutting-edge areas such as general-purpose architecture, memory-computing integration and computing architecture innovation. This aims to bridge the barriers between scientific research and engineering application, achieve complementary advantages, and jointly tackle key industry challenges. As of the end of the Reporting Period, we have solidly implemented 38 horizontal research projects and produced over 100 high-level academic papers. Through the integration of “Industry-Academia-Research”, we provide strong impetus for the industry.

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Industry Development

As a core company in domestic general-purpose GPU industry, Biren Technology deeply participates in the construction of the industry standards system. As of December 2025, we have cumulatively participated in the formulation of 22 national and industry standards covering multiple key technical directions, leading the advancement of relevant specifications formulation, taking standards to guide the interconnection and large-scale application of domestic computing power.

In 2025, by consolidating the collective wisdom of internal and external technical experts, we officially launched our first computing technology series book: *GPGPU Deep Learning and Large Language Model Practice*. Authored by Biren Technology, this book systematically organizes and disseminates core knowledge and practical experience in fields such as GPGPU programming, deep learning, and large language models, including large model training case studies based on Biren Technology's self-developed BIRENSUPA™ development platform. It aims to provide developers, researchers and university students with a comprehensive, authoritative learning guide and technical roadmap, injecting intellectual support into the sustainable development of the industry.

Quality Management

Biren Technology consistently places product safety, product quality, and environmental responsibility at the core of our operations.

In respect of product safety, we strictly comply with national standards and relevant industry standards, and have obtained multiple authoritative certifications, including RoHS Compliance Statements, SVHC Environmental Protection Certification, EMC (Electromagnetic Compatibility) Certification, MTBF Reliability Certification and Safety Testing Certificate for all our products at the market, ensuring that no hazard would be caused to human health and safety when using the products under normal and reasonably foreseeable extreme conditions. During the Reporting Period, the Company did not experience any product recall due to health or safety concern.

In respect of product quality, we adhere to the principles of "Prevention First, Process Control, Continuous Improvement", establish a quality control system covering the entire product lifecycle, formulate systems such as the *Quality Control Center Safety Management Regulations*, and obtain ISO9001 Quality Management System Certificate. Through institutionalized reviews, standardized processes, and tool empowerment, we achieve dual improvement in product quality and R&D efficiency. Strict nodes of quality control are set at various key stages under supervision of a professional quality control team. All products on the market have undergone quality examination by large server manufacturers downstream. Simultaneously, we have established a comprehensive Return Material Authorization (RMA) process and mechanism, ensuring the ability to respond quickly and effectively handle customer requests, maximizing the protection of customer rights and interests.

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Biren Technology deeply integrates the concepts of green, low-carbon and high energy efficiency into the full lifecycle design of products, continuously reducing the energy consumption of computing infrastructure and customers' total cost of ownership (TCO) through technological innovation, supporting the green transformation of data centers. In respect of energy-saving function of our products, we actively practice the philosophy of "Green and Low-carbon", continuously innovating in energy-saving product design. Our GPGPU products support hierarchical gating technology and support dynamic frequency regulation, adjusting chip frequencies based on load changes, thereby minimizing power consumption of the products; The BILI 106L and BILI 166L liquid-cooled OAM modules and server product cold plate liquid cooling, enabling $PUE \leq 1.15$ in the server system and reducing power consumption of the server system.

Relying on the fully self-developed architecture and system-level optimization, the "Distributed OCS All-Optical Interconnect Optical Switching Chip and Supernode Application Innovation Solution" jointly developed by the Company and partners won the SAIL Award at the 2025 World Artificial Intelligence Conference. This solution synergizes liquid cooling and all-optical interconnect optical switching technology, significantly increasing computing density and energy efficiency, and substantially reducing the comprehensive energy consumption of large model training and inference. Through hardcore technology, it practices the "Dual Carbon" goals, providing a self-controllable, high-performance, low-power consumption solution for green intelligent computing infrastructure.

Customer Service

Demand of customers is always the starting point and goal of Biren Technology's product R&D. We have internally formulated policies and systems such as the *Product RMA Process Standards* and the *After-Sales Service Standards* to strictly regulate service processes and standards.

All of our product designs have undergone thorough investigations during the stages of proposal and planning, fully meeting the demands of the customers before entering into the stage of R&D. We have also established dedicated teams for pre-sales and after-sales services, with the support of dedicated server manufacturer adaptation support teams, to ensure quick response to needs of the customers. We also perform maintenance and delivery in a timely manner through server manufacturers, thereby developing a quick-response system, to effectively ensure product after-sales operation and maintenance services, maximizing the continuity and stability of customers' operations.

We highly value customer feedback, regularly conducting customer satisfaction surveys, taking the results as important input for product iteration and service optimization. Suggestions and potential needs collected in the surveys are promptly fed back to R&D and relevant departments, forming a closed-loop management of "Survey - Feedback - Improvement", driving the continuous upgrade of products and services.

During the Reporting Period, the Company did not receive any customer complaints regarding products/services. Customer satisfaction survey results indicated 100% satisfaction.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Information Security and Privacy Protection

Biren Technology places great importance on information security and privacy protection, continuously improving management and technical protection systems, rigorously preventing various information security risks, and effectively safeguarding information and data security.

We strictly adhere to relevant laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China* by continuously improving the information security management system, enhancing privacy protection mechanisms, and formulating internal management systems and operational procedures such as *Cybersecurity Management System*, *Information System Security Management System*, and *Third-Party Security Management Standards* to comprehensively regulate network, information, device, transmission, and third-party security management. Additionally, the Company implements the *Trade Secret Management System*, establishes a confidentiality committee to strictly control the classification and grading of trade secrets, comprehensively safeguarding company information security. As of the end of the Reporting Period, the Company has obtained ISO/IEC27001 Information Security Management System and ISO/IEC20000 Information Technology Service Management System Certificate, with no incidents of information security breaches or customer privacy leaks.

Relying on complete information security technical facilities, we establish a comprehensive security risk prevention and control system, implementing all-around protective measures across dimensions such as network terminals, access permissions, information transmission, confidentiality management, and physical security. We build a network and terminal security protection system, implementing security controls for core R&D terminals; establish a hierarchical authorization and multi-factor authentication system to ensure controllable and auditable access to sensitive data; standardize confidential information transmission management, strictly controlling the dissemination paths of core information; upgrade encryption and marking technology for confidential materials, achieving anti-diffusion control for sensitive files; implement closed-loop management of confidential data carriers throughout the entire process, preventing leaks through physical channels; upgrade physical security protection at key premises, implementing access control, monitoring, and zoning management for confidentiality-related areas at key premises such as R&D centers and server rooms, comprehensively fortifying the information security barrier.

Simultaneously, we sign *Confidentiality, Non-Competition and Intellectual Property Protection Agreements* with key technical personnel and *Confidentiality Agreements* with partners, clarifying the confidentiality responsibilities and obligations of all parties involved, effectively strengthening the information security defense line.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Intellectual Property Protection

Biren Technology profoundly recognizes that intellectual property is the core asset of a technology innovation enterprise. We strictly comply with laws and regulations such as the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*, and adhere to the management principles of "Prevention First, Innovation Incentives, Full-Process Management". We implement policies and management systems with *Intellectual Property Strategy Plan* and *General Rules for Intellectual Property Management* as the top-level guidelines. The Company constructs a systematic, standardized intellectual property protection system from three dimensions, namely mechanism, process and system, striving to ensure the efficient transformation and facilitate implementation of scientific and technological innovation achievements. We have obtained intellectual property management system certification. Meanwhile, we have formed a professional, dedicated intellectual property management team with core members possessing corresponding professional qualifications. Leveraging their professional expertise, the team comprehensively undertakes intellectual property-related tasks throughout the process, building solid organizational and talent support for the Company.

We actively utilize digital tools to enhance intellectual property management efficiency. The Company has built and put into operation an intellectual property management system, achieving informatized control over the entire lifecycle of intellectual property assets; deployed a patent search system to provide novelty search and risk warning support for R&D project initiation and patent mining. Additionally, the Company has built an OSS (Open Source Software) governance system, conducting open-source software compliance reviews and full-process control. By embedding relevant intellectual property management systems and business processes into various information systems, a collaborative management model of "System Guidance, Personnel Execution, System Support" is formed, promoting intellectual property protection work throughout all business operation such as R&D, procurement and delivery, effectively constructing the enterprise's technological moat.

As of the end of the Reporting Period, the Company currently holds 666 patents and software copyrights that are within their valid protection periods (the patents include invention patents, utility patents, and design patents).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Business Ethics and Anti-Corruption

We have been adhering to the principle of Integrity Management, strictly abiding by the bottom line of business ethics, and strictly complying with relevant laws and regulations such as the *Company Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Anti-Money Laundering Law of the People's Republic of China*. We have "zero-tolerance" for any act of corruption. We have established and strictly implemented internal management policies such as the *Measurement of Management on Anti-corruption Issue* and the *Reporting of Gifts or Monetary Gift Received by the Employees*, so as to regulate business behaviors of all employees of the Company. We prohibit any form of bribery and completely eradicate any act that causes damage to the interest of the Company. We also require partnering suppliers to sign *Anti-Commercial Bribery Agreement*, jointly building a clean supply chain. In the future, we plan to conduct a dedicated internal audit on "Business Ethics and Anti-Fraud" for all core business segments at least once every 3 years, and perform specialized fraud risk checks based on actual circumstances.

We have established the Anti-corruption and serious non-compliance reporting center. Employees at all levels and relevant parties with direct or indirect economic relationships with the Company can report violations; the Company will timely investigate and verify non-compliance incidents. We also have established complete whistleblowing procedures and systems to protect the interest of the whistleblowers. For any verified case of non-compliance incidence, the Company will take resolute enforcement action to handle the cases in line with laws and regulations.

Anti-corruption trainings to the employees are the core of the development of integrity culture of the Company. We require new employees to attend trainings on anti-corruption upon onboarding, anti-bribery and confidential information and sign on the compliance undertaking. We also launch relevant trainings for all employees (including internal directors and employees) on a regular basis and provide detailed requirements for risks of corruption and implementation rules for personnel on key positions. We communicate with all employees with integrity culture on a regular basis, so as to remind the employees to maintain awareness of integrity and self-discipline, and abide by ethical requirements, thereby maintaining a good workplace and order for development at all levels of the Company. During the Reporting Period, we cumulatively organized over 100 training sessions on compliance content related to anti-fraud and anti-bribery, covering 100% of the over 230 new full-time employees; we promote the integrity culture to all staff of the Company at least once annually.

Indicator	Unit	2025 Data
Number of litigation cases concluded relating to bribery and against the Company and the employees	Cases	0
Coverage of new employees participating in anti-corruption training	%	100
Coverage of internal directors participating in anti-corruption training	%	100

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Social Contribution

Biren Technology consistently upholds the core philosophy of “Technology for Good”, translating its technological advantages in fields including AI chips and high-performance computing into practical actions that promote social equity and sustainable development. We focus on several key directions, including educational equity and cultural heritage, as well as talent cultivation, practicing the philosophy of “AI for Good” through an innovative model of “Technology Empowerment + Long-term Support”, making cutting-edge technology a warm force driving social equity and promoting sustainable development.

Indicator	Unit	2025 Data
Number of persons engaged in contribution to community	Persons	165
Hours of contribution to community	Hours	1,025

Promoting Educational Equity in Rural Areas

Education is a cornerstone of Rural Revitalization, and we spare no efforts to support science education in rural elementary schools, thereby contributing to the long-term development in rural areas in China. Through the strategic cooperation with Fujian Institute of Education, we launched the “Science and Technology Public Welfare Tour” and paired up with dozens of rural elementary schools. By conducting teaching and research training, donating high-quality science popularization books, organizing expert technology lectures, and other methods, we work across multiple dimensions such as teaching staff, resources and atmosphere to ignite rural students’ love for and desire to explore scientific knowledge. As of the end of the Reporting Period, we have donated books, sports equipment, learning facilities and other supplies to more than 10 schools, including approximately 650 documents, books and popular science publications.

Meanwhile, the Company has introduced high-quality educational resources such as its AI public welfare courses and the “Scientists into Schools” program, which leverage its own computing power advantages, to rural schools. The Company has conducted specialized tutoring and classroom training, cumulatively covering 45 schools. By donating AI computing power, AI learning platforms, and AI science popularization courses, the Company enables rural students to access cutting-edge AI educational resources closely, empowering rural education with technology.

Promoting STEAM¹² Education for the Youth

We actively respond to the national call for science popularization, focusing on cultivating technological literacy for the youth. For five consecutive years, we have conducted a series of activities for universities nationwide, including Biren Open Courses, developer training, and discussion salons, cumulatively holding over 50 sessions, effectively stimulating students’ passion for technological innovation. Meanwhile, we collaborated with the Zhejiang University Shanghai Institute for Advanced Study and the Shanghai Pujiang Foreign Language School Affiliated to WFL Education to jointly establish an AI Future Experimental Education Base. Within the schools, we set up a chip innovation lab, where Biren Technology’s engineers conduct remote teaching, development and debugging based on the self-developed developer platform, implementing dedicated AI interactive experience courses, further enhancing students’ understanding and exploratory interest in cutting-edge technologies.

¹² STEAM stands for Science, Technology, Engineering, Arts, and Mathematics.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Building an Industry-Academia-Research Collaborative Education Ecosystem

Biren Technology adheres to the “AIx” strategy as its core driving force, advancing through multiple dimensions: scientific research and innovation, education empowerment, industry integration, and public welfare practice. We are not only committed to building a self-controllable foundation of computing power but also actively practice “Technology for Good”, contributing “Biren Power” to the high-quality development of China’s digital economy.

Through deepening industry-academia-research collaboration, investing in cutting-edge technologies, and cultivating high-tier talent, Biren Technology strategically positions itself in future tracks such as integrated circuits, artificial intelligence, quantum computing, and the convergence of communications and AI. We engage in cutting-edge joint research projects through forms including establishing joint laboratories and specialized research programs with renowned universities; set up postdoctoral innovation practice bases to provide comprehensive support for research talent. At the same time, we establish specialized scholarships at organizations including the Chinese Institute of Electronics and collaborative universities to reward outstanding students and innovative achievements.

Biren Technology focuses on talent challenges in the AI and computing power industries, building a three-dimensional cultivation model combining “Course Co-development + Industry-Education Integration + Scholarship/Teaching Award Incentives”, promoting the deep integration of theory and industry practice. In 2024, jointly with the Zhejiang University Shanghai Institute for Advanced Study and the Zhihai MO Platform, we established the new generation of AI industry-education innovation center, launching an integrated solution of “Course + Computing Power + Platform”, which was selected as the *2025 “AI+” Industry Benchmarking Case Collection* published by the China Academy of Information and Communications Technology (CAICT). In October 2025, we launched the “Open Program for 100 Universities”, opening core resources to support AI education and infrastructure at universities, continuously cultivating high-quality, versatile computing power talent.

Supporting Cultural Heritage and Social Governance

In the practice of “AI for Good”, we leverage technology to assist cultural heritage and social governance and launch the “Pomegranate Seed” AI Agent pilot project in Mojiang County, Pu’er City. Addressing the endangerment of minority languages such as the Hani Baihong dialect, Biren Technology utilized its GPU computing power and technological advantages to collaborate with research teams in building a Chinese-Hani bilingual translation system. We compiled 5,000 core vocabulary words, 1,000 short sentences, and 3 hours of audio corpus, innovating methods for cultural heritage preservation. This intelligent agent can record oral history, folk songs, and other cultural heritage, translate Chinese classics into minority languages, and also serve grassroots governance, assisting with translation in scenarios like policy communication, torrential flood warnings, and medical aid, bridging communication barriers in ethnic regions and promoting exchanges and integration among different ethnic groups.

Building on the foundational research and development of the “Pomegranate Seed” AI Agent, a joint research team has completed the collection of linguistic data in 29 languages from the Lancang-Mekong region, and has iteratively developed a cross-border language AI large model for the Lancang-Mekong countries. This has effectively filled a technological gap in the field of extremely low-resource language models both domestically and globally. This case has been successfully selected as a 2025 “Exemplary Cases on Protecting and Promoting Cultural Diversity in the Digital Environment” by the UNESCO International Centre for Creativity and Sustainable Development.

In the future, the project will integrate more GPU-accelerated computing resources, constructing a digital protection matrix covering multiple ethnic languages like Hani and Yi, providing a replicable “Mojiang Paradigm” for the preservation of minority languages nationwide, practicing an innovative path of “Technology + Culture + Ethnic Unity”.

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APPENDIX

HKEX ESG REPORTING CODE INDEX

Part B: Mandatory Disclosure Requirements

Aspects	Disclosure Requirements	Index
Governance Structure		
-	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	<p>About this Report Board's Statement</p>
Reporting Principles		
-	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	<p>About this Report</p>
Reporting Boundary		
-	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	<p>About this Report</p>

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Part C: “Comply or explain” Provisions

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

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Part C: “Comply or explain” Provisions

Aspects	Disclosure Requirements	Index
A3 The Environment and Natural Resources	General Disclosure: Policies on minimising the issuer’s significant impacts on the environment and natural resources. A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental Management Environmental Management
Social		
B1 Employment	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region B1.2 Employee turnover rate by gender, age group and geographical region	Employment & Labor Practices Employment & Labor Practices
B2 Health and Safety	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year B2.2 Lost days due to work injury B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored	Health and Safety Health and Safety Health and Safety

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Aspects	Disclosure Requirements	Index
B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Development and Training
	B3.2 The average training hours completed per employee by gender and employee category	Development and Training
B4 Labour Standards	General Disclosure: information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment & Labor Practices
	B4.1 Description of measures to review employment practices to avoid child and forced labour	Employment & Labor Practices
	B4.2 Description of steps taken to eliminate such practices when discovered	Employment & Labor Practices
B5 Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	B5.1 Number of suppliers by geographical region	Supply Chain Management
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Supply Chain Management
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply Chain Management
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain Management

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Aspects	Disclosure Requirements	Index
B6 Product Responsibility	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product Responsibility
	B6.2 Number of products and service related complaints received and how they are dealt with	Product Responsibility
	B6.3 Description of practices relating to observing and protecting intellectual property rights	Product Responsibility
	B6.4 Description of quality assurance process and recall procedures	Product Responsibility
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored	Product Responsibility
B7 Anti-corruption	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics and Anti-Corruption
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Business Ethics and Anti-Corruption
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Business Ethics and Anti-Corruption
	B7.3 Description of anti-corruption training provided to directors and staff	Business Ethics and Anti-Corruption
B8 Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Contribution
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Social Contribution
	B8.2 Resources contributed (e.g. money or time) to the focus area	Social Contribution

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Part D: Climate-related Disclosures

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Governance	Governance	19.	An issuer shall disclose information about:	Climate Change – Governance
		a.	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate risks and opportunities;	
		b.	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	
Strategy	Climate-related risks and opportunities	20.	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	Climate Change – Strategy
		a.	describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	
		b.	explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	
		c.	specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	
		d.	explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	

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Business model and value chain	21.	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:	Climate Change – Strategy
	a.	a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	
	b.	a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	
Strategy and decision-making	22.	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	Climate Change – Strategy
	a.	information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation;	
	b.	information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	
	23.	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Climate Change – Strategy

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Financial position, financial performance and cash flows

Current financial effect

24. An issuer shall disclose qualitative and quantitative information about:
- a. how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and
 - b. the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.

Anticipated financial effect

25. The issuer shall provide qualitative and quantitative disclosures about:
- a. The issuer shall provide qualitative and quantitative disclosures about:
 - (i) its investment and disposal plans; and
 - (ii) its planned sources of funding to implement its strategy; and
 - b. how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.

Climate Change – Strategy

The measurement approaches used to assess the current financial effects of climate-related risks or opportunities involve too high a degree of uncertainty, such that the estimated quantitative information has no reference value, and the aggregated financial quantitative data lacks reference value.

Climate Change – Strategy

As our existing skills, capabilities, and resources are not yet mature, we have not quantified the anticipated financial effects at this stage.

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Disclosure Requirements		Index		
Climate resilience	26.	<p>An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <p>a. the issuer's assessment of its climate resilience as at the reporting date;</p> <p>b. how and when the climate-related scenario analysis was carried out.</p>	As our existing skills, capabilities, and resources are not yet mature, we have not carried out a comprehensive climate-related scenario analysis at this stage.	
Risk Management	Risk Management	27.	<p>An issuer shall disclose information about:</p> <p>a. the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks;</p> <p>b. the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and</p> <p>c. the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.</p>	Climate Change – Risk Management

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Metrics and Targets	Greenhouse gas emissions			Index
		28.	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as:	Climate Change – Metrics & Targets
		a.	Scope 1 greenhouse gas emissions;	
		b.	Scope 2 greenhouse gas emissions; and	
		c.	Scope 3 greenhouse gas emissions.	
		29.	An issuer shall:	Climate Change – Metrics & Targets
		a.	measure its greenhouse gas emissions in accordance with the <i>Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)</i> unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	
		b.	disclose the approach it uses to measure its greenhouse gas emissions;	
		c.	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	
		d.	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the <i>Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)</i> .	

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Disclosure Requirements	Index
<p>Climate-related transition risks</p>	<p>30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.</p> <p>Due to the absence of reasonable and supportable data, the amount and percentage of this indicator have not yet been determined at present.</p>
<p>Climate-related physical risks</p>	<p>31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.</p> <p>Due to the absence of reasonable and supportable data, the amount and percentage of this indicator have not yet been determined at present.</p>
<p>Climate-related opportunities</p>	<p>32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.</p> <p>Due to the absence of reasonable and supportable data, the amount and percentage of this indicator have not yet been determined at present.</p>
<p>Capital deployment</p>	<p>33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.</p> <p>Due to the absence of reasonable and supportable data, the amount and percentage of this indicator have not yet been determined at present.</p>
<p>Internal carbon prices</p>	<p>34. An issuer shall disclose:</p> <p>a. an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and</p> <p>b. the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;</p> <p>or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.</p> <p>The Company has not applied a carbon price in decision-making.</p>
<p>Remuneration</p>	<p>35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.</p> <p>Climate Change – Governance</p>

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Disclosure Requirements			Index
Industry-based metrics	36.	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.	The Company does not have particular industry-based metrics.
Climate-related targets	37.	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: <ol style="list-style-type: none"> a. the metric used to set the target; b. the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); c. the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); d. the period over which the target applies; e. the base period from which progress is measured; g. if the target is quantitative, whether the target is an absolute target or an intensity target; and h. how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. 	Climate Change – Metrics & Targets

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures

Disclosure Requirements

Index

38.	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	Climate Change – Metrics & Targets
a.	whether the target and the methodology for setting the target has been validated by a third party;	
b.	the issuer's processes for reviewing the target;	
c.	the metrics used to monitor progress towards reaching the target; and	
d.	any revisions to the target and an explanation for those revisions.	
39.	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Climate Change – Metrics & Targets
40.	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	Climate Change – Metrics & Targets
a.	which greenhouse gases are covered by the target;	The Company has not used a sectoral decarbonisation approach to derive a greenhouse gas emissions target, and has no plan to use carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target.
b.	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	
c.	whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	
d.	whether the target was derived using a sectoral decarbonisation approach; and	
e.	the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target.	

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Shanghai Biren Technology Co., Ltd.

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

OPINION

What we have audited

The consolidated financial statements of Shanghai Biren Technology Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 111 to 214, comprise:

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

Our opinion

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

BASIS FOR OPINION

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

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

INDEPENDENT AUDITOR'S REPORT

Independence

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

KEY AUDIT MATTERS

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

The key audit matter identified in our audit is related to revenue recognition from intelligent computing solutions.

Key Audit Matter

Revenue recognition from intelligent computing solutions

Refer to Note 6 to the consolidated financial statements.

One of the Group's major revenue was derived from intelligent computing solutions. The Group recognised revenue from sales of intelligent computing solutions of RMB 1,027.7 million for the year ended 31 December 2025. Revenue was recognised at the point in time when control of intelligent computing solutions is transferred to customers, generally when the solution is accepted by customers.

We focused on this area as significant audit resources and efforts were spent on auditing this area due to the magnitude of the revenue amount.

How our audit addressed the Key Audit Matter

We have performed the following audit procedures to address the key audit matter:

- Understood, evaluated and validated the Group's relevant controls in relation to revenue recognition from intelligent computing solutions;
- Understood and evaluated the Group's accounting policies of revenue from intelligent computing solutions by examining the relevant sales contract terms including the terms in relation to the transfer of control with reference to the requirements of the prevailing accounting standards;
- Tested revenue transactions by examining the relevant supporting documents, including sales contracts, sales orders and customers' acceptance reports to assess whether revenue was properly recognised; and
- Tested sales transactions recorded before and after the balance sheet date, on a sample basis, by tracing to the supporting documents, including the relevant customers' acceptance reports to assess whether revenue was recognised in the correct reporting period.

Based on the procedures performed, we found that the Group's revenue recognition from intelligent computing solutions was supported by the evidence obtained.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Chiu Kong, Edmond.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Note	2025 RMB'000	2024 RMB'000
Revenue	6	1,034,614	336,803
Cost of sales	7	(477,612)	(157,606)
Gross profit		557,002	179,197
Selling and marketing expenses	7	(57,491)	(51,523)
General and administrative expenses	7	(331,507)	(244,160)
Research and development expenses	7	(1,476,147)	(826,957)
Net impairment (losses)/reversal on financial assets	3.1(b)	(6,879)	171
Other income	9	289,564	99,970
Other expenses	7	(6,353)	(2,380)
Other (losses)/gains - net	10	(10,042)	10,534
Operating loss		(1,041,853)	(835,148)
Finance income		33,480	10,095
Finance cost		(15,484,656)	(713,136)
Finance cost – net	11	(15,451,176)	(703,041)
Share of net profit of investments accounted for using the equity method	20	1	–
Loss before income tax		(16,493,028)	(1,538,189)
Income tax (expenses)/credit	13	–	89
Loss for the year		(16,493,028)	(1,538,100)
Other comprehensive (loss)/income			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(2,056)	1,123
Total comprehensive loss for the year		(16,495,084)	(1,536,977)
Loss per share attributable to the owners of the Company			
Basic and diluted loss per share (RMB)	14	(8.72)	(0.93)

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

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	16	497,987	323,187
Right-of-use assets	17	38,665	42,873
Investment properties	19	61,492	63,873
Intangible assets	18	176,455	84,400
Investments accounted for using the equity method	20	15,001	–
Financial assets at fair value through profit or loss	26	45,437	44,000
Finance lease receivables	25	74,947	75,641
Prepayment for long-term assets	24	52,123	772
Bank deposits	27	–	53,054
Restricted cash	28	72,944	–
Total non-current assets		1,035,051	687,800
Current assets			
Inventories	22	948,597	152,906
Trade, other receivables and prepayments	24	1,111,424	448,865
Financial assets at fair value through profit or loss	26	1,312,668	96,448
Restricted cash	28	18,799	620
Bank deposits	27	453,579	553,814
Cash and cash equivalents	28	1,037,701	1,100,694
Total current assets		4,882,768	2,353,347
Total assets		5,917,819	3,041,147
Deficit			
Deficit attributable to owners of the Company			
Share capital	29	42,226	32,916
Treasury stock	30	(9,302,502)	(4,991,162)
Reserves	30	8,427,305	4,051,780
Accumulated deficits		(23,010,767)	(6,517,739)
Total deficits		(23,843,738)	(7,424,205)

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities	17	12,925	20,588
Deferred income	37	177,308	142,936
Warranty provision		11,766	3,993
Redemption liabilities	31	28,524,902	8,743,040
Contract liabilities	6(a)	4,455	1,074
Long-term payables	38	-	722
Total non-current liabilities		28,731,356	8,912,353
Current liabilities			
Trade and other payables	33	733,133	424,393
Investment intention deposits	34	-	845,890
Convertible debentures	35	-	262,037
Borrowings	36	200,139	-
Lease liabilities	17	23,393	20,130
Contract liabilities	6(a)	72,916	549
Warranty provision		620	-
Total current liabilities		1,030,201	1,552,999
Total liabilities		29,761,557	10,465,352
Total deficits and liabilities		5,917,819	3,041,147
Net current assets		3,852,567	800,348

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 111 to 214 were approved and authorised for issue by the Board of Directors of the Company on 30 March 2026 and were signed on its behalf by:

Bing Xiao
DIRECTOR

Luting Pan
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Deficits attributable to owners of the Company				Total RMB'000
		Share capital RMB'000	Treasury stock RMB'000	Reserves RMB'000	Accumulated deficits RMB'000	
As at 1 January 2024		32,916	(4,991,162)	3,968,024	(4,979,639)	(5,969,861)
Comprehensive loss						
Loss for the year		-	-	-	(1,538,100)	(1,538,100)
Exchange differences on translation of foreign operations		-	-	1,123	-	1,123
Total comprehensive loss		-	-	1,123	(1,538,100)	(1,536,977)
Transactions with owners in their capacity as owners						
Share-based compensation expenses	32	-	-	82,633	-	82,633
As at 31 December 2024		32,916	(4,991,162)	4,051,780	(6,517,739)	(7,424,205)
As at 1 January 2025		32,916	(4,991,162)	4,051,780	(6,517,739)	(7,424,205)
Comprehensive loss						
Loss for the year		-	-	-	(16,493,028)	(16,493,028)
Exchange differences on translation of foreign operations		-	-	(2,056)	-	(2,056)
Total comprehensive loss		-	-	(2,056)	(16,493,028)	(16,495,084)
Transactions with owners in their capacity as owners						
Capital contributions by investors	29, 30	9,310	-	4,271,114	-	4,280,424
Recognition of redemption liabilities	31	-	(4,311,340)	-	-	(4,311,340)
Share-based compensation expenses	32	-	-	106,467	-	106,467
Total transactions with owners		9,310	(4,311,340)	4,377,581	-	75,551
As at 31 December 2025		42,226	(9,302,502)	8,427,305	(23,010,767)	(23,843,738)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2025 RMB'000	2024 RMB'000
Cash flows used in operating activities			
Cash used in operations	39(a)	(2,137,220)	(1,009,187)
Cash flows (used in)/generated from investing activities			
Purchase of property, plant and equipment and intangible assets		(351,245)	(100,523)
Proceeds from disposal of property, plant and equipment and intangible assets		336	-
Net intention deposits (paid)/received from employees for purchase of public rental house		(191)	4,887
Government grants related to assets received		226,840	132,875
Payment for investments accounted for using the equity method	20	(15,000)	-
Redemption of bank deposits		791,589	1,219,511
Placement of bank deposits		(636,740)	(1,236,977)
Purchase of short-term investments measured at fair value through profit or loss	26(b)	(5,814,000)	(1,591,000)
Proceeds from disposal of short-term investments measured at fair value through profit or loss	26(b)	4,611,896	2,746,463
Increase in restricted cash	28	(91,123)	-
Interest received from bank deposits		11,140	34,770
Interest received from cash and cash equivalents	11	31,820	8,447
Net cash (used in)/generated from investing activities		(1,234,678)	1,218,453
Cash flows generated from financing activities			
Proceeds from convertible debentures	39(c)	-	262,037
Lease payments	39(c)	(23,705)	(22,117)
Repayment for long-term payables	39(c)	(1,668)	(19,362)
Capital contributions by investors	29, 39(c)	3,713,667	-
Cash payments relating to capital contributions	29	(30,916)	-
Proceeds from borrowings	39(c)	200,000	-
Repayment of interest expenses from borrowings	39(c)	(4,061)	-
Payments for listing expenses		(6,012)	(3,436)
Repayment of investment intention deposits	34, 39(c)	(517,778)	-
Net cash generated from financing activities		3,329,527	217,122
Net (decrease)/increase in cash and cash equivalents		(42,371)	426,388
Cash and cash equivalents at beginning of year		1,100,694	659,335
Effect of foreign exchange rates changes		(20,622)	14,971
Cash and cash equivalents at end of year		1,037,701	1,100,694

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Shanghai Biren Technology Co., Ltd. (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on 9 September 2019. The address of the Company’s registered office is Room 1302, 13/F, Building 16, No. 2388 Chenhong Road, Minhang District, Shanghai, PRC.

On 12 July 2023, the Company convened a general meeting and passed related resolutions approving the conversion of the Company from a limited liability company into a joint stock limited company and changed the name of the Company to Shanghai Biren Technology Co., Ltd. (“上海壁仞科技股份有限公司”, the former Chinese name is “上海壁仞智能科技有限公司”).

The principal activities of the Company and its subsidiaries (the “**Group**”) are the sale of general-purpose computing on graphics processing units (“**GPGPU**”) chips, GPGPU-based intelligent computing solutions to enable artificial intelligence (“**AI**”) and related services as well as research and development activities in relation to GPGPU mainly in the PRC and other geographical areas during the year.

Mr. Wen Zhang is the founder of the Group.

This consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

On 2 January 2026, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and made an offering of 284,846,600 ordinary shares (excluding any ordinary shares issued pursuant to the exercise of the over-allotment option) at a price of Hong Kong Dollar (“**HK\$**”) 19.6 per share. Additionally, the Company issued and allotted 42,726,800 ordinary shares on 2 February 2026 pursuant to the full exercise of the over-allotment option as disclosed in the announcement of the Company dated 28 January 2026. The gross proceeds received by the Company was approximately HK\$ 6,420,439,000 (equivalent to approximately RMB 5,828,217,000) (the “**Listing Proceeds**”). All redemption rights granted to investors in financing of Series Pre A, Series Pre A+, Series Pre A++, Series A, Series Pre B, Series Pre B+, Series B, Series B+, Strategic Round and Pre-IPO Round were converted into ordinary shares upon the completion of initial public offering (“**IPO**”) on 2 January 2026.

As at the date of this report, the Company’s principal subsidiaries during the year are set out in Note 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION

(a) Compliance with IFRS Accounting Standards and HKCO

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

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

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

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except that certain financial assets/liabilities are carried at fair value.

The Group was at a relatively early stage of commercialization of its products and the loss was approximately RMB16,493.0 million for the year ended 31 December 2025. In addition to the loss, the Group’s net liabilities were approximately RMB23,843.7 million as at 31 December 2025. The net liabilities were mainly due to the separate redemption rights granted to investors in financing of Series Pre A, Series Pre A+, Series Pre A++, Series A, Series Pre B, Series Pre B+, Series B, Series B+, Strategic Round and Pre-IPO Round (the “**Investors**”) for which the Group recorded redemption liabilities with carrying amount of RMB28,524.9 million on 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

(b) Historical cost convention (Continued)

According to the investment agreements and the preferred shares termination agreement in June 2025, the Investors agreed that the redemption rights which will be due on 31 January 2026 shall be terminated immediately before the submission of the listing application to the Hong Kong Stock Exchange by the Company, which subject to the reinstatement in the event that the listing application being returned or lapsed and the Company failing to refile within six months or other period as agreed by all parties or being rejected. According to supplemental agreement to the preferred rights termination agreement in August 2025, the redemption date of the preferred shares has been extended to 31 July 2027 (Note 31). Therefore, the directors consider that the redemption rights and the related liabilities will not have any cash flow impact to the Group in the next twelve months from 31 December 2025, in any situation.

On 2 January 2026, the Company was listed on the Stock Exchange of Hong Kong Limited, all the redemption liabilities were converted into equity.

Taking into account the termination of redemption rights and extension of redemption date as mentioned above and together with the conversion of all the redemption liabilities into equity on 2 January 2026 and the Listing Proceeds, the directors are of the opinion that the Group and the Company will have sufficient cash resources to satisfy its future working capital in the next twelve months from 31 December 2025. Accordingly, the directors consider that it is appropriate that the consolidated financial statements are prepared on a going concern basis.

(c) New and amended standards adopted by the Group

The Group has applied the following standards, amendments and interpretation for the first time for its annual reporting period commencing 1 January 2025:

- Amendments to IAS 21 — Lack of Exchangeability;

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

(d) New and amended standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below.

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2027
IFRS 18 Presentation and Disclosure in Financial Statement	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IAS 21 – Translation to a Hyperinflationary Presentation	1 January 2027
Currency	
Sale or Contribution of Assets between an Investor and its Associate – Amendments to IFRS 10 and IAS 28	To be determined

According to the assessment made by the directors of the Company, these new and amended standards are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective, except for IFRS 18 which will mainly impact the presentation of the consolidated statement of comprehensive loss.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

(d) New and amended standards and interpretations not yet adopted (Continued)

- Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:
 - o Foreign exchange differences currently aggregated in the line item 'other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - o management-defined performance measures;
 - o a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature of expenses; and
 - o for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the group entities' functional currency. The Company's functional currency is Renminbi ("RMB"). The Company's principal subsidiaries were incorporated in the People's Republic of China and Hong Kong SAR and these subsidiaries considered RMB and US dollars ("USD") as their functional currency, respectively.

The Group is primarily exposed to changes in RMB/USD exchange rates. As at 31 December 2025, if USD had strengthened/weakened by 10% against RMB with all other variables held constant, the Group's net loss for the year would have been RMB103,269,000 lower/higher (31 December 2024: RMB35,166,000 higher/lower) as a result of foreign exchange gains/losses on translation of USD denominated cash and cash equivalents, bank deposits, trade and other payables, long-term payables and redemption liabilities.

(ii) Cash flow and fair value interest rate risk

Except for structured deposits (Note 26), bank deposits (Note 27), restricted cash (Note 28(b)) and cash and cash equivalents (Note 28(a)), the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The finance lease receivables of the Group carried at fixed rates expose the Group to fair value interest risk.

The long-term payables (Note 38), investment intention deposits (Note 34), redemption liabilities (Note 31), borrowings (Note 36) and the convertible debentures (Note 35) of the Group carried at fixed rates expose the Group to fair value interest risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (Continued)

(iii) Price risk

The Group is exposed to price risk in respect of the long-term equity investments and structured deposits (Note 26) held by the Group and classified in the consolidated balance sheet as at fair value through profit or loss.

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, see Note 3.3 for details.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, bank deposits, financial assets at fair value through profit or loss (structured deposits), trade and other receivables and finance lease receivables. The carrying amounts of each class of these financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

Risk management

To manage risk arising from cash and cash equivalents, restricted cash, bank deposits, financial assets at fair value through profit or loss (structured deposits), the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables, 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 180 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 and finance lease receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables and finance lease 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, management believes that the credit risk inherent in the Group's outstanding other receivables and finance lease receivables balances is low.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (Continued)

Impairment of financial assets

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

(i) Cash and cash equivalents, restricted cash, bank deposits and structured deposits

To manage risk arising from cash and cash equivalents, restricted cash, bank deposits and structured deposits, the Group only transacts with state-owned or reputable financial institutions in Chinese Mainland and reputable international financial institutions outside of Chinese Mainland. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Cash and cash equivalents, restricted cash, bank deposits and structured deposits are also subject to the impairment requirements of IFRS 9, while the identified impairment loss was immaterial.

(ii) Trade receivables

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, credit rating and aging periods. The determination of the expected loss rates is based on the probability of default and the loss given the default with reference to the credit ratings of the counter parties at the end of each reporting period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) and consumer price index (CPI) of Chinese Mainland in which it provides services to be the relevant factors, and accordingly adjusts the loss rates based on expected changes in those factors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (Continued)

Impairment of financial assets (Continued)

(ii) Trade receivables (Continued)

The main exposure to credit risk at each of the reporting dates is the carrying value of the Group's trade receivables. On that basis, the loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows for trade receivables:

	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	Total
As at 31 December 2025					
Expected credit loss rate	1.30%	–	1.33%	1.29%	1.30%
Gross carrying amount					
– trade receivables (RMB'000)	521,231	–	8,432	2,637	532,300
Loss allowance (RMB'000)	6,800	–	112	34	6,946
As at 31 December 2024					
Expected credit loss rate	0.97%	0.30%	–	–	0.96%
Gross carrying amount					
– trade receivables (RMB'000)	85,511	1,998	–	–	87,509
Loss allowance (RMB'000)	833	6	–	–	839

(iii) Other receivables and finance lease receivables

Other receivables mainly include deposits and receivables from server original equipment manufacturer (“OEMs”) for toll manufacturing service. Finance lease receivables are due from employees as mentioned in Note 25. For other receivables and finance lease receivables, management makes periodic collective assessments as well as individual assessment on the recoverability based on historical settlement records, past experience and forward-looking information on macroeconomic factors affecting the ability of the customers or employees to settle the receivables.

The Group assesses the credit losses of finance lease receivables individually and believes that the credit risk inherent in the group of outstanding finance receivables balance is quite low as all lease receivables are secured by public rental houses owned by the Group.

The Group measures credit risk of other receivables and finance lease receivables using Probability of Default (“PD”), Exposure at Default (“EAD”) and Loss Given Default (“LGD”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (Continued)

Impairment of financial assets (Continued)

(iii) Other receivables and finance lease receivables (Continued)

- Financial instruments that are not credit-impaired on initial recognition are classified in 'Stage 1' and have their credit risk continuously monitored by the Group. The expected credit loss 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 expected credit loss 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 expected credit loss is measured on lifetime basis.

As there has been no significant increase in credit risk since initial recognition, all of the Group's other receivables and finance lease receivable as at 31 December 2025 and 2024 were classified in Stage 1 and their expected credit losses were measured on a 12-month basis.

The following tables explain the changes in the loss allowance for other receivables between the beginning and the end of the years:

	As at 31 December	
	2025	2024
Expected credit loss rate		
– Other receivables	1.42%	0.85%
– Finance lease receivables	0.01%	0.01%
Gross carrying amount (RMB'000)		
– Other receivables	76,006	36,425
– Finance lease receivables	74,958	75,652
	150,964	112,077
Loss allowance (RMB'000)		
– Other receivables	(1,080)	(308)
– Finance lease receivables	(11)	(11)
Total loss allowance (RMB'000)	(1,091)	(319)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (Continued)

Impairment of financial assets (Continued)

- (iv) Movement of loss allowance for trade receivables, other receivables and finance lease receivables

Details of the analysis refer to Note 24 for trade and other receivables, Note 25 for finance lease receivables.

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

	Trade receivables RMB'000	Other receivables RMB'000	Finance lease receivables RMB'000	Total RMB'000
As at 31 December 2024	(839)	(308)	(11)	(1,158)
Increase in loss allowance recognised in profit or loss during the year	(6,107)	(772)	-*	(6,879)
As at 31 December 2025	(6,946)	(1,080)	(11)	(8,037)

* represents that amount is less than 1,000.

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 recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 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 businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents 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 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
At 31 December 2025				
Lease liabilities	24,562	12,177	1,007	37,746
Financial liabilities included in trade and other payables	556,138	-	-	556,138
Borrowings	200,479	-	-	200,479
	781,179	12,177	1,007	794,363
At 31 December 2024				
Lease liabilities	21,379	18,109	3,086	42,574
Financial liabilities included in trade and other payables	316,088	-	-	316,088
Long-term payables	-	722	-	722
Investment intention deposits	845,890	-	-	845,890
Convertible debentures	262,037	-	-	262,037
	1,445,394	18,831	3,086	1,467,311

Please note that the Group did not include the liabilities arising from the redemption rights that were granted to the shareholders in the above table as these rights are subject to certain conditions and scenarios. As at 31 December 2025, the earliest possible redemption date will be 31 July 2027. Details refer to Note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to 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 adjust the number of dividends paid to shareholders, 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 net liabilities mainly includes redemption liabilities disclosed in Note 31, and there are no regulatory indicators in the industry where the Company is located.

Measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2025				
Financial Assets:				
Long-term investments measured at fair value through profit or loss:				
– Unlisted equity investments	–	–	45,437	45,437
Short-term investments measured at fair value through profit or loss:				
– Structured deposits	–	–	1,312,668	1,312,668
	–	–	1,358,105	1,358,105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2024				
Financial Assets:				
Long-term investments measured at fair value through profit or loss:				
– Unlisted equity investments	–	–	44,000	44,000
Short-term investments measured at fair value through profit or loss:				
– Structured deposits	–	–	96,448	96,448
	–	–	140,448	140,448
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
– Convertible debentures	–	–	262,037	262,037

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and financial liabilities at fair value through profit or loss (FVPL).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(a) Financial assets and liabilities (Continued)

(ii) Valuation techniques used to determine fair values

The valuation of the level 3 instruments mainly included financial assets at fair value through profit or loss in unlisted equity investments (Note 26(a)), financial assets at fair value through profit or loss in structured deposits (Note 26(b)) and financial liabilities at fair value through profit or loss in convertible debentures (Note 35). 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 finance department of the Group involves an independent valuer to perform the valuations of unlisted equity investments and financial liabilities at fair value through profit or loss. This independent valuer reports directly to the management. Discussions of valuation processes and results are held between the management and the independent valuer on a periodical basis, in line with the Group's reporting periods.

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

There are no transfers of financial assets or liabilities between levels 2 and 3 during the year.

The following table presents the changes in level 3 instruments of financial assets and financial liabilities measured at fair value through profit or loss for the years ended 31 December 2025 and 2024.

	Financial assets at FVPL – Structured deposits RMB'000	Financial assets at FVPL – Unlisted equity investments RMB'000	Financial liabilities at FVPL – Convertible debentures RMB'000
Opening balance at 1 January			
2024	1,233,461	43,212	–
Additions	1,591,000	–	262,037
Disposal	(2,746,463)	–	–
Gains recognized in other gains – net (a) (Note 10)	18,450	788	–
Closing balance at 31 December			
2024	96,448	44,000	262,037
Additions	5,814,000	–	–
Disposal	(4,611,896)	–	–
Gains/(losses) recognized in other gains – net (a) (Note 10)	14,116	1,437	(364)
Conversion into ordinary shares	–	–	(261,673)
Closing balance at 31 December			
2025	1,312,668	45,437	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(a) Financial assets and liabilities (Continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (Continued)

- (a) Unrealised gains recognised for the year ended 31 December 2025 are RMB3,105,000 (31 December 2024: gains of RMB1,236,000).

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

At 31 December 2025

Description	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Long-term investments measured at fair value through profit or loss: – Unlisted equity investments	Expected volatility	48.46%	The relationship of expected volatility to fair value is indeterminable. Generally, the higher the expected volatility, the higher the fair value
	Risk-free rate	1.53%	The relationship of risk-free rate to fair value is indeterminable. Generally, the higher the risk-free rate, the higher the fair value
Short-term investments measured at fair value through profit or loss: – Structured deposits	Expected rate of return	0.45%-1.83%	The higher the expected rate of return, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(a) Financial assets and liabilities (Continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (Continued)

At 31 December 2024

Description	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Long-term investments measured at fair value through profit or loss: – Unlisted equity investments	Expected volatility	44.98%-48.34%	The relationship of expected volatility to fair value is indeterminable. Generally, the higher the expected volatility, the higher the fair value
	Risk-free rate	1.14%-1.44%	The relationship of risk-free rate to fair value is indeterminable. Generally, the higher the risk-free rate, the higher the fair value
Short-term investments measured at fair value through profit or loss: – Structured deposits	Expected rate of return	2.20%	The higher the expected rate of return, the higher the fair value
Convertible debentures	Expected volatility	62.27%	The higher the expected volatility, the higher the fair value
	Discount rate	3.21%-7.25%	The higher the discount rate, the lower the fair value
	Risk-free rate	1.01%-4.39%	The higher the risk-free rate, the lower the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(a) Financial assets and liabilities (Continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (Continued)

The Group entered into contracts in respect of structured deposits with expected but not guaranteed rates of return ranging as shown above. The Group managed and evaluated the performance of these investments on a fair value basis, in accordance with the Group's risk management and investment strategy and hence they are designated as financial assets at FVPL. If the expected rate of return of investments held by the Group be 10% higher/lower as at 31 December 2025, loss before income tax for the year ended 31 December 2025 would be approximately RMB639,000 lower/higher (31 December 2024: RMB53,000 lower/higher).

If the expected volatility of the unlisted equity investments measured at FVPL held by the Group be 10% higher/lower, the loss before income tax for the year ended 31 December 2025 would be approximately RMB566,000/RMB569,000 lower/higher (31 December 2024: RMB241,000/RMB205,000 lower/higher).

If the risk-free rate of the unlisted equity investments measured at FVPL held by the Group be 10% higher/lower, the loss before income tax for the year ended 31 December 2025 would be approximately RMB80,000/RMB81,000 lower/higher (31 December 2024: RMB54,000/RMB54,000 lower/higher).

Fair value of convertible debentures is affected by changes in the expected volatility, discount rate and risk-free rate. If the expected volatility be 10% higher/lower, the loss before income tax for the year ended 31 December 2024 would be approximately RMB287,000/RMB288,000 higher/lower. If the discount rate be 10% higher/lower, the loss before income tax for the year ended 31 December 2024 would be RMB27,000 lower/higher. If the risk-free rate be 10% higher/lower, the loss before income tax for the year ended 31 December 2024 would be RMB1,000 lower/higher.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

4.1 Share-based compensation expenses

As mentioned in Note 32, the Company has adopted Pre-IPO Share Option Plan and Pre-IPO RSU Plan to the Group's management and employees. The Company has engaged an independent valuer to determine the grant date fair value of the share options and restricted shares to management and employees using the option pricing model and equity allocation model respectively, which is to be expensed over the vesting period. Various assumptions are involved in the model and significant estimate on assumptions is required to be made by the management, including discount rate, risk-free interest, expected volatility and dividend. The management applies judgements and estimate on those significant assumptions in determining the fair value of the share options and restricted shares to the Group's management and employees.

At the end of each reporting period, the Group reassesses estimated number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in consolidated statement of comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

4.2 Impairment of non-financial assets

At each balance sheet date, the Group reviews internal and external sources of information to identify indications that the non-financial assets may be impaired. If an indication of impairment is identified, such information is further subject to an exercise that requires the Group to estimate the recoverable amount, representing the greater of the fair value less cost of disposal of such asset or its value in use. Depending on the Group's assessment of complexity of deriving reasonable estimates of the recoverable amount, the Group may perform such assessment utilising internal resources or the Group may engage external advisors to counsel the Group in making this assessment. Regardless of the resources utilised, the Group is required to make assumptions for this assessment, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable value of the asset. Details refer to Note 16(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.3 Current and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes 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 income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

5 SEGMENT INFORMATION

The Group's business activities are sales of GPGPU and other ready-to-use applications and provision of application development and other services mainly in the PRC.

The Group's chief operating decision-maker ("CODM") has been identified as the executive directors, who reviews consolidated results when making 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, no geographical information is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (CONTINUED)

The following illustrates the revenue from customers which contributing over 10% of the total revenue of the Group:

	2025 RMB'000	2024 RMB'000
Customer A	197,562	–
Customer B	181,867	–
Customer C	125,386	–
Customer D	122,563	–
Customer E	110,751	–
Customer F	*	183,393
Customer G	–	41,856
Customer H	–	35,003

Except for customers listed above, no other customer contributed over 10% of the total revenue of the Group for the years ended 31 December 2025 and 2024.

* The revenue generated from the customer was less than 10% of the total revenue of the Group for the year ended 31 December 2025.

6 REVENUE

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
<i>Sale of products</i>		
– Intelligent computing solutions	1,027,655	336,794
Rendering of support or extended warranty service	914	9
Rendering of entrusted R&D service	4,631	–
	1,033,200	336,803
Revenue from other source		
Rental income from intelligent computing clusters	1,414	–
	1,034,614	336,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE (CONTINUED)

The following table shows unsatisfied performance obligations resulting from future unspecified software updates and upgrades or extended warranty services:

	2025 RMB'000	2024 RMB'000
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied	4,747	1,165

Management expects that 6.2% of the transaction price allocated to the unsatisfied contracts as at 31 December 2025 (31 December 2024: 7.8%) will be recognized as revenue within one year. Except for the unsatisfied performance obligations resulting from future unspecified software updates and upgrades or extended warranty services disclosed above, other unsatisfied or partially unsatisfied performance obligations are expected to be recognized in the following year and are not disclosed separately.

(a) Contract liabilities

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

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Current portion	72,916	549
Non-current portion	4,455	1,074
	77,371	1,623

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying products are yet to be delivered or underlying services are yet to be provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE (CONTINUED)

(a) Contract liabilities (continued)

The following table shows the revenue recognized in the reporting period related to carried-forward contract liabilities:

	2025 RMB'000	2024 RMB'000
Revenue recognized that was included in the contract liabilities at the beginning of the year	549	34,515

Accounting policies of revenue recognition

The accounting policy for the Group's principal revenue sources

(a) Sale of products

Intelligent computing solutions

The Group provides intelligent computing solutions that empower a wide range of critical applications including artificial intelligence ("AI") from cloud to edge.

Revenue generated from sales of intelligent computing solutions primarily includes its main products, GPGPU-based hardware and computing software platform, which is identified as a single performance obligation as the Group provides a significant service of integrating the products with its services into a bundled solution. Revenue is recognized at the point in time when control of intelligent computing solution is transferred to customers, generally when the adaptation is completed and the solution is accepted by customers.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

The transaction price in the contract reflects the amount of consideration that the Group expects to be entitled to, netting off the payment to customer and customer's agent.

Certain products are sold with support or an extended warranty for the incorporated system, hardware, and/or software. Revenue from support and extended warranty service are recognized rateably over the service period, or as services are performed. Such kind of revenue is included and reported as revenue from rendering of support or extended warranty service in Note (b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE (CONTINUED)

Accounting policies of revenue recognition (Continued)

(a) Sale of products (Continued)

Gross vs. net determination in revenue recognition

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions. If the Group provides significant integration service to the hardware and is responsible for the overall management of the contract, the Group is the principal in the transaction and recognises revenue at the gross amount of consideration to which it is entitled from the buyers. The Group presents its revenue on a net basis when the Group acts as an agent with no control over the underlying hardware and does not assume inventory risk.

The Group reports the amount received from the buyers and the amounts paid to the suppliers related to these transactions on a net basis if the Group is not primarily obligated in a transaction, does not generally bear the inventory risk and does not have the ability to establish the price.

(b) Rendering of support or extended warranty service

Revenue from providing extended warranty services is recognised in the accounting period in which the services are rendered.

(c) Rendering of entrusted R&D service

Revenue from rendering of entrusted R&D service related to the Group's provision of entrusted R&D services to third parties. Revenues is recognised when the Group satisfies its performance obligations by rendering relevant promised R&D services.

(d) Rental income from intelligent computing clusters

Rental income from intelligent computing clusters where the Group leases out a computing cluster for one year. And the related rental income is recognised on a straight-line basis over the lease term. And the respective leased assets are included in the consolidated balance sheet based on their nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 EXPENSES BY NATURE

The expenses charged to cost of sales, selling and marketing expenses, general and administrative expenses, research and development expenses and other expenses are analysed below:

	2025 RMB'000	2024 RMB'000
Employee benefit expenses (Note 8)	853,337	722,849
Inventories and consumables used	705,288	148,676
Design and development expenses	195,105	117,139
Depreciation and amortisation	144,906	118,869
Office and travel expenses	79,792	74,789
Professional service fees	50,031	35,133
Short-term lease and computing service fee	66,031	12,133
Intellectual property license expenses	58,773	4,726
Marketing and promotion expenses	4,604	2,420
Listing expenses	42,237	13,905
Auditor's remuneration for audit service	1,660	460
General provision for inventories	11,573	2,485
Miscellaneous	135,773	29,042
	2,349,110	1,282,626

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EMPLOYEE BENEFIT EXPENSES

	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	600,725	523,031
Contributions to pension plan (a)	46,243	38,701
Housing fund, medical insurance and other social insurance (a)	65,585	53,932
Share-based compensation expenses (Note 32)	106,467	82,633
Other employee benefits	34,317	24,552
	853,337	722,849

(a) Pension obligations and other social welfare benefits

Policy on Chinese Mainland employees

Full-time employees of the Group in Chinese Mainland 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. No forfeited contributions are available to reduce contributions payable in the future.

Policy on mandatory provident fund scheme

The Group has arranged for its Hong Kong SAR employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions were subject to a cap of HKD1,500 per month and contributions thereafter are voluntary. No forfeited contributions are available to reduce contributions payable in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2025 and 2024, include 1 and 1 director respectively, where emoluments are disclosed in Note 42. The emoluments payable to the remaining 4 and 4 individuals during the years ended 31 December 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	14,710	10,887
Contributions to pension plan	189	75
Housing fund, medical insurance and other social insurance	242	80
Share-based compensation expenses	15,100	21,495
Other employee benefits	-	42
	30,241	32,579

The emoluments of the 4 and 4 individuals fell within the following bands:

	2025	2024
Emoluments bands:		
HKD5,000,001 to HKD6,000,000	2	1
HKD6,000,001 to HKD7,000,000	1	1
HKD7,000,001 to HKD8,000,000	-	1
HKD16,000,001 to HKD17,000,000	1	1
	4	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 OTHER INCOME

	2025 RMB'000	2024 RMB'000
Government grants		
– Financial subsidies (i)	269,369	58,151
– Individual income tax refund	1,350	1,362
Interest income on bank deposits	12,700	36,301
Rental income (ii)	3,718	4,149
Others	2,427	7
	289,564	99,970

(i) Government grants received during the years ended 31 December 2025 and 2024 primarily comprised the financial subsidies received from various local government authorities in the Chinese Mainland. Certain government grants were related to assets and amortised during the useful life of the related assets. There are no unfulfilled conditions or contingencies relating to these incomes.

(ii) Rental income arising from leasing of investment properties, details please refer to Note 19.

10 OTHER (LOSSES)/GAINS – NET

	2025 RMB'000	2024 RMB'000
Fair value gains on long-term equity investment measured at fair value through profit or loss (Note 26(i)(a))	1,437	788
Fair value gains on short-term investments measured at fair value through profit or loss (Note 26(i)(b))	14,116	18,450
Fair value gains on convertible debentures (Note 35)	364	–
(Losses)/gains on disposal of property, plant and equipment	(7,180)	229
Gains on disposal of right-of-use assets	–	218
Donations	(1,102)	(2,277)
Net foreign exchange losses	(17,167)	(4,853)
Others	(510)	(2,021)
	(10,042)	10,534

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 FINANCE COST – NET

	2025 RMB'000	2024 RMB'000
Finance income		
Interest income on cash and cash equivalents	31,820	8,447
Interest income from finance lease receivables	1,660	1,648
	33,480	10,095
Finance costs		
Changes in the carrying value of redemption liabilities (Note 31)	(15,470,522)	(674,309)
Interest expenses from investment intention deposits (Note 34)	(7,888)	(36,645)
Interest expenses from borrowings	(4,200)	–
Interest and finance charges paid/payable for lease liabilities and long-term payables	(2,046)	(2,182)
	(15,484,656)	(713,136)
Finance cost – net	(15,451,176)	(703,041)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 PRINCIPAL SUBSIDIARIES

Principal subsidiaries of the Group

The Company's principal subsidiaries during the years ended 31 December 2025 and 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The countries/regions of incorporation or registration are also their principal places of business.

Name of entity	Effective interest held in terms of %		Date of establishment/ incorporation	Registered capital/ paid in capital	Principal activities, place of operation and kind of legal entity
	As at 31 December 2025	2024			
Directly held by the Company: Shanghai Biren Information Technology Co., Ltd. [上海壁仞信息科技有限公司]	100%	100%	7 April 2020	RMB220,000,000/ RMB216,149,636	Sales of hardware and software products and provision of related services, the PRC, limited liability company
Zhuhai Biren Integrated Circuit Co., Ltd. [珠海壁仞集成电路有限公司]	100%	100%	3 July 2020	RMB500,000,000/ RMB254,750,000	Sales of hardware and software products and provision of related services, the PRC, limited liability company
Shanghai Xinzhi Enterprise Development Co., Ltd. [上海新之磷企業發展有限公司] (previously known as Suzhou Xinyan Holding Co., Ltd. [蘇州新岩控股有限公司])	100%	100%	9 September 2021	RMB340,000,000/ RMB96,000,000	Investment holding, the PRC, limited liability company
Guangzhou Biren Semiconductor Technology Co., Ltd. [廣州壁仞半導體科技有限公司] (previously known as Shanghai Biren Integrated Circuit Co., Ltd. [上海壁仞集成电路有限公司])	100%	100%	30 June 2020	RMB60,000,000/ RMB60,000,000	Software development, the PRC, limited liability company
Beijing Biren Technology Development Co., Ltd. [北京壁仞科技開發有限公司]	100%	100%	23 September 2020	RMB160,000,000/ RMB90,000,000	Development and sales of products, the PRC, limited liability company
Hangzhou Biren Technology Development Co., Ltd. [杭州壁仞科技開發有限公司]	100%	100%	14 May 2021	RMB50,000,000/ RMB50,000,000	Development and sales of products, the PRC, limited liability company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 PRINCIPAL SUBSIDIARIES (CONTINUED)

Principal subsidiaries of the Group (continued)

Name of entity	Effective interest held in terms of %		Date of establishment/ incorporation	Registered capital/ paid in capital	Principal activities, place of operation and kind of legal entity
	As at 31 December				
	2025	2024			
Guangzhou Biren Intelligent Technology Co., Ltd. (“廣州璧仞智能科技有限公司” (previously known as Guangzhou Biren Integrated Circuit Co., Ltd. (“廣州璧仞集成电路有限公司”))	100%	100%	26 September 2023	RMB80,000,000/ RMB75,000,000	Sales of integrated circuit chips and products, the PRC, limited liability company
Shanghai Biren Semiconductor Technology Co., Ltd. (“上海璧仞半導體科技有限公司”)	100%	100%	31 October 2023	RMB10,000,000/ RMB120,000	Development and sale of products, the PRC, limited liability company
Shanghai Aoyan Technology Co., Ltd. (“上海遨岩科技有限公司”)	100%	100%	7 November 2023	RMB60,000,000/ RMB60,000,000	Development and sale of products, the PRC, limited liability company
Indirectly held by the Company: BRIGHT PEAK PTE. LTD.	100%	100%	20 September 2021	SGD70,000,000/ SGD1,405,658	Software development, Singapore, private limited company
ALPINE ATLAS Limited	100%	100%	31 May 2023	USD1/USD1	Software development, Hong Kong SAR, private limited company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 INCOME TAX EXPENSES/(CREDIT)

	2025 RMB'000	2024 RMB'000
Current income tax	-	-
Deferred income tax (Note 21)	-	(89)
Income tax expenses/(credit)	-	(89)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

	2025 RMB'000	2024 RMB'000
Loss before income tax	(16,493,028)	(1,538,189)
Tax calculated at statutory income tax rate applicable in principal countries/ places of business (a), (b), (c)	(4,117,411)	(374,835)
Tax effects of:		
Preferential income tax rate applicable to subsidiaries (d)	17,012	15,833
Super deduction for research and development expenses (e)	(325,313)	(157,598)
Expenses not deductible for tax purpose (f)	3,891,801	192,070
Tax losses for which no deferred income tax asset was recognised (g)	527,090	312,720
Other temporary difference for which no deferred income tax asset was recognised	6,821	11,721
Income tax expenses/(credit)	-	(89)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 INCOME TAX EXPENSES/(CREDIT) (CONTINUED)

(a) Corporate income tax in Chinese Mainland ("CIT")

The income tax provision of the Group in respect of its operations in Chinese Mainland was calculated at tax rate of 25% on the assessable profits for the respective years presented, based on the existing legislation, interpretations and practices in respect thereof.

(b) 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 year.

(c) Hong Kong SAR income tax

The entity incorporated in Hong Kong SAR is subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HKD2 million and 16.5% on any part of assessable profits over HKD2 million for the years presented.

No provision for Hong Kong SAR income tax was made as the Group had no estimated assessable profit that was subject to Hong Kong SAR income tax during the year.

(d) Preferential income tax rate

Certain subsidiaries in Chinese Mainland were qualified as "Small and Low-Profit Enterprise" in 2025. Due to tax loss status in 2025, these subsidiaries did not actually enjoy 20% preferential CIT rate. Beijing Biren Technology Development Co., Ltd., a subsidiary of the Group is qualified for new/high-tech technology enterprises status and enjoyed preferential income tax rate of 15% from 2024 to 2026.

(e) Super Deduction for research and development expenses

In March 2023, the State Taxation Administration of the People's Republic of China announced that enterprises engaging in research and development activities ("Super Deduction") would entitle to claim 200% of their research and development expenses from 1 January 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 during the year.

(f) Expenses not deductible for tax purposes

Expenses not deductible for tax purposes mainly represented interest expenses on changes in the carrying value of redemption liabilities, business entertainment expenses exceeding for certain limits and share-based compensation expenses incurred in the Group's subsidiaries which are not deductible according to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC.

(g) Tax losses for which no deferred income tax assets were recognised

Deferred income tax assets are recognized for deductible temporary differences and tax losses to the extent that the realization of the related tax benefits through future taxable profits is probable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 INCOME TAX EXPENSES/(CREDIT) (CONTINUED)

(g) Tax losses for which no deferred income tax assets were recognised (Continued)

As at 31 December 2025 and 2024, the Group did not recognise deferred income tax assets in respect of losses of RMB7,700,005,000 and RMB5,896,844,000 respectively. The tax losses incurred from the Company and its subsidiaries in Chinese Mainland that are not recognised as deferred tax assets will expire from 2026 to 2035. Tax losses of the Group's subsidiaries incorporated in Hong Kong SAR, United States of America and Singapore will be carried forward indefinitely. Deductible losses that are not recognized for deferred income tax assets will expire as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
2025	–	381,000
2026	797,335	797,335
2027	1,449,096	1,449,096
2028	1,506,015	1,506,015
2029	1,202,024	1,202,024
2030	2,087,267	2,509
2031	47,664	47,664
2032	89,957	89,957
2033	95,485	95,485
2034	73,675	73,675
2035	80,118	–
Indefinitely	271,369	252,084
	7,700,005	5,896,844

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 LOSS PER SHARE

(a) Basic loss per share

The basic loss per share during the year is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares, taking into the effect of the Company's share subdivision as mentioned in Note 29.

The redemption liabilities were treated as treasury stock before the termination of preferred rights as described in Note 31 and such treasury stock were included in the calculation of weighted average number of ordinary shares outstanding.

	2025	2024
Loss attributable to owners of the Company (RMB'000)	(16,493,028)	(1,538,100)
Weighted average number of ordinary shares in issue (000)	1,892,216	1,645,819
Basic and diluted loss per share for loss attributable to owners of the Company (expressed in RMB per share)	(8.72)	(0.93)

(b) Diluted loss per share

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 the years ended 31 December 2025 and 2024, these potential ordinary shares, i.e. shares with preferred rights and convertible debentures, were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended 31 December 2025 and 2024 are the same as basic loss per share of the respective years.

15 DIVIDENDS

No dividend had been declared or paid by the Company during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT

	Office buildings RMB'000	Public rental houses RMB'000	Leasehold improvement RMB'000	Office and electronic equipment RMB'000	Transportation equipment and vehicles RMB'000	Tooling RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2024								
At 1 January 2024	167,951	37,554	36,314	62,061	1,352	2,270	18	307,520
Additions	51	2,798	15,907	76,762	1,933	1,149	11,209	109,809
Internal transfer	-	-	9,292	1,777	-	-	(11,069)	-
Transfer out under finance lease arrangements (Note 25)	-	(8,166)	-	-	-	-	-	(8,166)
Depreciation charge	(5,825)	(515)	(35,146)	(42,901)	(517)	(1,176)	-	(86,080)
Currency translation differences	-	-	77	20	7	-	-	104
Closing net book amount	162,177	31,671	26,444	97,719	2,775	2,243	158	323,187
As at 31 December 2024								
Cost	174,712	32,795	143,023	223,934	3,654	4,379	158	582,655
Accumulated depreciation	(12,535)	(1,124)	(116,579)	(126,215)	(879)	(2,136)	-	(259,468)
Net book amount	162,177	31,671	26,444	97,719	2,775	2,243	158	323,187
Year ended 31 December 2025								
At 1 January 2025	162,177	31,671	26,444	97,719	2,775	2,243	158	323,187
Additions	2,850	3,435	13,644	254,132	-	4,590	-	278,651
Internal transfer	-	-	-	158	-	-	(158)	-
Transfer out under finance lease arrangements (Note 25)	-	(2,678)	-	-	-	-	-	(2,678)
Disposals	-	-	-	(15,433)	-	-	-	(15,433)
Depreciation charge	(5,868)	(541)	(15,964)	(59,659)	(858)	(2,745)	-	(85,635)
Currency translation differences	-	-	(60)	(31)	(14)	-	-	(105)
Closing net book amount	159,159	31,887	24,064	276,886	1,903	4,088	-	497,987
As at 31 December 2025								
Cost	177,562	33,432	156,496	459,227	3,637	8,969	-	839,323
Accumulated depreciation	(18,403)	(1,545)	(132,432)	(182,341)	(1,734)	(4,881)	-	(341,336)
Net book amount	159,159	31,887	24,064	276,886	1,903	4,088	-	497,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The Group has no pledged property, plant and equipment as at 31 December 2025 and 2024. There was no interest capitalised during the years ended 31 December 2025 and 2024.

(b) Impairment tests for property, plant and equipment, right-of-use assets and intangible assets:

According to IAS 36 "Impairment of assets", non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment review, the recoverable amount of each CGU is determined based on the higher amount of the fair value less cost of disposal ("FVLCD") and value-in-use ("VIU") calculations. Given the Group was loss-making throughout the reporting period, which is an impairment indicator in the impairment tests for non-financial assets, including investment property, property, plant and equipment, right-of-use assets and intangible assets, have been conducted by management of the Company with the assistance of an independent valuer as at 31 December 2025 and 2024.

As at 31 December 2025 and 2024, each investment property is identified as a separate CGU ("**CGU1**") because the Company lease out the investment property and earn rental income. There is no impairment provision for investment properties because the FVLCD of the investment property determined based on the market price is higher than the carrying amount.

As at 31 December 2025 and 2024, each public rental house in property, plant and equipment is identified as a separate CGU ("**CGU2**") because the Company will finance lease these public rental houses to eligible employees and earn rental income. There is no impairment provision for public rental houses because the FVLCD of the public rental house determined based on the market value is higher than the carrying amount.

As the manufacture of the Company's products are outsourced to third parties, except for the non-financial assets mentioned above, the remaining non-financial assets mainly includes software, office equipment and office building related to the Company's R&D activities. The management considered the remaining non-financial assets as one CGU ("**CGU3**") because the Group operates in one business as a whole, focusing on the sale of GPGPU, sale of GPGPU embedded software and related services as well as research and development activities in relation to GPGPU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Impairment tests for property, plant and equipment, right-of-use assets and intangible assets: (Continued)

As at 31 December 2025 and 2024, the recoverable amount of CGU3 was determined based on VIU calculations. The VIU calculations use cash flow projections based on business plan for the purpose of impairment reviews covering an eight-year period respectively. The management considers the length of the forecast period is appropriate because it generally takes longer for a GPGPU company to reach a stable growth state, compared to companies in other industries, especially considering the fact that the new GPGPU industry in China is an emerging industry with fast growth in the coming years and the Group is still in the initial stage of rapid growth. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, there was no impairment loss of CGU3 as at 31 December 2025 and 2024. The headroom of CGU3 is about 7.5 and 7.9 times of the carrying amount, respectively.

The key assumptions used for VIU calculations and recoverable amount of CGU3 are as follows:

	As at 31 December	
	2025	2024
Pre-tax discount rate	15.66%	15.20%
Recoverable amount (RMB'000)	4,740,040	2,933,184

(c) During the year, the amounts of depreciation expense charged to research and development expenses, general and administrative expenses, selling and marketing expenses and cost of sales are as follows:

	2025	2024
	RMB'000	RMB'000
Depreciation of property, plant and equipment		
– Research and development expenses	52,553	56,501
– General and administrative expenses	28,612	27,702
– Selling and marketing expenses	2,208	1,288
– Cost of sales	2,262	589
	85,635	86,080

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Accounting policies of property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or 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 the consolidated statement of comprehensive loss during the financial period in which they are incurred.

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

Office buildings	30 years
Public rental houses	66 years
Leasehold improvement	Shorter of the lease terms or 3 years
Office and electronic equipment	3-5 years
Transportation equipment and vehicles	4 years
Tooling	3-5 years

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

Construction in progress mainly represents leasehold improvements under construction, which is stated at actual construction cost less accumulated impairment losses. Construction in progress is transferred to appropriate categories of property, plant and equipment upon the completion of their respective construction and depreciated over their respective estimated useful lives.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 46.4).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets includes leased office buildings and electronic equipment

(i) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Right-of-use assets		
Leased office buildings	38,665	42,873
Electronic equipment	-	-
	38,665	42,873
Lease liabilities		
Current	23,393	20,130
Non-current	12,925	20,588
	36,318	40,718

(ii) Amounts recognised in the consolidated statement of comprehensive loss

The consolidated statement of comprehensive loss shows the following amounts relating to leases:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets		
Leased office buildings	21,807	21,218
Electronic equipment	-	423
	21,807	21,641
Interest expense (included in finance cost – net)	1,706	1,185
Expense relating to short-term leases	36,140	12,133

The total cash outflow for leases including short-term leases for the year ended 31 December 2025 was RMB59,845,000 (31 December 2024: RMB34,250,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Right-of-use assets includes leased office buildings and electronic equipment (CONTINUED)

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

The Group leases various offices buildings and electronic equipment. Rental contracts are typically made for fixed periods of 2 years to 3 years with no extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(iv) **The movement in right-of-use assets in the consolidated balance sheet are as follows:**

	Leased office buildings RMB'000	Electronic equipment RMB'000	Total RMB'000
Year ended 31 December 2024			
Opening net book amount	20,427	423	20,850
Additions	46,064	–	46,064
Early termination	(2,459)	–	(2,459)
Depreciation charge	(21,218)	(423)	(21,641)
Currency translation differences	59	–	59
Closing net book amount	42,873	–	42,873
As at 31 December 2024			
Cost	62,998	–	62,998
Accumulated depreciation	(20,125)	–	(20,125)
Net book amount	42,873	–	42,873
Year ended 31 December 2025			
Opening net book amount	42,873	–	42,873
Additions	8,772	–	8,772
Lease modification	8,924	–	8,924
Depreciation charge	(21,807)	–	(21,807)
Currency translation differences	(97)	–	(97)
Closing net book amount	38,665	–	38,665
As at 31 December 2025			
Cost	80,518	–	80,518
Accumulated depreciation	(41,853)	–	(41,853)
Net book amount	38,665	–	38,665

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Right-of-use assets includes leased office buildings and electronic equipment (CONTINUED)

(iv) The movement in right-of-use assets in the consolidated balance sheet are as follows: (Continued)

- (a) The amounts of depreciation expense charged to research and development expenses, general and administrative expenses and selling and marketing expenses are as follows:

	2025 RMB'000	2024 RMB'000
Depreciation of right-of-use assets		
– Research and development expenses	14,065	14,077
– General and administrative expenses	7,601	7,389
– Selling and marketing expenses	141	175
	21,807	21,641

Accounting policies of leases

The Group as the lessee

The Group assesses whether a contract is or contains a lease at inception of a contract. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Accounting policies of leases (Continued)

The Group as the lessee (Continued)

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS

	IP license RMB'000	Electronics Design Automation ("EDA") tools RMB'000	Purchased computer software RMB'000	Total RMB'000
Year ended 31 December 2024				
Opening net book amount	47,807	5,194	12,536	65,537
Additions	-	25,848	1,783	27,631
Amortisation charge	-	(7,420)	(1,348)	(8,768)
Closing net book amount	47,807	23,622	12,971	84,400
As at 31 December 2024				
Cost	124,390	110,089	15,369	249,848
Accumulated amortisation	(36,282)	(86,467)	(2,398)	(125,147)
Accumulated impairment	(40,301)	-	-	(40,301)
Net book amount	47,807	23,622	12,971	84,400
Year ended 31 December 2025				
Opening net book amount	47,807	23,622	12,971	84,400
Additions	-	21,634	105,504	127,138
Amortisation charge	-	(27,490)	(7,593)	(35,083)
Closing net book amount	47,807	17,766	110,882	176,455
As at 31 December 2025				
Cost	124,390	131,723	120,873	376,986
Accumulated amortisation	(36,282)	(113,957)	(9,991)	(160,230)
Accumulated impairment	(40,301)	-	-	(40,301)
Net book amount	47,807	17,766	110,882	176,455

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS (CONTINUED)

- (i) During the years ended 31 December 2025 and 2024, no additional impairment loss is required to be recognised on intangible assets.

During the year, the amounts of amortisation expense charged to research and development expenses, general and administrative expenses and selling and marketing expenses are as follows:

	2025 RMB'000	2024 RMB'000
Amortisation of intangible assets		
– Research and development expenses	32,830	7,823
– General and administrative expenses	2,231	923
– Selling and marketing expenses	22	22
	35,083	8,768

Accounting policies of intangible assets

(a) Research and development expenditure

Research expenditure is recognised as an expense as incurred. Development cost is capitalized only if all of the following criteria are satisfied:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS (CONTINUED)

Accounting policies of intangible assets (CONTINUED)

(b) IP license

Separately acquired IP license is shown at historical cost. It is amortised using the straight-line method over its estimated finite useful life of 8 years and is subsequently carried at cost less accumulated amortisation, residual value and impairment losses.

(c) EDA Tools

Separately acquired EDA tools licenses are shown at historical cost. They are amortised using the straight-line method over their estimated finite useful life ranged from 1 to 10 years and are subsequently carried at cost less accumulated amortisation and impairment losses.

(d) Purchased computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire the specific software. These costs are amortised over the estimated useful lives ranged from 1 year to 10 years.

(e) Useful life

When determining the useful life, the Directors have taken into the account the (i) estimated period that can bring economic benefits to the Group; (ii) the useful life estimated by the comparable companies in the market.

The Group amortises intangible assets with a limited useful life, taking into account the residual value (if any), using the straight-line method over the following periods:

IP license	8 years
EDA tools	1-10 years
Purchased computer software	1-10 years

The intangible assets' residual values (if any) and useful lives are reviewed, and adjusted if appropriate, at the end of each year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 INVESTMENT PROPERTIES

	Office buildings
	RMB'000
Year ended 31 December 2024	
Opening net book amount	66,253
Depreciation charge	(2,380)
Closing net book amount	63,873
As at 31 December 2024	
Cost	70,256
Accumulated depreciation	(6,383)
Net book amount	63,873
Year ended 31 December 2025	
Opening net book amount	63,873
Depreciation charge	(2,381)
Closing net book amount	61,492
As at 31 December 2025	
Cost	70,256
Accumulated depreciation	(8,764)
Net book amount	61,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 INVESTMENT PROPERTIES (CONTINUED)

Starting from 2021, the Group rent out office buildings to third parties. During the year ended 31 December 2025, the rental income was RMB3,718,000 (31 December 2024: RMB4,149,000), which was recorded as "other income" (Note 9).

Depreciation of the investment properties was all included in other expenses in the consolidated statement of comprehensive loss during the year.

As at 31 December 2025, the fair value of the Group's investment properties was RMB62,670,000 (31 December 2024: RMB64,220,000). The fair value has been arrived at based on a valuation carried out by the valuer of the Group. The fair value was determined based on the income approach – term and reversion, which the directors of the Group are of the view that it is the best estimate of the fair value of these investment properties. The fair value of these properties, the highest and best use of the properties is their current use.

Accounting policies of investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable, borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Investment properties are depreciated on a straight-line basis, taking into account their residual value, over their estimated useful lives as follows:

Office building	30 years
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The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each year.

20 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts of investments accounted for using the equity method recognised in the consolidated balance sheet are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Associate	15,001	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

The movements for investments in associate during the year are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of the year	-	-
Additions (a)	15,000	-
Share of net profits	1	-
At end of the year	15,001	-

- (a) In March 2025, Guangzhou Biren Intelligent Technology Co., Ltd. (previously known as Guangzhou Biren Integrated Circuit Co., Ltd.), a subsidiary of the Group, invested 40% equity interests in Guangzhou Yuesheng Technology Development Co., Ltd. (“廣州岳昇科技發展有限公司”, “Yuesheng”) at a cash consideration of RMB15,000,000. The Group had significant influence on Yuesheng due to the voting rights and the Group treated it as an associate and accounted for by using the equity method.

The associate is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interests in associates.

21 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Deferred income tax assets:		
- to be recovered within 12 months	5,490	3,230
- to be recovered after more than 12 months	4,301	5,109
Offset by deferred income tax liabilities	(9,791)	(8,339)
Net deferred income tax assets	-	-
Deferred tax liabilities:		
- to be recovered within 12 months	(5,490)	(4,269)
- to be recovered after more than 12 months	(4,301)	(4,070)
Offset by deferred income tax assets	9,791	8,339
Net deferred income tax liabilities	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 DEFERRED INCOME TAX (CONTINUED)

The gross movements on the deferred income tax assets is as follows:

Deferred income tax assets	Tax losses carried forward RMB'000	Impairment provision on assets RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2024	25	1,685	2,643	4,353
(Charged)/credit to the consolidated statement of comprehensive loss	(25)	(667)	4,678	3,986
As at 31 December 2024	–	1,018	7,321	8,339
As at 31 December 2024	–	1,018	7,321	8,339
Credit to the consolidated statement of comprehensive loss	27	707	718	1,452
As at 31 December 2025	27	1,725	8,039	9,791

The gross movements on the deferred income tax liabilities are as follows:

Deferred income tax liabilities	Fair value changes on financial assets carried at FVPL RMB'000	Right-of-use assets RMB'000	Total RMB'000
As at 1 January 2024	(1,618)	(2,824)	(4,442)
Credit/(charged) to the consolidated statement of comprehensive loss	507	(4,404)	(3,897)
As at 31 December 2024	(1,111)	(7,228)	(8,339)
As at 31 December 2024	(1,111)	(7,228)	(8,339)
Charged to the consolidated statement of comprehensive loss	(665)	(787)	(1,452)
As at 31 December 2025	(1,776)	(8,015)	(9,791)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 DEFERRED INCOME TAX (CONTINUED)

Accounting policies of current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associate, operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income 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 income tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates 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 utilized.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 DEFERRED INCOME TAX (CONTINUED)

Accounting policies of current and deferred income tax (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income 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.

22 INVENTORIES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Raw materials	385,565	68,861
Work in progress	430,694	39,696
Finished goods	146,388	46,826
	962,647	155,383
Less: provision for impairment of inventories	(14,050)	(2,477)
	948,597	152,906

During the year ended 31 December 2025, inventories recognised as cost of sales amounted to RMB440,005,000 (31 December 2024: RMB140,126,000), and provision for impairment of inventories charged to cost of sales was RMB11,573,000 (31 December 2024: RMB2,485,000).

Accounting policies of inventories

Inventories include raw materials, work in progress and finished goods. Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis. The cost of finished goods comprises raw materials, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Financial assets:		
<i>Financial assets at fair value through profit or loss:</i>		
– Structured deposits (Note 26(b))	1,312,668	96,448
– Unlisted equity investments (Note 26(a))	45,437	44,000
<i>Financial assets at amortised cost:</i>		
– Financial assets included in trade and other receivables (Note 24)	600,280	122,787
– Finance lease receivables (Note 25)	74,947	75,641
– Restricted cash (Note 28(b))	91,743	620
– Bank deposits (Note 27)	453,579	606,868
– Cash and cash equivalents (Note 28(a))	1,037,701	1,100,694
	3,616,355	2,047,058

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Financial liabilities:		
<i>Financial liabilities at fair value through profit or loss:</i>		
– Convertible debentures (Note 35)	–	262,037
<i>Financial liabilities at amortised cost:</i>		
– Lease liabilities (Note 17)	36,318	40,718
– Redemption liabilities (Note 31)	28,524,902	8,743,040
– Financial liabilities included in trade and other payables (Note 33)	556,138	316,088
– Borrowings (Note 36)	200,139	–
– Long-term payables (Note 38)	–	722
– Investment intention deposits (Note 34)	–	845,890
	29,317,497	10,208,495

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 TRADE, OTHER RECEIVABLES AND PREPAYMENTS

Current assets

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Financial assets:		
Gross trade receivables (i)	532,300	87,509
Less: Provision for impairment	(6,946)	(839)
Net trade receivables	525,354	86,670
Other receivables:		
– Refundable rental and bidding deposits	8,684	7,927
– Receivables from server OEMs for toll manufacturing service	65,642	27,798
– Others	1,680	700
Gross other receivables	76,006	36,425
Less: Provision for impairment	(1,080)	(308)
Net other receivables	74,926	36,117
Subtotal of financial assets	600,280	122,787
Non-financial assets:		
Prepayments (ii)	464,823	278,665
Prepaid listing expenses	27,824	12,338
Input VAT to be deducted	18,497	35,075
Subtotal of non-financial assets	511,144	326,078
Total trade, other receivables and prepayments	1,111,424	448,865

As at 31 December 2025 and 2024, the fair value of trade and other receivables of the Group, except for the prepayments, prepaid listing expenses and input VAT to be deducted which are not financial assets, approximated to their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 TRADE, OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Current assets (continued)

(i) Trade receivables

The credit terms given to trade customers are determined on an individual basis with normal credit period ranged from 30-180 days. The aging analysis of the trade receivables based on date of revenue recognition is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Up to 3 months	521,231	85,511
3 to 6 months	–	1,998
6 months to 1 year	8,432	–
1 to 2 years	2,637	–
	532,300	87,509

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximately the same as their fair values.

The Group does not hold any collateral as security over these debtors.

The impairment and risk exposure please refer to Note 3.1(b).

(ii) Prepayments

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current assets		
– Prepayment for inventories and services	464,823	278,665
Non-current assets		
– Prepayment for PP&E	20,731	772
– Prepayment for intangible assets	31,392	–
	52,123	772

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 TRADE, OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Accounting policies of trade and other receivables

Trade receivables are amounts due from customers for products sold or services rendered in the ordinary course of business. Majority of other receivables are deposits, staff advance and receivables from server OEMs for toll manufacturing service. 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 to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1(b) for a description of the Group's impairment assessment.

25 FINANCE LEASE RECEIVABLES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Finance lease receivables due from employees	74,958	75,652
Less: due within one year	-	-
Less: Provision for impairment	(11)	(11)
Non-current finance lease receivables	74,947	75,641

During the year, the Group purchased public rental houses in Shanghai Caohejing Pujiang High-tech Park ("上海漕河泾開發區浦江高科技園"), and the Group provided rent-to-purchase arrangement on certain public rental houses to certain employees since July 2022 with a lease term of 10 years. All the employees under this arrangement have the right to purchase the public rental houses upon the lease term due if all the specified conditions can be fulfilled. As at 31 December 2025 and 2024, the Group recognized the finance lease receivables from renting out the public rental house to employees of RMB74,958,000 (31 December 2024: RMB75,652,000), respectively. All leases are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCE LEASE RECEIVABLES (CONTINUED)

	Minimum lease receivables	
	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year	1,766	1,869
Over 1 year but less than 2 years	1,766	1,869
Over 2 years but less than 5 years	5,213	5,607
Over 5 years	77,901	79,536
Less: unearned finance income	(11,688)	(13,229)
Present value of minimum lease receivables	74,958	75,652

The interest rates inherent in the leases are fixed at the contract date for the entire lease terms of ten years. As at 31 December 2025, the weighted average effective interest rate is approximately 2.85% per annum (31 December 2024: 2.75% per annum).

Please refer to Note 3.1(b) for the loss allowance of finance lease receivables.

Finance lease receivables were neither past due nor impaired. The directors of the Company considered that the carrying amount of the finance lease receivables approximated to their fair value as at 31 December 2025 and 2024.

Accounting policies for the Group as the lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as "other expense" over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature, details refer to Note 19.

A lease is classified as a finance lease if it transfers substantially all of the risks and rewards incidental to ownership of an underlying asset. The lessor recognises assets held under a finance lease in its consolidated balance sheet at commencement date. It presents them as a receivable at an amount equal to the net investment in the lease. A lessor's net investment in a lease is its gross investment in the lease, discounted at the interest rate implicit in the lease. The gross investment in the lease is equal to the lease payments receivable by the lessor, plus any unguaranteed residual accruing to the lessor. The lessor uses the rate implicit in the lease to calculate the net investment in the lease. The implicit rate is the rate of interest that causes the present value of the lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets at fair value through profit or loss

The Group classified the following financial assets at fair value through profit or loss (FVPL):

- Short-term investments that do not qualify for measurement at either amortised cost or FVOCI; and
- Long-term equity investments do not qualify for recognising fair value gains and losses through OCI.

Financial assets mandatorily measured at FVPL include the following:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Non-current assets		
Long-term equity investments (a)		
- Unlisted equity investments	45,437	44,000
Current assets		
Short-term investments (b)		
- Structured deposits	1,312,668	96,448
	1,358,105	140,448

(a) Long-term equity investments

The movement of the long-term equity investments during the year please refer to Note 3.3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(i) Classification of financial assets at fair value through profit or loss (Continued)

(b) Short-term investments

Short-term investments represented the structured deposits issued by reputable banks in Chinese Mainland. The structured deposits were principal protected with maturity of less than 1 year.

The movement of the structured deposits during the year please refer to Note 3.3.

(c) Amounts recognised in the consolidated statement of comprehensive loss

During the year, the following fair value gains were recognised in the consolidated statement of comprehensive loss:

	2025	2024
	RMB'000	RMB'000
Fair value gains on investments in:		
Long-term equity investments	1,437	788
Short-term investments	14,116	18,450
	15,553	19,238

(d) Risk exposure and fair value measurements

Information about the Group's exposure to financial risk and information about the methods and assumptions used in determining fair value are set out in Note 3.3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 BANK DEPOSITS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Current assets		
- Bank deposits with original maturities of over three months (i)	358,965	553,814
- Certificate of deposit (ii)	94,614	-
	453,579	553,814
Non-current assets		
- Certificate of deposit (ii)	-	53,054

(i) Bank deposits with original maturities of over three months were neither past due nor impaired. The interest rates were ranged from 3.46% to 3.75% (2024: 4.25% to 5.30%) during the year. The directors of the Company considered that the carrying amount of the bank deposits with original maturities of over three months approximated to their fair value as at 31 December 2025 and 2024.

(ii) Certificate of deposit was neither past due nor impaired. The directors of the Company considered that the carrying amount of the certificate of deposit approximated to their fair value as at 31 December 2025 and 2024 as the discounting impact was not material. The maturity date of the certificate of deposit were ranged from 12 January 2026 to 4 June 2026, accordingly the certificate of deposit is recorded as current assets as at 31 December 2025 and as non-current assets as at 31 December 2024. The interest rate of the certificate of deposit were ranged from 1.10% to 3.15%.

Bank deposits are denominated in:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Current assets		
- USD	358,965	553,814
- RMB	94,614	-
	453,579	553,814
Non-current assets		
- RMB	-	53,054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and cash equivalents

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Cash at banks	1,583,023	1,708,182
Less: bank deposits with original maturities of over three months (Note 27)	(358,965)	(553,814)
Certificate of deposit (Note 27)	(94,614)	(53,054)
Restricted cash (b)	(91,743)	(620)
Cash and cash equivalents	1,037,701	1,100,694

Cash and cash equivalents are denominated in:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
- USD	778,902	608,713
- RMB	258,113	491,627
- SGD	319	338
- HKD	367	16
	1,037,701	1,100,694

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (CONTINUED)

(b) Restricted cash

Restricted cash are denominated in:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Current assets		
– RMB (i)	18,081	620
– USD (i)	718	–
	18,799	620
Non-current assets		
– RMB (ii)	72,944	–

(i) Restricted cash primarily represented the cash pledged to banks for issuance of letters of guarantee and secure credit card, etc.

(ii) As at 31 December 2025, a bank deposit of RMB72,944,000 was pledged to the bank for issuance of letters of guarantee. The pledged bank deposit has a term over one year and cannot be withdrawn in advance.

Accounting policies of cash and cash equivalents

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.

Bank deposits with original maturities of over three months were included in the bank deposits with original maturities of over three months on the consolidated balance sheet.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 SHARE CAPITAL

A summary of movements in the Company's issued and fully paid share capital is as follows:

	Number of shares	Share capital RMB'000
At 1 January 2024 and 31 December 2024	32,916	32,916
Capital contributions by investors (i)	5,444	5,444
Share subdivision (ii)	1,879,640	-
Capital contributions by investors (iii)	193,300	3,866
At 31 December 2025	2,111,300	42,226

- (i) From February to June 2025, the Company entered into a series of investment contracts with certain investors ("Strategic Round Investors"), pursuant to which, the Strategic Round Investors agreed to subscribe for the Company's additional 5,444,000 ordinary shares with a total consideration of RMB2,396,732,000. Among which, (a) the convertible debentures holders converted all its convertible debentures of RMB261,673,000 as at the conversion dates for 595,000 ordinary shares as part of Strategic Round Financing (Note 35) and (b) two potential investors who made investment intention deposits to the Company during the year ended 31 December 2023 subscribed for 763,000 ordinary shares by deducting the investment intention deposits of RMB336,000,000 (Note 34).
- (ii) On 25 June 2025, pursuant to the resolutions of the shareholders, the Company conducted a share subdivision under which each share of the Company was split on a 1 for 50 basis, and the nominal value of the shares of the Company was changed from RMB1.0 each to RMB0.02 each. The basic and diluted losses per share was calculated as if the share subdivision had been effective from the beginning of the reporting period.
- (iii) From July to September 2025, the Company entered into a series of investment contracts with certain investors ("Pre-IPO Round Investors"), pursuant to which, the Pre-IPO Round Investors agreed to subscribe for the Company's additional 193,300,000 ordinary shares with a total consideration of RMB1,914,608,000 (Note 30).
- (iv) In 2025, cash payments of RMB30,916,000 relating to the capital contributions were offset against the Company's capital reserve (Note 30).

Accounting policies of Share capital

Ordinary shares are classified as equity.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 TREASURY STOCK AND RESERVES

	Reserves				
	Treasury stock RMB'000	Capital reserve RMB'000	Share-based compensation expenses RMB'000	Currency translation reserve (Note (a)) RMB'000	Total reserves RMB'000
At 1 January 2024	(4,991,162)	3,289,290	677,917	817	3,968,024
Share-based compensation expenses (Note 32)	-	-	82,633	-	82,633
Currency translation differences	-	-	-	1,123	1,123
At 31 December 2024	(4,991,162)	3,289,290	760,550	1,940	4,051,780
At 1 January 2025	(4,991,162)	3,289,290	760,550	1,940	4,051,780
Capital contribution by investors (Note 29)	-	4,271,114	-	-	4,271,114
Recognition of redemption liabilities (Note 31)	(4,311,340)	-	-	-	-
Share-based compensation expenses (Note 32)	-	-	106,467	-	106,467
Currency translation differences	-	-	-	(2,056)	(2,056)
At 31 December 2025	(9,302,502)	7,560,404	867,017	(116)	8,427,305

- (a) Currency translation reserve represents the difference arising from the translation of the financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Group and the Company.

Accounting policies of treasury stock

Where any group company purchases its equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury stock until the repurchase obligation is discharged or expired. If the contract expires without delivery, the carrying amount of the financial liability is reclassified to equity. Treasury stock is also recorded to reflect the carrying amount of the redemption liabilities when it is initially reclassified from equity and will be reclassified to equity when the redemption liabilities are derecognized upon the Group's obligations in connection with those redemption liabilities are discharged, cancelled or expired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 REDEMPTION LIABILITIES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Redemption liabilities	28,524,902	8,743,040

Redemption liabilities are denominated in:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
- USD	8,087,697	3,204,044
- RMB	20,437,205	5,538,996
	28,524,902	8,743,040

Since its incorporation in 2019, the Company has completed several rounds of financing including Series Pre A, Series Pre A+, Series Pre A++, Series A, Series Pre B, Series Pre B+, Series B, Series B+, Strategic Round and Pre-IPO Round Investors (the "Investors").

The details of financing undertaken in the year ended 31 December 2025 are as follows.

Strategic Round Financing

The Company and several investors entered into a series of investment agreements from February to June 2025, pursuant to which, the investors agreed to subscribe additional ordinary shares issued by the Company with a total consideration of RMB2,396,732,000 (Note 29). This transaction led to the increase of share capital of and capital reserve of RMB5,444,000 and RMB2,391,288,000 respectively.

Pre-IPO Round Financing

The Company and several investors entered into a series of investment agreements from July to September 2025, pursuant to which, the investors agreed to subscribe additional ordinary shares issued by the Company with a total consideration of RMB1,914,608,000 (Note 29). This transaction led to the increase of share capital of and capital reserve of RMB3,866,000 and RMB1,910,742,000 respectively.

The Company granted Strategic Round and Pre-IPO Round Investors and all its other investors with certain preferred rights and other rights in a separate investment agreement. Details are set out in the paragraphs below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 REDEMPTION LIABILITIES (CONTINUED)

Key terms of preferred rights granted

Redemption right

The Investors have rights to require the Company to redeem their investments if:

- (a) The Company fails to achieve a Qualified Listing (the Company's shares be listed on a stock exchange within or outside the PRC (including the Shanghai Stock Exchange, Shenzhen Stock Exchange, New York Stock Exchange, NASDAQ, Stock Exchange of Hong Kong, and other stock exchanges approved by the Board of Directors in accordance with the shareholders' agreement)) before 31 January 2026 (except where the Company has filed for listing and is under review by such date), or is acquired in a manner and on terms unanimously approved in writing by the Investors. For the avoidance of doubt, if the Company files for listing before 31 January 2026 but subsequently withdraws its application before the IPO, the application becomes invalid, is returned by the relevant approval authority and fails to resubmit or supplement the application (limited to one time) within six (6) months or a shorter period stipulated by laws and regulations, or is rejected, such that the listing is not successfully completed, the Investors' rights shall automatically reinstate upon the occurrence of any such circumstances without the need for additional measures or actions;
- (b) The Company, any founder, or key personnel materially violates any of its representations and warranties, covenants, or other obligations under the shareholders' agreement and other transaction documents, fails to obtain the written waiver of such violation from the Investors, caused a significant adverse impact on the Company's operations or listing, and fails to cure such violation within a reasonable period agreed by the shareholders;
- (c) Mr. Xiaoyao Liang (“梁晓峤”, “**Mr. Liang**”), a shareholder of the Company, fails to cooperate in properly handling certain matters, such as defects in ownership or disputes over intellectual property rights, which will cause a significant adverse impact on the Company's operations or listing. A confirmation from related institution was obtained which confirmed no defect or dispute on these matters;
- (d) The Company or any founder is subject to criminal penalties, or a founder violates the service period or employment requirements, causing a significant adverse impact on the normal operations of the Company or subsidiaries in the Group;
- (e) The Company, any founder, the chairman, CEO or CFO has a material integrity issue, including but not limited to the Company having material or undisclosed off-book cash sales revenue, material fund occupation, financial fraud, undisclosed equity custodianship that fails to be lawfully restored or regulated, being listed as a dishonest executor, etc., which may constitute a material obstacle to the Company's listing;
- (f) The Company repurchases all or part of the preferred rights held by any shareholders;
- (g) The Company meets the Qualified Listing conditions stipulated by laws and regulations and approved by shareholders, but the listing unable to be completed due to the Company or founders failing to provide reasonable cooperation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 REDEMPTION LIABILITIES (CONTINUED)

Key terms of preferred rights granted (Continued)

Redemption right (Continued)

- (h) (i) Without the review and approval by the Company's board of directors and shareholders' meeting, if there is a change in the Company's controlling rights, which resulted in the Company being unable to achieve a Qualified Listing by 31 January 2026; or
- (ii) if the change of the Company's key personnel exceeds one-third, and no suitable replacement candidates are identified and approved and appointed by the board of directors within six (6) months, and consequently (i) the business of the group company is suspended for more than six (6) months, or (ii) the listing intermediaries reasonably believe that the Company will be unable to achieve a Qualified Listing by 31 January 2026.

The redemption amount is the higher of the: (i) redemption amount equivalent to the original investment amount plus annual compound interest rate of 8%, and minus dividends received in previous years (if any); and (ii) fair value of the shares with preferential rights held by the investors at the time of the Company's repurchase.

Amendments on redemption rights

Pursuant to the preferred rights termination agreement as entered into by the Company with the Investors of the Company on 25 June 2025, the redemption right of the shareholders agreement shall automatically terminate immediately before the Company submits the application documents for H-share listing to the Stock Exchange of Hong Kong. (i) The "most-favored-nation clause", "non-competition" and "continuity of control" clauses under the investment agreement; and (ii) the clauses other than the redemption right of the shareholders agreement shall automatically terminate on the date of the Company's H-share listing.

For the redemption right, if any of the following circumstances occurs: (a) the Company's H-share listing application is withdrawn, becomes invalid, or the materials are returned by the relevant competent approval authority and the Company fails to resubmit or supplement the application within six (6) months or other periods agreed upon by all parties through consultation; (b) the Company's H-share listing is rejected by the relevant competent approval authority, then as of the date when the circumstances in the foregoing (a) or (b) occur (the earlier date being the "Restoration Date"), the clauses and arrangements agreed in this agreement to automatically terminate before the submission of the H-share listing application documents shall automatically reinstate their effectiveness from the Restoration Date, and such resumption shall be retroactive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 REDEMPTION LIABILITIES (CONTINUED)

Key terms of preferred rights granted (Continued)

Supplemental agreement on the preferred rights termination agreement

Pursuant to the supplemental agreement to the preferred rights termination agreement as entered into by the Company with the Investors of the Company in August 2025, all parties agreed and confirmed that, in the event of the resumption circumstances as stipulated in the termination agreement, the redemption right of the original shareholders' agreement shall automatically resume its effect. Meanwhile, the Qualified Listing and the relevant clauses under such article shall be automatically revised, adjusted and become effective simultaneously, and the Qualified Listing Date shall be extended to 31 July 2027 then. However, this shall be on the premise that the Company shall still make continuous efforts on the listing arrangement.

Liquidation preference

If any of the following occurs: (a) the Company is liquidated, dissolved or cancelled (whether voluntary or involuntary); or (b) a Whole Business Sale Event (see below (i) Whole Business Sale Event) occurs, after paying liquidation expenses, employees' salaries, social insurance premiums and statutory compensation in accordance with applicable laws, settling outstanding taxes, and discharging the Company's debts, the remaining assets of the Company and/or the distributable assets under the Whole Business Sale Event shall be distributed in the sequence as stipulated in the shareholders' agreement.

(i) Whole Business Sale Event

The "Whole Business Sale Event" of the Company shall include the following events:

- (1) Any form of acquisition, merger, reorganization, etc., transaction that results in a change of control of the Company;
- (2) Transfer or sale of more than 50% of the Company's assets or business;
- (3) Sale or transfer of more than 50% of the Company's equity interests;
- (4) Assignment or exclusive license of all or more than 50% of the intellectual property of the Company and other Group Companies, or a substantial portion of their core intellectual property;
- (5) Other Whole Business Sale Events approved by the Board of Directors; or
- (6) Other circumstances that result in a change of control of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 REDEMPTION LIABILITIES (CONTINUED)

Key terms of preferred rights granted (Continued)

Anti-dilution rights

From the date of execution of the shareholders' agreement until the Company completes a Qualified IPO, if the Company increases its share at a price lower than the price paid by the Investors on a per share basis, the Investors have a right to subscribe for the Company's capital increase at zero consideration to effect the price adjustment.

Presentation and classification

The redemption rights granted to the investors constitute as the Company's obligations to repurchase its own equity instruments. These obligations were recognized as redemption liabilities which are initially measured at fair value (representing the present value of the expected cash flows for settling the related obligations if these rights are exercised by the Investors) and subsequently measured at amortized cost. Interest from the redemption liabilities are charged in finance cost. The changing in the carrying value of redemption amount is the higher of the principal plus interest of 8% (compound) and the fair value, which is estimated by using valuation techniques.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 REDEMPTION LIABILITIES (CONTINUED)

Accounting policies of redemption liabilities

A contract that contains an obligation to repurchase the Company's own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The Company undertakes such redemption obligations as certain preferred rights are granted to the investors in the Company's financing process, such redemption obligation is recognized as financial liability initially at the present value of the redemption amount and subsequently measured at amortized cost with changes charged in finance costs.

The Group derecognizes redemption liabilities when, and only when, the redemption obligations are discharged, cancelled or expired. The carrying amount of the redemption liabilities derecognized is then credited into equity.

32 SHARE-BASED COMPENSATION PLANS

(a) Pre-IPO RSU Plan

In recognition of the contributions from management and employees and to incentivize them for the further development of the Group, the Company adopted a share option plan as approved by the board of directors on 12 January 2020 (the "**Pre-IPO Option Plan**"). The Pre-IPO Option Plan implemented equity incentives for management and employees of the Group through the grant of share options, aiming to attract and retain skilled and experienced personnel, and to provide additional incentives to management and employees of the Group. Wen Zhang, the controlling shareholder of the Group, transferred his own equity interest in the Company to Shanghai Biliren Enterprise Management Consulting Partnership (Limited Partnership) ("上海壁立仞企业管理諮詢合夥企業(有限合夥)", "**Shanghai Biliren**") as the underlying shares under the Pre-IPO Option Plan. The total share number of Shanghai Biliren after several equity interest transfer transactions was 4,163,775.

On 24 April 2024, as approved by the board of directors, the Company adopted a Pre-IPO restricted share units plan (the "Pre-IPO RSU Plan") with the substantially same terms and conditions of the Pre-IPO Option Plan on 12 January 2020 as a replacement of the original plan. Under this plan, the Group's management or employees are required to acquire the respective equity interests in Shanghai Biliren at their exercise price before the date of submission of the listing application for all the share options (including the vested options and the unvested options). If the management or employees fail to fulfill the remaining service period with the Group as agreed in the Pre-IPO RSU Plan, the general partner of Shanghai Biliren has the right to acquire the equity interest held by this personnel at the price of total amount for exercise the share options. Before the share subdivision conducted by the Company on 25 June 2025, one RSU shall represent one portion of partnership interest in Shanghai Biliren, which in turn represent 1 share of the Company held by Shanghai Biliren, after share subdivision, one RSU shall represent one portion of partnership interest in Shanghai Biliren, which in turn represent 50 shares of the Company held by Shanghai Biliren. The principles of modification accounting are applied for this replacement and the Group accounts for any incremental fair value in addition to the grant-date fair value of the Pre-IPO RSU Plan as the cumulative amount of compensation cost, if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 SHARE-BASED COMPENSATION PLANS (CONTINUED)

(a) Pre-IPO RSU Plan (Continued)

On 24 April 2024, after transition, the Pre-IPO RSU plan information list as following:

	Numbers of underlying shares of the Company
Vested under Pre-IPO Option Plan	2,809,719
Grant but unvested under Pre-IPO Option Plan	1,311,957
Not granted yet	42,099
	4,163,775

For the year ended 31 December 2025, 555,187 RSUs were newly granted to the Group's certain management and employees at the price of RMB1.0 or RMB62.32 per RSU under the Pre-IPO RSU Plan (31 December 2024: 136,938).

The terms and conditions for the new granted RSUs are as below:

- Type (i) 20% of the total granted restricted shares shall become vested two years from the vesting commencement date, 20% of the total granted RSUs shall become vested three years from the vesting commencement date and the remaining 60% vested on each year thereafter over the next two years;
- Type (ii) 100% of the total granted RSUs shall become vested on the vesting commencement date;
- Type (iii) 20% of the total granted RSUs shall become vested one year from the vesting commencement date, 20% of the total granted RSUs shall become vested two years from the vesting commencement date and the remaining 60% vested on each year thereafter over the next two years;
- Type (iv) 20% of the total granted RSUs shall become vested on the vesting commencement date, 20% of the total granted RSUs shall become vested one year from the vesting commencement date and the remaining 60% vested on each year thereafter over the next two years.

The performance evaluation for each vesting period includes individual performance evaluation requirement for the participants. If the participant fails the performance evaluation during a vesting period, all incentive rights corresponding to the proportion of the vesting period that has not yet been unlocked and vested shall not be unlocked or vested unless specially approved otherwise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 SHARE-BASED COMPENSATION PLANS (CONTINUED)

(a) Pre-IPO RSU Plan (Continued)

Movements in the number of RSU during the year are as follows:

	2025	2024
At beginning of the year	912,678	–
Conversion from Pre-IPO Option Plan	–	1,311,957
Granted	555,187	136,938
Vested	(379,867)	(379,115)
Forfeited	(46,834)	(43,599)
Cancelled (i)	(15,528)	(113,503)
At end of the year	1,025,636	912,678

(i) In 2025, the Group cancelled 15,528 RSUs (2024: 113,503 RSUs) and the cancellation was accounted for as an acceleration of vesting, and therefore recognised share-based compensation expense of RMB3,012,000 immediately (2024: RMB9,089,000 immediately).

(ii) In 2025, several employees waived 126,513 RSUs. The corresponding expenses had already been recorded in previous years and had no impact on the consolidated statement of comprehensive loss for the year ended 31 December 2025. These RSUs were regranted to employees of the Group in 2025.

In June 2025, Shanghai Biliren transferred 643,630 ordinary shares of the Company to several third party investors with a total cash consideration of RMB226,822,000 (before share subdivision). Shanghai Biliren held 3,520,145 ordinary shares (before shares subdivision) of the Company after this transaction.

In August 2025, Mr. Liang transferred 15,214,150 ordinary shares, equivalent to 304,283 share capital of the Company to Shanghai Biliren at a consideration of RMB304,000. The additional equity interest in Shanghai Biliren further granted to the Group's management and employees subsequently by issuing RSUs.

As of 31 December 2025, all the cash consideration for subscription of the equity interests in Shanghai Biliren was received from the management and employees of the Group.

The weighted-average remaining contractual life for outstanding RSU was 8.46 years as at 31 December 2025 (31 December 2024: 7.75 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 SHARE-BASED COMPENSATION PLANS (CONTINUED)

(a) Pre-IPO RSU Plan (Continued)

Key assumptions to determine the fair value of the RSU as at the grant date are set as below:

	2025	2024
Risk-free interest rates	1.10%-1.46%	1.46%-1.60%
Expected volatility	56.51%-66.38%	52.60%-55.18%

(b) Share-based compensation expenses recorded during the year

During the years ended 31 December 2025 and 2024, the amounts of share-based compensation expenses charged to research and development expenses, general and administrative expenses and selling and marketing expenses are as follows:

	2025 RMB'000	2024 RMB'000
Research and development expenses	65,352	46,665
General and administrative expenses	27,323	28,251
Selling and marketing expenses	13,792	7,717
	106,467	82,633

Accounting policies of share-based compensation expenses

(a) 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 (including share options and restricted shares) of the Company. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense in the consolidated statement of comprehensive loss with a corresponding increase in equity.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 SHARE-BASED COMPENSATION PLANS (CONTINUED)

Accounting policies of share-based compensation expenses (Continued)

(a) Equity-settled share-based payment transactions (Continued)

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 recognized 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 and shares that are expected to vest based on the service and non-marketing vesting performance conditions. It recognizes 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 recognizing the expense during the period between service commencement period and grant date.

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

(b) Modifications

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period. Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all of the equity instruments granted).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 TRADE AND OTHER PAYABLES

Trade and other payables

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade payable (i)	135,233	33,324
Other payables (ii)	373,571	278,093
Payables for listing expenses	47,334	4,671
Accrued taxes other than income tax	20,643	18,826
Advance from customers for lease	239	68
Staff salaries and welfare payables	156,092	89,411
VAT payables related to contract liabilities	21	-
	733,133	424,393

The carrying amounts of trade and other payables are considered to be approximated to their fair values, due to their short-term nature.

- (i) Aging analysis of the trade payables based on purchase date at the end of each year are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Up to 1 year	134,792	32,524
1 to 2 years	-	800
2 to 3 years	441	-
	135,233	33,324

- (ii) The details of other payables due to third parties at the end of each year are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Payables for purchase of long-term assets (a)	261,999	169,447
Payables for research and development expense	25,953	21,259
Intention deposits for purchase of public rental houses	38,411	38,602
Others	47,208	48,785
	373,571	278,093

- (a) Payable for purchase of long-term assets mainly consist of payables for the acquisition of intangible assets and PP&E.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 INVESTMENT INTENTION DEPOSITS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Investment intention deposits		
– Principals	–	800,000
– Interests	–	45,890
	–	845,890

As at 31 December 2024, the investment intention deposits related to the cash received from two potential investors of RMB800,000,000 with an interest rate of 8% per annum, the accrued interest payable was RMB45,890,000.

Subsequently in 2025, the Group partially returned the investment intention deposits to the potential investors with a total amount of RMB517,778,000, including the principal amounts and interests as at that time. The remaining balance of RMB336,000,000 was converted into 763,000 ordinary shares issued by the Company (Note 29(i)).

The Group recorded the investment intention deposits as liabilities on the consolidated balance sheet because it may be refunded if certain investment conditions cannot be met. The investment intention deposits were recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 CONVERTIBLE DEBENTURES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Convertible debentures	-	262,037

- (a) The Company entered into convertible debentures agreements with certain holders in December 2024, that entitled holders an option to convert into a variable number of Company's own equity instruments or return of certain amount of cash. The convertible debentures are accounted for as financial liabilities at fair value through profit or loss in the consolidated balance sheet. The convertible debentures holders converted all its convertible debentures of RMB261,673,000 as at the conversion dates for 595,000 ordinary shares as part of Strategic Round Financing. Details of the movement of the convertible debentures were as follows:

	Convertible debentures RMB'000
As at 31 December 2024	262,037
Fair value changes	(364)
Conversion into ordinary shares (a)	(261,673)
As at 31 December 2025	-

Accounting policies of convertible debentures

The Group has convertible debentures which are classified entirely as liabilities because they had convertible features and would be settled by the Company exchanging a variable number of its own equity instruments or return of cash, thus it has been designated as at fair value through profit or loss on initial recognition. All transaction costs related to financial instruments designated as at fair value through profit or loss are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 BORROWINGS

	As at 31 December 2025 RMB'000
Current:	
Bank borrowings – unsecured	200,000
Interest payables	139
	200,139

The bank borrowings were denominated in RMB with fixed interest rate. The weighted average effective interest rate of bank borrowings for the year ended 31 December 2025 was 2.27%.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity date whichever is earlier were as follows:

	As at 31 December 2025 RMB'000
6 months or less	200,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 DEFERRED INCOME

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Government grants (a)	177,308	142,936

(a) The Group received government grants from local governments in the PRC as support on operation, research and development expenses relating to innovation activities, or contributions to investments made in local business districts, these government grants were transferred from “deferred income” to “other income” when related expenses incurred or over the useful lives of the relevant assets.

(b) The amount of amortisation charged in other income was shown as follows:

	2025 RMB'000	2024 RMB'000
Amortisation charged to other income (Note 9)	205,781	55,249

38 LONG-TERM PAYABLES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Long-term payables (i)	-	722

(i) The long-term payables were related to purchase of EDA tools according to the payment terms in the respective purchase contracts.

As at 31 December 2024, the carrying amounts of long-term payables approximated their fair values at each year end as the discounting impact was immaterial.

Long-term payables are denominated in:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
- RMB	-	722

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 CASH FLOW INFORMATION

(a) Cash used in operations

	2025 RMB'000	2024 RMB'000
Loss before income tax	(16,493,028)	(1,538,189)
Adjustments for		
– Depreciation of property, plant and equipment (Note 16)	85,635	86,080
– Amortisation of intangible assets (Note 18)	35,083	8,768
– Depreciation of right-of-use assets (Note 17)	21,807	21,641
– Depreciation of investment properties (Note 19)	2,381	2,380
– Provision for impairment of financial assets (Note 3.1(b))	6,879	(171)
– General provision for inventories (Note 22)	11,573	2,485
– Share-based compensation expenses (Note 32)	106,467	82,633
– Finance costs (Note 11)	15,484,656	713,136
– Finance income (Note 11)	(33,480)	(10,095)
– Interest income on bank deposits (Note 9)	(12,700)	(36,301)
– Fair value gain on short-term investments measured at fair value through profit or loss (Note 10)	(14,116)	(18,450)
– Fair value gain on long-term equity investments measured at fair value through profit or loss (Note 10)	(1,437)	(788)
– Fair value gain on convertible debentures (Note 35)	(364)	–
– Share of net profit of investments accounted for using the equity method (Note 20)	(1)	–
– Losses/(gains) on disposal of property, plant and equipment (Note 10)	7,180	(229)
– Gains on early termination of leasing contracts (Note 10)	–	(218)
– Net foreign exchange losses (Note 10)	17,167	4,853
	(776,298)	(682,465)
Changes in working capital		
– Increase in trade, other receivables and prepayments	(647,981)	(275,661)
– (Increase)/decrease in inventories	(807,264)	18,093
– Increase in provisions	8,393	3,162
– Increase in trade and other payables	202,650	15,062
– Increase/(decrease) in contract liabilities	75,748	(34,057)
– Decrease in deferred income	(192,468)	(53,321)
Net cash used in operations	(2,137,220)	(1,009,187)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 CASH FLOW INFORMATION (CONTINUED)

(b) Non-cash investing and financing activities

	2025 RMB'000	2024 RMB'000
Increase in right-of-use assets and lease modification during the year	17,696	46,064
Net settlement of a PP&E acquisition	7,797	-
Conversion of convertible debentures into ordinary shares (Note 35)	261,673	-
Application of investment intention fund for ordinary shares (Note 34)	336,000	-
	623,166	46,064

(c) Net debt reconciliation

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents (Note 28)	1,037,701	1,100,694
Lease liabilities (Note 17)	(36,318)	(40,718)
Long-term payables (including current portion)	(81,178)	(84,010)
Redemption liabilities (Note 31)	(28,524,902)	(8,743,040)
Investment intention deposits (Note 34)	-	(845,890)
Convertible debentures (Note 35)	-	(262,037)
Borrowings (Note 36)	(200,139)	-
Net debt	(27,804,836)	(8,875,001)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 CASH FLOW INFORMATION (CONTINUED)

(c) Net debt reconciliation (Continued)

	Liabilities from financing activities							Total RMB'000
	Other assets Cash and cash equivalents RMB'000	Lease liabilities RMB'000	Borrowings RMB'000	Redemption liabilities RMB'000	Convertible debentures RMB'000	Long-term payables RMB'000	Investment intention deposits RMB'000	
Net debt as at 1 January 2024	659,335	(17,986)	-	(8,053,141)	-	(96,827)	(809,245)	(8,317,864)
Cash flows	426,388	22,117	-	-	(262,037)	19,362	-	205,830
Additions	-	-	-	-	-	(2,333)	-	(2,333)
New leases	-	(46,064)	-	-	-	-	-	(46,064)
Interest expenses	-	(1,185)	-	(674,309)	-	(997)	(36,645)	(713,136)
Foreign exchange adjustments	14,971	(59)	-	(15,590)	-	(3,215)	-	(3,893)
Other changes	-	2,459	-	-	-	-	-	2,459
Net debt as at 31 December 2024	1,100,694	(40,718)	-	(8,743,040)	(262,037)	(84,010)	(845,890)	(8,875,001)
Cash flows	(42,371)	23,705	(195,939)	(3,713,667)	-	1,668	517,778	(3,408,826)
New leases	-	(17,696)	-	-	-	-	-	(17,696)
Interest expenses	-	(1,706)	(4,200)	(15,470,522)	-	(340)	(7,888)	(15,484,656)
Changes in fair values	-	-	-	-	364	-	-	364
Foreign exchange adjustments	(20,622)	97	-	-	-	1,504	-	(19,021)
Conversion into ordinary shares	-	-	-	(597,673)	261,673	-	336,000	-
Net debt as at 31 December 2025	1,037,701	(36,318)	(200,139)	(28,524,902)	-	(81,178)	-	(27,804,836)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 CAPITAL COMMITMENTS

Significant capital expenditure commitments are set out below:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Property, plant and equipment	40,363	14,487
Intangible assets	17,627	-
	57,990	14,487

41 RELATED PARTY TRANSACTIONS

The founder of the Group is Mr. Wen Zhang.

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 operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) Transactions with related parties:

- (i) Key management compensations

	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	14,494	12,540
Pension costs – defined contribution plans	223	194
Other social security costs, housing benefits and other employee benefits	302	190
Share-based compensation expenses	4,491	18,568
	19,510	31,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of every director for the years ended 31 December 2025 and 2024 were set out below:

For the year ended 31 December 2025

Name of Directors	Fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Share-based compensation expenses RMB'000	Contributions to pension plan RMB'000	Housing fund, medical insurance, other social insurance and other employee benefits RMB'000	Total RMB'000
Executive Directors:							
Mr. Wen Zhang (i)	-	2,125	800	-	-	49	2,974
Mr. Linglan Zhang (ii)	-	2,656	4	-	53	81	2,794
Mr. Bing Xiao (肖冰) (iii)	-	1,461	1,000	2,960	69	71	5,561
Mr. Zhou Hong (iv)	-	2,136	744	-	-	-	2,880
Mr. Luting Pan (v)	-	1,656	500	1,502	53	35	3,746
	-	10,034	3,048	4,462	175	236	17,955
Non - executive Director:							
Mr. Jingguo Liu (劉經國) (vi)	-	-	-	-	-	-	-
Mr. Zhifeng Zhou (周志峰) (x)	-	-	-	-	-	-	-
Mr. Lin Wang (王林) (x)	-	-	-	-	-	-	-
Ms. Shuying Chen (陳淑英) (x)	-	-	-	-	-	-	-
Independent Non-executive Directors:							
Dr. Yuan Wang (王源) (vii)	-	-	-	-	-	-	-
Mr. Siu Wing Lam (林兆榮) (viii)	-	-	-	-	-	-	-
Ms. Jin Liu (劉瑾) (ix)	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	10,034	3,048	4,462	175	236	17,955

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

For the year ended 31 December 2024

Name of Directors	Fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Share-based compensation expenses RMB'000	Contributions to pension plan RMB'000	Housing fund, medical insurance, other social insurance and other employee benefits RMB'000	Total RMB'000
Executive Directors:							
Mr. Wen Zhang (i)	-	2,067	-	-	-	-	2,067
Mr. Linglan Zhang (ii)	-	2,513	8	1,411	40	56	4,028
Mr. Bing Xiao (肖冰) (iii)	-	1,611	-	3,696	64	66	5,437
Mr. Zhou Hong (iv)	-	2,115	79	-	-	-	2,194
Mr. Luting Pan (v)	-	1,806	-	531	48	67	2,452
	-	10,112	87	5,638	152	189	16,178
Non - executive Director:							
Mr. Jingguo Liu (劉經國) (vi)	-	-	-	-	-	-	-
Mr. Zhifeng Zhou (周志峰) (x)	-	-	-	-	-	-	-
Mr. Lin Wang (王林) (x)	-	-	-	-	-	-	-
Ms. Shuying Chen (陳淑英) (x)	-	-	-	-	-	-	-
Independent Non-executive Directors:							
Dr. Yuan Wang (王源) (vii)	-	-	-	-	-	-	-
Mr. Siu Wing Lam (林兆榮) (viii)	-	-	-	-	-	-	-
Ms. Jin Liu (劉瑾) (ix)	-	-	-	-	-	-	-
	-	10,112	87	5,638	152	189	16,178

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

- (i) Mr. Wen Zhang was appointed as a director since October 2019. He was re-designated as an executive director of the Company with effect from 2 January 2026 (“the Listing Date”).
- (ii) Mr. Linglan Zhang was appointed as a director in December 2019. He was re-designated as an executive director with effect from the Listing Date.
- (iii) Mr. Bing Xiao (肖冰) was appointed as a director in May 2020. He was re-designated as an executive director with effect from the Listing Date.
- (iv) Mr. Zhou Hong was appointed as a director in July 2020. He was re-designated as an executive director with effect from the Listing Date.
- (v) Mr. Luting Pan was appointed as a director in November 2020. He was re-designated as an executive director with effect from the Listing Date.
- (vi) Mr. Jingguo Liu (劉經國) was appointed as a director in June 2025. He was re-designated as a non-executive director with effect from the Listing Date.
- (vii) Dr. Yuan Wang (王源) was appointed as an independent non-executive director in June 2025 with effect upon the Listing Date.
- (viii) Mr. Siu Wing Lam (林兆榮) was appointed as an independent non-executive director in June 2025 with effect upon the Listing Date.
- (ix) Mr. Jin Liu (劉瑾) was appointed as an independent non-executive director in June 2025 with effect upon the Listing Date.
- (x) Mr. Zhifeng Zhou (周志峰), Mr. Lin Wang (王林) and Ms. Shuying Chen (陳淑英) ceased to be non-executive directors of the Company with effect from the day before the Listing Date. They did not receive any emolument or benefit from the Company during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors for the year ended 31 December 2025 and 2024.

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

No consideration was provided to third parties for making available directors' services during the year ended 31 December 2025 and 2024.

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

No loans, quasi-loans or other dealings were entered into by the Company in favour of directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2025 and 2024.

(d) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the year ended 31 December 2025 and 2024.

43 CONTINGENCIES

As at 31 December 2025 and 2024, there was no significant contingency item for the Group.

44 SUBSEQUENT EVENTS

Other than the listing of the shares of the Company as mentioned in Note 1, there is no other material subsequent event undertaken by the Group after 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Assets		
Non-current assets		
Investments in subsidiaries	938,930	744,780
Property, plant and equipment	459,372	278,057
Right-of-use assets	25,398	20,974
Investment properties	29,489	30,543
Intangible assets	128,648	36,593
Financial assets at fair value through profit or loss	45,437	44,000
Finance lease receivables	74,947	75,641
Prepayment for long-term assets	52,123	-
Bank deposits	-	53,054
Restricted cash	47,216	-
Total non-current assets	1,801,560	1,283,642
Current assets		
Inventories	948,597	152,983
Trade, other receivables and prepayments	1,401,190	675,157
Financial assets at fair value through profit or loss	1,221,558	96,448
Restricted cash	8,432	620
Bank deposits	453,579	553,814
Cash and cash equivalents	881,027	739,726
Total current assets	4,914,383	2,218,748
Total assets	6,715,943	3,502,390
Deficit		
Deficit attributable to owners of the Company		
Share capital	42,226	32,916
Treasury stock	(9,302,502)	(4,991,162)
Reserves	8,253,768	3,921,962
Accumulated deficit	(22,121,179)	(5,812,400)
Total deficit	(23,127,687)	(6,848,684)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Balance sheet of the Company (continued)

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Liabilities		
Non-current liabilities		
Lease liabilities	8,232	9,613
Deferred income	144,964	102,446
Warranty provision	11,766	3,993
Redemption liabilities	28,524,902	8,743,040
Contract liabilities	4,455	1,074
Long-term payables	–	722
Total non-current liabilities	28,694,319	8,860,888
Current liabilities		
Trade and other payables	860,779	372,991
Investment intention deposits	–	845,890
Convertible debentures	–	262,037
Borrowings	200,139	–
Lease liabilities	14,857	8,719
Contract liabilities	72,916	549
Warranty provision	620	–
Total current liabilities	1,149,311	1,490,186
Total liabilities	29,843,630	10,351,074
Total deficit and liabilities	6,715,943	3,502,390
Net current assets	3,765,072	728,562

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Reserve movement of the Company

	Reserves			
	Treasury stock	Capital reserve	Share-based compensation expenses	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	(4,991,162)	3,289,290	582,584	3,871,874
Share-based compensation expenses	-	-	50,088	50,088
As at 31 December 2024	(4,991,162)	3,289,290	632,672	3,921,962
At 1 January 2025	(4,991,162)	3,289,290	632,672	3,921,962
Capital contribution by investors	-	4,271,114	-	4,271,114
Recognition of redemption liabilities	(4,311,340)	-	-	-
Share-based compensation expenses	-	-	60,692	60,692
As at 31 December 2025	(9,302,502)	7,560,404	693,364	8,253,768

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46 SUMMARY OF OTHER ACCOUNTING POLICIES

46.1 Principles of consolidation

(a) 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 unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

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

(c) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in 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.

(d) 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 loss 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.

46.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

46.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). As the major operations of the Group are within the Chinese Mainland, the Group determined to present the consolidated financial statements in RMB, which is the Company's functional currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

46.3 Foreign currency translation (continued)

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive loss on a net basis within "other (losses)/gains – 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.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

46.4 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 non-financial 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 groups of assets (cash-generating units). Non-financial assets are reviewed for possible reversal of the impairment at the end of each reporting period.

46.5 Investments and other financial assets

(a) Classification

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

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. 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 (FVOCI).

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

(b) Recognition and derecognition

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

46.5 Investments and other financial assets (Continued)

(c) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/losses, net", together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive loss.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). 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) and impairment expenses are presented as a separate line item in the in the consolidated statement of comprehensive loss.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statement of comprehensive loss 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 recognized 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 fair value through profit or loss are recognized in the consolidated statement of comprehensive loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

46.5 Investments and other financial assets (Continued)

(d) Impairment

The Group assesses on a forward-looking basis for the expected credit losses on financial assets (including trade receivables, other receivables, term bank deposits, structured 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 recognized from initial recognition of the receivables, see Note 3.1(b) for details.

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

46.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the 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.

46.7 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Majority of other payables are investment intention fund, deposits, payroll payables, listing expense payable and other taxes payables etc. 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 payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

46.8 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 10 above. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other 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).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 11 for details. Any other interest income is included in "other income".

46.9 Provision

Provisions for products and service warranties 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 can be 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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

46.10 Dividend income

Dividend income is recognized as other income in profit or loss when the right to receive payment is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

46.11 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

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

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

46.12 Employee benefits

(a) Bonus plans

The expected cost of bonuses is recognized 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.

(b) 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 recognizes termination benefits at the earlier of the following dates: (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the entity recognizes 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

46.13 Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after-income tax effect of fair value gain or loss associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

46.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit 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 that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

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

46.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognized 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.