AINNOVATION TECHNOLOGY GROUP CO., LTD*

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the "**Board**") of AInnovation Technology Group Co., Ltd* (the "**Company**", and its subsidiaries, the "**Group**") is pleased to announce the annual results of the Group in the fiscal year ended 31 December 2024 (the "**Reporting Period**"), together with the comparative figures for the last fiscal year (the fiscal year ended 31 December 2023).

Financial Summary

	Year ended 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	462,324	861,168	1,557,643	1,751,045	**1,221,768**
Gross profit	134,621	267,241	507,078	588,485	**423,071**
Operating loss	(286,801)	(622,841)	(392,291)	(600,012)	**(630,586)**
Loss for the year	(360,635)	(635,124)	(361,160)	(570,272)	**(608,925)**
Add:					
Share-based payment expenses	133,750	406,967	173,294	290,271	**153,815**
Finance cost of financial liabilities of redeemable shares	82,406	34,877	—	—	**—**
Listing expenses	—	51,500	26,457	—	**—**
Amortization of intangible assets arising from acquisition	—	—	14,292	36,135	**43,010**
Impairment loss on goodwill and intangible assets arising from acquisition	—	—	—	—	**227,973**
Changes in fair value of financial assets/liabilities at fair value through profit or loss	—	—	8,716	89,683	**66,862**
Adjusted net loss (Unaudited)	(144,479)	(141,780)	(138,401)	(154,183)	**(117,265)**

	As at 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Total assets	1,395,806	2,264,907	3,268,447	3,289,157	**2,623,132**
Cash and cash equivalents	1,042,502	1,553,150	1,642,665	1,344,615	**1,204,879**
Total liabilities	1,909,833	469,599	909,472	1,065,012	**910,904**

Premium customer revenue value

	Year ended 31 December	
	2023	**2024**
Number of premium customers	81	**68**
Premium customer revenue (RMB in thousands)	1,427,718	**845,185**
Premium customer dollar based repeating rate	41.6%	**17.0%**
Total number of customers	397	**521**
Total revenue (RMB in thousands)	1,751,045	**1,221,768**

Revenue-By Type of Products/Services

	Year ended 31 December			
	2023		**2024**	
	Amount	%	**Amount**	**%**
	RMB'000		***RMB'000***	
Sales of products and solutions	1,632,358	93.2	**1,149,467**	**94.1**
Services of data solutions	118,687	6.8	**72,301**	**5.9**
Total	1,751,045	100.0	**1,221,768**	**100.0**

Revenue-By Customer Type

	Year ended 31 December			
	2023		**2024**	
	Amount	%	**Amount**	**%**
	RMB'000		***RMB'000***	
System integrators	961,992	54.9	**392,241**	**32.1**
End–users	789,053	45.1	**829,527**	**67.9**
Total	1,751,045	100.0	**1,221,768**	**100.0**

Revenue-By Industry Verticals

	Year ended 31 December			
	2023		**2024**	
	Amount	%	**Amount**	**%**
	RMB'000		***RMB'000***	
Manufacturing	1,176,425	67.2	**980,711**	**80.3**
Automotive equipment	393,097	22.5	**263,791**	**21.6**
Food & Beverage and New Material	140,580	8.0	**158,630**	**13.0**
3C high-tech	135,269	7.8	**143,309**	**11.7**
Iron and steel metallurgy	65,270	3.7	**117,520**	**9.6**
Energy and Power	70,440	4.0	**90,951**	**7.4**
Intelligent manufacturing practical training	105,643	6.0	**65,634**	**5.4**
Engineering and Construction	105,610	6.0	**58,802**	**4.8**
OLED panel semiconductors manufacturing	122,897	7.0	**41,828**	**3.5**
Others	37,619	2.2	**40,246**	**3.3**
Financial services	401,829	22.9	**127,105**	**10.4**
Other industries	172,791	9.9	**113,952**	**9.3**
Total	1,751,045	100.0	**1,221,768**	**100.0**

Business Overview

Part I: Business Review

In 2024, China attached great importance to the development of artificial intelligence, and has introduced a series of policies to promote the deep integration between artificial intelligence and the real economy (including manufacturing), such as fostering the new quality productivity, carrying out the "Artificial Intelligence +", and pursuing digital transformation in manufacturing industry, and other strategic deployments, which has created a favorable policy environment for the "AI + Manufacturing" field in which AInnovation operates. However, at the same time, the global economic development was facing uncertainty, and macroeconomic fluctuations have caused some enterprises to cut IT spending and delay or shelve AI projects, which in turn affects the market expansion speed and order acquisition of AI technology providers. In the past year, the rapid development of AI LLM technology and the continuous emergence of new algorithms and architectures have provided a technical foundation for vertical industry large models, accompanied by the maturity of multi-modal technology fusion, edge computing, AIoT and other technologies, which has enhanced the ability to apply AI in the manufacturing industry's complex scenarios.

During the year 2024, AInnovation adhered to the high-quality development strategy, strengthened cash flow management, enhanced costs and expenses control, strengthened payment cycles management, and grew steadily while maintaining financial health. As a result, the overall revenue scale of the Company declined to a certain extent during the Reporting Period, amounting to RMB1,221.8 million, down 30.2% year-on-year. However, the performance in the second half of the year was much stronger than that of the first half and the "AI + Manufacturing" business became a highlight. Its proportion in the revenue continues to increase, hitting a record high of 80.3%. At the same time, the business structure was restructured to focus on high-quality business, the proportion of high-margin business increased, and the gross profit margin improved again to 34.6% in the Reporting Period. Adjusted net loss narrowed to 117.3 million. Although remaining in a loss-making situation, the magnitude of the loss decreased, demonstrating the positive results of the Company's transition to a high-quality development model. Operating cash inflows increased and operating cash outflows were effectively controlled, resulting in net cash flows used in operating activities of 35.8 million, a significant improvement of 80.1% over the same period of the previous year, and cash and cash equivalents of 1,204.9 million.

In 2024, AInnovation adhered to the development path of "AI + Manufacturing" and launched the upgraded technology platform "AInnoGC Industrial LLM" and AIGC product matrix, creating real-world generative AI solutions and applications for the manufacturing industry to empower key business processes. During the Reporting Period, AInnovation launched an AInnoGC Industrial LLM technology platform with AInno-75B as its core, realizing obvious improvement in four aspects of ChatX series generative AI applications, industrial LLM, LLM Service Engine and AI Agent development platform, and continuously forming differentiated advantages. As for ChatX series generative AI applications, the Company continued to promote business implementation. ChatX, which is based on LLM Service Engine and developed by AI Agent application development platform, met intelligent transformation demand from industrial enterprises for multi-scenarios and multi-dimensions, such as ChatDoc knowledge Q&A capacity for data of document type, ChatBI data analysis capacity for data of structured form type and ChatVision visual insight capacity for data of video/image vision. As for application scenarios related to enterprise core production such as on-site logistics and components assembly and other parts, we provided ChatRobot Pro intelligent dispatch and control capacity and, in upstream industrial design part, ChatCAD auxiliary industrial design capacity. In April 2024, LLM related applications including ChatRobot and ChatCAD were reported by CCTV's "Science and Technology Driving Force (《科技推動力》)" column.

As of the end of December 2024, the Company has applied for a total of 1,365 patents about AI and industrial LLM, including 1,118 invention patents, with 605 patents granted including 383 invention patents. AInnoGC Industrial LLM has passed the CAICT's first tranche of industrial LLM standard compliance verification and received the current highest rating of 4+ level. In the "Industrial Application Accuracy Evaluation of Artificial Intelligence Large Models (《人工智能大模型工業應用準確性測評》)" by the China Academy of Industrial Internet, the industrial LLM of AInnovation ranked sixth overall, and the document generation capacity ranked first. In the SuperCLUE industrial LLM benchmark evaluation, AInnoGC Industrial LLM ranked first in China and was placed in the Excellent Leader Quadrant. We were also granted the second prize of the Qingdao Science and Technology Progress Award.

In 2024, AInnovation aligned its corporate strategic development direction with national strategies, actively participating in and deepening its engagement in artificial intelligence and new industrialization related activities, and was assessed by multi-level governments including the Ministry of Industry and Information Technology (MIIT), Shandong Province and Qingdao City. It also attended government meetings such as MIIT's symposium for small and medium enterprises and Shandong's forum for private enterprises. During the Reporting Period, AInnovation's technological and commercial capabilities gained recognition from multiple institutions. According to the Report on Market Share of China's AI Application (中國AI應用市場份額報告) published by IDC, AInnovation ranked third in China's computer vision application market share and fourth in China's machine learning platform market share, climbed to the No.1 in China's AI-empowered industrial quality inspection solutions market share, and maintained its second-place ranking in the food and beverage segment of China's manufacturing MES market share. AInnovation was listed on the main list of "2024 Forbes China AI Tech Enterprise TOP 50 (2024福布斯中國人工智能科技企業TOP 50)" and the list of "2024 Forbes China AI Innovation Technologies TOP10 (2024福布斯中國人工智能創新技術TOP10)". It was recognized by the China Academy of Industrial Internet, a unit directly under the MIIT, in the "High-Potential Service Provider for General AI and Industrial Integration AI Large Models (通用人工智能與工業融合AI大模型潛力服務商)". AInnovation, as the lead unit, also co-authored the "Research Report on Implementation of AI + Manufacturing Application (《人工智能+製造業應用落地研究報告》)" with CAICT. As the main enterprise of artificial intelligence production chain in Qingdao, AInnovation was the contractor of the "Shandong Engineering Research Center of AI Industrial Large Models (人工智能工業大模型山東省工程研究中心)", which was recognized by Shandong Development and Reform Commission as the 2024 Shandong Engineering Research Center and evaluated as the National Postdoctoral Research Workstation, Shandong Key Laboratory for Intelligent Manufacturing Industrial Large Models, Shandong Top 100 Innovative Private Enterprises (山東民營企業創新100強), Shandong Top 100 Software Enterprises (山東省軟件百強) and Qingdao Leading Benchmark Private Enterprises (青島市民營領軍標杆企業) and other titles.

AInnovation built a smart manufacturing ecosystem centered on AI technologies, focused on the industrial LLM, and linked industry university-research partners. During the Reporting Period, AInnovation reached a strategic cooperation with DingTalk (China) Information Technology Co., Ltd. to jointly develop the large model enterprise service software market. AInnovation reached strategic cooperation with Shandong University and became a postgraduate internship base of Shandong University, to create a new model of school-enterprise cooperation with "scientific research-innovation-talent". AInnovation reached a strategic cooperation with China Resources Digital Holdings Company Limited (華潤數科控股有限公司), and jointly carried out integration of AI large models and industrial application scenarios. Additionally, AInnovation implemented eco-activities with multiple units including Advantech, Sinomach Group, VAHLE, Fudan University and Huaziyun (華諮雲), to discuss the application of large models in the manufacturing industry.

Strengthen the industrial intelligence technology system

In the past year, the Company has continued to increase investment in research and development and promoted technical innovation and product upgrading with its focus on AInnoGC Industrial LLM. Since the successful release of 1.0 version of AInnoGC Industrial LLM, the Company officially launched 2.0 version of AInnoGC Industrial LLM in March 2024, marking that the Company's technical strength has stepped into a new phase in industrial LLM area. This achievement is not only a symbol of technological breakthrough, but also an important milestone of the Company's accelerated growth in industrial intelligence domain.

Based on AInnoGC 2.0, the Company has built a technology and product system of industrial LLM that is completely autonomous, controllable and industry-leading. This achievement not only demonstrated the Company's outstanding ability in technological innovation, but also highlighted its leading position in the industrial intelligence domain. The Company is well aware that technological leadership is the core impetus for promoting sustainable development of enterprises, and that an autonomous and controllable technology system is the key to safeguarding the invincible position of an enterprise in global market competition. Therefore, the Company has been committed to continuous innovation and breakthroughs in technology, to ensure that its products and services maintain industry leadership.

The Company actively accelerated the market promotion of AInnoGC 2.0 and client cooperation. The continuous application of ChatX series generative AI applications on the business front enabled the Company to deeply understand the practical needs and pain points of industrial enterprise customers. Through close cooperation with customers, the Company was able to not only transform advanced technologies into actual productivity, but also continue to optimize products and services according to customer feedback. These scenario-based practice achievements consolidated the Company's technological leadership in the industrial intelligence domain, as well as laid a solid foundation for the iteration of future technologies, products and solutions. The Company believes that with continuous technical innovation and market expansion, AInnoGC Industrial LLM will make more contributions to the future development of industrial intelligence and help enterprises realize high-quality development amid the digital transformation trend.

The trusted AI industrial LLM Evaluation of CAICT

The current highest rating (4+ level) received [1]

[1] So far, it is the only industrial LLM that has passed this evaluation of CAICT

The list of 15 advanced applications of Chinese AI large models released by MIT

"AInnoGC Industrial LLM" on the list [2]

[2] The list consists of 15 enterprises including Alibaba Cloud, Baichuan AI, Baidu, AInnovation, 4Paradigm, Du Xiaoman, Huawei, iFlytek, Wall-Facing Intelligent, MINMAX, SenseTime, Vivo, Medical Alliance, Moonshot AI and Zhipu AI

The SuperCLUE Chinese industrial LLM evaluation

Ranked first in China [3]

[3] The Excellent Leader Quadrant comprises of AInnovation, Alibaba Cloud, iFlytek, etc..

Figure (1) AInnoGC Industrial LLM Evaluation

In terms of the industrial LLM, we have launched AInno-75B industrial LLM with 75 billion parameters in the first quarter of 2024. With a profound comprehensive capacity, the model is highly recognized by numerous evaluation institutions. Specifically, AInno-75B has managed to pass the LLM registration of the Cyberspace Administration of China, passed the trusted AI industrial LLM Evaluation of CAICT as the first batch and received the then highest rating (4+ level). Besides, it has also ranked first in China in respect of the SuperCLUE Chinese industrial LLM evaluation and has been included in the list of 15 advanced application cases of Chinese AI large models released by MIT. The aforesaid achievements have fully demonstrated that AInnoGC series of industrial LLM has a profound technical performance and has undergone constant challenges in the course of actual business execution, which has made it an advanced industrial LLM.

In terms of the AInnoGC industrial LLM technology platform, we have constructed an AI Agent development platform for the industrial field through the deep integration of industrial scenarios requirements and technology R&D capabilities. The platform takes the intelligent application orchestration engine as the core, and creates a four-in-one development paradigm of "process orchestration - knowledge injection - tool invocation - model scheduling" by modularizing and packaging the core functional modules such as the knowledge base management module, tool plug-in framework, and large-small model synergistic reasoning components. The platform enables rapid development of generative AI applications covering industrial scenarios such as equipment operation and maintenance, process optimization, and quality inspection through visual drag-and-drop, shortening the development cycle by over 60%.

1) In terms of intelligent agent development, the platform provides a complete end-to-end solution for building intelligent agents that supports the creation of complex directed graph workflows with advanced features such as parallel execution, link backtracking, loop computation, and state execution. This allows seamless adaptation to a variety of complex application scenarios. To address latency issues caused by concurrent reasoning in long workflows, we have deeply optimized the platform to enhance the parallel execution of processes and the back-end interactions and feedbacks, which significantly reduces the latency and improves system stability.

2) In terms of knowledge management and parsing, it supports uploading and parsing documents in various formats including PDF, DOC, TXT, HTML, PPT, EXCEL, CSV and JPG, has the ability of parsing and retrieving multimodal documents, and supports multimodal functions such as text searching and image searching. The platform can effectively handle both unstructured document data and structured database data. An integrated database module allows users to execute SQL queries, directly retrieving and embedding database records into workflows.

3) In terms of tool construction and use, the platform supports the creation of various tools by writing code and sending network requests to meet the needs of users with different technical expertise. In addition, the platform has a tool hub, offering ready-to-use tools covering data applications, web search, image and video processing, data source management, enterprise process optimization, document analysis and others. Users can flexibly elect or customize tools according to specific business needs, greatly improving the efficiency and adaptability of intelligent application development.

4) In terms of model access and application, the platform natively integrates the AInno-75B industrial LLM, and also supports one-click access to mainstream third-party LLM services and on-premise LLM deployed by customer. In addition, the platform has pre-equipped with a large number of visual intelligence models and data intelligence models in the industrial field, which are based on long-term industry accumulation and can be ready-to-use. They can quickly adapt to various business needs and further simplify the development and deployment of intelligent manufacturing applications for manufacturing enterprises.

5) The platform supports all-round asset accumulation and utilization of intelligent agent applications, knowledge bases, tools and models, enabling efficient management and sharing of enterprise intelligent application technology assets. At the same time, the platform provides a series of enterprise-level industrial intelligence application templates, which are built based on the best practices accumulated by AInnovation in the implementation of customer-side intelligent applications over a long period of time, lowering the threshold of intelligent application development for enterprises and speed up the development of intelligent applications.

As for ChatX series generative AI applications, with an optimized algorithm and enhanced ability of data handling, ChatX series applications are allowed to understand the complex demands in the industrial scenarios more precisely and accordingly provide more targeted and efficient solutions for customers. Furthermore, the improved performance of industrial LLM has considerably promoted the entire system. The new version has been enhanced in terms of calculation efficiency, model precision and stability, which has supported ChatX applications to better cope with complicated tasks and demands in industrial production.

ChatRobot industrial embodied intelligence robots: We have successfully launched a new version of ChatRobot Pro this year based on the realization of high-level scheduling and orchestration last year. This version constructs a multi-modal and end-to-end Vision-Language-Action (VLA) strategy model that continuously optimizes the perception, understanding, planning and decision-making capabilities of industrial LLM, which greatly improves the task generalization and interactive friendliness of robot operation. Based on the aforesaid, we have further developed and established a fully autonomous all-round technology stack of industrial embodied intelligence. As illustrated in Figure (2), the core of the technology stack includes robot control system, robot intelligence system and robot data system. We continue to optimize the three core systems and cooperate closely with our partners of robot hardware ecosystem with the view of establishing the differentiation advantages, improving product maturity and promoting the sustainable progress of the technology of industrial embodied intelligence robots.

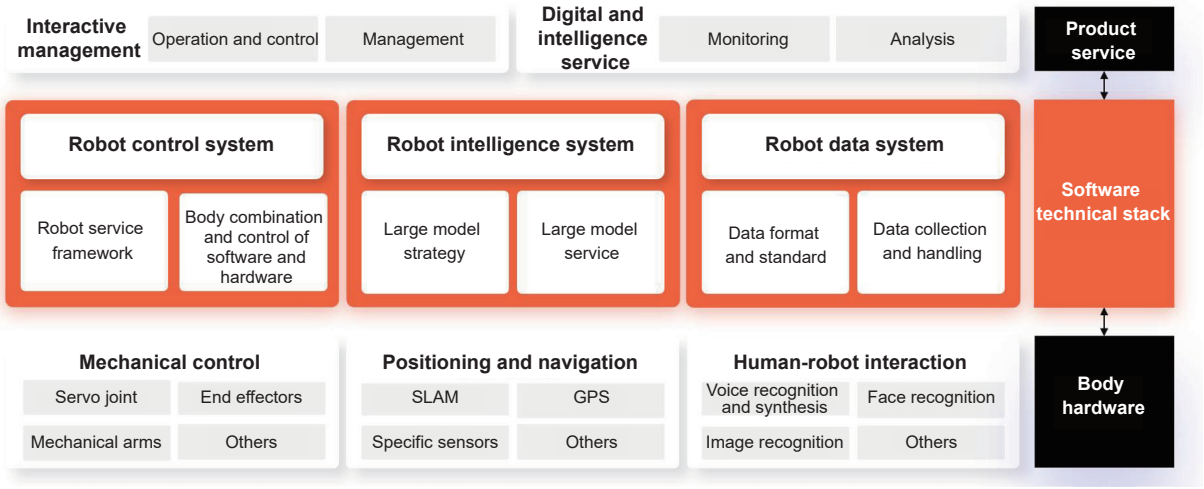

Figure (2) Technology Stack for Industrial Embodied Intelligence Robots

1) Robot data system: From the perspective of long-term development, a sound and complete data system is the foundation for the development of industrial embodied intelligence. In this regard, we have designed a complete data management system for embodied intelligence robots, which covers internet data, simulation data and remote operating data. Especially for high-quality remote operating data, we have designed a new and elegant data format called "data constitution", building a mature ability of data collection, storage and calculation. Meanwhile, we have enlarged our investment in data collection and managed to establish the industrial robot data set V1.0. The solid data system has significantly improved the efficiency of industrial embodied intelligence data handling and large model strategy training, which has laid the foundation for the long-term development in this path.

2) Robot intelligence system: We have utilized the core advantage of AInno series of industrial LLM to fully strengthen its end-to-end and multi-modal "Vision-Language-Action (VLA)" capacity and successfully developed a large model integrated strategy inclusive of complicated task understanding and efficient motion control. The strategy has equipped industrial embodied intelligence robots with a strong intelligent center and replaced pre-programming by learning from instruction, dramatically expanding the application scenarios and functional boundary of robots. To be specific, our robots are now able to use natural languages to smoothly interact with humans and understand as well as perform complicated scenario-based tasks by virtue of their powerful task generalization ability. In the meantime, those robots can also handle complex tasks and orders and absorb a wide range of commonsense knowledge. The realization of those functions not only enables robots to better adapt to various industrial environments, but also notably improves the intelligent level of industrial embodied intelligence robots, which has laid a firm basis for intelligent manufacturing in the future.

3) Robot control system: We have utilized the AI platform-based practical accumulation of AInnovation for years to design the "cloud-edge-end" integrated control system for industrial embodied intelligence robots. The control system is used for scheduling and management of different resources and abilities and is efficiently connected to the intelligence system, data system and robot hardware to ensure both a loose coupling and integrated operation among each system. In addition, the control system also provides external productization support to ensure the efficient operation of robot interaction, control, operation, and various monitoring and statistical functions, which is the control core of the entire industrial embodied intelligence robot.

ChatCAD auxiliary industry design: In 2024, the Company continued to increase investment in the field of ChatCAD to further verify the feasibility and key technical path of industrial LLM in the field of industrial design. Based on the successful implementation of Text-to-CAD function last year, that is, the automatic generation of CAD models through text input, this year we have further explored the implementation path of Image-to-CAD technology, which can automatically generate CAD models with static images input and can be used in a wide range of application scenarios. In order to promote the development of this technology, we have built a large-scale industrial training data set based on the cutting-edge cross-sector data synthesis technology (Synthetic Data) and continue to develop end-to-end and multi-modal industrial LLM for target scenarios. With those endeavors made, we have achieved breakthroughs in technological innovation in the field. At the same time, we work closely with CAD software partners to continuously enrich our data resources, generate product forms, further explore the product and application value of industrial LLM in the field of industrial design, and bring more efficient and intelligent design solutions to the industry.

ChatDoc enterprise private domain knowledge Q&A/ChatBI enterprise private domain data analysis: In 2024, ChatDoc further enriched the knowledge Q&A capabilities with multiple knowledge bases, multiple document types and multiple content formats, focused on optimizing the data calculation efficiency and service throughput capacities of the whole process, significantly improved the Q&A effect and efficiency in the context of a large number of documents, focused on optimizing the answer tracing function and provided more detailed answer tracing ability with the view of ensuring that the results of the Q&A are more accurate and reliable, and the user experience has been further improved. ChatBI has further enhanced the product positioning of Copilot Assistant for data analysis, optimized the product experience based on customer needs and supported users to intervene, edit and confirm in the entire process, thus ensuring the reliability and credibility of data analysis results. Meanwhile, the effects and display formats of Text-to-SQL and Text-to-Chart have been further optimized to continuously lower the threshold for data analysis and increase the data analysis efficiency. With the continuous implementation of ChatDoc and ChatBI on the business side, technical stability and product maturity have been considerably improved.

In addition, when it comes to the AI 1.0 MMOC, we always position the visual key scenarios application as the core focus and make efforts to promote the continuous improvement of product maturity through technological innovation. In this process, we not only adhere to and consolidate the advantages of traditional vision solutions, but also actively introduce the cutting-edge capabilities of industrial LLM to bring new vitality to our products. By adding multi-modal industrial LLM capabilities on the basis of visual small models, we have managed to realize the innovative model of "industrial LLM+", the introduction of which not only enables the function of our products more generalized for more complex scenarios and diversified needs, but also it significantly improves the interactivity of our products to allow them better meet the users' experience needs in their actual use scenarios. This integrated and innovative technology strategy enables us to stand out of intense market competition and continue to build product differentiation competitiveness. We are deeply aware that only by continuing to optimize and upgrade our technical capabilities can we maintain a leading position in the visual field. Therefore, we will continue to further explore along this path, further uncover the potential of multi-modal large models, provide our users with more valuable solutions, and promote the wide application and sustainable development of AI technology in the visual field.

Enrichment of AI products and solutions

In 2024, while continuing to advance the development and iteration of MMOC artificial intelligence platform, we have also successfully applied it to the operations of clients in the industrial sector, consistently achieving technological integration and practical innovation. At the same time, as AInnoGC industrial LLM's product matrix continues to mature and improve, we are also advancing the practical implementation of our customers' concerns in the application scenarios, applying industrial LLM technologies and derivatives skillfully in the production and management process of our clients, which effectively assisting their intelligent transformation and upgrading. By deepening the research and exploration of artificial intelligence technology, we have elaborately refined artificial intelligence products and solutions, deeply integrating MMOC analytical artificial intelligence platforms with AInnoGC generative artificial intelligence platforms into industry applications, thereby building a Twin Towers support system that bridges technology and industry, which provides us with a solid foundation for implementing artificial intelligence practices across multiple niche industries as well as offers manufacturing clients comprehensive, systematic, digitalised, and intelligent transformation support. At the same time, it lays a strong groundwork for the high-quality growth of our business.

In the field of industrial software, we remain steadfast in advancing our productization strategy of integrating artificial intelligence LLM with MOM industrial software. Within our existing MOM core product system, we have deeply integrated artificial intelligence LLM technology, particularly in niche industries such as food and beverage and advanced new materials. We are committed to building an innovative fusion and application of new artificial intelligence and industrial software which leverage traditional industrial software as the primary foundation and the AInnoGC LLM technology matrix as the innovation engine. Combined with the productisation and standardisation characteristics of industrial software, we empower the artificial intelligence LLM technology with capability, tooling, modularisation, and platformisation, and continue to create artificial intelligence industrial software that meets the needs of industry users, thus driving the commercialisation of artificial intelligence industrial software product system on the customer side and its widespread replication in the industry. Over the past year, we have fully leveraged the strong technological barriers developed by industrial software products within our customer base, integrating cutting-edge LLM technology to build various intelligent agents and thereby deeply optimizing and upgrading our existing industrial software. This strategy has successfully helped us achieve intelligent agent-based empowerment across the entire value chain through large models in multiple leading industry enterprises. It spans from the intelligent sales

knowledge assistant at the marketing end, to the smart office assistant at the management and operations end, the intelligent formula and process analysis and optimization at the product R&D end, and the intelligent equipment operation and maintenance assistant at the production and manufacturing end. Last year, through active external cooperation, we continued to expand the functions of the intelligent industrial software product system and strengthen the provision of relevant capabilities. We entered into a strategic cooperation agreement with DingTalk to deeply combine AI+MOM industrial software products with DingTalk software platform, achieving the co-construction of all-round smart factory solutions covering R&D, production, marketing and office operation. Meanwhile, we entered into a strategic cooperation agreement with CR Digital to help it build its own industrial large language model (LLM) platform based on the AInnoGC LLM product matrix. Leveraging CR Digital's existing comprehensive industrial software layout within CRH, we have also jointly built an intelligent agent application, deeply integrated industrial software with LLM intelligent agents, and implemented various scenarios within CRH's business units.

In the field of intelligent equipment, we continue to focus on deepening our efforts in artificial intelligence technology centered on machine vision, promoting highly integrated and high-performance software and hardware integrated solutions to leading industry clients. Leveraging years of extensive experience serving leading clients in niche industries and the long-term refinement and practical application of the MMOC artificial intelligence platform in industrial manufacturing, our machine vision products have achieved widespread replication and application in the intelligent equipment industry. We have standardized and modularized the entire process of solution design, manufacturing, delivery, and implementation, significantly accelerating the marketization process of products in niche sectors. At the same time, through the unique fast process orchestration capabilities and flexible modular external link technology of our self-developed AI Agent development platform, we have elaborately achieved the deep integration of emerging LLM technology with traditional small model technology. With years of accumulated assets in machine vision and machine learning, we have successfully advanced artificial intelligence capabilities in data analysis, feature extraction, visual understanding, and generation to a new level. In the panel semiconductor industry, we have further strengthened our technological barriers and enhanced the operation and application of business line of intelligent equipment, which is represented by intelligent glass panel defect quality inspection solution. This has enabled large-scale replication among leading industry clients. In addition, we have progressively achieved seamless integration between the inspection results of intelligent quality inspection equipment and enterprise quality management systems, incorporating production data into LLM application products in a more efficient and closed-loop manner. Through the deep understanding of natural language and the precise deconstruction and analytical

capabilities of LLM, we provide intuitive chart formats and more user-friendly interaction modes. This enables enterprise managers to conveniently and efficiently monitor the progress of product manufacturing and quality control. On the other hand, as the scale of quality inspection data continues to grow, we have introduced LLM technology to enable more efficient analysis and insights into quality inspection information, which provides data-driven feedback and recommendations for improvements in production processes in a more efficient way. In the field of robot empowerment, we have conducted in-depth research and practice in on-site intelligent logistic scenarios. By introducing LLM technology, we have optimized the operational efficiency of on-site logistic robots, significantly reduced blocking time while enhancing the response speed and accuracy of the dispatching system. In terms of the field of automotive equipment, we start with visual intelligence technology, focusing on maximizing customer value and deploying in-depth layouts in key application scenarios such as intelligent quality inspection and intelligent video security. Relying on the advanced functions of the MMOC artificial intelligence platform, we have gradually expanded the single front-line quality inspection scenario service and video security scenario service to meet the customer's sustainability model production, model management, model performance evaluation, quality inspection application implementation, intelligent analysis of quality inspection results, etc., which assists the customer to establish its own artificial intelligence systematic capabilities, thereby building up the intelligent service system that covers the entire value chain.

In the field of iron and steel metallurgy, we continue to promote the development strategy for the digitalization and intelligence of "industrial logistics for the manufacturing of steel industry", and we are focused on expanding the horizontal replication of industry customers under the "1*N" industry scenario. The logistics objects have achieved comprehensive coverage from the "liquid" to the "solid" state, and a smart steel coil unmanned transportation model has been successfully deployed at certain steel enterprise in northern China, resulting in a significant improvement in logistics efficiency. The logistics scenario has been further extended to ports. At a raw materials port in southern China, we deployed the industry's first "iSmartBGSU Grabbing Ship Unloader Intelligent Operation System (iSmartBGSU抓鬥式卸船機智能作業系統)", and at a port in southern China, we implemented the "iSmartLoco Unmanned Locomotive Technology Drive System (iSmartLoco無人機車駕駛系統)" for the first time. Both innovative initiatives signify a significant breakthrough in logistics automation and intelligentization. At the same time, the productization process has been continuously accelerating, with the BlazerADP industrial automatic driving vehicle platform successfully obtaining CE certification. Key technologies—including the automatic parking device, automatic charging device, and automatic hook release device—have been widely applied in multiple projects. These outcomes have not only enhanced operational safety and efficiency but have also significantly advanced the process of achieving independent development and domestic production of core equipment and controllers.

In the field of intelligent manufacturing practical training, we are actively broadening our customer base by closely aligning with the differentiated needs of educational institutions at various levels. By using the intelligent manufacturing training center as a hub for multi-point outreach, we are gradually expanding our service to educational institutions of all tiers and key laboratories. Leveraging the abundant faculty resources and outstanding students available at institutions, and with the MMOC platform and AInnoGC platform serving as a dual-core development foundation, we have collaborated with major laboratories in their teaching, learning, and research endeavours to jointly establish diversified intelligent manufacturing practical training centers and intelligent robotics centers. We are actively exploring pathways to empower the application of artificial intelligence technologies in industrial robotics. By making full use of the first-mover advantage of the robot innovation center and the increasingly mature robot core control technology to deeply integrate advanced technologies such as machine vision technology, video intelligence technology, intelligent learning technology and large model technology into the perception, decision-making, and interaction modules of our robots. We are committed to developing application scenarios including industrial robot control, industrial robot training machine operation management, and industrial robot training machine safety management. At the same time, we have allocated dedicated technology research and development resources to integrating artificial intelligence technologies with digital twin technology, applying this integration to robotic simulation control to enhance robot programming efficiency and reduce testing safety risks. Overall, we are dedicated to organically combining artificial intelligence technologies across both software and hardware, addressing the universal needs of the industry, with the aim of pioneering innovative pathways and new application fields for intelligent industrial robots in the realm of intelligent manufacturing practical training.

In the field of automotive equipment, we have meticulously developed a cutting-edge, full-lifecycle intelligent automation solution centered on automotive transportation lines. This intelligent transportation line serves as the "artery" of the entire production system, extending through various innovative segments, including intelligent automotive manufacturing complexes, new energy vehicle manufacturing bases, and high-end equipment collaborative support systems. Through the precise and efficient transportation of materials and semi-finished products, the solution guarantees seamless integration across each sector, thereby significantly enhancing production efficiency. Such a solution is designed to comprehensively meet customers' rigorous requirements for exceptional quality, high production efficiency, cost optimization, process transparency, and agile responsiveness. We have innovatively introduced a generative enterprise private domain knowledge Q&A application centered on ChatDoc, a system capable of rapidly and accurately addressing various specialized issues encountered by customers during production. Customers need only to pose a query, and

ChatDoc promptly sifts through an extensive knowledge base to extract relevant information and recommend targeted solutions. This process substantially reduces the time required for data retrieval and consultation with professionals, thereby significantly enhancing the timeliness and scientific bases of decision-making. Meanwhile, we have deployed an intelligent data extraction system centered on ChatBI. This system boasts robust capabilities for data insight and refinement, enabling it to automatically and efficiently extract key information with precision from the vast amounts of data generated at various production stages. Customers are no longer required to invest substantial manpower and time in manually collecting and organizing data, as ChatBI delivers the required information accurately in real time, assisting them in clearly grasping production dynamics, quality trends, and other critical aspects, and thereby providing a solid data foundation for scientifically sound decision-making. Across the dimension of the entire process, we have implemented green screening and evaluation for raw materials, lean quality control throughout production processes, and comprehensive performance inspections for finished products prior to shipment — all deeply integrated into a closed-loop management system covering the entire process. By capturing real-time on-site quality dynamics and accurately identifying potential quality risks, we can rapidly pinpoint and effectively resolve such issues. Meanwhile, with in-depth data exchange and sharing among various departments has enabled traceability of product quality throughout the entire process, thereby enhancing quality from multiple dimensions. This full-lifecycle intelligent automation solution, which integrates cutting-edge ChatDoc and ChatBI technologies, will create tremendous value for customers among leading domestic automotive equipment manufacturing enterprises and to effectively propel the automotive equipment industry into a new era of intelligent development.

In the financial sector, we remain focused on the intelligent application of data, dedicating our efforts to providing banks, securities firms, and various financial institutions with comprehensive, one-stop data solutions. To enhance data management capabilities, we have significantly upgraded our data asset management platform. By strengthening data standards management to ensure consistency in data formats and definitions, and concurrently intensifying quality monitoring to promptly detect and correct any errors or deviations, we assist our financial clients in comprehensively improving their data governance, thereby effectively enhancing their risk prevention and control capabilities. With regard to investment decision support, we have fully leveraged big data and artificial intelligence technologies to elaborately develop an intelligent investment decision support system. This system is capable of conducting real-time analyses and delivering precise forecasts based on vast amounts of market data, providing a scientifically sound and reliable basis for the investment decisions

of financial institutions. Numerous clients have reported a significant improvement in investment returns following its implementation. We have also innovatively introduced ChatDoc, a generative enterprise private domain knowledge Q&A application, which incorporates a wealth of financial expertise and regulatory policies accumulated through the Group's many years of industry KnowHow. This application is capable of providing financial professionals with real-time and precise knowledge Q&A services, thereby greatly enhancing work efficiency and decision-making accuracy.

Part II: Future Outlook

The competitive landscape in the AI field is undergoing profound changes. In the future, the core of AI competition will focus on application scenarios. With the continuous popularization of underlying technology, it is difficult to form long-term barriers with technological advantages alone, and the ability to deeply integrate AI technology with various actual scenarios and create business value has become the key for enterprises to differentiate itself from others. In our opinion, the vertical industries will be the main battlefield for LLMs. As industrial LLMs are characterized by strong expertise and high data security, therefore, the real value of LLMs will be focused on their application and implementation across more industries and enterprise-level solutions. Enterprises that could accurately identify the pain points of specific industries and offer customized solutions tailored to the actual needs of customers will gain a competitive advantage in the market and are more likely to receive widespread recognition in the market.

Looking ahead to 2025, AInnovation, as a pioneering enterprise in the field of "AI + Manufacturing", has formulated its development strategy of "one model, one agent and two wings", namely, positioning industrial LLM as the engine to drive industrial robots and empower industrial software, thus developing a diverse set of AI Agents customised for industrial use. The Company will continue to invest resources in deeply polishing the industrial LLM technology platform and related generative AI applications, pay close attention to cutting-edge technology trends, increase R&D investment, and actively explore new algorithms, architectures and application modes to ensure that it maintains a leading position in technology. In addition to strengthening technological innovation, the Company will promote the engineering implementation of technologies within industry scenarios, and based on the five business themes of "industrial software, digital and intelligent software, industrial logistics, intelligent equipment, industrial sustainability", deeply explore the potential of AI application in each business segment.

To achieve the long-term and sustainable development, AInnovation will continue to adjust its business structure and optimize its product portfolio in accordance with market dynamics and customer demand. By eliminating low AI value-added and low-margin businesses and focusing resources on developing business segments with core competitiveness and market potential, we will ensure the optimal allocation of corporate resources and improve operational efficiency and profitability.

Enhancing technological innovation and its application and implementation

In the current rapidly developing technology era, AI is profoundly transforming various industries. Looking to the future, the Company will increase its investment in technology with strong determination and clear strategy and will endeavor to follow the general direction and trend of AI technology development on top of the existing industrial intelligence technology system. We know that technological transformation is the core driving force for the sustainable development of an enterprise. Therefore, we will actively embrace technological transformation and boldly pursue innovation and breakthroughs. At the same time, the Company will expand its engagement in the field of industrial intelligence, make full use of the existing industry advantages to deeply explore various application scenarios, and realize the deep integration of intelligent technology and industrial scenarios. We will focus on key technologies and scenarios to unleash the value of our technologies, promote the intelligent transformation of industries, and bring more efficient and smarter solutions.

AI Agent: continuously enhancing platform capabilities and customer penetration and promoting the evolution of intelligent agent applications toward a high-level

As the intelligent transformation of enterprises reaches a more advanced stage, AI Agents are becoming the infrastructure for reshaping of traditional business processes. We will remain focused on the R&D of the AI Agent development platform and delivering platform capabilities tailored for manufacturing enterprises, helping enterprises build efficient AI Agent R&D and management systems, to enhance overall operational efficiency and decision-making capability.

In particular, we will further enhance the distinctive capabilities of the AI Agent development platform to build the application of manufacturing industry intelligent agents. With the extensive implementation experience and data accumulation of manufacturing customers, we will continue to build the knowledge base of the vertical domain and strengthen the synergistic inference capability between large and small models under manufacturing scenarios and the empowerment of key processes including R&D, design and production optimization. We will deepen our technical embedded solutions of AI Agent with industrial software and build a pluggable industrial intelligent agent ecosystem, to accelerate the intelligent transformation of traditional software and solutions. Alongside providing the out-of-the-box intelligent agent application, we will gradually open our AI Agent development capabilities to customers, which will further enhance the customer stickiness of AI Agent products while helping customers expedite the iteration of deployed intelligent agents and driving the development of more new intelligent agents.

Meanwhile, with the continuous enhancement of large model infrastructure and AI Agent platform capabilities and continuous popularization of intelligent agent application scenarios on customer side, we will actively explore technologies and scenarios and promote the evolution of intelligent agent applications toward a higher level. In terms of technologies, we will continue to promote the introspection, tool usage, planning and multi-intelligent agent collaboration of the AI Agent platform, to support the building of a higher-level intelligent agent that is able to precisely reason, analyze and steadily carry out complicated missions and further release users' productivity in human-machine collaboration. Meanwhile, we will remain insisted on scenario landing oriented, thoroughly consider the production and operation paradigm of manufacturing enterprises and gradually promote the application of high-level intelligent agent on customer side.

Industrial embodied intelligent robots: deepening technology stack optimization and expanding application scenarios

In the field of industrial embodied intelligent robots, we will continue to deepen the optimization of our technology stack, focusing on the improvement of the three core segments, i.e. data system, intelligent system and control system. By constructing a larger volume and higher quality dataset, we will provide the robot with richer learning resources to enhance its ability to perceive and understand complex environments. High-quality datasets not only help robots better adapt to different work scenarios, but also significantly improve their decision-making accuracy and efficiency. In terms of intelligent systems, we will continue to optimize the VLA large model to further enhance the intelligence of the robot. Through the introduction of advanced algorithms and optimization technologies, we are committed to equipping robots with stronger learning and adaptation capabilities so that they can autonomously complete tasks in complex industrial environments.

On this basis, we will be based on the industrial automation scene and gradually expand the application prospects in the field of commercial automation. Industrial automation scenario covers material handling, parts assembly and other key links, which are the core of the manufacturing industry, and an important area for the application of industrial robots. By optimizing robot technology, we can significantly increase production efficiency, reduce labor costs and improve product quality. In the field of commercial automation, we see greater market potential. Business automation includes a wide variety of scenarios such as retail stocking, business operations, commercial cleaning, etc. These scenarios place higher demands on the flexibility, adaptability and interactivity of robots. Through technological innovation, we will enable robots to better adapt to the needs of these scenarios and provide business users with efficient and reliable automation solutions.

In response to these broader industry needs, we will join hands with partners such as robot hardware body and parts manufacturers to create targeted robot products and actively promote their commercialization. Through close cooperation with our partners, we can fully utilize our respective strengths and optimize the allocation of resources. We will work together on R&D of technology, product design and marketing to ensure our robot products meet the actual needs of different industries. We believe that through our strong partnerships, we will be able to provide more competitive robot solutions to the market and promote the application of robot technology in more fields.

Industrial LLM-aided industrial design: enhancing design generation capabilities and expanding the collaborative ecosystem

In the field of industrial LLM-aided industrial design, we firmly believe that CAD industrial design data is the most valuable data modality in the industrial field. CAD data not only contains product design details, but also encompasses rich engineering knowledge and experience. By integrating more industrial design-related data, we can significantly improve the design generation capability of industrial LLM, thereby creating greater value in the industrial field. Through technological innovation, we are committed to enabling industrial LLM to better understand and generate high-quality CAD designs, bringing higher efficiency and better user experience to industrial design.

Looking to the future, we will continue to strengthen our cross-domain Synthetic Data technology. Through synthesizing data, we are able to provide richer training materials for models and further optimize the generation effect and performance of large models in both Text-to-CAD and Image-to-CAD. Meanwhile, we will also investigate the direction of CAD-to-Text technology to explore its potential in application scenarios such as CAD review, which can extract key information from CAD designs and present it in text form. This can be used not only for design review, but also for design document generation and management. With this technology, we can increase the efficiency and accuracy of design reviews, minimize human errors and improve design quality.

Based on these technical capabilities, we will actively expand the CAD cooperation ecosystem and initiate in-depth cooperation with more domestic and foreign CAD vendors to establish a strong alliance. Through cooperation, we will jointly carry out technology research and development, product optimization and market promotion, and advance CAD industrial design into the era of large models. We believe that through joint efforts with our partners, we can provide more advanced CAD design solutions for the market and bring new transformation to industrial design.

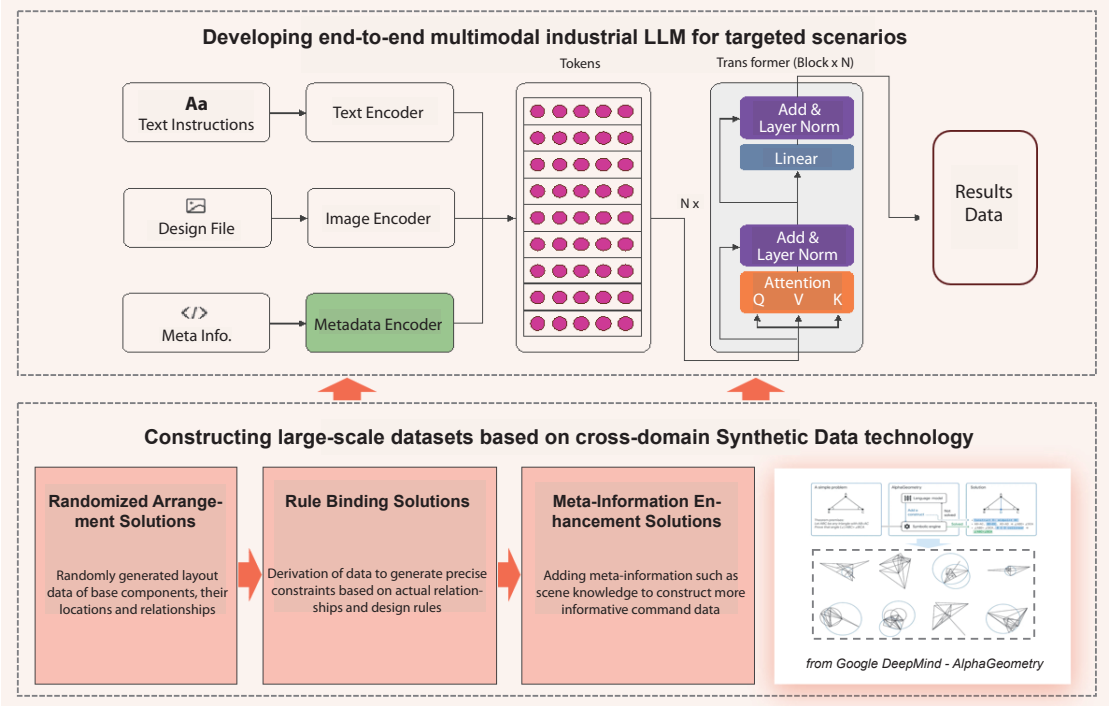

Figure (3) ChatCAD architecture diagram

Continuous optimization of technology and products to ensure competitive advantage

We will continue to optimize our technologies and products with business orientation as the lead. We will continue to improve the standardization of our products to ensure that they can better meet the needs of different users. At the same time, we will continue to conduct in-depth research, application and evaluation of quantization and other technologies to ensure that they can meet the needs of actual business applications at a lower computing cost. We understand that technology optimization and innovation are the keys to maintaining a competitive edge. Therefore, we will continue to explore new technologies and methods to enhance product performance and user experience.

We will adhere to the customer demand-oriented and constantly optimize product features and service quality. Through close cooperation with our customers, we can keep abreast of market dynamics and user needs, and thus quickly adjust the direction of technology development and product strategy. We believe that through continuous technical innovation and product optimization, we can provide customers with more valuable solutions and promote the development of industrial intelligence.

In the future, we will continue to increase technology investment, deepen technology innovation, expand application scenarios and optimize product services. We will work together with our partners to promote the development of industrial intelligence and bring more innovation and change to the industry. We firmly believe that through our efforts, the Company will achieve greater success in the field of industrial intelligence and create more value for society.

Continuous enrichment of AI products and solutions

In 2025, we will maintain our development focus on AI technology-enabled industry. We will focus on developing AI technology-enabled industrial software and robot technology R&D, with the MMOC analytical AI platform and AInnoGC generative AI platform as the technological base, and vigorously promote the industrialization of AI, with the industry needs as the guiding force. We will intensively consolidate and deeply integrate the Group's existing AI technology reserves and software and hardware product matrix. Leveraging existing customer resources and industry understanding, we will accelerate the large model technology and product system to bring business value to customers, thereby comprehensively assisting enterprise customers in their digital and intelligent transformation.

In the field of industrial software, we will further implement the strategy of integrating large model technology with MOM industrial software product system. Particularly for leading enterprises in key market segments such as food & beverage, new material and equipment manufacturing, we will actively promote the in-depth integration of large model technology with different industrial software such as EAM (Enterprise Asset Management), MES (Manufacturing Execution System), EMS (Energy Management System) and QMS (Quality Management System), as well as the commercialization of the customer side. Based on the AI Agent development platform, we will continue to enhance intelligent industrial software that combines industry-specific features with large model capabilities, such as equipment maintenance assistants and manufacturing data analysis assistants. These enhancements will boost their professionalism and maturity, enabling more effective monitoring, analysis and tracing of key indicators and events throughout the production process. In turn, this will support the capture and consolidation of R&D, production and operational knowledge within manufacturing enterprises, ultimately driving more intelligent management. At the same time, with the continuous evolution and improvement of the AI Agent development platform, we are committed to providing

our customers with more professional and personalized intelligent solutions. Based on providing an out-of-the-box industrial AI Agents for customers, the development function of the AI Agent platform will gradually open to customers with mature conditions. It not only assists customers in accelerating the iteration of deployed intelligent applications but also in the development of more personalized intelligent applications, so as to further increase the customer stickiness on AI Agent products. In the coming year, we will continue to engage in deep cooperation with external partners in many other fields to build a more intelligent industrial software product system, while joining hands to explore application channels on the customer side and forming a win-win situation. On this basis, combined with the increasingly strong and urgent demand from the industry benchmark customers for digitalization and intelligent transformation, we will closely follow the industry characteristics and production status of the customers, and resolutely implement the business strategies of "1+N" and "1*N", so that we can, on the one hand, further explore the demand of the benchmark customers and shape the intelligent applications in more different scenarios, and, on the other hand, deeply integrate our high-valued intelligent applications and industrial software products, promoting its commercialization of the rest of the customers in niche industries by using the cases of the benchmark customers.

In the field of intelligent equipment, on the basis of continuing to maintain the original productization development principle of upgrading and iterating intelligent equipment based on machine vision technology without changes, we will try to explore the product technology by utilising the large model technology in more intelligent equipment application areas with more open attitude and more courageous spirit of exploration. In the field of panel semiconductor industry, we will continue to utilize the ability of large models of managing, analyzing and concluding data and analysis and judgement of machine learning on the logical management of data in the upper layer of software management of intelligent equipment. At the same time, with the help of large model technology to establish equipment operation and maintenance knowledge base and equipment knowledge base, we will improve hardware operation and maintenance management, troubleshooting and repairment, intelligent management of equipment operating status and the ability to inherit management knowledge. In addition, we will also use the large model technology to empower the robot in the flexible production line of the panel semiconductor industry, and establish a virtualized production line by using the digital twin technology system, and integrate the data generated from the production line, equipment operation data, and output capacity data into the management system, so as to facilitate the production planning and rapid adjustment of the production line by the process and production departments to improve the efficiency of resource scheduling.

In the field of iron and steel metallurgy, we will deeply combine our background of technology with industry Know-How and take general consulting and system simulation as the lead, to build the hard support of independently controllable intelligent equipment and construct the soft strength with deep learning and operation optimization as the core algorithms. We will continue to implement the "1+N" and "1*N" expansion models, strengthen the promotion effort of our products in multiple pipelines and industries, try our best to expand our customer base from domestic steel to overseas, so as to quickly seize the steel market centered on industrial railroad intelligence and port intelligence, and actively explore innovative application scenarios in rail-based locomotive transportation.

In the field of intellectual manufacturing training, we will further expand the boundaries of the application of large model technology, especially in the direction of smart manufacturing practical training. We will implement a localization strategy based on our local smart manufacturing practical training centers to deepen the application of AI technology in educational software, fully considering government policies and the specific needs of the education industry. With the AI Agent development platform as our core technology and product asset, we provide a tool platform that supports teachers and students to conduct large model learning, which helps businesses including teaching preparation, teaching evaluation, knowledge query, and student self-study. In addition, we will simultaneously promote the integration and application of large model technology and practical training robot machines. Combining machine vision technology and large model technology, we focus on the development of intelligent supervision, intelligent examination monitoring, intelligent security maintenance, intelligent learning data analysis and other directions to realize a comprehensive coverage of the education, training, examination, competition and other industry segments in the field of intellectual manufacturing training industry.

In the field of automotive equipment, we will further deepen the whole life cycle intelligent automation solution centered on automotive conveyor lines in 2025. We will continue to optimize the intelligence of the conveyor lines and introduce more advanced AI algorithms to further enhance production efficiency and flexibility. Based on the newly released AInnoGC 2.0 industrial LLM, we will actively explore its richer implementation scenarios in the automotive equipment field. For example, we will apply ChatCAD to the design of automotive parts. Engineers only need to describe the function, size, shape and other requirements of the parts in natural language, and ChatCAD can automatically generate CAD design drawings, which can significantly shorten the design cycle and improve design efficiency. Meanwhile, ChatCAD also plays an important role in the design of fixtures and fittings for automotive production lines and can quickly respond to changes in fixture design for different production needs. We will also work with our customers to explore how robot technology driven by ChatRobot's large model can be used to realize more complex and detailed operations on automotive production lines. For example, in the welding and assembly of automobiles, robots driven by large models can accurately complete various difficult operations based on real-time production conditions and product requirements.

In the financial field, we will make every effort to promote the deep integration of large model technology into the data management field of the financial industry. With the powerful knowledge base intelligent Q&A function of the large model, we can offer financial practitioners with real-time and accurate professional knowledge answers, no matter it is the interpretation of complex financial rules or details of various financial products, we can help customers get the answers quickly and significantly improve their work efficiency. At the same time, we utilize the intelligent analysis capability of large models to conduct deep exploration for massive financial data. We will be able to accurately identify potential risks, market trends and changes in customer behavioral patterns in the data, providing powerful support for financial institutions' risk management and market strategy formulation. Especially importantly, in terms of assisting decision-making, the large model provides scientific and comprehensive decision-making advice to senior managers of financial institutions based on the analysis and learning of a large amount of data. From investment decisions to business development directions, we can make smarter choices based on the analysis results of the large model, helping financial institutions stand out in the fierce market competition and achieve stable and efficient development.

OVERVIEW

Following the national action plan in respect of deepening "AI +" which actively promotes artificial intelligence technology empowering new industrialization and accelerates the deep integration of artificial intelligence technology and the real economy, the relevant technology applies more frequently in the industrial manufacturing field over the past year. As the market leader of "AI + Manufacturing", we keep increasing the investment in artificial intelligence technology research and market expansion, positively cooperating with major manufacturing enterprises to help traditional manufacturing companies in intelligent transformation and leading business to a new trend. At the same time, the Company pays attention to internal optimization, laying a solid foundation for the long-term healthy development of the Company through cost reduction and efficiency improvement and structural adjustment.

REVENUE

Our revenue decreased by 30.2% from RMB1,751.0 million in the fiscal year ended 31 December 2023 to RMB1,221.8 million in the fiscal year ended 31 December 2024. Such decrease was primarily due to our increased focus on revenue streams of high quality and continuous optimization of business structure, which was mainly presented by (i) steady improvement in overall gross margin; and (ii) substantial improvement in net cash used in operating activities. We recorded a year-on-year decrease in revenue, but the conditions in the second half of the year was significantly better than the first half of the year, driven by the overall rebound of manufacturing industry.

In terms of the manufacturing industry, revenue from manufacturing industry decreased by 16.6% from RMB1,176.4 million in the fiscal year ended 31 December 2023 to RMB980.7 million in the fiscal year ended 31 December 2024, accounting for 80.3% of total revenue.

In terms of the financial services industry, revenue from financial services industry decreased by 68.4% from RMB401.8 million in the fiscal year ended 31 December 2023 to RMB127.1 million in the fiscal year ended 31 December 2024, accounting for 10.4% of total revenue.

Our total number of customers increased from 397 in the fiscal year ended 31 December 2023 to 521 in the fiscal year ended 31 December 2024.

COST OF SALES

Our cost of sales decreased by 31.3% from RMB1,162.6 million in the fiscal year ended 31 December 2023 to RMB798.7 million in the fiscal year ended 31 December 2024. Such decrease was primarily due to cost decrease arising from decreased revenue.

In terms of the manufacturing industry, cost of sales from manufacturing industry decreased by 14.1% from RMB720.7 million in the fiscal year ended 31 December 2023 to RMB619.2 million in the fiscal year ended 31 December 2024, primarily due to cost decrease arising from decreased revenue in the manufacturing industry.

In terms of the financial services industry, cost of sales from financial services industry decreased by 69.0% from RMB298.1 million in the fiscal year ended 31 December 2023 to RMB92.3 million in the fiscal year ended 31 December 2024, primarily due to cost decrease arising from decreased revenue in the financial services industry.

GROSS PROFIT AND GROSS MARGIN

As a result of foregoing, our overall gross profit decreased by 28.1% from RMB588.5 million in the fiscal year ended 31 December 2023 to RMB423.1 million in the fiscal year ended 31 December 2024. In 2023 and 2024, our overall gross margin was 33.6% and 34.6% respectively, primarily due to (i) higher delivery efficiency and our effective control on cost; and (ii) continuous optimization of business structure and increased focus on high-quality business.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses decreased by 10.8% from RMB214.5 million in the fiscal year ended 31 December 2023 to RMB191.4 million in the fiscal year ended 31 December 2024, primarily due to the decrease in share-based payment expenses and our effective control on selling expenses.

GENERAL AND ADMINISTRATIVE EXPENSES

Our general and administrative expenses decreased by 35.0% from RMB406.6 million in the fiscal year ended 31 December 2023 to RMB264.4 million in the fiscal year ended 31 December 2024, primarily due to the decrease in share-based payment expenses and our effective control on general and administrative expenses.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses decreased by 21.1% from RMB449.8 million in the fiscal year ended 31 December 2023 to RMB355.1 million in the fiscal year ended 31 December 2024, primarily due to the improvement of research and development efficiency, and our effective control on research and development expenses.

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Our net impairment loss on financial assets in the fiscal year ended 31 December 2024 was RMB0.9 million, compared to the net impairment losss of RMB86.8 million in the fiscal year ended 31 December 2023, primarily due to a decrease in the provision for impairment of trade receivables during the Reporting Period.

OTHER INCOME

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

In the fiscal year ended 31 December 2024, our other income was RMB37.5 million.

OTHER LOSSES, NET

Our other losses, net primarily consist of: (i) fair value losses on financial assets and liabilities at fair value through profit or loss; and (ii) interests received on financial assets at fair value through profit or loss.

In the fiscal year ended 31 December 2024, we recorded a net other loss of RMB51.4 million.

OPERATING LOSS

As a result of the foregoing, we recorded an operating loss of RMB630.6 million in the fiscal year ended 31 December 2024, which remained largely comparable in scale to the fiscal year ended 31 December 2023.

FINANCE INCOME

Our finance income decreased from RMB29.1 million in the fiscal year ended 31 December 2023 to RMB13.0 million in the fiscal year ended 31 December 2024, primarily due to a decrease in interest income from bank deposits.

FINANCE COSTS

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

Our finance costs decreased from RMB8.6 million in the fiscal year ended 31 December 2023 to RMB7.4 million in the fiscal year ended 31 December 2024, primarily due to a decrease in interest expenses on our lease liabilities.

LOSS FOR THE YEAR

As a result of the foregoing, our loss for the year increased by 6.8% from a loss of RMB570.3 million in the fiscal year ended 31 December 2023 to RMB608.9 million in the fiscal year ended 31 December 2024.

NON-IFRS MEASURES

Adjusted Net Loss

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

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

	Year ended 31 December	
	2023	**2024**
	RMB'000	***RMB'000***
Reconciliation of net loss to adjusted net loss:		
Loss for the year	(570,272)	**(608,925)**
Add:		
Share-based payment expenses	290,271	**153,815**
Amortization of intangible assets arising from acquisition	36,135	**43,010**
Impairment loss on goodwill and intangible assets arising from acquisition	—	**227,973**
Changes in fair value of financial assets/liabilities at fair value through profit or loss	89,683	**66,862**
Adjusted net loss (Unaudited)	(154,183)	**(117,265)**

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents

As at 31 December 2024, cash and cash equivalents of the Group was approximately RMB1,204.9 million, compared to approximately RMB1,344.6 million as at 31 December 2023. The change was mainly due to cash outflows from financing, investing and operating activities. Most of the cash and cash equivalents of the Group were denominated in RMB.

Gearing Ratio

The Group monitors capital on basis of the gearing ratio, which is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including related party borrowing) and lease liabilities less cash and cash equivalents. As of 31 December 2024, the Group had a net cash position and the gearing ratio was not applicable.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, for the year ended 31 December 2024, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Disclosure Made pursuant to Rule 14.36B of the Listing Rules

References are made to the announcement of the Company dated 20 May 2022 in relation to the acquisition of 51% equity interest in two target companies.

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

1. Performance commitment of Target Company I

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

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

Notes:

1. The performance indicators for 2022 refer to the performance indicators consolidated after the Company acquired Target Company I only.

2. Sales gross margin = (turnover – external procurement costs)/revenue.

3. Financial gross margin = (turnover – costs of revenue)/revenue.

4. Net profit (excluding extraordinary gains and losses) refers to the net profit after deducting the extraordinary gains and losses.

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

According to the Company's announcement dated 20 May 2022, 30 June of each year or the date on which the Vendors I make payment application (whichever is earlier) shall be the closing date for collection of payments for the previous year (the "**Collection Date**"). The Company shall calculate the performance achievement rate after taking into account the collection of payments based on the actual collection status before the Collection Date. Based on the actual payments collection status before the Collection Date, the revenue of Target Company I has been adjusted to RMB278.2174 million as of 31 December 2023, while the adjusted net profit (excluding extraordinary gains and losses) (unaudited) is RMB15.7921 million. The calculated financial gross margin meets the annual business guideline of the Company. After taking into consideration the sales gross margin and payments collection status, the performance achievement rate has been calculated to be 100%. Therefore, the Company is obligated to pay all Vendors I a total of RMB25.5 million as the Adjusted Share Transfer Price for the 2023 financial year.

As of the date of this announcement, the Company has not yet been able to calculate the performance achievement rate of year 2024 after taking into account the collection of payments as the agreed Collection Date of year 2024 is yet pending. Accordingly, the performance commitment of Target Company I for the year ended 31 December 2024 is still in progress and the Company will closely monitor the completion of the said performance commitment.

2. Performance commitment of Target Company II

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

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

Notes:

1. The performance indicators for 2022 refer to the performance indicators consolidated after the Company acquired Target Company II only.

2. Sales gross margin = (turnover – external procurement costs)/revenue.

3. Financial gross margin = (turnover – costs of revenue)/revenue.

4. Net profit (excluding extraordinary gains and losses) refers to the net profit after deducting the extraordinary gains and losses.

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

According to the Company's announcement dated 20 May 2022, 30 June of each year or the date on which the Vendors II make payment application (whichever is earlier) shall be the closing date for collection of payments for the previous year (the "**Collection Date**"). The Company shall calculate the performance achievement rate after taking into account the collection of payments based on the actual collection status before the Collection Date. Based on the actual payments collection status before the Collection Date, the revenue of Target Company II has been adjusted to RMB149.1029 million as of 31 December 2023, while the adjusted net profit (excluding extraordinary gains and losses) (unaudited) is RMB10.9915 million. Both the calculated sales gross margin and financial gross margin meet the annual business guidelines of the Company. After taking into consideration the payments collection status, the performance achievement rate has been calculated to be 91.04%. Therefore, the Company is obligated to pay all Vendors II a total of RMB18.5722 million as the Adjusted Share Transfer Price for the 2023 financial year.

As of the date of this announcement, the Company has not yet been able to calculate the performance achievement rate of year 2024 after taking into account the collection of payments as the agreed Collection Date of year 2024 is yet pending. Accordingly, the performance commitment of Target Company II for the year ended 31 December 2024 is still in progress and the Company will closely monitor the completion of the said performance commitment.

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

As of 31 December 2024, save as disclosed in this announcement, we did not have material investments or future plans for other material investments or acquisition of capital assets.

SIGNIFICANT ASSET IMPAIRMENT

Impairment of Goodwill and Intangible Assets

Due to macroeconomic changes and intense industry competition, the operating performance of certain subsidiaries acquired by the Group in previous years fell short of expectations.

As at 31 December 2024, with the assistance of an independent valuer, the Group conducted an impairment assessment of goodwill and intangible assets and recalculated the recoverable amounts of all cash-generating units (CGUs). Among them, the recoverable amounts of the CGUs for AInnovation EHigher (Shanghai) Intelligence Technology Co., Ltd., Shanghai Compass Information Technology Co., Ltd. and Shenzhen AInnovation Eye Technology Co., Ltd. were assessed to be lower than their carrying values. Accordingly, the Group recognized an impairment loss of RMB227,973,000 for the goodwill and intangible assets of these subsidiaries. For details of the impairment and related valuations, please refer to Notes 12 and 13 to the consolidated financial statements.

FOREIGN EXCHANGE EXPOSURE

During the fiscal year ended 31 December 2024, the Group mainly operated in the PRC with most of the transactions settled in RMB. The functional currency of our Company and its subsidiaries is RMB. As of 31 December 2024, our balance of the cash and cash equivalents was mainly denominated in RMB. The Group manages its foreign exchange risk by closely monitoring the movement of the exchange rates and will consider hedging significant foreign currency exposure if necessary. As of 31 December 2024, our business is not exposed to any significant foreign exchange risk.

PLEDGE OF ASSETS

As at 31 December 2024, the Group had no material pledge of assets.

BORROWINGS

As at 31 December 2024, borrowings of the Group were RMB127.7 million (as at 31 December 2023: RMB76.7 million), mainly include short-term borrowings of several subsidiaries.

CONTINGENT LIABILITIES

As at 31 December 2024, we did not have any material contingent liabilities.

SUBSEQUENT EVENT

Save as disclosed in this announcement, there was no significant event subsequent to the end of the Reporting Period and up to the date of this announcement.

OTHER INFORMATION

Dividend

The Board does not recommend a final dividend for the year ended 31 December 2024.

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 1,722,300 H Shares (the "**Repurchased Shares**") on the Stock Exchange for a total consideration of approximately HK$8,807,382. Details of the Repurchased Shares are as follows:

		Price per share paid		
Month of Repurchase	**Number of Repurchased Shares**	**Highest Price (HKD)**	**Lowest Price (HKD)**	**Total Consideration (HKD)**
2024				
October	600,000	4.74	4.6	2,794,668
November	906,300	5.84	4.75	4,813,380
Subtotal	1,506,300	—	—	7,608,048
2025				
January	216,000	5.58	5.52	1,199,334
Subtotal	216,000	—	—	1,199,334
Total	**1,722,300**	**—**	**—**	**8,807,382**

As at 31 March 2025, the Repurchased Shares have not been cancelled by the Company and the balance of the issued Shares of the Company was 565,050,738 shares (including 216,000 Treasury Shares). The repurchase of the Shares as referred to in the circular of the Company dated 18 April 2024 was for the purpose of stabilizing the share price of the Company and safeguarding the value of the Company and the interests of the Shareholders.

Save as disclosed above, neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including sale of Treasury Shares) during the Reporting Period and up to 31 March 2025.

As at 31 December 2024, the Company did not hold Treasury Shares.

Corporate Governance Practices

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

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

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

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

Model Code for Securities Transactions by Directors, Supervisors and Employees

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

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

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

Scope of Work of the Auditor

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an audit, review or other assurance engagement, and consequently no assurance has been expressed by the PricewaterhouseCoopers on this announcement.

Audit Committee

The Audit Committee has reviewed the annual results of the Group for 2024 and the audited consolidated financial statements for the year ended 31 December 2024 which were prepared in accordance with the International Financial Reporting Standards.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ainnovation.com). The annual report of the Group in the fiscal year ended 31 December 2024 will be dispatched to the shareholders by the means of receipt of corporate communications they selected and made available for review on the same websites in due course.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Year ended 31 December	
		2024	2023
		RMB'000	*RMB'000*
Revenue	4	**1,221,768**	1,751,045
Cost of sales	5	**(798,697)**	(1,162,560)
Gross profit		**423,071**	588,485
Selling and distribution expenses	5	**(191,385)**	(214,542)
General and administrative expenses	5	**(264,350)**	(406,624)
Research and development expenses	5	**(355,109)**	(449,796)
Net impairment losses on financial assets		**(905)**	(86,802)
Impairment loss on goodwill and intangible assets arising from acquisition	12, 13	**(227,973)**	—
Share of net losses of investments accounted for using the equity method		**—**	(342)
Other income	6	**37,457**	57,367
Other losses, net	7	**(51,392)**	(87,758)
Operating loss		**(630,586)**	(600,012)
Finance costs	8	**(7,410)**	(8,573)
Finance income	8	**13,010**	29,050
Finance income – net	8	**5,600**	20,477
Loss before income tax		**(624,986)**	(579,535)
Income tax credit	9	**16,061**	9,263
Loss for the year		**(608,925)**	(570,272)
Other comprehensive loss, net of tax			
Items that may be reclassified subsequently to profit or loss			
Currency translation difference		**(94)**	(53)
Other comprehensive loss for the year, net of tax		**(94)**	(53)
Total comprehensive loss for the year		**(609,019)**	(570,325)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Year ended 31 December	
		2024	2023
		RMB'000	*RMB'000*
Loss for the year attributable to:			
Owners of the Company		**(593,810)**	(582,337)
Non-controlling interests		**(15,115)**	12,065
Loss for the year		**(608,925)**	(570,272)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(593,875)**	(582,372)
Non-controlling interests		**(15,144)**	12,047
Total comprehensive loss for the year		**(609,019)**	(570,325)
Basic and diluted loss per share for loss attributable to the owners of the Company (in RMB)	11	**(1.09)**	(1.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	As at 31 December	
		2024	2023
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**38,957**	56,600
Right-of-use assets		**39,643**	65,594
Intangible assets	12	**207,017**	327,031
Goodwill	13	**175,213**	327,385
Deferred income tax assets		**5,901**	—
Financial assets at fair value through other comprehensive income		**9,000**	9,000
Other non-current assets		**12,010**	10,290
Total non-current assets		**487,741**	795,900
Current assets			
Inventories		**156,686**	130,629
Trade and notes receivables	14	**477,913**	671,547
Prepayments and other receivables	15	**277,498**	218,904
Financial assets at fair value through other comprehensive income		**9,393**	3,203
Financial assets at fair value through profit or loss		**2,439**	103,826
Restricted cash		**6,583**	20,533
Cash and cash equivalents		**1,204,879**	1,344,615
Total current assets		**2,135,391**	2,493,257
Total assets		**2,623,132**	3,289,157
EQUITY			
Equity attributable to owners of the Company			
Share capital		**565,051**	565,051
Share premium		**2,631,580**	2,631,580
Less: Treasury share		**(313,711)**	(264,349)
Other reserves		**1,103,042**	949,292
Accumulated losses		**(2,442,062)**	(1,848,252)
		1,543,900	2,033,322
Non-controlling interests		**168,328**	190,823
Total equity		**1,712,228**	2,224,145

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2024

	Note	As at 31 December	
		2024	2023
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**33,406**	56,667
Deferred income tax liabilities		**27,546**	40,677
Other non-current liabilities		**3,741**	6,636
Financial liabilities at fair value through profit or loss		**26,205**	95,565
Total non-current liabilities		**90,898**	199,545
Current liabilities			
Borrowings		**127,735**	76,651
Lease liabilities		**19,918**	23,069
Trade and notes payables	16	**289,704**	353,707
Contract liabilities		**109,242**	121,778
Other payables and accruals	17	**190,335**	210,808
Current income tax liabilities		**3,268**	664
Financial liabilities at fair value through profit or loss	18	**79,804**	78,790
Total current liabilities		**820,006**	865,467
Total liabilities		**910,904**	1,065,012
Total equity and liabilities		**2,623,132**	3,289,157

1 General information of the Group

AInnovation Technology Group Co., Ltd. (formerly known as "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, and changed the type of enterprise from a limited liability company to a joint stock company on 19 May 2021. The address of the Company's registered office is Room 501, Block A, Haier International Plaza, No. 939 Zhenwu Road, Economic Development Zone, Jimo District, Qingdao, Shandong, PRC.

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

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

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

2 Basis of preparation and changes in accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities that are measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the 2024 annual report.

2.2 Changes in accounting policies

New and amended standards adopted by the Group

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

Standards and amendments	**Key requirements**	**Effective for annual periods beginning on or after**
IAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2024
IFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
IFRS 7 and IAS 7 (Amendments)	Supplier finance arrangements	1 January 2024

New and amended standards not yet adopted by the Group

The followings are new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Group. These standards, amendments or interpretations, except for IFRS18 which will impact the presentation of statement of profit and loss, are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Standards and amendments	**Key requirements**	**Effective for annual periods beginning on or after**
IAS21 (Amendments)	Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 9 and IFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity	1 January 2026
	Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 18 (Amendments)	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 (Amendments)	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 (Amendments) and IAS28 (Amendments)	Sale or contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

3 Segment information

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

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

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

No individual customer contributed over 10% of the total revenue of the Group for the year ended 31 December 2024 and 2023.

4 Revenue

An analysis of revenue is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Point in time		
– Sales of integrated products and solutions	**1,065,383**	1,586,403
Over time		
– Sales of integrated products and solutions	**84,084**	45,955
– Services of data solutions	**72,301**	118,687
	1,221,768	1,751,045

5 Expenses by nature

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Employee benefit expenses	**471,181**	576,983
Materials costs	**456,357**	720,974
Subcontracting costs	**435,985**	665,509
Amortisation of intangible assets (Note 12)	**44,336**	37,636
Professional service and other consulting fees	**37,715**	42,435
Depreciation of property, plant and equipment	**24,175**	30,093
Depreciation of right-of-use assets	**22,805**	24,846
Marketing expenses	**22,627**	37,004
Travelling expenses	**13,575**	16,424
Rental and property management expenses	**7,619**	6,920
Auditors' remuneration – audit services	**5,200**	5,350
– non-audit services	**1,135**	1,300
Recruiting and training expenses	**5,080**	6,878
Other expenses	**61,751**	61,170
	1,609,541	2,233,522

6 Other income

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Government grants	**37,457**	57,367

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

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

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

7 Other losses, net

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Interests received on financial assets at FVTPL	**8,088**	3,847
Gains on disposal of property, plant and equipment and right-of-use assets	**5,620**	1,851
Foreign exchange gains/(losses)	**111**	(5,273)
Fair value losses on financial assets and liabilities at FVTPL	**(66,862)**	(89,683)
Others	**1,651**	1,500
	(51,392)	(87,758)

8 Finance income/(costs)

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Finance income:		
Interest income from bank deposits	**13,010**	29,050
Finance costs:		
Interest expenses on lease liabilities	**(3,951)**	(4,188)
Interest expenses on bank borrowings	**(3,459)**	(2,842)
Interest expenses on convertible bond	**—**	(1,543)
	(7,410)	(8,573)
Finance income, net	**5,600**	20,477

9 Income tax credit

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current tax on profits for the year	**2,971**	818
Deferred income tax	**(19,032)**	(10,081)
Income tax credit	**(16,061)**	(9,263)

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss before taxation	**(624,986)**	(579,535)
Tax calculated at tax rates applicable to profits of the respective subsidiaries	**(156,249)**	(144,884)
Preferential tax of certain subsidiaries	**68,878**	50,682
Expenses not deductible for tax purposes	**45,958**	43,139
Super deductions from research and development expenditures	**(27,509)**	(33,230)
Utilisation of the tax losses unrecognized deferred income tax previously	**(4,260)**	(2,077)
Temporary difference for which no deferred tax asset was recognized	**(19,761)**	13,738
Tax losses for which no deferred tax asset was recognized	**76,882**	63,369
Income tax credit	**(16,061)**	(9,263)

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

A number of subsidiaries of the Group obtained or kept the status as High and New Technology Enterprises in 2024. According to the tax incentives of the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") for High New Tech Enterprises, these companies are subject to a reduced corporate income tax rate of 15% for three years commencing from the years when these companies are recognized as High New Tech Enterprises.

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

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

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

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

10 Dividends

The Board does not recommend a final dividend for the year ended 31 December 2024 (2023:Nil).

11 Loss per share

(a) Basic loss per share

The basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares (excluding treasury shares) issued during the year ended 31 December 2024 and 2023.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loss from continuing operation attributable to the owners of the Company	**(593,810)**	(582,337)
Weighted average number of ordinary shares in issue ('000)	**546,571**	556,283
Basic loss per share (RMB)	**(1.09)**	(1.05)

(b) Diluted loss per share

As the Group incurred losses for the year ended 31 December 2024 and 2023, the potential diluted ordinary shares related to treasury shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the diluted loss per share for the year ended 31 December 2024 and 2023 are the same as basic loss per share of the respective year.

12 Intangible assets

	Software	Customer relationship	Technology	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024				
Opening net book amount	**4,158**	**274,057**	**48,816**	**327,031**
Additions	**123**	**—**	**—**	**123**
Impairment charge	**—**	**(64,734)**	**(11,067)**	**(75,801)**
Amortisation charge (Note 5)	**(1,326)**	**(30,412)**	**(12,598)**	**(44,336)**
Net book amount	**2,955**	**178,911**	**25,151**	**207,017**
As at 31 December 2024				
Cost	**11,962**	**309,400**	**63,900**	**385,262**
Accumulated amortisation	**(9,007)**	**(65,755)**	**(27,682)**	**(102,444)**
Impairment charge	**—**	**(64,734)**	**(11,067)**	**(75,801)**
Net book amount	**2,955**	**178,911**	**25,151**	**207,017**
Year ended 31 December 2023				
Opening net book amount	4,612	167,489	34,519	206,620
Additions	206	—	—	206
Acquisition of a subsidiary	841	132,000	25,000	157,841
Amortisation charge (Note 5)	(1,501)	(25,432)	(10,703)	(37,636)
Net book amount	4,158	274,057	48,816	327,031
As at 31 December 2023				
Cost	11,839	309,400	63,900	385,139
Accumulated amortisation	(7,681)	(35,343)	(15,084)	(58,108)
Net book amount	4,158	274,057	48,816	327,031

As at 31 December 2024 and 2023, the Group had intangible assets arising from acquisition of RMB204,062,000 and RMB322,873,000 respectively, which included customer relationship and technology.

Amortisation of the intangible assets has been recognized as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
General and administrative expenses	965	1,167
Research and development expenses	12,959	11,037
Selling and distribution expenses	30,412	25,432
	44,336	37,636

Intangible assets impairment

Customer relationship and technology are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. During year ended 31 December 2024, the revenue and profit generated by AInnovation EHigher (Shanghai) Intelligence Technology Co., Ltd. ("Shanghai EHigher") and Shenzhen AInnovation Eye Technology Co., Ltd. ("Shenzhen Huiyan") decreased significantly due to market downturn. Therefore, the management assessed the impairment of customer relationship and technology with reference to the recoverable amounts of the CGUs.

Customer relationship and technology impairment assessment is based on recoverable amounts which are determined based on the higher of the fair value less disposal cost and value-in-use calculations. Customer relationship and technology cannot generate cash separately, accordingly, they are included in a CGU which contains other non-current assets and goodwill for impairment assessment. The carrying amounts of the CGUs of Shanghai EHigher and Shenzhen Huiyan exceeded their recoverable amounts by RMB162,244,000 and RMB19,580,000, respectively, which resulted in impairment losses on goodwill and other non-current assets of Shanghai EHigher and Shenzhen Huiyan. As a result, the goodwill attributable to Shanghai EHigher and Shenzhen Huiyan of RMB96,377,000 and RMB9,646,000 respectively were fully impaired, and the customer relationship and technology of Shanghai EHigher and Shenzhen Huiyan were also provided for an impairment of RMB65,867,000 and RMB9,934,000, respectively. See Note 13 for more details.

As at 31 December 2024, apart from the impairment for the customer relationship and technology owned by Shanghai EHigher and Shenzhen Huiyan, no other impairment loss is considered necessary.

13 Goodwill

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost	**327,385**	327,385
Accumulated impairment	**(152,172)**	—
Net carrying amount	**175,213**	327,385

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Shanghai Compass Information Technology Co., Ltd. ("**Shanghai Compass**")	86,684	132,833
Qingdao Aolipu Qizhi Intelligent Industrial Technology Co., Ltd. ("**Qingdao Aolipu Qizhi**")	88,529	88,529
Shanghai EHigher	—	96,377
Shenzhen Huiyan	—	9,646
	175,213	327,385

The goodwill arising from acquisition of impairment losses of RMB9,646,000, RMB96,377,000, RMB46,149,000 were recognized for Shenzhen Huiyan, Shanghai EHigher and Shanghai Compass respectively during the year ended 31 December 2024.

Shanghai Compass is mainly engaged in data governance and data platform products for the financial industries in the PRC. Shanghai EHigher is mainly engaged in developing and delivering AI-based products and solutions for the manufacture industries in the PRC. Qingdao Aolipu Qizhi mainly provides integrated solutions for intelligent industrial automation systems in area of intelligent manufacturing in the PRC. Shenzhen Huiyan is a system integrator providing hardware components development, agency services and software for manufacturing businesses in the PRC.

(i) Impairment tests for CGUs containing goodwill

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

The Group assesses the impairment of goodwill with reference to the recoverable amounts of the CGUs which are taken as the higher of the fair value less disposal cost and value-in-use of the respective CGUs. Based on the result of impairment assessment, the recoverable amount of the CGUs of Shanghai Ehigher, Shanghai Compass, Qingdao Aolipu Qizhi and Shenzhen Huiyan was determined based on fair value less disposal cost as of 31 December 2024, and the recoverable amount of the above CGUs was determined based on value-in-use as of 31 December 2023. These calculations use cash flow projections based on financial budgets approved by management generally covering a five-year period. Cash flows beyond the projection period are extrapolated using the estimated terminal growth rates stated below.

The following table sets out the key assumptions:

	Shanghai EHigher	**Qingdao Aolipu Qizhi**	**Shanghai Compass**	**Shenzhen Huiyan**
2024				
Revenue growth rate	0.2%~3.8%	-10.4%~13.3%	2.0%~17.9%	2.0%~29.0%
Gross profit margin	21.0%~22.2%	49.3%~51.0%	44.4%~45.0%	29.6%~35.2%
Post-tax discount rate	14.0%	14.0%	14.0%	14.0%
2023				
Revenue growth rate	2.2%-21.6%	2.2%~18.7%	2.2%~29.3%	2.2%~23.8%
Gross profit margin	32.0%	43.8%~44.3%	47.2%~47.6%	36.4%~36.9%
Pre-tax discount rate	15.4%	15.4%	15.4%	16.4%

* The revenue growth rate and gross profit margin listed above are both projected from 2025 to the perpetual period.

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

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

Due to macroeconomic changes and the impact of price wars in the automotive industry, orders on hand of Shanghai Ehigher as of 31 December 2024 have declined significantly compared to those as of 31 December 2023, which had a significant impact on Shanghai Ehigher revenue growth and gross profit margin. The management has therefore recalculated the recoverable amount of the CGU and thus a full impairment loss of RMB96,377,000 was recognized for the goodwill during the year ended 31 December 2024.

Due to the fierce competition in the financial industry, the market share of Shanghai Compass has declined. Considering the actual revenue and revenue growth rate achieved in 2024, the management concluded Shanghai Compass was unable to achieve the revenue growth rate as expected. The management has therefore recalculated the recoverable amount of the CGU and thus an impairment loss of RMB46,149,000 was recognized for the goodwill during the year ended 31 December 2024.

During year ended 31 December 2024, the revenue and profit generated by Shenzhen Huiyan decreased significantly due to market downturn. The management has therefore recalculated the recoverable amount of the CGU and thus a full impairment loss of RMB9,646,000 was recognized for the goodwill during the year ended 31 December 2024.

(ii) Impact of possible changes in key assumptions

Qingdao Aolipu Qizhi

The recoverable amount of this CGU is estimated to exceed the carrying amount of the CGU at 31 December 2024 by RMB40,715,000 (2023: RMB26,320,000).

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

	As at 31 December 2024	
	From	**To**
Revenue (% annual growth rate)	-10.4%~13.3%	-11.5%~12.2%
Budgeted gross margin	49.3%~51.0%	47.0%~48.7%
Post-tax discount rate	14.0%	15.8%

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

Shanghai Compass

If the budgeted gross margin used in the recoverable amount calculation for Shanghai Compass had been 1% lower than management's estimates at 31 December 2024, the impairment charge of goodwill would be increased to RMB60,109,000.

If the annual growth rate of revenue for a five-year period used in the recoverable amount calculation for Shanghai Compass had been 3% lower than management's estimates at 31 December 2024, the impairment charge of goodwill would be increased to RMB112,431,000.

If the post-tax discount rate used in the recoverable amount calculation of Shanghai Compass had been 0.5% higher than management's estimates, the impairment charge of goodwill would be increased to RMB52,215,000.

14 Trade and notes receivables

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivable	**599,059**	789,512
Less: Provision for impairment	**(157,723)**	(169,063)
	441,336	620,449
Notes receivables	**36,577**	51,098
	477,913	671,547

As at 31 December 2024 and 2023, notes receivables were bank and commercial notes receivables aged less than six months.

The majority of the Group's receivables are with credit term mostly from 30 days to 180 days. As at 31 December 2024 and 2023, the aging analysis of trade receivables based on the recognition date of the gross trade receivables at the respective reporting dates are as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivable		
Less than 3 months	**309,098**	323,794
3 months to 6 months	**56,318**	101,583
6 months to 12 months	**79,636**	202,717
1 year to 2 years	**81,539**	143,794
Over 2 years	**72,468**	17,624
	599,059	789,512

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

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
RMB	**635,426**	837,156
USD	**81**	3,370
EUR	**129**	84
	635,636	840,610

15 Prepayments and other receivables

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Other receivables		
– Deposits for share repurchase	**14,247**	515
– Deposits	**12,272**	12,658
– Staff advances	**2,120**	2,011
– Others	**12,584**	15,661
Other receivables, gross	**41,223**	30,845
Provision for impairment	**(11,192)**	(12,238)
Other receivables, net	**30,031**	18,607
Prepayments to vendors	**50,805**	48,460
Recoverable value–added tax ("VAT")	**195,999**	151,142
Recoverable income tax	**663**	695
	277,498	218,904

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
RMB	**39,020**	30,845
HKD	**2,203**	—
	41,223	30,845

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

16 Trade and notes payables

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Accounts payable	**287,006**	317,711
Notes payable	**2,698**	35,996
	289,704	353,707

As at 31 December 2024 and 2023, the aging analysis of the trade and notes payables based on transaction date were as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**146,321**	211,437
Between 3 months and 6 months	**36,158**	66,653
Between 6 months and 1 year	**46,541**	31,963
Between 1 year and 2 years	**37,234**	33,550
Between 2 years and 3 years	**23,450**	10,104
	289,704	353,707

The carrying amounts of trade and notes payables approximate their fair values as at the balance sheet dates.

17 Other payables and accruals

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Payroll and welfare payables	**74,080**	60,951
Accruals and other payables	**55,817**	55,108
Other taxes payable	**30,934**	27,427
Other payables to related parties	**17,571**	15,099
Interest payable on convertible bond	**9,276**	9,276
Warranty	**2,657**	1,621
Repurchase obligation of the employee equity incentive scheme	**—**	41,326
	190,335	210,808

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

18 Financial liabilities at fair value through profit or loss

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Contingent considerations (a)	**106,009**	174,355

(a) In May 2022 and 2023, the Company entered into transfer agreements with the then shareholders of three companies to acquire an aggregate 51% interests in each of the three companies with fixed considerations and contingent considerations which would be adjusted according to the performance commitments of the three companies. The contingent considerations represented liabilities measured at fair value, and the fair values were determined using valuation model for which not all inputs are observable and are therefore within level 3 of the fair value hierarchy.

The movements of contingent considerations for the year ended 31 December 2023 and 2024 are set out below:

	Contingent considerations ***RMB'000***
Opening balance as at 1 January 2023	117,606
Acquisition of a subsidiary	86,743
Payments of contingent considerations	(45,017)
Change in fair value	15,023
Closing balance as at 31 December 2023	174,355
Payments of contingent considerations	(82,322)
Change in fair value	13,976
Closing Balance as at 31 December 2024	106,009

"Audit Committee"	audit committee of the Board
"Board" or "Board of Directors"	the board of directors of our Company
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
"China" or "PRC"	the People's Republic of China, but for the purpose of this 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"	AInnovation Technology Group Co., Ltd (創新奇智科技集團股份有限公司) (formerly known as Qingdao AInnovation Technology Group Co., Ltd), which was established with limited liabilities under the laws of the PRC on 6 February 2018 and converted into a joint stock limited company on 19 May 2021, whose H shares are listed on the Main Board of Stock Exchange on 27 January 2022 (stock code: 2121)
"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 "HKD" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuer contained in Appendix C3 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
"RMB" or "Renminbi"	the lawful currency of the PRC
"Share(s)"	H share(s)
"Shareholder(s)"	holder(s) of the Share
"Supervisor(s)"	the supervisor(s) of our Company
"Treasury Share(s)"	has the meaning ascribed to it under the Listing Rules
"%"	percent

By Order of the Board

AINNOVATION TECHNOLOGY GROUP CO., LTD *

創新奇智科技集團股份有限公司

Xu Hui

Executive Director and Chief Executive Officer

Hong Kong, 31 March 2025

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

* *For identification purposes only*