创新奇智
AInnovation

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)

SUPPLEMENTAL AGREEMENT IN RELATION TO DISCLOSEABLE TRANSACTION REGARDING THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET COMPANY I AND SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2024 ANNUAL REPORT

SUPPLEMENTAL AGREEMENT IN RELATION TO DISCLOSEABLE TRANSACTION REGARDING THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET COMPANY I

This announcement is issued by AInnovation Technology Group Co., Ltd* (the "**Company**") pursuant to Rule 14.36 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") given that the Supplemental Agreement disclosed in this announcement constituted material variation to the terms of the Share Transfer Agreement I. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the announcement of the Company dated 20 May 2022.

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**" or "**Shanghai EHigher**") at the total consideration of RMB153.0 million.

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**").

Based on the friendly negotiation among all parties and for future business cooperation purpose, the Company has agreed to amend the Collection Date for the performance commitment of Target Company I for the year 2024 to 30 September 2025.

The Company has also amended the payment arrangement of the Adjusted Share Transfer Price accordingly based on the revised Collection Date. For the Adjusted Share Transfer Price for the 2024 financial year, the Company shall pay the Vendors I the Adjusted Share Transfer Price according to the fulfillment of the performance indicators for 2024 recognised on the revised Collection Date (see below for details).

For the aforesaid adjustments to the arrangements under the Share Transfer Agreement I, the Company has entered into the supplemental agreement to the Share Transfer Agreement I (the "**Supplemental Agreement**") accordingly with the Vendors I, the Target Company I, Shanghai Haochen and Shanghai Xiyao on 27 November 2025 upon approval by the Board.

Taking into account the reasons described above, the Board (including all the independent non-executive Directors) considers that the terms of the Supplemental Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. Accordingly, the Company agreed on entering into the Supplemental Agreement. Save for the amendments disclosed above, there are no material changes to the terms of the Share Transfer Agreement I.

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2024 ANNUAL REPORT

Reference is made to the 2024 annual report (the "**2024 Annual Report**") for the year ended 31 December 2024 of the Company published on 23 April 2025. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the 2024 Annual Report.

In addition to the information provided in the 2024 Annual Report, the Company would like to provide the following supplemental information in relation to the 2024 Annual Report:

Performance Commitments of Target Companies

Save for the abovementioned Share Transfer Agreement I, the Company also 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.

As mentioned above, the Company has agreed to amend the Collection Date for the performance commitment of Target Company I for the year 2024 to 30 September 2025. 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 RMB332.5465 million as of 31 December 2024, while the adjusted net profit (excluding extraordinary gains and losses) (unaudited) is RMB27.9359 million. The calculated sales gross margin and financial gross margin meet the annual business guideline of the Company. After taking into consideration the 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 2024 financial year.

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**"). For the year 2024, the Collection Date is set for 30 June 2025. 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 RMB215.4348 million as of 31 December 2024, while the adjusted net profit (excluding extraordinary gains and losses) (unaudited) is RMB26.6498 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 96.67%. Therefore, the Company is obligated to pay all Vendors II a total of RMB19.7207 million as the Adjusted Share Transfer Price for the 2024 financial year.

Impairment of Goodwill and Intangible Assets

As disclosed in the 2024 Annual Report, for the year ended 31 December 2024, the Group recognized an impairment loss of RMB227,973,000 for the goodwill and intangible assets of Shanghai EHigher, Shanghai Compass, and Shenzhen Huiyan (collectively, the "**Relevant Subsidiaries**").

The principal activities of Relevant Subsidiaries are summarized as follows: Shanghai EHigher is mainly engaged in developing and delivering AI-based products and solutions for the manufacture industries, especially the automotive industry in the PRC. Shanghai Compass is mainly engaged in data governance and data platform products for the financial industries in the PRC. Shenzhen Huiyan is a system integrator providing hardware components development, agency services and software for manufacturing businesses in the PRC.

The further reasons for the impairments:

As disclosed in the 2024 Annual Report, the Group recognized impairment loss for the goodwill and intangible assets of the Relevant Subsidiaries, primarily due to the uncertainty in the macroeconomic environment and the competitive industries where the aforesaid subsidiaries operate in. For automotive industry, it was facing low-price competition and the downturn in utilization rate of vehicle production capacity, both of which has led to the decline in demand for retrofits in vehicle production line and the decline in orders for projects. According to data published by the National Bureau of Statistics of PRC, the total profit of China's industrial enterprises above designated size in automobile industry in 2024 recorded a decrease as compared to 2023. The automobile industry's profit margin stood at 4.3% in 2024, which was lower than the profit margin of 6% for other downstream industries, indicating that the automobile industry remained a sector with relatively low profitability. In the meanwhile, according to data published by the National Bureau of Statistics of PRC, the capacity utilization rate of China's automobile manufacturing industry in 2024 has decreased as compared with that of 2023, which is also reflected in the annual reports and announcements of certain automakers showing lower capacity utilization rates in the year 2024. Meanwhile, based on market news and research reports, the price competition within the automobile industry intensified, with price wars escalating throughout the year of 2024. For the financial industry, due to the uncertainty in macroeconomic environment and the requirements for cost control, companies are in need of tightening budgets, making securing orders more challenging. In 2024, the overall profitability of the financial industry narrowed and remained under pressure. According to data disclosed by the National Financial Regulatory Administration of PRC, the net interest margin of the banking sector continued to narrow to 1.52% in the fourth quarter of 2024, adversely affecting profitability. As a result of the narrowing net interest margin, the net interest income of listed banks also declined during the year. In the insurance sector, the total primary insurance premium income recorded a year-on-year increase of 5.7% in 2024, with growth slowing down. On the cost side, claim expenses increased and remained inflexible, and the growth rate of claim expenses exceeded that of premium income, resulting in higher pressure on the claim ratio.

As a result of the impact brought by the above factors, the Relevant Subsidiaries encountered higher difficulty in securing orders, leading to compressed profit margins, which in turn adversely affected their revenue, profitability and financial performance for 2024. Therefore, the business performance of the Relevant Subsidiaries in the year 2024 were lower than expectations, thus the impairment loss was recognized for the year 2024. However, during the year 2023, the performance and development of the Relevant Subsidiaries were largely in line with expectations, and the Group didn't recognize impairment loss for the year 2023 accordingly.

The reasons for adopting the valuation method:

As disclosed in Notes 17 and 18 to the consolidated financial statements for the year ended 31 December 2024 in 2024 Annual Report, the Group conducts annual impairment tests on goodwill and intangible assets of the Relevant Subsidiaries by comparing the recoverable amounts of cash-generating units (CGUs) to their carrying amounts.

In accordance with IAS 36 paragraph 6, the recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. As of 31 December 2023, the value in use of CGUs exceeded their carrying amounts. Therefore, in compliance with IAS 36 paragraph 19, the Group determined the CGUs' recoverable amount based on value in use. As of 31 December 2024, the value in use of these CGUs fell below their carrying amounts. The Group therefore also calculated the CGUs' fair value less costs of disposal. After comparing the impairment charges under both methods, the recoverable amount was determined based on fair value less costs of disposal.

The reasons for the change in valuation inputs:

Revenue growth rate:

As mentioned above, given the uncertainty in macroeconomic environment and decline in performance of the Relevant Subsidiaries in 2024, the Company has adjusted down the estimate for revenue growth rate of those underperforming CGUs compared to the forecasts at the end of year 2023. Please see the details for the reasons in the section headed "The further reasons for the impairments" in this announcement.

Gross profit margin:

As mentioned above, given the uncertainty in macroeconomic environment and decline in performance of the Relevant Subsidiaries in 2024, the Company has adjusted down their estimate for gross profit margin of those underperforming CGUs compared to the forecasts at the end of year 2023. Please see the details for the reasons in the section headed "The further reasons for the impairments" in this announcement.

Discount rate:

The Group adopted the fair value less costs of disposal model for the 2024 impairment assessment, which is a post-tax model; therefore, the post-tax discount rate was applied. In contrast, the 2023 impairment assessment was based on the value in use model, a pre-tax model, so the pre-tax discount rate was used.

The above information constitutes supplemental information to the 2024 Annual Report and does not affect other information contained in the 2024 Annual Report. Save as disclosed above, all other information contained in the 2024 Annual Report remains unchanged.

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, 27 November 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 purpose only*