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QINGDAO AINNOVATION TECHNOLOGY GROUP CO., LTD*

青島創新奇智科技集團股份有限公司

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

(Stock Code: 2121)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board of directors (the “**Board**”) of Qingdao AlInnovation Technology Group Co., Ltd (the “**Company**”, and its subsidiaries, the “**Group**”) is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2022 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2021.

FINANCIAL SUMMARY

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	645,616	366,611
Gross profit	205,664	113,144
Operating loss	(241,340)	(249,063)
Loss for the period	(230,159)	(283,919)
Add:		
Share-based payment expenses	142,945	165,863
Finance cost of financial liabilities of redeemable shares	—	34,877
Listing expenses	26,457	22,195
Amortization of intangible assets arising from acquisition	2,008	—
Fair value gains of financial assets at fair value through profit or loss	(379)	—
Adjusted net loss (Unaudited)	(59,128)	(60,984)

Revenue-By Type of Products/Services

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Sales of products and solutions	630,584	97.7	360,259	98.3
Services of data solutions	15,032	2.3	6,352	1.7
Total	<u>645,616</u>	<u>100.0</u>	<u>366,611</u>	<u>100.0</u>

Revenue-By Customer Type

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
System integrators	420,610	65.1	299,227	81.6
End-users	225,006	34.9	67,384	18.4
Total	<u>645,616</u>	<u>100.0</u>	<u>366,611</u>	<u>100.0</u>

Revenue-By Industry Verticals

For the six months ended 30 June

	2022		2021	
	RMB'000	%	RMB'000	%
Manufacturing	336,756	52.2	183,258	50.0
Automotive equipment	121,373	18.8	75,201	20.5
3C high-tech	9,693	1.5	48,324	13.2
OLED panel semiconductors manufacturing	51,070	7.9	6,302	1.7
Iron and steel metallurgy	31,069	4.8	1,024	0.3
Energy and power	41,138	6.4	3,443	0.9
Engineering and construction	31,153	4.8	1,480	0.4
Others	51,260	8.0	47,484	13.0
Financial services	219,365	34.0	123,064	33.6
Banking	154,682	24.0	65,090	17.8
Insurance	8,075	1.2	8,314	2.3
Others	56,608	8.8	49,660	13.5
Other industries	89,495	13.8	60,289	16.4
Total	645,616	100.0	366,611	100.0

BUSINESS OVERVIEW

Part I: Business Review

AInnovation is a fast-growing enterprise-level artificial intelligence solution provider in China, providing full-stack AI-based products and solutions to customers in the manufacturing and financial services industries. In the first half of 2022, the Company was successfully listed on the Main Board of the Stock Exchange on 27 January and accessed the international capital markets, which provided capital guarantee and development opportunities for the Company's long-term development, the details of which are set out in the Prospectus. In the new stage of development, continuing to implement the "focus" strategy and developing the "specialized and new" route in the industry, we have devoted strenuous efforts in vertical sub-sectors such as iron and steel metallurgy, energy and power, automotive equipment, panel semiconductor, 3C high-tech, engineering and construction, banking and insurance.

In the first half of 2022, despite the resurgence of the COVID-19 pandemic, benefitting from the stabilization and recovery of the manufacturing economy as well as strong demand from customers for digital transformation, we achieved remarkable business results in the first half of the year as demonstrated by the following key indicators:

- As of 30 June 2022, the Group's revenue reached RMB645.6 million, representing a year-on-year increase of 76.1%; its gross profit reached RMB205.7 million, representing a year-on-year increase of 81.8%; its gross profit margin was 31.9%, representing an increase of 1 percentage point as compared with the same period of last year; its loss for the period was RMB230.2 million, representing a year-on-year decrease of 18.9%; its adjusted net loss was RMB59.1 million, representing a year-on-year decrease of 3.0%; its adjusted net loss margin was narrowed by 44.9% year-on-year to 9.2%.

- Continuous innovation in technology research and development. As of 30 June 2022, we have cumulatively applied for 697 patents, in which the invention patents accounted for approximately 90%; received the authorisation for registration of 160 patents, including 100 invention patents, with 63 new patent applications being made in the first half of 2022. Meanwhile, we have proposed a dual attention mechanism for the few-shot learning technique which has been accepted as the Main Track paper by AAAI 2022, the world-renowned conference for artificial intelligence. This technology will be used for few-shot fine-grained image recognition tasks in manufacturing scenes. We have further consolidated the MMOC artificial intelligence platform strategy which made platform functions more advanced and open.

We continued to focus on in-depth industry development and AI application. In the first half of 2022, the revenue of our “AI + Manufacturing” business amounted to RMB336.8 million, accounting for 52.2% of the total revenue. Benefitting from the prosperity of core intelligent manufacturing industry in China, we have registered strong business revenue in various sub-sectors of the manufacturing industry, among which: revenue from automotive equipment business amounted to RMB121.4 million, accounting for 18.8% of the total revenue; revenue from panel semiconductors business amounted to RMB51.1 million, accounting for 7.9% of the total revenue; revenue from energy and power business amounted to RMB41.1 million, accounting for 6.4% of the total revenue; and revenue from iron and steel metallurgy business amounted to RMB31.1 million, accounting for 4.8% of the total revenue.

While pursuing continuous business growth, we also attached great importance to the iteration and development of technologies and products. We continuously pushed forward the accelerated penetration and effective implementation of AI technology in diverse industry scenarios, and further promoted the expansion and transformation of our business structure from providing customers with intelligent solutions for enhancement of operation efficiency to intelligent solutions for information management. In the first half of 2022, our AIInnovation Intelligent Manufacturing System (AIMS) with the MMOC technology platform as the core has become more functional, while embracing the implementation of more AI-based products and solutions, the representative achievements of which are as follows:

- In the field of automotive equipment, we continued to expand the application of vision technology in various scenarios such as automotive sunroof gluing, interior and exterior trim inspection, rain test for quality inspection and safety production, which gradually formed an overall vision application solution in the field of automotive equipment.

- In the field of panel semiconductors, we have successfully offered panel glass defect detection solutions for batch replication to leading panel manufacturers, and further improved the robustness of the detection algorithm for different detection targets and detection environments, as well as the high configurability of software functions during the replication process, thereby significantly enhancing the efficiency and speed of delivery on the customer side. Meanwhile, our self-developed quality inspection solution for silicon wafers has been successfully implemented in leading semiconductor material enterprises in China, thus further enriching our solution portfolio in panel semiconductor sub-sectors.
- In the field of energy and power, we have further expanded our business to the flexible transformation of thermal power plants so as to facilitate the participation of these plants in power grid scheduling and realize the in-depth peak-shaving of thermal power units. In particular, the quality improvement and renovation of the self-developed peak-shaving and reheating system of thermal power plants together with the safety monitoring system has enabled flexible peak shaving, and safe and low-pollution operation of the units based on our Orion Distributed Machine Learning Platform, while achieving real-time safety monitoring of the entire unit with our MatrixVision Intelligent Edge Video Platform. It is expected that this solution can enhance the peak-shaving revenue by 5-10% for the customers, while reducing the operation and maintenance costs by 5-8%.
- In the field of iron and steel metallurgy, we have continued to push forward the launch of the intelligent molten iron transportation system and the iron-steel interface intelligent management and control system in various large iron and steel enterprises, and realized the proprietary technology replacement of various key components such as in-car AI controllers, in-car sensing kits, and active safety devices. On the basis of the existing unmanned locomotive technology, we have actively expanded the unmanned systems of the four major coking-operation vehicles to realize the systematic unmanned transformation and upgrade of the whole process of coke tanker transportation and the operational information management of the four major coking-operation vehicles. Meanwhile, on the basis of intelligent metallographic analysis, we have carried out more technological research and development on defect detection, including low-magnification metal structure inspection, visual and thermal inspection for continuously cast slab and others, thereby using machine vision technology to improve the product quality inspection capability of iron and steel enterprises.

- In the area of financial services industry, we have also continued to enhance our IT and infrastructure intelligent operation and maintenance solutions for data center through iteration, and focused on helping customers improve the operation and maintenance efficiency of data center assets. In respect of the increasing demand for AI computing power from customers in the financial industry, we have made a major technical update to the GPU pooling technology of the Orion platform to further boost the flexibility of GPU computing power resource scheduling, and integrated this new technology into intelligent cloud management solutions to help certain potential customers improve their effective computing power resources. Based on the data automation center DAC and automated machine learning AML of the Orion platform, we have also provided enterprise-featured platform construction solutions to help financial industry clients efficiently refine data features related to the construction of common intelligent applications from massive multi-source heterogeneous data, and accumulated the features in a unified feature platform to realize the sharing and reuse of enterprise-level data feature assets.

In addition to realizing strong organic growth, in the first half of 2022, through investment, merger and acquisition of Qingdao Aolipu Automation Control System Co., Ltd. (青島奧利普自動化控制系統有限公司) (now renamed as Qingdao Aolipu Qizhi Intelligent Industrial Technology Co., Ltd. (青島奧利普奇智智能工業技術有限公司)) (“**Aolipu Qizhi**”), a leading integrated manufacturing operations management (MOM) solution provider in the PRC, and Shanghai Higher Mechanical & Electrical Co., Ltd. (上海浩亞智能科技股份有限公司) (“**Shanghai Higher**”), an integrated solution provider of industrial automation systems which has been deeply involved in the field of automotive equipment for many years, we have acquired 51% equity interests in each of the two companies and achieved external growth. These acquisitions will further improve our “AI + Manufacturing” footprint, enable us to expand into scenarios of various processes of core manufacturing businesses with critical values, and acquire more extensive sources of industry knowledge for iteration of AI-based products and solutions, thereby enhancing our comprehensive competitiveness in the field of intelligent manufacturing.

In recent years, the “specialized and new” approach has gained increasing attention, and has been elevated to the national strategic level. In 2022, the “specialized and new” approach was included in the government work report for the first time, which pointed out that we should “focus on cultivating specialized and new enterprises, and giving strong support in terms of capital, talents and the establishment of incubation platforms so as to promote the construction of a strong country of quality and advance the industry towards the medium-to-high end”. As of the first half of 2022, the Company and 4 of its subsidiaries have been recognized as “specialized and new” enterprises at the provincial/municipal level. Our Company, Chongqing CISAI Technology Co., Ltd., Aolipu Qizhi, AInnovation (Nanjing) Technology Co., Ltd. and Shanghai Higher have been selected as the 2022 “specialized and new” enterprise in Shandong Province, the 2022 “specialized and new” small and medium-sized enterprise in Chongqing, the 2022 “specialized and new” small and medium-sized enterprise in Qingdao, the 2019 little giant firm in Jiangsu Province and the 2019 “specialized and new” enterprise in Shanghai, respectively. The Company has been awarded the recognition as the specialized and new “little giant” firm at the national level again in August 2022. This is a recognition of the Company’s achievements in the field of “AI + Manufacturing” by government agencies, and also a recognition of its comprehensive corporate strength.

Continuing to explore artificial intelligence technology to empower the digital transformation of the industry, AInnovation has not only earned the trust of a wide range of customers and the recognition of the government, but has also been repeatedly recognized by internationally renowned research institutions, with its specific performance highlighted as follows: (i) becoming the only enterprise to be ranked among the top 4 computer vision and top 4 machine learning platforms in IDC 2021 H2 (data source: “China AI Software and Application Market Research Report, 2021 H2” by IDC); (ii) selected in Gartner’s 2022 China Market Guide for AI Software (data source: Gartner: Market Guide for AI Software, China); (iii) listed as one of the “Medium Manufacturers in the AI System Market of China” by Forrester (data source: “Now Tech: AI Systems In China, Q1 2022” by Forrester).

Part II: Future Prospects

According to the statistics from the Ministry of Industry and Information Technology, the size of China's AI core industry currently exceeds RMB400 billion. From 2012 to 2021, the added value of China's manufacturing industry has increased from RMB16.98 trillion to RMB31.4 trillion in ten years, and its proportion in the world has increased from approximately 20% to nearly 30%. In addition, according to the data of National Bureau of Statistics, despite the resurgence of the COVID-19 pandemic, the added value of the manufacturing industry above the scale in the first half of 2022 increased by 2.8% year-on-year, while the proportion of the added value of the manufacturing industry to GDP reached 28.8%, representing an increase of 1.4 percentage points from 2021.

From the above data, it can be seen that the manufacturing industry has strong resilience and incremental scale in the Chinese market. The digitization of the manufacturing industry is inseparable from artificial intelligence technology. In the field of intelligent manufacturing, the application of intelligent technology has significantly enhanced the efficiency of product inspection and equipment utilization. However, the manufacturing industrial chain, which was far more complicated than that of other industries, placed more emphasis on the enabler's background knowledge of the industry, which has led to higher threshold, greater difficulty and correspondingly higher incremental value for AI empowerment in the manufacturing industry as compared to other industries. Although artificial intelligence technology has been applied to a certain extent in some stages and processes of the manufacturing industry, the overall penetration rate remained at a relatively low level, and therefore we considered that "AI + manufacturing" will have a very substantial market size and room for growth during a relatively long period of time.

Going forward, we will follow the direction for long-term development set out in the Prospectus, namely: (i) continuing to optimize our AI platforms and strengthen our R&D capabilities; (ii) continuing to grow and enrich our solution offerings; (iii) continuing to enhance our commercialization capabilities; (iv) continuing to broaden our customer base and deepen the partnership with customers; and (v) continuing to pursue strategic investments and acquisitions that can strengthen our market position. On this basis, we will put forward "three pillars of adherence" in combination with the internal and external environment, namely adherence to industrial specialization and innovation, adherence to growth and improvement of profitability, and adherence to value creation and sharing, and the detailed actions will be implemented as follows:

- **Improve technological innovation and R&D efficiency:** promote the upgrade and iteration of the MMOC artificial intelligence platform.

MMOC is an end-to-end platform that supports innovation, R&D and delivery of AI solutions.

ManuVision Intelligent Machine Vision Platform: We will continue to enhance our ManuVision Intelligent Machine Vision Platform with intensified efforts in the R&D of general-purpose deep-learning models and continuous iteration of few-shot training technology, so as to complement the traditional imagery processing capabilities and hence deliver a comprehensive coverage of industrial vision. We will also step up our efforts in the R&D of Designer components of the platform and release ManuVision3.2 version, which will feature 6 types of over 40 built-in underlying image operators that are able to support customized visual inspection for flexible designs of industrial inspection solutions under different scenarios.

MatrixVision Intelligent Edge Video Platform: We will continue to devote more resources to the R&D of MatrixVision Intelligent Edge Video Platform and release MatrixVision2.2 version. In addition to support algorithm model under more general-purpose scenarios, MatrixVision2.2 version will also provide stronger support for domestic edge accelerator chips, including support for mainstream products such as microchips of Rockchip and chips under the Ascend series. The new version will also provide licensing assurance for Graph encapsulation-based deep-learning algorithm models, which will better facilitate the reuse of assets and licensing management on the platform.

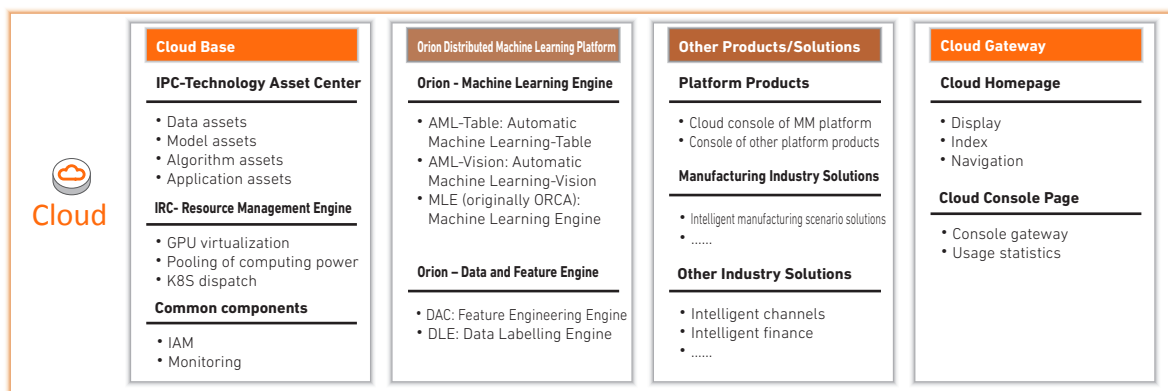


Diagram (1) Structure of Orion and Cloud platforms

Orion and Cloud platforms are cloud platforms with machine learning ability that provide unified base and gateway for ManuVision, MatrixVision and AI solutions.

In the first half of 2022, we comprehensively implemented the MMOC platform strategy for Orion and Cloud platforms, and completed the definition of production structure and rationalization of key execution pathways as shown in Diagram (1) above. The R&D of Orion and Cloud platforms progressed steadily in all aspects and become increasingly mature. In particular, major sub-products and new products such as Orion AML-Vision, Orion DLE, Orion DAC and Cloud have achieved preliminary breakthroughs.

Orion Distributed Machine Learning Platform: In the first half of the year, we continued to enrich the data processing and AI development capabilities with a view to enhancing the maturity level of products. 1) Release the first major version of Orion AML-Vision. On the basis of automatic machine learning of table data, AML has initially added to the structure the low-threshold deep-learning ability for machine vision. Based on the actual needs of our business, AML-Vision is featured 6 built-in training production lines for industry scenario-based deep-learning models, which are scalable as necessary. Offering strong visual modelling productivity, AML-Vision realised closed-loop functions from training production to application of AI models for vision when used in combination with the two major vision platforms, namely ManuVision and MatrixVision. 2) Drawing on AInnovation's own experience in machine visual labelling over the years, Orion DLE Labelling Engine has completed the design and materialization of AInnovation's labelling system. As the carrier of the accumulation of the Company's labelling-related knowledge, the labelling system sorted out all imagery data of the Company with index in a systematic manner from multiple dimensions ranging from industries to scenarios, covering over 10 million images with over 10,000 labels applied. Data research and reuse of labels by using the labelling system will further improve the efficiency and lower the cost of AI development. 3) In the next stage, we will continue to put greater efforts in, and accelerate the R&D on, the optimization of industrial large-model technology, scenario-oriented modelling capability, end-to-end MLOps functions of Orion and accelerate the R&D works in these areas, with a view to developing the product matrix for our industry-leading distributed machine learning platform with industry characteristics.

Cloud Platform: We completed the definition, development, launch and commencement of invitation-only test-run of the major version of AInnovation Cloud 1.0, the unified base for infrastructure platforms, marking our ground-breaking achievement that further reinforced AInnovation’s MMOC platform strategy. Adhering to the cloud native principle and the “One Core Two Wings” top-level design, i.e. the privatization plan of cloud native technology stacks and public cloud service, the Cloud platform will then ensure its leading position in terms of technology and realization of values therefrom. On the basis of the existing Orion On Cloud, we will promote cloud migration of more PAAS/SAAS products, including cloud migration of products of our newly acquired subsidiaries (the cloud migration of MI, the intelligent manufacturing BI platform of Aolipu Qizhi, our newly acquired subsidiary will be completed in the third quarter). Through a series of cloud migration practices, we have refined our products and improved product maturity, which are now scheduled to complete the invitation-only test-run and official launch of AInnovation Cloud to the public in the third quarter.

Intelligent Cloud Management Platform: With the growing importance of AI in corporate IT technology, GPU-oriented intelligent computing power has become key computing resources for modern enterprises, and to fully utilize and effectively manage intelligent computing power have become the major tasks of corporate users. We will take the management, operation and maintenance of intelligent computing power as the major direction of our R&D efforts. Leveraging our intelligent cloud management platform, we will further develop the technological capability of the platform in respect of management, operation and maintenance of intelligent computing power, in an endeavor to providing users with GPU cluster collaborative computing ability that is user-friendly and low-maintenance. With the GPU virtualization technology independently developed by the Company, we will be able to realise single-card-multiple-use and multi-card-integration as well as pooling management capability of remote scheduling of GPU resources. Based on the needs of users and the condition of intelligent computing power, computing power resources will be allocated in an intelligent and efficient manner, thereby enhancing the utilization efficiency of GPU resources. On the other hand, on the basis of AIOPS technology, we will design the operation and maintenance solution oriented with the characteristics of the GPU resources, so as to realize safety management and intelligent maintenance of the pool of GPU resources. By enhancing the technology of the intelligent cloud management platform, we will be able to comprehensively improve the utilization rate, user friendliness and safety level of the intelligent computing resources of our clients.

Edge defect detection system for liquid crystal panel: Panel manufacturers in China continued to grow in recent years, while some of the major manufacturers in Japan and Korea have successively announced their exit from the panel industry. Among panel devices, detection devices have been taken as an important breakthrough for substitution with domestic product, which has immense market potential. At present, the self-developed edge defect detection system for liquid crystal panel is based on the ManuVision platform and deep learning AI technology. In comparison with the traditional vision technology of Japan and Korea, our detection registered a notably higher accuracy. With respect to the manufacturing processes of Array, Cell and Module for panel glass, we can detect the types of edge defect arising from the production processes, which, among others, include chipping, crack, distortion, scratch and dirt. With a detection accuracy of not lower than 99.9%, the system is capable of detecting the types of defects and displaying the defects in real time. Users may look for the inspection result in the record history and precisely locate the defects. Meanwhile, the real-time communication between the system and the main equipment of the production line enables the system to issue alert and shut down immediately once a defect or failure is identified, hence allowing the user to resolve it in a timely manner. There is a great market potential for future development of liquid crystal panel inspection with the notable trend of domestic substitution. Currently, multiple production lines from a particular leading liquid crystal panel manufacturer have been delivered and are in operation, through which we will offer defect inspection for one, two and four edges of liquid crystal panel to end-users. Subsequently, we will continue to upgrade the comprehensive inspection function.

- **Expand and enrich product and solution offerings:** We will progressively develop a systematic portfolio of products and solutions in the key segments, while pushing forward the 1xN replication of mature products and solutions in full swing. In the panel semiconductor segment, we will continue to replicate the panel glass inspection solution of leading panel enterprises and further improve our quality inspection solution for silicon chips, at the same time realizing replication of production lines of existing customers. In the automotive equipment sector, we will, on one hand, fully promote the replication of integrated vision application solution, and on the other hand, facilitate the organic integration of such solution with the MOM system of the automotive equipment industry as well as the solutions of Shanghai Higher in the areas of automotive equipment automation and control, with a view to providing a full range of solutions

with expanded coverage of intelligent operation and intelligent information to customers in the automotive equipment sector. In the iron and steel metallurgy sector, we will leverage the intelligent molten iron transportation solution as the technological basis for the continuous expansion of unmanned automobile application scenario and establishment of a whole-process smart factory logistics system that runs around the clock and is driven by industrial AI. At the same time, we will further diversify and optimize the quality inspection solution for steel products and promote such solutions among leading manufacturers. In the sector of energy and power, we will continue to focus on developing the flexibility upgrade solution, explore customer needs and enhance the degree of standardisation, in a bid to deliver more well-structured solutions. In the financial service industry, we will make every effort to promote the management of AI computing power resources within data centers of major financial enterprises. Meanwhile, we will further improve the enterprise-featured platform solution through cooperation with existing customers, thereby helping financial enterprises to build intelligent application in an efficient manner.

- **Further enhance the leading position in “AI + Manufacturing” sector:** By stepping up our investment in the manufacturing sector, we will stay committed to the development of 6 segments, including iron and steel metallurgy, energy and power, automotive equipment, panel semiconductor, 3C high-tech and engineering construction, with an aim to develop “specialized and new” benchmark projects. Besides, we will optimize the corporate governance structure to give full play to the synergies of various manufacturing subsidiaries, including CISAI Tech, Aolipu Qizhi, Shanghai Higher and China Railway Qizhi, hence fostering a powerful competitive strength with significant industrial influence by forging ahead together as a “group alliance”. Although organic growth of business is expected to be achieved mainly leveraging the intrinsic values, we will not rule out the possibility of acquiring further quality assets and businesses in manufacturing-related sector so as to strengthen our value propositions to customers in the manufacturing industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

We are a fast-growing enterprise AI solutions provider in China. We focus on providing full-stack AI-based products and solutions for the manufacturing and financial services industries, which consist of AI platforms, algorithms, software and AI-empowered devices, with a view to improving operational efficiency and increasing business values of the customers, hence facilitating industrial upgrade and digital transformation.

In four years since our inception, we have built up our market presence in enterprise AI solutions market in China, and established a leading advantage in the AI-empowered manufacturing segment in particular. In the first half of 2022, with a record-high market share in the AI application market in China, we were ranked as the fourth largest computer vision enterprise and the fourth largest machine learning platform enterprise by IDC China, and received a number of specialized and new enterprise accreditations at the provincial and municipal level.

Revenue

Our revenue for the six months ended 30 June 2022 was RMB645.6 million, representing an increase of 76.1% as compared with RMB366.6 million for the six months ended 30 June 2021. The increase was primarily attributable to the increase in revenue realized from manufacturing industry and financial services industry, and the revenue growth resulted from the expansion of the Company's scope of business through the acquisition of two new subsidiaries during the period.

In terms of manufacturing industry, revenue for the six months ended 30 June 2022 was RMB336.8 million, representing an increase of 83.8% as compared with RMB183.3 million for the six months ended 30 June 2021.

In terms of financial services industry, revenue for the six months ended 30 June 2022 was RMB219.4 million, representing an increase of 78.3% as compared with RMB123.1 million for the six months ended 30 June 2021.

Cost of Sales

Our cost of sales for the six months ended 30 June 2022 was RMB440.0 million, representing an increase of 73.6% as compared with RMB253.5 million for the six months ended 30 June 2021. The increase was caused by business expansion in manufacturing industry and financial services industry, and the increase in cost resulted from the expansion of the Company's scope of business through the acquisition of two new subsidiaries during the period.

In terms of manufacturing industry, cost of sales for the six months ended 30 June 2022 was RMB212.9 million, representing an increase of 75.5% as compared with RMB121.3 million for the six months ended 30 June 2021, primarily due to the increase of the revenue from manufacturing industry from RMB183.3 million for the six months ended 30 June 2021 to RMB336.8 million for the six months ended 30 June 2022.

In terms of financial services industry, cost of sales for the six months ended 30 June 2022 was RMB167.7 million, representing an increase of 87.6% as compared with RMB89.4 million for the six months ended 30 June 2021, primarily due to the increase of the revenue from financial services industry from RMB123.1 million for the six months ended 30 June 2021 to RMB219.4 million for the six months ended 30 June 2022.

Gross Profit and Gross Margin

As a result of foregoing, our overall gross profit for the six months ended 30 June 2022 was RMB205.7 million, representing an increase of 81.8% as compared with RMB113.1 million for the six months ended 30 June 2021. Our overall gross margin was 31.9% and 30.9% respectively. This was primarily attributable to (i) economies of scales; (ii) increased pricing power; (iii) more standardized products and solutions with more technology assets accumulated upon our platforms.

Selling and Distribution Expenses

Our selling and distribution expenses for the six months ended 30 June 2022 were RMB56.5 million, representing an increase of 4.6% as compared with RMB54.0 million for the six months ended 30 June 2021, primarily due to (i) the increase in labor costs due to expansion of business; (ii) amortization of intangible assets arising from acquisition.

Selling and distribution expenses as a percentage of revenue for the six months ended 30 June 2022 was 8.7%, representing a decrease of 6% as compared with 14.7% for the six months ended 30 June 2021.

For the six months ended 30 June 2022, selling and distribution expenses (excluding share-based payment and amortization of intangible assets arising from acquisition) as a percentage of revenue was 6.1%, representing a decrease of 2.4% as compared with 8.5% for the six months ended 30 June 2021, as we grew our revenue at a much faster rate.

General and Administrative Expenses

Our general and administrative expenses for the six months ended 30 June 2022 were RMB189.2 million, which remained relatively stable as compared with RMB189.4 million for the six months ended 30 June 2021.

General and administrative expenses as a percentage of revenue for the six months ended 30 June 2022 was 29.3%, representing a decrease of 22.4% as compared with 51.7% for the six months ended 30 June 2021.

For the six months ended 30 June 2022, general and administrative expenses (excluding share-based payment and listing expenses) as a percentage of revenue was 10.7%, representing a decrease of 3.1% as compared with 13.8% for the six months ended 30 June 2021, as we grew our revenue at a much faster rate.

Research and Development Expenses

Our research and development expenses for the six months ended 30 June 2022 were RMB217.8 million, representing an increase of 82.8% as compared with RMB119.2 million for the six months ended 30 June 2021, primarily due to (i) the increase in remuneration attributable to the growing number of R&D staff; (ii) the increase of overall investment in R&D due to business expansion.

Research and development expenses as percentages of revenue for the six months ended 30 June 2022 and the six months ended 30 June 2021 remained relatively stable, with 33.7% and 32.5% respectively.

Research and development expenses (excluding share-based payment and amortization of intangible assets arising from acquisition) as a percentage of revenue for the six months ended 30 June 2022 was 28.4%, representing an increase of 3.1% as compared with 25.3% for the six months ended 30 June 2021.

Net Impairment Losses on Financial Assets

We had a net impairment loss of RMB22.1 million for the six months ended 30 June 2022 compared to a net impairment loss of RMB8.5 million for the six months ended 30 June 2021, primarily because we increased our provision on the trade receivables increased in the Reporting Period.

Other Income

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

We recorded other income of RMB39.5 million for the six months ended 30 June 2022, as compared to that of RMB11.3 million for the six months ended 30 June 2021, primarily due to increase in the government grants.

Other Losses, Net

Our other losses, net primarily consist of (i) changes in fair value of investments in financial assets at fair value through profit or loss, and (ii) foreign exchange losses.

Our other losses, net recorded RMB0.8 million for the six months ended 30 June 2022, as compared to that of RMB2.4 million for the six months ended 30 June 2021, primarily due to a decrease in foreign exchange losses.

Operating Loss

As a result of the foregoing, we had an operating loss of RMB241.3 million for the six months ended 30 June 2022, compared to an operating loss of RMB249.1 million for the six months ended 30 June 2021, primarily due to an increase in revenue and gross profit.

Finance Income

Our finance income for the six months ended 30 June 2022 was RMB16.1 million, as compared to that of RMB5.8 million for the six months ended 30 June 2021, primarily due to an increase in interest income from bank deposits.

Finance Costs

Our finance costs are primarily comprised of (i) interest expenses on our lease liabilities; (ii) interests on borrowings; and (iii) interest expenses on convertible corporate bonds.

Our finance costs for the six months ended 30 June 2022 were RMB2.0 million, as compared to that of RMB35.2 million for the six months ended 30 June 2021, primarily due to a decrease in finance costs of financial liabilities of redeemable shares.

Loss for the Period

We reported a loss of approximately RMB230.2 million for the six months ended 30 June 2022, representing a decrease of RMB53.8 million as compared to the loss of approximately RMB283.9 million for the six months ended 30 June 2021, primarily due to the increase in revenue and gross profit.

Non-IFRS Measures

Adjusted Net Loss

We define adjusted net loss as net loss for the period as adjusted by adding back share-based payment expenses, listing expenses, amortization of intangible assets arising from acquisition and fair value loss/(gain) of financial assets at fair value through profit or loss. Among which, the fair value loss/(gain) of financial assets at fair value through profit or loss mainly include fair value changes of fund investments and other financial investments.

The following table reconciles our adjusted net loss for the period presented to the most directly comparable financial measures calculated and presented in accordance with IFRSs, which are net loss or income for the periods.

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reconciliation of net loss to adjusted net loss:		
Loss for the period	(230,159)	(283,919)
Add:		
Share-based payment expenses	142,945	165,863
Finance cost of financial liabilities of redeemable shares	—	34,877
Listing expenses	26,457	22,195
Amortization of intangible assets arising from acquisition	2,008	—
Fair value gains of financial assets at fair value through profit or loss	(379)	—
Adjusted net loss (Unaudited)	<u>(59,128)</u>	<u>(60,984)</u>

Liquidity and Capital Resources

Cash and Cash Equivalents

As at 30 June 2022, cash and cash equivalents of the Group was approximately RMB1,637.6 million, compared to approximately RMB1,553.2 million as at 31 December 2021. The increase was mainly due to the proceeds we received from our pre-IPO and IPO fund-raising activities. Most of the cash and cash equivalents of the Group were denominated in RMB.

Gearing Ratio

The Group monitors capital on basis of the gearing ratio, which is calculated as net debt divided by total equity. Net debt is calculated as total liabilities which are considered as borrowings less cash and cash equivalents. As of 30 June 2022 and 31 December 2021, the Group had a net cash position and the gearing ratio was not applicable.

Material Acquisitions and Disposals

The Acquisition of 51% Equity Interest in Two Target Companies

Share Transfer Agreement I

Date:

20 May 2022

Contracting Parties:

The Company, as the Purchaser;

Chen Hong, as the Vendor;

Liao Lu, as the Vendor;

He Li, as the Vendor;

Shanghai Higher (“**Target Company I**”);

Shanghai Haochen Business Development Partnership Enterprise (Limited Partnership)(上海浩臣企業發展合夥企業(有限合夥)) (“**Shanghai Haochen**”); and

Shanghai Xiyao Business Management Consulting Partnership Enterprise (Limited Partnership)(上海翕耀企業管理諮詢合夥企業(有限合夥)) (“**Shanghai Xiyao**”).

To the best of the Directors’ knowledge, information and belief after making all reasonable enquiries, Chen Hong, Liao Lu, He Li, Target Company I, Shanghai Haochen and Shanghai Xiyao are third parties independent of the Company and its associates.

Subject Matters and Contract Consideration:

The Company has agreed to conditionally purchase, and Chen Hong, Liao Lu and He Li, as the Vendors, have agreed to conditionally sell, an aggregate of 51% equity interest in Target Company I at the total consideration of RMB153.0 million. The total consideration of Share Transfer Agreement I is RMB153.0 million. The total consideration is determined after arm’s length negotiation between the Company and Vendors I based on the projected revenue of Target Company I in 2022 and price-to-sales ratio of five comparable companies in 2022, with reference to the marketability discount and transaction discount for cash-only transaction of Target Company I as a non-listed company. The five comparable companies are listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange.

Share Transfer Agreement II

Date:

20 May 2022

Contracting Parties:

The Company, as the Purchaser;

Li Weiguo, as the Vendor;

Li Junhong, as the Vendor;

Zhou Changbin, as the Vendor;

Aolipu Qizhi (“**Target Company II**”);

Qingdao Aolizhiyuan Business Management Service Partnership Enterprise (Limited Partnership) (青島奧利志遠企業管理服務合夥企業(有限合夥)) (“**Qingdao Aolizhiyuan**”); and

Qingdao Aoliruiyuan Business Management Service Partnership Enterprise (Limited Partnership) (青島奧利睿遠企業管理服務合夥企業(有限合夥)) (“**Qingdao Aoliruiyuan**”).

To the best of the Directors’ knowledge, information and belief after making all reasonable enquiries, Li Weiguo, Li Junhong, Zhou Changbin, Target Company II, Qingdao Aolizhiyuan and Qingdao Aoliruiyuan are third parties independent of the Company and its associates.

Subject Matters and Contract Consideration:

The Company has agreed to conditionally purchase, and Li Weiguo, Li Junhong and Zhou Changbin, as the Vendors, have agreed to conditionally sell, an aggregate of 51% equity interest in Target Company II at the total consideration of RMB122.4 million. The total consideration of Share Transfer Agreement II is RMB122.4 million. The total consideration is determined after arm's length negotiation between the Company and Vendors II based on the projected revenue of Target Company II in 2022 and price-to-sales ratio of six comparable companies in 2022, with reference to the marketability discount and transaction discount for cash-only transaction of Target Company II as a non-listed company. The six comparable companies are listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange.

Despite that the unaudited net assets and profit of Target Company II in 2021 recorded a loss, the Board is of the view that the consideration of the acquisition of 51% equity interest in Target Company II is fair and reasonable based on the following reasons:

- (1) the consideration is determined mainly based on the projected revenue of Target Company II in 2022 amounting to RMB105 million. The financial data of Target Company II as of 31 December 2021 as set out in the announcement by the Company is unable to reflect the latest financial position of Target Company II. In consideration of the booming potential business opportunities arising from the adequate existing orders of Target Company II and high customer repurchase rate, it is likely to achieve breakthroughs in results performance with a total revenue amounting to RMB105 million in 2022;
- (2) immediately prior to the entering into of Share Transfer Agreement II, the former shareholders of Target Company II have fully paid their respective subscribed registered capital of Target Company II and a capital injection of RMB27.64 million was made by the largest shareholder to Target Company II with an intention to reduce the debt level of Target Company II, and the financial position of Target Company II saw significant improvement immediately following the closing;

- (3) after years of technology improvement and accumulation, Target Company II enhanced its project implementation efficiency and reduced costs, hence it is foreseeable that the profit of Target Company II will increase in 2022;
- (4) Target Company II is engaged in the industrial software industry which has immense potential and is strongly supported by national policies. Therefore, the Board is optimistic on the future business prospect of Target Company II and considers the Acquisition II as a good investment opportunity to increase the Group's investment return;
- (5) the revenue of Target Company II is expected to increase in the next few years, with its amount being basically at the same level of the amount of consideration. Even if Target Company II fails to deliver the expected growth rate of revenue in the future, the consideration to be actually paid by the Company will be adjusted accordingly based on the performance of Target Company II as the acquisition introduced a performance commitment mechanism. As such, the Board believes that the performance commitment mechanism in the Acquisition II can effectively ensure the consideration to be paid by the Company will match the actual value of Target Company II, and mitigate the risks arising from improper operation of Target Company II which may cause damages to the Company.

Please refer to the announcement of the Company dated 20 May 2022 for details of the acquisition of 51% equity interest in two Target Companies.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the six months ended 30 June 2022.

Future Plans for Material Investments or Capital Asset

Saved as disclosed in this announcement and the Prospectus, as of 30 June 2022, we had no future plan for material investments or capital asset.

Foreign Exchange Exposure

During the six months ended 30 June 2022, the Group mainly operated in China with most of the transactions settled in RMB. The functional currency of our Company and the subsidiaries are RMB. As of 30 June 2022, our balance of the cash and cash equivalents were mainly denominated in RMB and HKD. The Group manages its foreign exchange risk by closely monitoring the movement of the exchange rates and will consider hedging significant foreign currency exposure if necessary. As of 30 June 2022, our business is not exposed to any significant foreign exchange risk.

Pledge of Assets

As at 30 June 2022, the Group had no material pledge of assets.

Borrowing

As at 30 June 2022, borrowings of the Group were RMB59.6 million (31 December 2021: nil), mainly include financing obtained through undue discounted bills with recourse and short-term borrowings of subsidiaries acquired during the period.

Contingent Liabilities

As at 30 June 2022, we did not have any material contingent liabilities.

Subsequent Event

There was no significant event subsequent to the end of the current period and up to the date of this announcement.

OTHER INFORMATION

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

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

During the Reporting Period and up to the date of this announcement, the Company repurchased a total of 8,634,100 shares of the Company on the Stock Exchange, all of which had not yet been cancelled as of the date of this announcement. Details of the repurchased shares are as follows:

Month of repurchase	Number of shares repurchased	Price paid per share		Aggregate consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
May	1,394,300	23.3	23.5	32,241,430
June	6,415,600	23.95	19.76	143,580,922
July	824,200	20.7	16.84	16,292,468
August	0	/	/	0
Total	<u>8,634,100</u>			<u>192,114,820</u>

Save as disclosed above, the Company and the Group did not purchase, sell or redeem any of the Company's listed securities during the Reporting Period.

Compliance with the CG Code

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules as the basis of the Company's corporate governance practice. The Company is committed to the view that the Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

During the period from the Listing Date to 30 June 2022, the Company has complied with all applicable code provisions set out in the CG Code, and adopted most of the recommended best practices set out therein.

Compliance with the Model Code for Securities Transactions by Directors, Supervisors and Employees

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and Supervisors of our Company. Having made specific enquiries with the Directors and Supervisors by the Company, all Directors and Supervisors confirmed that they have been in compliance with the required standards set out in the Model Code during the period from the Listing Date to 30 June 2022.

Review of Interim Report by the Audit Committee

The members of the Audit Committee of the Company consist of Mr. Xie Deren (Chairman of the Committee), Mr. Wang Hua and Ms. Ko Wing Yan Samantha. The interim results announcement for the six months ended 30 June 2022, the 2022 interim report and the unaudited interim financial statements for the six months ended 30 June 2022 of the Group, which were prepared in accordance with the requirements under the International Financial Reporting Standards, have been reviewed and confirmed by Audit Committee of the Company.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ainnovation.com). The interim report of the Group for the six months ended 30 June 2022 will be dispatched to the Company’s shareholders and made available for review on the same websites in due course.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in thousands of Renminbi unless otherwise stated)

		Six months ended 30	
		June	
	<i>Note</i>	2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	5	645,616	366,611
Cost of sales	7	<u>(439,952)</u>	<u>(253,467)</u>
Gross profit		205,664	113,144
Selling and distribution expenses	7	(56,484)	(54,010)
General and administrative expenses	7	(189,199)	(189,436)
Research and development expenses	7	(217,832)	(119,177)
Net impairment losses on financial assets		(22,103)	(8,490)
Share of net losses of investments accounted for using the equity method		(66)	—
Other income	6	39,493	11,317
Other losses, net		<u>(813)</u>	<u>(2,411)</u>
Operating loss		(241,340)	(249,063)
Finance costs	8	(2,044)	(35,189)
Finance income	8	16,103	5,829
Loss before income tax		(227,281)	(278,423)
Income tax expense	9	<u>(2,878)</u>	<u>(5,496)</u>
Loss for the period		<u>(230,159)</u>	<u>(283,919)</u>
Loss for the period attributable to:			
Owners of the Company		(233,377)	(281,234)
Non-controlling interests		3,218	(2,685)
		<u>(230,159)</u>	<u>(283,919)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in thousands of Renminbi unless otherwise stated)

	Six months ended 30	
	June	
<i>Note</i>	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other comprehensive income/(loss), net of tax		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Currency translation differences	238	—
Changes in the fair value of equity investments at fair value through other comprehensive income	—	22
	<u>238</u>	<u>22</u>
Other comprehensive income for the period, net of tax		
	<u>238</u>	<u>22</u>
Total comprehensive loss for the period, net of tax	<u>(229,921)</u>	<u>(283,897)</u>
Total comprehensive loss for the period attributable to:		
Owners of the Company	(233,256)	(281,212)
Non-controlling interests	3,335	(2,685)
	<u>3,335</u>	<u>(2,685)</u>
Total comprehensive loss for the period	<u>(229,921)</u>	<u>(283,897)</u>
Basic and diluted loss per share for loss attributable to the owners of the Company (in RMB)		
11	<u>(0.42)</u>	<u>(0.75)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

(All amounts in thousands of Renminbi unless otherwise stated)

		As at 30 June 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>RMB'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	12	84,389	79,212
Right-of-use assets	12	82,697	87,072
Intangible assets	12	207,293	5,672
Goodwill	12	184,906	—
Deferred income tax assets		2,051	—
Investments accounted for using the equity method		964	—
Other non-current assets		20,790	11,810
Total non-current assets		583,090	183,766
Current assets			
Inventories		148,031	71,723
Prepayments and other receivables	14	315,241	54,032
Trade and notes receivables	13	486,493	362,000
Financial assets at fair value through profit or loss	15	237,010	—
Financial assets at fair value through other comprehensive income		34,388	34,333
Amounts due from related parties		11,864	3,206
Restricted cash		6,145	2,697
Cash and cash equivalents		1,637,583	1,553,150
Total current assets		2,876,755	2,081,141
Total assets		3,459,845	2,264,907

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*AS AT 30 JUNE 2022*

(All amounts in thousands of Renminbi unless otherwise stated)

		As at 30 June 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>RMB'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Lease liabilities		71,292	78,289
Deferred income tax liabilities		30,426	—
Deferred income		23,500	26,579
Financial liabilities at fair value through profit or loss	18	98,094	—
Total non-current liabilities		223,312	104,868
Current liabilities			
Borrowings	16	59,583	—
Lease liabilities		20,376	9,282
Trade and notes payables	17	266,514	227,719
Contract liabilities		149,362	43,649
Other payables and accruals		117,159	83,873
Amounts due to related parties		20,604	—
Current income tax liabilities		2,462	208
Financial liabilities at fair value through profit or loss	18	41,245	—
Total current liabilities		677,305	364,731
Total liabilities		900,617	469,599

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*AS AT 30 JUNE 2022*

(All amounts in thousands of Renminbi unless otherwise stated)

	As at 30 June 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>RMB'000</i>
EQUITY		
Equity attributable to owners of the Company		
Share capital	559,305	514,560
Share premium	2,562,978	1,674,871
Less: Treasury share	(149,978)	—
Other reserves	641,556	498,490
Accumulated losses	<u>(1,136,250)</u>	<u>(902,873)</u>
	<u>2,477,611</u>	<u>1,785,048</u>
Non-controlling interests	<u>81,617</u>	<u>10,260</u>
Total equity	<u>2,559,228</u>	<u>1,795,308</u>
Total equity and liabilities	<u>3,459,845</u>	<u>2,264,907</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in thousands of Renminbi unless otherwise stated)

	(Unaudited)							
	Attributable to owners of the Company							
	Share capital <i>RMB'000</i>	Less: Treasury share <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
Balance at 1 January 2022	514,560	—	1,674,871	498,490	(902,873)	1,785,048	10,260	1,795,308
Loss for the period	—	—	—	—	(233,377)	(233,377)	3,218	(230,159)
Other comprehensive income								
— Currency translation differences	—	—	—	121	—	121	117	238
Total comprehensive income for the period	—	—	—	121	(233,377)	(233,256)	3,335	(229,921)
Transactions with owners in their capacity as owners								
— Repurchase of shares	—	(149,978)	—	—	—	(149,978)	—	(149,978)
— Share-based payment expenses	—	—	—	142,945	—	142,945	—	142,945
— Dividends of a subsidiary distributed to non-controlling interests	—	—	—	—	—	—	(539)	(539)
— Issuance of shares by initial public offering, net of attributable transaction costs	44,745	—	888,107	—	—	932,852	—	932,852
— Non controlling interests arising on business combination	—	—	—	—	—	—	68,561	68,561
Total transactions with owners in their capacity as owners	44,745	(149,978)	888,107	142,945	—	925,819	68,022	993,841
Balance at 30 June 2022	559,305	(149,978)	2,562,978	641,556	(1,136,250)	2,477,611	81,617	2,559,228

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in thousands of Renminbi unless otherwise stated)

	(Unaudited)							Non-controlling interests	Total equity
	Attributable to owners of the Company								
	Share capital	Paid-in capital	Share premium	Capital reserve	Other reserves	Accumulated losses	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2021	—	24,105	—	44,741	89,129	(675,887)	(517,912)	3,885	(514,027)
Loss for the period	—	—	—	—	—	(281,234)	(281,234)	(2,685)	(283,919)
Other comprehensive income									
— Changes in the fair value of equity investments at fair value through other comprehensive income	—	—	—	—	22	—	22	—	22
Total comprehensive income for the period	—	—	—	—	22	(281,234)	(281,212)	(2,685)	(283,897)
Transactions with owners in their capacity as owners									
— Capital injection	2,035	2,446	734,309	99,689	—	—	838,479	—	838,479
— Obligation related to redeemable rights of shares	—	—	—	(100,000)	—	—	(100,000)	—	(100,000)
— Transfer from financial liabilities at amortised cost due to cancellation of redeemable rights	—	—	—	1,794,091	—	—	1,794,091	—	1,794,091
— Conversion into a joint stock company	26,551	(26,551)	1,426,536	(1,838,521)	—	411,985	—	—	—
— Conversion of share premium into share capital	485,974	—	(485,974)	—	—	—	—	—	—
— Share-based payment expenses	—	—	—	—	165,863	—	165,863	—	165,863
— Capital injection by non-controlling interests	—	—	—	—	—	—	—	4,900	4,900
— Disposal of financial assets at fair value through other comprehensive income	—	—	—	—	2,372	(2,372)	—	—	—
Total transactions with owners in their capacity as owners	514,560	(24,105)	1,674,871	(44,741)	168,235	409,613	2,698,433	4,900	2,703,333
Balance at 30 June 2021	514,560	—	1,674,871	—	257,386	(547,508)	1,899,309	6,100	1,905,409

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*FOR THE SIX MONTHS ENDED 30 JUNE 2022*

(All amounts in thousands of Renminbi unless otherwise stated)

	Six months ended 30	
	June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in operations	(267,069)	(93,416)
Interest received	16,103	5,829
Income taxes paid	(524)	(2,004)
Net cash used in operating activities	(251,490)	(89,591)
Cash flows from investing activities		
Payments of property, plant and equipment and intangible assets	(6,051)	(25,450)
Proceeds from disposal of financial assets at fair value through profit or loss	3,370	100,000
Payments of financial assets at fair value through profit or loss	(233,810)	(1,100,000)
Acquisition of subsidiaries	(120,682)	—
Proceeds from disposal of financial assets at fair value through other comprehensive income	—	128
Interest received on financial assets at fair value through profit or loss	5	1,629
Net cash used in investing activities	(357,168)	(1,023,693)
Cash flows from financing activities		
Capital injection from shareholders	—	838,479
Capital injection of a subsidiary from non-controlling interests	—	4,900
Proceeds from share issuance upon listing	957,462	—
Proceeds from bank borrowings	21,933	—
Repayments of bank borrowings	(19,053)	—
Proceeds from a related party borrowing	19,370	—
Payments of lease liabilities	(2,207)	(3,436)
Payment for listing expenses	(14,002)	(9,991)
Dividends paid to non-controlling interests	(539)	—
Share repurchase	(149,978)	—
Deposits for share repurchase	(120,349)	—
Interest paid of bank borrowings	(368)	—
Net cash generated from financing activities	692,269	829,952
Net increase/(decrease) in cash and cash equivalents	83,611	(283,332)
Cash and cash equivalents at beginning of the period	1,553,150	1,042,502
Exchange gains/(losses) on cash and cash equivalents	822	(5,750)
Cash and cash equivalents at the end of the period	1,637,583	753,420

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Six Months Ended 30 June 2022

(All amounts in thousands of Renminbi unless otherwise stated)

1 General information of the Group

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

The Company and its subsidiaries (collectively, the “Group”) conduct research and development and sell Artificial Intelligence based software and hardware technology solutions in China.

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

This interim condensed consolidated financial information is presented in thousands of Renminbi (“RMB”), unless otherwise stated, and was approved for issue by the Board of Directors on 31 August 2022.

This interim condensed consolidated financial information has been reviewed, not audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting”. The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, the condensed consolidated interim financial information should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

3 Significant accounting policies

Except as described below, the accounting policies applied in the preparation of these interim condensed consolidated financial information are consistent with those of the Group's annual financial statements for the year ended 31 December 2021.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3.1 Changes in accounting policies and disclosures

New and amended standards adopted by the Group

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

		Effective for annual periods beginning on or after
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
AG 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020		1 January 2022

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policy	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimate	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

4 Segment information

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

The revenue of the Group are primarily derived from artificial intelligence service, so no operating segment information is presented.

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

5 Revenue

An analysis of revenue is as follows:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Point in time		
— Sales of products and solutions	602,384	360,259
Over time		
— Sales of products and solutions	28,200	—
— Services of data solutions	15,032	6,352
	<u>645,616</u>	<u>366,611</u>

6 Other income

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Government grants	39,493	11,317

Government grants provided to the Group mainly related to financial assistance from the local government in the PRC.

7 Expenses by nature

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Material costs	319,785	171,925
Employee benefit expenses	269,531	257,969
Subcontracting costs	222,889	125,585
Listing expenses	26,457	22,195
Depreciation of property, plant and equipment	12,746	10,316
Depreciation of right-of-use assets	10,845	3,964
Service fees	10,087	5,681
Travelling expenses	5,316	3,461
Amortisation of intangible assets	4,584	132
Rental and property management expenses	2,301	1,764
Marketing expenses	1,368	1,322
Recruiting and training expenses	401	3,242
Other expenses	17,157	8,534
	903,467	616,090

8 Finance costs and income

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Finance costs:		
Interest expenses on lease liabilities	(1,465)	(312)
Interest expenses on bank borrowings	(379)	—
Interest expenses on convertible bonds	(200)	—
Finance costs of financial liabilities of redeemable shares	—	(34,877)
	<u> </u>	<u> </u>
Total finance costs	<u>(2,044)</u>	<u>(35,189)</u>
Finance income:		
Interest income from bank deposits	<u>16,103</u>	<u>5,829</u>
Finance income/(cost) - net	<u>14,059</u>	<u>(29,360)</u>

9 Income tax expense

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

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current tax on profits for the period	2,928	5,496
Deferred income tax	(50)	—
	<u> </u>	<u> </u>
Income tax expense	<u>2,878</u>	<u>5,496</u>

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

Shanghai Higher Mechanical & Electrical Co., Ltd. and AInnovation (Beijing) Technology Co., Ltd. had been recognized as the High New Tech Enterprises since 2019. Qingdao Aolipu Qizhi Intelligent Industrial Technology Co., Ltd. (formerly known as "Qingdao Aolipu Automation Control System Co., Ltd."), AInnovation (Guangzhou) Technology Co., Ltd., AInnovation (Hefei) Technology Co., Ltd. and AInnovation (Chongqing) Technology Co., Ltd. had been recognized as the High New Tech Enterprises since 2020. AInnovation (Qingdao) Technology Co., Ltd. had been recognized as the High New Tech Enterprises since 2021. According to the tax incentives of the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") for High New Tech Enterprises, these companies are subject to a reduced corporate income tax rate of 15% for three years commencing from the years when these companies are recognized as High New Tech Enterprises.

10 Dividends

The Board does not recommend an interim dividend for the six months ended 30 June 2022 (2021: Nil).

During the six months ended 30 June 2022, a non-wholly owned subsidiary of the Company had approved the dividends to non-controlling interests amounting to approximately RMB539,000, which were paid on 13 May 2022 (2021: Nil).

11 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of shares in issue or deemed to be in issue during the six months ended 30 June 2022 and 2021, respectively. The weighted average number of ordinary shares deemed in issue before the conversion into a joint stock company was determined as assuming that:

- (1) The Redeemable Shares were treated as treasury share before the cancellation of redeemable rights. So, the related capital was deducted from the paid-in capital before the cancellation of redeemable rights for the purpose of calculating the number of ordinary shares deemed in issue;
- (2) The remaining paid-in capital had been fully converted into number of ordinary shares deemed in issue at the same conversion ratio of 1:1 as upon transformation into joint stock company;

- (3) The above number of ordinary shares had been further retrospectively adjusted for the effect of shares conversion from share premium into share capital at the conversion ratio of 1:17.

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss from continuing operation attributable to the owners of the Company	<u>(233,377)</u>	<u>(281,234)</u>
Weighted average number of ordinary shares in issue ('000)	551,954	374,091
Basic loss per share (RMB)	<u>(0.42)</u>	<u>(0.75)</u>

The calculation of weighted average number of ordinary shares in issue is issued as below:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Weighted average amount of share capital	551,954	25,840
Less: Weighted average amount of Redeemable Shares in paid-in capital before the cancellation of redeemable rights	<u>—</u>	<u>(5,057)</u>
Weighted average amount of remaining share capital	551,954	20,783
Add: Shares conversion from share premium into share capital at the conversion ratio of 1:17	<u>—</u>	<u>353,308</u>
Weighted average number of ordinary shares in issue ('000)	<u>551,954</u>	<u>374,091</u>

(b) Diluted loss per share

As the Group incurred losses for the six months ended 30 June 2022 and 2021, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2022 and 2021 are the same as basic loss per share of the respective period.

12 Property, plant and equipment, right-of-use assets and intangible assets

	Property, plant and equipment <i>RMB'000</i> <i>(Unaudited)</i>	Right-of- use assets <i>RMB'000</i> <i>(Unaudited)</i>	Intangible assets (a) <i>RMB'000</i> <i>(Unaudited)</i>	Goodwill <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
Six months ended 30 June 2022 (Unaudited)					
Opening net book amount as at 1 January 2022	79,212	87,072	5,672	—	171,956
Additions	3,774	4,075	—	—	7,849
Acquisition of subsidiaries	14,200	2,395	206,205	184,906	407,706
Disposals	(51)	—	—	—	(51)
Depreciation and amortisation (Note 7)	(12,746)	(10,845)	(4,584)	—	(28,175)
Net book amount as at 30 June 2022	<u>84,389</u>	<u>82,697</u>	<u>207,293</u>	<u>184,906</u>	<u>559,285</u>
Six months ended 30 June 2021 (Unaudited)					
Opening net book amount as at 1 January 2021	57,488	13,843	603	—	71,934
Additions	21,600	488	207	—	22,295
Disposals	(26)	—	—	—	(26)
Depreciation and amortisation (Note 7)	(10,316)	(3,964)	(132)	—	(14,412)
Net book amount as at 30 June 2021	<u>68,746</u>	<u>10,367</u>	<u>678</u>	<u>—</u>	<u>79,791</u>

(a) Intangible assets comprise customer relationship and technology from business combinations and other intangible assets.

13 Trade and notes receivables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 <i>RMB'000</i>
Accounts receivable	543,799	406,271
Less: Provision for impairment	<u>(67,930)</u>	<u>(49,150)</u>
	475,869	357,121
Notes receivables	<u>10,624</u>	<u>4,879</u>
	<u>486,493</u>	<u>362,000</u>

As at 30 June 2022 and 31 December 2021, notes receivables were all bank acceptance notes aged less than six months. As at 30 June 2022, notes receivables included a total amount of RMB10,583,000 that have been discounted with recourse.

As at 30 June 2022 and 31 December 2021, the carrying amount of the current portion of trade and notes receivable were considered to be the same as their fair value due to the short-term nature.

As at 30 June 2022, the Group pledged trade receivables with carrying amount of approximately RMB14,996,000 (2021:Nil) for the bank borrowings amounted to RMB5,000,000 (2021: Nil).

The majority of the Group’s receivables are with credit term from 30 days to 180 days. As at 31 December 2021 and 30 June 2022, the aging analysis of the trade receivables based on the recognition date of the gross trade receivables at the respective reporting dates is as follows:

	As at 30 June 2022 RMB’000 (Unaudited)	As at 31 December 2021 RMB’000
Accounts receivable		
Less than 3 months	252,413	255,302
3 months to 6 months	156,454	54,881
6 months to 12 months	81,230	62,048
1 year to 2 years	42,758	22,979
2 years to 3 years	10,944	11,061
	<u>543,799</u>	<u>406,271</u>

The Group’s trade receivables were denominated in RMB.

14 Prepayments and other receivables

	As at 30 June 2022 RMB’000 (Unaudited)	As at 31 December 2021 RMB’000
Prepayments to vendors	162,207	22,505
Deposits for share repurchase (i)	118,725	—
Recoverable value-added tax (“VAT”)	17,460	18,997
Deposits	3,659	4,663
Recoverable income tax	2,539	2,539
Others	10,651	5,328
	<u>315,241</u>	<u>54,032</u>

The carrying amounts of other receivables approximate their fair values.

- (i) The deposit for share repurchase represented deposits in stock trading accounts maintained at a brokerage company for repurchase of the shares of the Company from the stock market. For the six months ended 30 June 2022, the Company totally deposited HK\$315,000,000 (equivalent to RMB270,327,000) to the stock trading account and utilised HK\$175,822,000 (equivalent to RMB149,978,000) to repurchase shares of the Company, and the remaining amount at the brokerage company was approximately HK\$138,829,000 (equivalent to approximately RMB118,725,000) as at 30 June 2022.

15 Financial assets at fair value through profit or loss

	As at 30 June 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>RMB'000</i>
Wealth management products	90,172	—
Investment fund	72,173	—
Listed equity securities	3,643	—
Other financial investment instrument	71,022	—
	<u>237,010</u>	<u>—</u>

16 Borrowings

	As at 30 June 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>RMB'000</i>
Current		
– Bank loans, secured (i)	21,583	—
– Bank loans, guaranteed (ii)	33,000	—
– Bank loans, unsecured	5,000	—
	<u>59,583</u>	<u>—</u>

(i) As at 30 June 2022, secured bank loans totalling RMB 21,583,000 comprised of:

- RMB10,583,000, which represented the proceeds received from the discounting of the Group's notes receivables with recourse. As these notes receivable had not yet matured, the proceeds were recorded as current bank loans;
- RMB6,000,000, which were secured by the pledge of a property owned by Mr. Li Weiguo, a director and minority shareholder of Qingdao Aolipu Qizhi Intelligent Industrial Technology Co., Ltd., a subsidiary of the Group; and
- RMB5,000,000, which were secured by the pledge of the account receivables of Shanghai Higher Mechanical & Electrical Co., Ltd., a subsidiary of the Group, amounting to approximately RMB14,996,000, and supported by guarantees provided by Mr. Chen Hong and Mrs. Liao Lu, the directors and minority shareholders of Shanghai Higher Mechanical & Electrical Co., Ltd. and a guarantee company.

(ii) As at 30 June 2022, the bank loans totalling RMB33,000,000 were guaranteed by Mr. Li Weiguo and a guarantee company to the extent of RMB10,000,000, Mr. Li Weiguo to the extent of RMB2,000,000, Mr. Chen Hong and Mrs. Liao Lu, and guarantee companies to the extent of RMB8,000,000, Mr. Chen Hong and a guarantee company to the extent of RMB10,000,000, and Mr. Chen Hong to the extent of RMB3,000,000.

The loan is a fixed rate and RMB denominated loan which is carried at amortised cost. It therefore did not have any impact on the Group's exposure to foreign exchange and cash flow interest rate risk.

Bank borrowings fall due within 1 year and bear average interest rate of 4.07% per annum.

17 Trade and notes payables

	As at 30 June 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>RMB'000</i>
Accounts payable	252,837	222,086
Notes payable	13,677	5,633
	<u>266,514</u>	<u>227,719</u>

As at 30 June 2022, the notes payable were secured by the pledge of notes receivable and restricted cash amounted to RMB 10,158,000 and RMB3,519,000 respectively.

As at 30 June 2022 and 31 December 2021, the aging analysis of the trade payables based on transaction date was as follows:

	As at 30 June 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>RMB'000</i>
Within 3 months	172,343	161,929
Between 3 months and 6 months	31,345	34,947
Between 6 months and 1 year	43,658	28,144
Between 1 year and 2 years	18,532	2,465
Between 2 years and 3 years	636	234
	<u>266,514</u>	<u>227,719</u>

The carrying amounts of trade and notes payables are considered to be the same as their fair values, due to their short-term nature.

18 Financial liabilities at fair value through profit or loss

	As at 30 June 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>RMB'000</i>
Contingent considerations (a)	109,416	—
Convertible bond (b)	29,923	—
	<u>139,339</u>	<u>—</u>

- (a) In May 2022, the Company entered into two share transfer agreements with shareholders of two companies, pursuant to which the Company agreed to purchase, and the shareholders of the these companies agreed to sell, an aggregate of 51% interest in the two companies with fixed considerations and contingent considerations which would be adjusted according to the performance commitment. The contingent considerations represented liabilities measured at fair value, and the fair value was determined using valuation model for which not all inputs are observable and is therefore within level 3 of the fair value hierarchy.
- (b) In October 2019, Jiangsu Epsa Automation Technology Co., Ltd. (“Jiangsu Epsa”), a subsidiary acquired by the Group in May 2022, entered into an investment agreement with an investor for the issuance of convertible bonds with principal amount of RMB30,000,000. During the 48 months since the date of issuance, at the investor’s option, the conversion right was exercisable on the investor’s demand in exchange for shares of Jiangsu Epsa, and the investor has the right to request Jiangsu Epsa to redeem the convertible bonds or shares if converted, with 100% of its issue price plus 8% annual simple interest rate.

The conversion price is based on negotiation between Jiangsu Epsa and the investor. And the Group designate the entire hybrid contract as financial liabilities at fair value through profit or loss. As at 30 June 2022, the total fair value of convertible bonds amounted to approximately RMB29,923,000. Changes in fair value was recognized in the consolidated statements of comprehensive loss.

DEFINITIONS

“Audit Committee”	audit committee of the Board
“Board” or “Board of Directors”	the board of directors of our Company
“China” or “PRC”	the People’s Republic of China, but for the purpose of this announcement only, do not apply to Hong Kong, the Special Administrative Region of Macau and Taiwan
“Company” or “our Company” or “the Company” or “AInnovation”	Qingdao AInnovation Technology Group Co., Ltd (青島創新奇智科技集團股份有限公司), which was established with limited liabilities under the laws of the PRC on 6 February 2018 and converted into a joint stock limited company on 19 May 2021
“Director(s)”	the director(s) of our Company
“Group” or “our Group” or “we” or “us”	our Company and our subsidiaries
“H Share(s)”	overseas-listed shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be traded in Hong Kong dollars and are listed and traded on the Stock Exchange
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

“Listing Date”	the date on which the H Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange, i.e. 27 January 2022
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Prospectus”	the Prospectus of the Company dated 17 January 2022
“RMB” or “Renminbi”	the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of our Company
“%”	percent

By Order of the Board

QINGDAO AINNOVATION TECHNOLOGY GROUP CO., LTD

青島創新奇智科技集團股份有限公司

Xu Hui

Executive Director and Chief Executive Officer

Hong Kong, 31 August 2022

As at the date of this announcement, the Board of the Company comprises Mr. Xu Hui as executive Director, Dr. Kai-Fu Lee and Mr. Wang Hua as non-executive Directors, Mr. Xie Deren, Ms. Ko Wing Yan Samantha and Ms. Jin Keyu as independent non-executive Directors.

* *For identification purposes only*