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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 ANNOUNCEMENT

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET COMPANY II

Reference is made to the announcement of AInnovation Technology Group Co., Ltd.* (the “**Company**” or “**AInnovation**”, together with its subsidiaries, the “**Group**”) dated 20 May 2022 (the “**Initial Announcement**”) in relation to, among other things, the acquisition of 51% equity interest in two target companies where each of the two acquisitions constituted a discloseable transaction of the Company and the performance commitments of the target companies.

This announcement is made by the Company pursuant to Rule 14.36, Rule 14.36B(1) and Rule 14.36B(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”), as the Relevant Adjustment disclosed in this announcement constitutes a revision to the terms of the performance commitment and material changes to the Share Transfer Agreement II, and the actual performance of Qingdao ALP for the year 2022, 2023 and 2024 did not meet the guarantee. Following the completion of the Relevant Adjustment, the highest applicable percentage ratio for the transactions contemplated under Share Transfer Agreement II exceeds 5% but was less than 25%, and still constituted a discloseable transaction of the Company. Unless otherwise defined, terms used in this announcement shall have the same meanings as defined in the Initial Announcement.

On 20 May 2022, the Company entered into a share transfer agreement (the “**Share Transfer Agreement II**”) with three vendors (the “**Vendors II**”). Pursuant to the Share Transfer Agreement II, the Company agreed to conditionally purchase, and the Vendors II agreed to conditionally sell, an aggregate of 51% equity interest in Qingdao AInnovation ALP Intelligent Industrial Technology Co., Ltd. (“**Target Company II**” or “**Qingdao ALP**”) at a total consideration of RMB122.4 million.

The remaining equity transfer payment (other than the first share transfer payment) shall be paid in three years. The Vendors II may apply for payment based on the fulfillment of the Performance Commitment Indicator and the collection of payments of the previous year from the date of the

publication of the annual results of the Company on the Stock Exchange to 30 June of that year, and may provide the Company with the corresponding financial statements, audit reports and other relevant financial information required by the Company (if the Vendors II has not submitted an application by 30 June of the year, the Company will directly initiate payment settlement). The Company shall calculate the Equity Transfer Payment (each amount being referred to as “**Adjusted Equity Transfer Price**”) to be paid in the year according to the fulfillment of the Performance Commitment Indicator, and pay it to each Vendor 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. When the performance achievement rate reaches 100%, the share transfer consideration for each installment shall be RMB20.40 million respectively.

Wherein:

- (i) The performance achievement rate = The achievement rate of revenue × 40% + The achievement rate of net profit (excluding extraordinary gains and losses) × 40% + The achievement rate of sales gross margin (the corresponding base value of the target sales gross margin that meets the annual business guideline of the Company is 10%) + The achievement rate of financial gross margin (the corresponding base value of the target financial gross margin that meets the annual business guideline of the Company is 10%);
- (ii) The achievement rate of revenue = Annual actual revenue / annual committed revenue; The achievement rate of net profit (excluding extraordinary gains and losses) = Annual actual net profit (excluding extraordinary gains and losses) / Annual committed net profit (excluding extraordinary gains and losses); The achievement rate of sales gross margin (X) needs to meet the following conditions at the same time “X = Annual actual sales gross margin - Target sales gross margin of the Company annual business guideline + 10%, and the maximum X shall not exceed 20% (inclusive, the part exceeding 20% will not be calculated), and the minimum X shall not be less than 0% (inclusive, if it is less than 0%, the overall performance achievement rate as stated in the item (i) will be 0%)”; The achievement rate of financial gross margin (Y) needs to meet the following conditions at the same time “Y = Annual actual financial gross margin - Target financial gross margin of the Company annual business guideline + 10%, and the maximum Y shall not exceed 20% (inclusive, the part exceeding 20% will not be calculated), and the minimum Y shall not be less than 0% (inclusive, if it is less than 0%, the overall performance achievement rate as stated in the item (i) will be 0%)”;
- (iii) The performance achievement rate after taking into account the collection of payments merely refers to the performance achievement rate derived by calculating the above specific achievement rates based on the business, of which the payment has been made. It means that the achievement rate of revenue is calculated merely based on the revenue of the business, of which the payment has been made; the achievement rate of net profit (excluding extraordinary gains and losses) is calculated merely based on the overall net profit (excluding extraordinary gains and losses) of Target Company II from the business, of which the payment has been made; the

achievement rate of sales gross margin is calculated merely based on the sales gross margin of the business, of which the payment has been made; and the achievement rate of financial gross margin is calculated merely based on the financial gross margin of the business, of which the payment has been made;

- (iv) 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 considering the collection status based on the actual collection status before the Collection Date and settle the share transfer payment for the previous year. The income of Target Company II recognized in the audit report for the previous year that was collected after 30 June of any year will be calculated, settled and paid in the next year; and
- (v) The above indicators such as income and profit shall be based on the audit results of the auditing agency designated by the Company.

If Target Company II has any of the following circumstances in any year during the Performance Commitment Period, the Company shall not pay the share transfer payment for that year. At the same time, the Company shall have the right to terminate the payment of any share transfer payment for future years during the Performance Commitment Period, claim damages or terminate the agreement in accordance with the relevant provisions under Share Transfer Agreement (the “**Relevant Measures**”):

- (i) the achievement rate of revenue is less than 75%;
- (ii) the achievement rate of net profit (excluding extraordinary gains and losses) is less than 75%;
- (iii) the achievement rate of sales gross margin is less than 0%; or
- (iv) the achievement rate of financial gross margin is less than 0%.

Based on friendly negotiations between the parties and considerations of commercial practices, the Company has agreed that, if the annual actual sales gross margin of Target Company II decreases by more than 10% compared with the target sales gross margin in the annual business guideline, the achievement rate of sales gross margin shall be 0.01% (the “**Relevant Adjustment**”). The Relevant Adjustment was made and took effect from May 2023, and was applicable to the performance assessment for 2023 financial year and 2024 financial year.

The Relevant Adjustment was made after taking into account the following factors:

According to the Initial Announcement, sales gross margin = (turnover - external procurement costs) / revenue. In principle, improving the achievement rate of this indicator requires reducing external procurement costs under the same revenue.

From the business perspective, as the sales gross margin indicator reflects the revenue status and cost structure, it can be used for internal management and business structure analysis. Its performance is highly dependent on the delivery model and business mix of specific projects. Specifically, if a project is mainly delivered in-house with a relatively low proportion of external procurement costs, the sales gross margin will be relatively high; if third-party software or external delivery resources are introduced, the revenue scale may expand, and the overall gross margin is usually not lower than that of projects mainly delivered in-house. However, due to the corresponding increase in external procurement costs, the sales gross margin will decrease accordingly. Therefore, this indicator reflects the business structure to a certain extent and can be used for internal management.

At the stage of the acquisition and the Initial Announcement, the inclusion of the sales gross margin indicator was based on reasonable judgments regarding Qingdao ALP's historical operations, existing business structure and foreseeable business model, and was fully considered during the due diligence process. In the business context at that time, as an internal management indicator, sales gross margin had certain reference significance for reflecting business structure and operational efficiency, and was therefore included in the performance assessment arrangement.

After the completion of the acquisition and as Qingdao ALP commenced actual operations, with the expansion of business scale and the increasing diversification of customer demands, Qingdao ALP has gradually undertaken more diverse projects across a wider range of industries. The delivery process of industrial software requires a high level of industry knowledge and experience from the delivery team. The team's industry know-how directly determines the delivery quality and timeline, which in turn leads to changes in project costs. Therefore, for industries in which the Company is familiar and proficient, the Company delivers projects through its in-house team. However, for industries with which the Company is relatively unfamiliar, third-party delivery resources are engaged to optimise delivery quality and shorten delivery cycles, thereby improving efficiency. In addition, for certain low-value projects that can be delivered through low-cost channels, outsourcing to third parties enables the utilisation of their professional expertise to shorten delivery cycles and enhance efficiency, thereby increasing project profits. From an internal management perspective, this approach also optimises team structure and reduces management costs. In light of this, the introduction of third-party software or external delivery resources, as compared to delivery entirely by in-house teams, has actually been able to improve Qingdao ALP's profitability and profit margin, and facilitate the improvement of actual gross profit margin due to the lower cost and higher efficiency of the third-party software and external delivery resources in some scenarios and circumstances. This business evolution helps promote faster and more sustainable revenue growth. However, the introduction of third-party software or external delivery resources according to business condition and requirements will lead to the increase of external procurement costs, thereby decreasing the sales gross margin according to the formula for the calculation of sales gross margin as stated above. Therefore, the conflict between the increase in external procurement costs under this business evolution and the need to reduce external procurement costs to improve the sales gross margin indicator has diminished the explanatory power of the sales gross margin indicator regarding actual operating performance during certain periods to a certain extent. As a result, the formal performance indicators may, from time to time, diverge from the business efficiency, gross profit margin and profit margin levels as understood from a commercial perspective.

Based on the above practical situation and from the perspective of business substance and quality, the Company agreed to make the Relevant Adjustment to avoid unnecessary constraints arising from internal process-oriented management indicators on business decisions.

The achievement rate of 0.01% of sales gross margin under the Relevant Adjustment was determined after taking various factors into account and is consistent with commercial substance, the details are as follows:

- (1) As mentioned above, considering the conflict between the sales gross margin indicator and the transformation of the business development model as well as the pursuit of efficiency and profit, the Company has prudently determined the achievement rate of 0.01% based on the substance of the business, in order to avoid compromising operational efficiency and Qingdao ALP's profitability by pursuing the achievement of a single indicator;
- (2) Except for the Relevant Adjustment mentioned above, the Company has not adjusted other core operational and financial indicators, including revenue, financial gross margin and net profit (excluding extraordinary gains and losses). Therefore, if the sales gross margin indicator fails to meet the target, it will still have a clear negative impact on the overall performance score (in particular, if the annual actual sales gross margin of Target Company II decreases by more than 10% compared with the target sales gross margin in the annual business guideline, the achievement rate of sales gross margin shall be 0.01%, which is extremely low and almost negligible), and Qingdao ALP needs to achieve higher revenue and profit to fulfill the performance commitment as a whole. Such arrangement not only reflects the Company's continuous constraints and prudent attitude towards this performance indicator, but also represents a scientific optimization focusing on business substance and value.

Whilst the achievement rate of 0.01% of sales gross margin reduces the weighting of the gross sales margin, it does not entirely negate the utility and significance of this indicator, thereby simultaneously encouraging Qingdao ALP's operational initiative and safeguarding the interests of the Company.

In summary, the Relevant Adjustment is a forward-looking optimization based on the actual operating situation after the acquisition. It aims at enhancing the enforceability and commercial reasonableness of the performance assessment mechanism in the ongoing operation, instead of negating the previous due diligence results or changing the substance of the performance assessment.

The performance of Qingdao ALP for 2022, 2023 and 2024 did not fully meet the performance commitment. Specifically, with respect to the performance for 2022, after taking into account the payment collection status, Qingdao ALP's performance achievement rate for 2022 was calculated to be 95.67%. Although it did not fully meet the performance commitment due to failure to reach 100%, the performance achievement had reached the standard for the Company to pay the share transfer consideration for that year and had not triggered the Company to take the Relevant Measures against all Vendors II. Therefore, the Company is obligated to pay all Vendors II a total of RMB19.5167 million as the Adjusted Share Transfer Price for the 2022 financial year. With respect to the

performance for 2023 and 2024, if calculated based on the standards prior to the Relevant Adjustment, Qingdao ALP's overall performance achievement rates for both 2023 and 2024 would be 0% based on the calculation formula set out above, thereby failing to meet the performance commitment. This is because its actual annual sales gross margins for 2023 and 2024 dropped by more than 10% compared to the target sales gross margins set under the annual business guideline. Consequently, the Company might not pay the share transfer consideration for the relevant years to all Vendors II, and, meanwhile, the Company would be entitled to take the Relevant Measures against all Vendors II. After the Relevant Adjustment and taking into account the payments collection status, the performance achievement rates of Qingdao ALP for the year 2023 and 2024 were calculated to be 91.04% and 96.67%, respectively. Although they did not fully meet the performance commitment due to failure to reach 100%, the performance achievement had reached the standard for the Company to pay the share transfer consideration for those years and had not triggered the Company to take the Relevant Measures against all Vendors II. Therefore, the Company is obligated to pay all Vendors II a total of RMB18.5722 million and RMB19.7207 million as the Adjusted Share Transfer Price for the 2023 and 2024 financial years, respectively.

The Board is of the view that, as the Company is the party paying the Adjusted Share Transfer Price, Vendors II have fulfilled their obligations under the Share Transfer Agreement II in relation to the performance commitment. Although the Relevant Adjustment will result in that the Company is obligated to pay the aforesaid consideration to the Vendors II and the Company shall not take the Relevant Measures, the Board is of the view that the Relevant Adjustment is fair and reasonable and in the interests of the Company and its shareholders as a whole based on the following reasons:

- (1) At the time when the Company entered into the Share Transfer Agreement II with Vendors II, as a newly established AI technology company, the core advantages of AIInnovation lay in its algorithm and platform capabilities, but it had an urgent need to achieve commercialization through vertical industry scenarios. Qingdao ALP has been deeply engaged in the field of industrial software for more than ten years. Its accumulated industry know-how, mature customer base and industrial scenario data have been the key support for the implementation of the Group's "AI + Manufacturing" strategy, which is crucial for the Company to build industry solution capabilities and expand the market. This acquisition not only brought stable industry focus revenue, AI + software service revenue and profit contribution, but also helped the Group to quickly establish benchmark customers and revenue base in high-growth verticals such as food and beverage, new materials, which has become an important engine for the Group's current growth. Under the background at that time, if the Company chooses to terminate the payment of the consideration, it may affect the operation and management initiative of some of the Vendors as the existing shareholder and senior management of Qingdao ALP from a commercial perspective, thereby affecting the operating performance of Qingdao ALP; if the Company chooses to terminate the payment of the consideration and rescind the Share Transfer Agreement II, Qingdao ALP will cease to contribute to the Group in a synergistic approach as a subsidiary of the Company, and the promotion of the Group's "AI + Manufacturing" strategy will be affected, thereby hindering the implementation of technology, customer expansion and market share expansion in the above verticals;

- (2) With adequate existing orders and high customer repurchase rate, Qingdao ALP has achieved promising revenue in 2022, 2023 and 2024, increasing the Group's investment return, and the achieved revenue is significantly higher than the amount of the Adjusted Share Transfer Price. Since the total consideration of RMB122.4 million for the 51% equity interest in Qingdao ALP was determined mainly based on the projected revenue of Qingdao ALP in 2022 amounting to RMB105 million taking into account the expected increase of revenue of Qingdao ALP, we believe that it is reasonable to consider the payment of consideration taking into account Qingdao ALP's revenue performance and revenue forecasts;
- (3) After years of technology improvement and accumulation, Qingdao ALP enhanced its project implementation efficiency and reduced costs, and obtained remarkable net profit in 2022, 2023 and 2024, during which period the net profit continuously increased;
- (4) Based on aforesaid background, the financial gross margin of Qingdao ALP also recorded satisfying results in 2022, 2023 and 2024, showing an overall steady and positive trend and, together with aforesaid indicators, demonstrating Qingdao ALP's sound operating condition and revenue performance;
- (5) Also, Qingdao ALP is engaged in the industrial software industry which has immense potential and is strongly supported by national policies. Therefore, the Board is optimistic about the future business prospect of Qingdao ALP and considers the acquisition as a good investment opportunity for the Group.

Having considered the above reasons, the Board (including all independent non-executive directors) is of the opinion that the continuous cooperation between the two parties and the Relevant Adjustment are reasonable choices that take into account both commercial substance and strategic interests, and the Relevant Adjustment is fair and reasonable and is in the interests of the Company and its shareholders as a whole. Accordingly, the Company agreed to make the Relevant Adjustment. Except for the Relevant Adjustment, there are no other changes to the performance commitment terms set out in the Share Transfer Agreement II.

The Board would like to clarify that, based on a commercial understanding of the Share Transfer Agreement II by the relevant handling staff (holding no position in the Company currently), it was initially considered that the Relevant Adjustment was an adjustment to the formula for calculating the performance completion rate rather than to the specific performance commitment indicators, and was therefore considered not material and that it did not affect the specific guarantees. Accordingly, it was understood that the Relevant Adjustment did not constitute a material variation to the terms of the agreement as described in Rule 14.36, or a subsequent change to the terms of the guarantee as described in Rule 14.36B(1) of the Listing Rules. As the performance achievement of Qingdao ALP has reached the standard for the Company to pay the share transfer consideration and has not triggered the Company to take the Relevant Measures, it was initially understood that there was no failure of actual performance to meet the guarantee as described in Rule 14.36B(2). Therefore, the relevant information was not disclosed when appropriate pursuant to the aforesaid provisions.

As an immediate remedial action, the Company hereby publishes this announcement. Going forward, (1) the Company will discuss and review the internal control system and compliance regime to identify any deficiencies and optimise such system and regime based on the review results. The Company expects to complete the aforesaid review by September 2026. In addition, the Company will also continue to monitor and optimise its internal control measures; (2) as the procedures of the original transaction review and monitoring mechanism were not sufficiently clear, the Company will further optimise such mechanism. Specifically, the relevant transaction proposal will be submitted by the business department for preliminary review by management, then be submitted to legal adviser, auditor and other professional advisers for review, and after consolidating the review comments of the professional advisers, a management meeting will be held for discussion and deliberation. Where applicable, the proposal will be further submitted to the Board or the shareholders' meeting for approval. During the implementation of the transaction proposal, the business department will continuously follow up and monitor the progress of the transaction. When there may be changes to the transaction terms or conditions, by reference to the aforesaid procedures, such changes will be submitted for preliminary review by management, then be submitted to legal adviser, auditor and other professional advisers for review, and a management meeting will be held for discussion and deliberation where necessary. The optimised mechanism aims to ensure the Company's compliance with the corporate governance procedures and disclosure requirements under the Listing Rules. Such mechanism has been put into operation; and (3) the Company will engage its legal adviser to issue specific guidelines to its directors and management team on notifiable transactions and connected transactions under the Listing Rules, and will arrange training courses for the directors and management team on information disclosure compliance, notifiable transactions and connected transactions, to enhance their knowledge and understanding of the Listing Rules. The Company expects to issue the aforesaid guidelines and complete the aforesaid training by September 2026.

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, 26 August 2026

As at the date of this announcement, the Board of the Company comprises Mr. Xu Hui as executive director; Dr. Kai-Fu Lee, Ms. Tao Ning and Mr. Wang Jinqiao as non-executive directors; Mr. He Tao as employee representative director; Mr. Xie Deren, Ms. Ko Wing Yan Samantha and Ms. Jin Keyu as independent non-executive directors.

* For identification purposes only