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QINGDAO AINNOVATION TECHNOLOGY GROUP CO., LTD*
青島創新奇智科技集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2121)

DISCLOSEABLE TRANSACTION
ESTABLISHMENT OF THE JOINT VENTURE

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The Board is pleased to announce that, on 23 November 2023, the Company and Bengbu Zhongxin (each as a Limited Partner), have entered into a Partnership Agreement in relation to establishment of the Joint Venture with Tongwei Capital and Zhicheng Zhiqi (each as a General Partner). The amount of capital contribution made by all Partners of the Joint Venture shall be RMB303,000,000 in total, of which RMB151,000,000, RMB150,000,000, RMB1,000,000 and RMB1,000,000 shall be contributed by the Company, Bengbu Zhongxin, Tongwei Capital and Zhicheng Zhiqi, respectively.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of establishment of the Joint Venture exceeds 5% but is less than 25%, the establishment of the Joint Venture constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 23 November 2023, the Company and Bengbu Zhongxin (each as a Limited Partner), have entered into a Partnership Agreement in relation to establishment of the Joint Venture with Tongwei Capital and Zhicheng Zhiqi (each as a General Partner). The amount of capital contribution made by all Partners of the Joint Venture shall be RMB303,000,000 in total, of which RMB151,000,000, RMB150,000,000, RMB1,000,000 and RMB1,000,000 shall be contributed by the Company, Bengbu Zhongxin, Tongwei Capital and Zhicheng Zhiqi, respectively.

PARTNERSHIP AGREEMENT

The main terms and conditions of the Partnership Agreement are as follows:

1. Date

23 November 2023

2. Name of the Joint Venture

Bengbu Tongwei Qizhi Venture Investment Fund Joint Venture (Limited Partnership)* (蚌埠同為奇智創業投資基金合夥企業(有限合夥)) (subject to the approval of the relevant government authorities of the PRC)

3. Parties

The Company, as a Limited Partner;

Bengbu Zhongxin, as a Limited Partner;

Tongwei Capital, as a General Partner; and

Zhicheng Zhiqi, as a General Partner.

4. Total Capital Contribution

The total capital contribution made by Partners of the Joint Venture was RMB303 million. The amount contributed by each Partner in form of cash is as follows:

Partners	Type of Partners	Subscribed Capital Contribution (RMB)	Approximate Percentage (%)
The Company	Limited Partner	151,000,000	49.835
Bengbu Zhongxin	Limited Partner	150,000,000	49.505
Tongwei Capital	General Partner	1,000,000	0.330
Zhicheng Zhiqi	General Partner	<u>1,000,000</u>	<u>0.330</u>
Total		<u>303,000,000</u>	<u>100</u>

The capital scale of the Joint Venture and the amount contributed by each Partner are determined by the parties through arm's length negotiations with reference to the expected capital needs of the Joint Venture and the capital contribution intentions of the parties, after taking into account factors including, in particular, the expected continued operation needs of the Joint Venture during the life of the partnership, the possible return on investment of the Joint Venture, the financial position and available resources of each party and the expected available investment opportunities of the Joint Venture.

5. Term of the Joint Venture

The operation of the Joint Venture shall be of indefinite term, except as terminated in accordance with the Partnership Agreement. The duration of the Joint Venture shall be the term from the date of its establishment to the seventh anniversary from the Initial Closing Date. The duration of the Joint Venture may be extended not more than twice, each time for one year, with the consent of Zhicheng Zhiqi. Upon the expiration of the aforementioned term, Zhicheng Zhiqi shall have the right, at its sole discretion, to decide to extend the duration of the Joint Venture.

6. Purpose and Business Scope of the Joint Venture

The purpose of the Joint Venture is to achieve its capital appreciation and create satisfactory investment returns for the Partners by engaging in investment activities in accordance with applicable laws and regulations and the Partnership Agreement. The business scope of the Joint Venture includes venture capital (limited to investment in unlisted enterprises) and equity investment, investment management and asset management with private funds, subject to the final approval of and registration with the relevant government authorities of the PRC. The Joint Venture will focus on investing in industries such as new generation information technology, high-end equipment manufacturing and new materials that are planned and developed in Bengbu City, Anhui Province.

7. Ways of Capital Contribution by the Partners

Each Partner shall pay its subscribed capital contribution in three installments in accordance with the following provisions. The first installment shall be 40% of the capital contribution subscribed by each Partner, and the second installment shall be 40% of the capital contribution subscribed by each Partner. The third installment shall be the balance of capital contribution subscribed by each Partner at that time:

- (1) The Executive Partner may issue the Notice of Initial Payment to each Partner after the Joint Venture is established and the Partnership Agreement is signed, requiring each Partner to pay the first installment of capital contribution within 10 working days after the Notice of Initial Payment is issued (i.e. 40% of the capital contribution subscribed by each Partner);

- (2) After no less than 70% of the first installment of capital contribution has been used in project investment, the Executive Partner may issue a notice of second payment to each Partner, requiring each Partner to pay 40% of its subscribed capital contribution within 10 working days after the issuance of the notice of second payment or within a longer period as otherwise approved by the Executive Partner; and
- (3) After the cumulative amount of no less than 70% of the first and second installments of capital contributions has been used in project investment, the Executive Partner may issue a notice of third payment to each Partner, requiring each Partner to pay the balance of its subscribed capital contribution within 10 working days after the issuance of the notice of third payment or within a longer period as otherwise approved by the Executive Partner.

8 Management of the Joint Venture

Tongwei Capital, one of the General Partners of the Joint Venture, serves as the Executive Partner and the Manager of the Joint Venture. In order to realize the purpose of the Joint Venture and perform the Partnership Agreement, the Executive Partner shall be entitled to the management power over the operation, investment and other affairs of the Joint Venture pursuant to the Partnership Agreement, and may make independent decisions on matters that the Executive Partner has the right to decide independently as stipulated under the Partnership Agreement. The Limited Partners do not execute partnership affairs and may not represent the Joint Venture externally. The Joint Venture holds one annual partners' meeting every year, the content of which is information communication and report of investment status to the Limited Partners by the Executive Partner and the Manager. An extraordinary meeting may be convened by the Partners in light of the operation needs of the Joint Venture, and resolution may be made to change or terminate the Investment Decision Committee and its composition and voting mechanism upon the consent of the Partners holding 50% above of the subscribed capital contribution.

The Joint Venture shall pay management fees to the Manager during the duration of the Joint Venture, which is the consideration for services provided by the Manager related to investment management and administrative matters. While management fees are charged among all Partners based on the paid-in amount, the Manager has the right not to charge management fees to itself. For each Partner (other than the Manager), its share of management fees is calculated as follows: during the Investment Period, annual management fees shall be 2% of the Partner's paid-in capital contribution; for the Exit Period (excluding the extended period), annual management fees shall be 2% of the Partner's share of the investment cost of investment projects that have not been exited.

9. The Investment Decision Committee

Unless otherwise decided by the partners' meeting, the Investment Decision Committee under the Joint Venture is responsible for making decisions on investment in, project management of and withdrawal from the Joint Venture, etc. Resolutions of the Investment Decision Committee are implemented by the Manager and are legally binding on the Joint Venture. Unless otherwise decided by the partners' meeting, the composition and voting mechanism of the Joint Venture are as following: the Investment Decision Committee will comprise 3 members appointed by the General Partners. The matters proposed to discuss by the Investment Decision Committee at the committee meeting shall be conditional upon the consent from all members on the basis of one-person-one-vote. In addition, Bengbu Zhongxin is entitled to delegate 1 observer. The Manager shall give a notice to the observer before the convening of Investment Decision Committee meetings and such observer is entitled to attend the meeting without voting rights.

The Investment Decision Committee has the following powers over the following matters: (1) to consider and approve general related transactions; (2) to make decisions on investment in, project management of and withdrawal from the Joint Venture, etc.; and (3) to consider other matters agreed to be resolved by the Investment Decision Committee.

10. Revenue Distribution

The Joint Venture's distribution of distributable cash shall be initially divided as follows: (1) distributable cash related to investment projects is initially divided among all Partners in proportion to their shares of the investment cost of the corresponding investment project; (2) temporary investments and other distributable cash not related to investment projects are initially divided among all Partners in proportion to their shares of paid-in capital contributions that generated such income. After the above preliminary division, the part distributed to the General Partners shall be distributed to the General Partners, and the part distributed to each Limited Partner shall be actually distributed between such Limited Partner and the Executive Partner in accordance with the following order and principles:

- (1) Distribution shall be made to such Limited Partner until such Limited Partner recovers the accumulated paid-in capital contribution at the time of distribution;
- (2) After the above distribution, 70% of the balance will be distributed to such Limited Partner, and 30% will be distributed to the Executive Partner as performance-based compensation;
- (3) After the above distribution, if such Limited Partner fails to achieve the threshold return of 12%/year (simple interest) based on the cumulative distribution amount obtained in accordance with the aforementioned item (1), part or all of the performance-based compensation shall be adjusted to be distributed to such Limited Partner until such Limited Partner has achieved the threshold return of 12%/year (simple interest) based on the cumulative distribution amount obtained in accordance with the aforementioned item (1);

- (4) If such Limited Partner does not obtain the threshold return of 12%/year (simple interest) based on the cumulative distribution amount obtained in accordance with the aforementioned item (1) after the adjustment based on item (3) above, it shall be redistributed in accordance with the following terms after completing the distribution in item (1) above: after completing the distribution in item (1), 80% of the balance will belong to the Limited Partner and 20% to the Executive Partner; after the foregoing distribution, if such Limited Partner fails to achieve the threshold return of 8%/year (simple interest) based on the cumulative distribution amount obtained in accordance with the foregoing item (1), part or all of the performance-based compensation shall be adjusted to be distributed to such Limited Partner until such Limited Partner has achieved the threshold return of 8%/year (simple interest) based on the cumulative distribution amount obtained in accordance with the aforementioned item (1).

11. Partnership Expense and Loss Sharing

Expenses and losses incurred by the Joint Venture in connection with project investment are shared among all Partners participating in the project investment in accordance with their proportionate shares of the investment cost, and other expenses and losses incurred by the Joint Venture are shared by all Partners in proportion to their respective subscribed capital contribution. The Limited Partners are responsible for losses up to the amount of their respective subscribed capital contribution.

12. Joining, Withdrawing from the Partnership and Transfer of Partnership Interests

Before the Joint Venture is dissolved or liquidated in accordance with the Partnership Agreement, Limited Partners may not withdraw from the partnership except for the transfer of partnership interests in accordance with the Partnership Agreement. The Limited Partners may transfer his/her partnership interests in accordance with the Partnership Agreement by the resolution at the partners' meeting.

Unless a General Partner who transfers all of its partnership interests to a successor General Partner in accordance with the Partnership Agreement or a General Partner who is not an Executive Partner naturally withdraws from the partnership, the Joint Venture will not accept new General Partners. The General Partners undertake not to request withdrawal from the partnership until the Joint Venture is dissolved or liquidated. When an Executive Partner naturally withdraws from the partnership as stipulated by laws and regulations, the Joint Venture will be dissolved and enter liquidation procedures; when a General Partner who is not an Executive Partner naturally withdraws from the partnership as stipulated by laws and regulations, a new General Partner may be admitted to the partnership with the consent of the Executive Partner and the Limited Partners, otherwise the Joint Venture will be dissolved and enter liquidation procedures.

With the consent of the Executive Partner, a General Partner may transfer its partnership interests to its related parties; with the unanimous consent of all Partners, a General Partner may transfer its partnership interests to unrelated parties. In the aforementioned circumstances, the transferee joins the partnership as a General Partner; except for the foregoing circumstances, a General Partner shall not transfer its partnership interests in any other manner.

REASONS FOR AND BENEFITS OF ESTABLISHMENT OF THE JOINT VENTURE

Private investment funds play an irreplaceable role in aspects such as serving the real economy and promoting innovative development. The Joint Venture hereby established by the Company (along with other entities) will focus on investing in the new generation of information technology, high-end equipment manufacturing, new materials and other key industries in Bengbu City, Anhui Province. The Joint Venture will take full use of the industry resources of the Partners and the fund operation and investment management experience of professional investment institutions to achieve the organic integration of industrial operations and capital operations, which will be conducive to promoting the development of local industries in Bengbu and will further enhance the Company's industry influence and comprehensive competitiveness.

In view of the above, the Board believes that the terms of the Partnership Agreement are fair and reasonable and are in the interests of the Company's Shareholders as a whole.

LISTING RULES IMPLICATIONS

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INFORMATION ON THE PARTIES

The Company

The Company is a company established under the laws of the PRC on 6 February 2018 with limited liability (restructured into a joint stock limited company on 19 May 2021), which focuses on developing and delivering AI-based products and solutions for the manufacturing and financial services industries in China.

Bengbu Zhongxin

Bengbu Zhongxin is a company established under the laws of the PRC with limited liability and its ultimate beneficial owner is State-owned Assets Supervision and Administration Commission of Bengbu People's Government (蚌埠市人民政府國有資產監督管理委員會). Bengbu Zhongxin is principally engaged in industrial park development management and industrial investment, etc.

Tongwei Capital

Tongwei Capital is a company established under the laws of the PRC with limited liability and its ultimate beneficial owner is Mr. Zhou Wei (周偉). Tongwei Capital is principally engaged in private equity investment fund management, venture capital fund management, etc.

Zhicheng Zhiqi

Zhicheng Zhiqi is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company. Zhicheng Zhiqi is principally engaged in businesses including artificial intelligence software development and technical services, etc.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, save that Zhicheng Zhiqi is a wholly-owned subsidiary of the Company, Bengbu Zhongxin and Tongwei Capital and their ultimate beneficial owners are all independent third parties independent from the Company and its connected persons.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Bengbu Zhongxin”	Bengbu Zhongchuangxin Industrial Service Co., Ltd.* (蚌埠中創信產業服務有限責任公司)
“Board” or “Board of Directors”	the board of directors of our Company
“Company”, “our Company” or “the Company”	Qingdao AInnovation Technology Group Co., Ltd* (青島創新奇智科技集團股份有限公司), a limited liability company established under the laws of the PRC on 6 February 2018 and converted into a joint stock limited company on 19 May 2021, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2121) on 27 January 2022
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of our Company
“Executive Partner” or “Manager”	Tongwei Capital
“Exit Period”	the remaining term of the Joint Venture upon expiration of the Investment Period
“General Partner(s)”	Tongwei Capital and Zhicheng Zhiqi as at the date of this announcement
“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
“Hong Kong Dollars”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Initial Closing Date”	the payment deadlines specified in the Notice of Initial Payment issued by the Executive Partner. If the payment deadlines specified in the Notice of Initial Payment of each Partner are different, the latest payment deadline specified in the Notice of Initial Payment shall be the Initial Closing Date
“Investment Period”	the period commencing upon the date of the Initial Closing Date and ending on the 5th year anniversary of the date of the Initial Closing Date
“Joint Venture”	Bengbu Tongwei Qizhi Venture Investment Fund Joint Venture (Limited Partnership)* (蚌埠同為奇智創業投資基金合夥企業(有限合夥)), a limited partnership to be incorporated in the PRC pursuant to the Partnership Agreement
“Limited Partner(s)”	the Company and Bengbu Zhongxin as at the date of this announcement
“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
“Notice of Initial Payment”	the first installment written payment notice issued by the Executive Partner to each Partner after the Joint Venture is established and the Partnership Agreement is signed
“Partner(s)”	the Partner(s) of the Joint Venture, including the Limited Partners and the General Partners
“Partnership Agreement”	the <i>Partnership Agreement of Bengbu Tongwei Qizhi Venture Investment Fund Joint Venture (Limited Partnership)</i> (《蚌埠同為奇智創業投資基金合夥企業(有限合夥)合夥協議》) entered into by the Partners on 23 November 2023 for the establishment of the Joint Venture
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tongwei Capital”	Beijing Tongwei Private Equity Management Co., Ltd.* (北京同為 私募基金管理有限公司)
“Zhicheng Zhiqi”	Shanghai Zhicheng Zhiqi Technology Co., Ltd.* (上海智成智奇科 技有限公司)
“%”	percent

By Order of the Board
QINGDAO AINNOVATION TECHNOLOGY GROUP CO., LTD
 青島創新奇智科技集團股份有限公司
Xu Hui
Executive Director and Chief Executive Officer

Hong Kong, 23 November 2023

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*