



UBTECH ROBOTICS CORP LTD
深圳市優必選科技股份有限公司

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

Stock Code: 9880



2024
ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhou Jian (周劍先生)
(Chairman of the Board and Chief Executive Officer)
 Mr. Xiong Youjun (熊友軍先生)
 Ms. Wang Lin (王琳女士)
 Mr. Liu Ming (劉明先生)

Non-executive Directors

Mr. Xia Zuoquan (夏佐全先生)
 Mr. Zhou Zhifeng (周志峰先生)
 Mr. Chen Qiang (陳強先生)

Independent Non-executive Directors

Mr. Zhao Jie (趙杰先生)
 Mr. Xiong Chuxiong (熊楚熊先生)
 Mr. Poon Fuk Chuen (潘福全先生)
 Mr. Leung Wai Man, Roger (梁偉民先生)

SUPERVISORS

Mr. Deng Feng (鄧峰先生) *(Chairman)*
 Mr. Ben Gangsang (賁滄桑先生)
 Ms. Wang Xingru (王興茹女士)

JOINT COMPANY SECRETARIES

Mr. Zhang Ju (張鉅先生)
 Ms. Ng Wai Kam (伍偉琴女士)
(resigned on February 21, 2025)
 Ms. Jian Xuegen (簡雪艮女士)
(appointed on February 21, 2025)

AUDIT COMMITTEE

Mr. Xiong Chuxiong (熊楚熊先生) *(Chairman)*
 Mr. Leung Wai Man, Roger (梁偉民先生)
 Mr. Poon Fuk Chuen (潘福全先生)

ESG AND SUSTAINABILITY COMMITTEE

Mr. Liu Ming (劉明先生) *(Chairman)*
 Ms. Wang Lin (王琳女士)
 Mr. Xiong Chuxiong (熊楚熊先生)

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Poon Fuk Chuen (潘福全先生) *(Chairman)*
 Mr. Zhou Jian (周劍先生)
 Mr. Xiong Chuxiong (熊楚熊先生)

NOMINATION COMMITTEE

Mr. Zhao Jie (趙杰先生) *(Chairman)*
 Mr. Zhou Jian (周劍先生)
 Mr. Leung Wai Man, Roger (梁偉民先生)

STRATEGY COMMITTEE

Mr. Zhou Jian (周劍先生) *(Chairman)*
 Mr. Zhao Jie (趙杰先生)
 Mr. Xiong Youjun (熊友軍先生)

AUTHORISED REPRESENTATIVES

Ms. Wang Lin (王琳女士)
 Ms. Ng Wai Kam (伍偉琴女士) *(up to February 21, 2025)*
 Ms. Jian Xuegen (簡雪艮女士) *(since February 21, 2025)*

AUDITORS

PricewaterhouseCoopers Zhong Tian LLP
Recognized Public Interest Entity Auditor
 11/F PricewaterhouseCoopers Center
 Link Square 2, 202 Hu Bin Road
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LEGAL ADVISORS

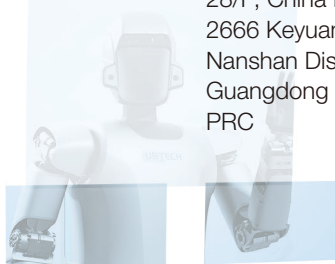
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CORPORATE INFORMATION

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Shanghai Pudong Development Bank Co., Limited
Shenzhen Branch
Pufa Mansion, 88 Pucheng Road
Tianxin Community, Sungang Street
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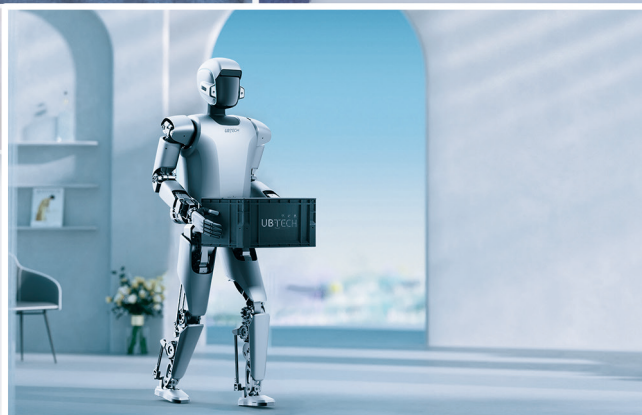
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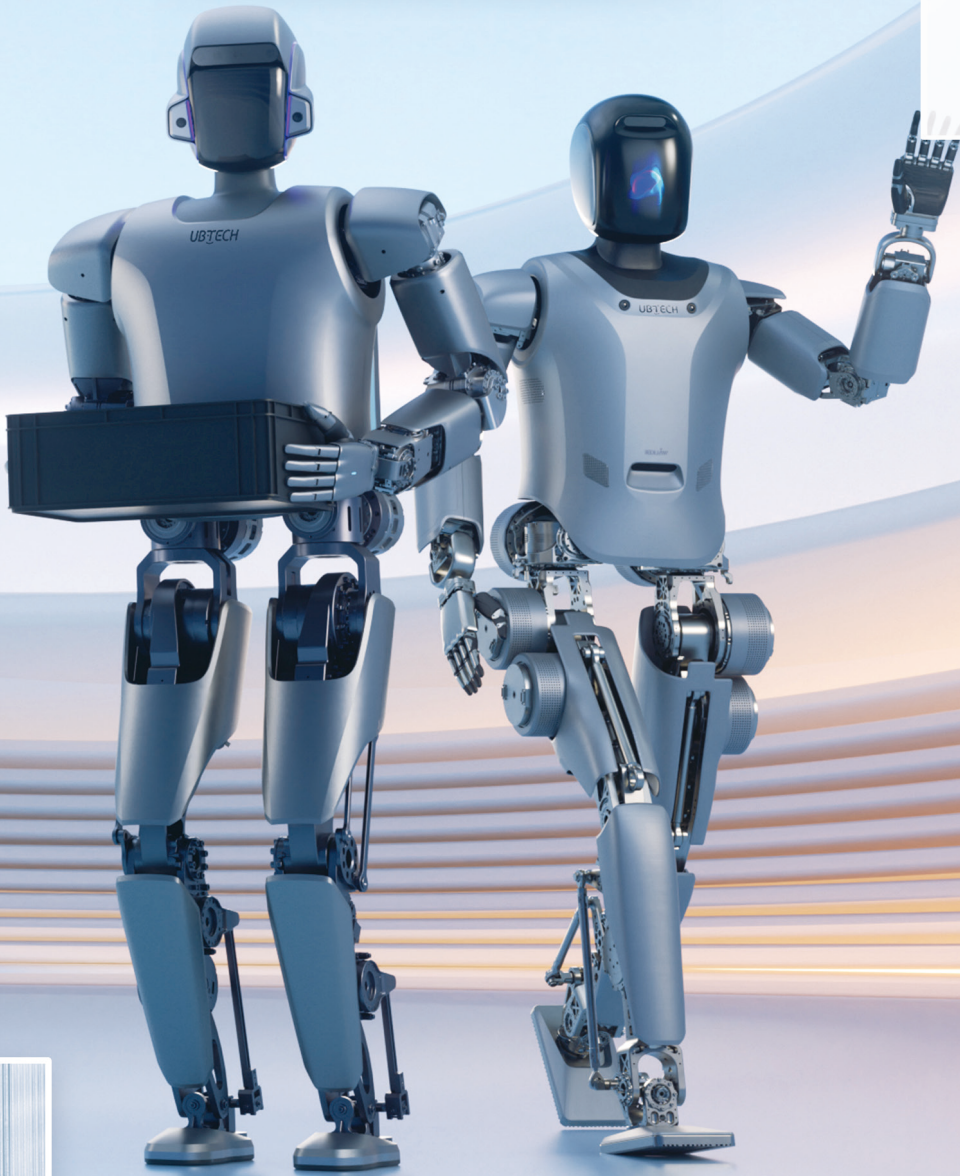
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COMPANY'S WEBSITE

www.ubtrobot.com







CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board" or "Board of Directors") of directors (the "Directors") of UBTECH ROBOTICS CORP LTD (the "Company") and its subsidiaries (collectively, the "Group", "we", "our" or "us"), I am pleased to present the annual report of the Company for the year ended December 31, 2024.

CHAIRMAN'S STATEMENT

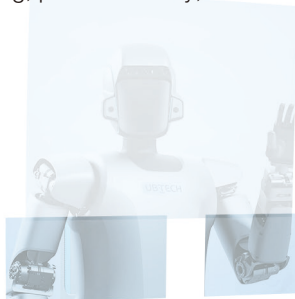
In 2024, amid the global surge in artificial intelligence and humanoid robotics, humanoid robots represent the optimal carrier of artificial intelligence and the ultimate embodiment of embodied intelligence. They are a pioneering domain in advancing new productive forces. UBTECH continues to ramp up our investment in humanoid robot R&D, with a steadfast focus on industrial applications. We have successively launched the industrial versions of humanoid robots, WalkerS and WalkerS1 (As an embodied intelligence carrier, the Walker series is designed to address real-world industrial application needs.). UBTECH remains committed to advancing key technologies, including the “humanoid brain,” “humanoid cerebellum,” and “high-performance limbs.” These technologies encompass core artificial intelligence technologies such as high-performance servo drive technology, large model technology, semantic Vslam technology, learning-based motion control technology, visual perception technology, and multimodal interaction technology. Our full-stack technological advancements have enabled humanoid robots to achieve superior task planning, dexterous manipulation, navigation and mobility, and human-computer interaction capabilities. Additionally, UBTECH has pioneered a humanoid robot application paradigm for multi-tasking environments, marking the world's first industrial application solution enabling collaboration between humanoid robots and automated logistics vehicles. At the same time, UBTECH has spearheaded the development and establishment of multiple national standards in the field of humanoid robots and embodied intelligence, serving as the deputy head of the “National Humanoid Robot Standards Working Group.”

In 2024, UBTECH focused on industrial applications, and the WalkerS series was among the first to be introduced in leading automotive factories for humanoid robot training and deployment. It successfully executed highly repetitive tasks, including autonomous cargo transport, quality inspection, process material handling, parts assembly, and SPS sorting. Together, they established a humanoid robot demonstration factory, enabling deep integration into typical industrial workflows. We also collaborated with 3C enterprises to develop a humanoid robot application ecosystem and debuted the “Humanoid Robot Industrial Application Solution” at the 2024 World Robot Conference.

In 2024, UBTECH achieved breakthroughs in key technologies related to humanoid robots, laying a solid technological foundation for humanoid robot commercialization. We have made technological advancements in the following areas:

A. Robotic technologies

At the complete robot level, we released the second-generation industrial humanoid robot Walker S1, successfully validated the linear joint technology, and introduced the third-generation dexterous hand with integrated pressure sensing. Meanwhile, we are continuously iterating on the design of next-generation humanoid robots and dexterous hands. We also released ROSA v2, which enables fundamental communication capabilities for the algorithm module within the ROS middleware, ensuring the autonomy, control, and security of the underlying algorithms. It has been successfully integrated into the industrial humanoid robot Walker S1. In the field of motion control, we have enhanced our full-stack motion control capabilities, including position control, whole-body force control, and reinforcement learning. Additionally, we have developed a highly modular and general-purpose software framework for dexterous manipulation. Currently, in industrial applications, our humanoid robots can autonomously perform highly repetitive tasks, including cargo transport, quality inspection, process material handling, parts assembly, and SPS sorting.



CHAIRMAN'S STATEMENT

B. AI technologies

For humanoid robot group collaboration scenarios, we have pioneered the BrainNet architecture, which integrates reasoning nodes and skill nodes, flexibly connected via edge-cloud collaboration. This architecture establishes a super brain and an intelligent cerebellum at the group level, redefining the cognitive and motor functions of humanoid robots. The super brain, powered by a multimodal large model, is responsible for semantic understanding, reasoning, decision-making, and potential anomaly detection. It focuses on advancing intelligent hybrid decision-making technology. The intelligent cerebellum, leveraging the Transformer model, translates large-model instructions into real-time, precise physical execution. The architecture features innovations in cross-domain fusion perception and multi-robot collaborative control, supports parallel distributed learning across multiple robots, and accelerates skill generation and transfer. These breakthroughs extend humanoid robots' capabilities from single-unit task execution to flexible, production line-level collaboration among multiple robots. This not only advances multi-dimensional, multi-scenario group intelligence but also lays a solid foundation for efficient humanoid robot collaboration in complex industrial environments, paving the way for the next stage of intelligent manufacturing evolution.

C. Integrated robotic and AI technologies

1. *Integration of positioning, navigation, and AI*

We employ unsupervised deep learning techniques to enhance the extraction of image features and descriptors significantly. Additionally, we integrate a graph neural network-based matching algorithm to further improve the stability of the Vslam algorithm. This advancement in Vslam technology enables the Walker S1 to achieve consistently stable positioning and navigation in complex workshop environments.

Notably, the L4 autonomous logistics vehicle successfully completed delivery and acceptance at the customer site. We implemented a point cloud-based feature extraction scheme to generate a feature map, which, combined with visual target segmentation results, enabled the construction of a lane vector map and an RTK-free positioning system for campus environments. Meanwhile, the decision-making and control framework leveraging BEV surround-view perception enhances safety, stability, and efficiency, enabling L4 autonomous driving in highly dynamic campus scenarios, with an overall takeover rate as low as once per 100 kilometers. Furthermore, we are actively researching and developing end-to-end models to advance their practical deployment in autonomous logistics vehicles.

2. *Integration of machine vision and AI technologies*

We incorporate unsupervised pre-training to enhance the feature extraction capabilities of visual feature extractors. Additionally, we employ 3D reconstruction technology to recreate objects and input them into simulation tools, generating a large volume of labeled simulation data that closely mirrors real camera imaging styles. This approach significantly improves the generalization capability of segmentation models. Furthermore, by leveraging an object's 3D model, we utilize rendering and feature-matching techniques to estimate the pose of any known 3D object, enabling object-level intelligent navigation and high-precision dexterous grasping operations.



CHAIRMAN'S STATEMENT

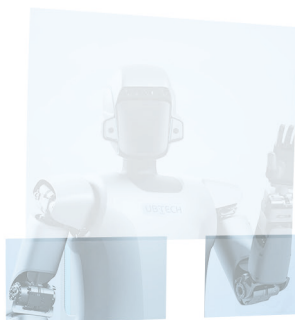
3. *integration of motion control and AI technologies*

To address the demands of dual-arm dexterous manipulation and high-performance bipedal locomotion, we have developed learning-based motion control technologies utilizing imitation learning, reinforcement learning, and generative models. Reinforcement learning enables anthropomorphic walking with straight knees, trotting, and stable locomotion under load on uneven surfaces, slopes, and stairs. We apply a CVAE-based generative model to dynamically generate dexterous hand gestures, ensuring stable and generalized grasping of various objects regardless of their orientation. For high-load handling tasks, we have implemented an adaptive learning control algorithm to develop a series of key technologies, including load identification, whole-body coordination, compliant control, and precise alignment. We have continued to strengthen the patent moat in humanoid robotics, and our investment in R&D has yielded significant results.

As of December 31, 2024, the number of patents granted to us reached 2,680, reflecting a year-on-year increase of 23.39% compared to the end of 2023.

In 2024, UBTECH received numerous prestigious awards. UBTECH was the only humanoid robotics company to be listed in the inaugural Fortune China Tech 50 list. UBTECH was also recognized in the 18th China Brand Festival's "Top 500 Chinese Brands". The UBTECH Panda Robot YouYou participated in the brand festival and was honored with the "Golden Spectrum Award".

UBTECH's industrial humanoid robot products and applications have been widely recognized in the industry. UBTECH was named "AI Partner • 2024 AI Application Benchmark Case" by 36Kr. We also won the 10th J.A.P.P.E.X. Annual Exemplary Application Scenario Award, the Leaderobot 2024 Humanoid Robot Application Benchmarking Award, and was recognized as the "2024 China Humanoid Robot Innovation Pioneer" by GGII. In terms of design, UBTECH products have received multiple international design awards. The UGOT robot, a multi-modal AI educational robot, won both the iF Design Gold Award and the Red Dot: Best of the Best Award. The Intelligent Rehabilitation Solution won the iF Design Award in the Service Design category, while the Cadebot Smart Delivery Robot was awarded the iF Design Award in the Product Design category. The UBTECH industrial humanoid robot Walker S Lite successfully demonstrated its application in the automotive manufacturing sector and was selected by the Ministry of Industry and Information Technology as a "Typical Application Case of AI-Enabled New Industrialization." Additionally, UBTECH was recognized by People's Daily for its humanoid robot industrial application case and awarded "New Productive Forces Empowering High-Quality Development Case". Furthermore, UBTECH was honored with the 2024 World Internet Conference Leading Technology Award for its breakthrough in "Key Technologies for Humanoid Robot Embodied Intelligence," being the first-ever humanoid robotics technology receiving this accolade in the history of the World Internet Conference. UBTECH's industrial humanoid robot Walker S was included in the 2024 Fortune China Best Design List, being the only humanoid robot selected.



CHAIRMAN'S STATEMENT

On April 19, 2025, the world's first humanoid robot half-marathon champion was born here. The full-sized humanoid robot TianGong Ultra (天宫Ultra), developed by the Beijing Humanoid Robot Innovation Center with UBTECH serving as the initiating and general managing entity, crossed the finish line first, triumphantly winning the championship with an outstanding time of 2 hours, 40 minutes, and 42 seconds over a distance of 21.0975 kilometers.

BUSINESS REVIEW OF 2024

I. Education smart robotic products and services

In 2024, as the AI education strategy continues to deepen, we have built an industry-leading technological framework and product ecosystem through a development path of “dual-engine drive and full-scenario breakthrough,” achieving significant advancements in R&D innovation, product iteration, and market expansion. We have successfully developed a dual-engine technical architecture consisting of the “Xingzhi PaaS platform + intelligent hardware platform,” making breakthroughs in three core technologies, including multi-modal navigation, intelligent control, and modular design. By deeply integrating the embodied intelligence closed-loop system with large models tailored for educational scenarios, we have established a new paradigm of intelligent education.

In the K12 education sector, we have established an open and innovative product ecosystem. The UDECA open-source software and hardware product library offers unlimited expandability, while the Xingzhi Yuanxiang (行知元项) platform harnesses AIGC technology to enhance project-based learning (PBL), introducing specialized solutions such as the embodied intelligence laboratory, low-altitude flight laboratory, digital manufacturing laboratory, and virtual simulation laboratory. In the industry-education integration domain, we have launched the CreaBot multi-scenario service robot, featuring seven key functional components such as universal chassis, interaction module and robotic arm. We have also unveiled the AperBot M1 wheeled educational robot, alongside five software and hardware training platforms and the development of ten industrial technology courses. These initiatives collectively establish a comprehensive talent development ecosystem, encompassing the Intelligent Robotics Industry Academy and the STEM Educator Training System.

In 2024, we demonstrated a coordinated development strategy for domestic and international market expansion. In the basic education sector, our AI online education platform has been incorporated into the AI education learning resources for primary and secondary schools in Shenzhen, reaching nearly 900 schools in Shenzhen, of which more than 230 have incorporated it into regular teaching applications, and a total of more than 3,800 courses have been completed; the company and its partners have hosted and co-hosted more than 60 events in 25 provinces in China, benefiting more than 10,000 teachers and students. Internationally, our business presence spans 20+ countries, generating over 700 business opportunities through digital marketing, while the number of registered users on our official website has surpassed 80,000. In the vocational education sector, we have built an integrated “industry-school-research-competition-certification” ecosystem. We pioneered the national-level vocational certification training for service robots, hosted the Ministry of Education's undergraduate robotics competition and the BRICS international competition, and actively contributed to the development of talent evaluation standards in Guangdong Province. Furthermore, our technological expertise and solutions will be extended to Belt and Road Initiative countries.



CHAIRMAN'S STATEMENT

Powered by technological innovation and business model optimization, we have established a professional referee pool of 500 experts and more than 10 regional competition centers, further enhancing our brand influence. From intelligent hardware R&D to education standard-setting, from classroom teaching to international competition operations, we continue to lead the AI education sector with full-stack solutions, injecting new momentum into the intelligent transformation of education.

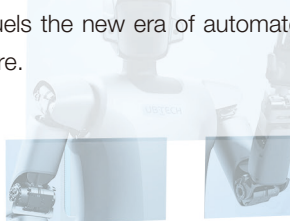
Our revenue attributable to education smart robotic products and services increased by 4.6% from RMB347.3 million in 2023 to RMB363.4 million in 2024.

II. Logistics smart robotic products and services

In 2024, our logistics smart robotic products and services continued to deepen their presence in five core industries: new energy vehicles, tire manufacturing plants, new energy battery production lines, 3C electronics factories, and e-commerce/third-party logistics (3PL). Drawing on our self-developed ACU robot core controller and UPilot robot operating system, we pioneered a dual-engine drive mode integrating “automated vehicles” and “humanoid robots”. We remain committed to building an end-to-end automated logistics system based on these technologies in the foreseeable future. As a result, we have introduced the industry’s first full-stack automated logistics solution. Our core products include the Wali Series F3000, an all-weather, dual-drive heavy-load automated forklift; the Wali Series T8000, an outdoor towing robot; and the Chitu L4-level automated logistics vehicle. Through integrated indoor and outdoor intelligent scheduling and multi-machine collaborative operations, we overcome the “last 10 meters” challenge in intra-facility logistics. This enables customers to build a fully automated logistics ecosystem, covering sorting, transportation, warehousing, and distribution, ultimately achieving a true closed-loop automated logistics system.

In 2024, logistics smart robotic products and services achieved multiple breakthroughs in technology R&D and real-world applications. Leveraging on years of expertise in automated forklifts, we co-edited and officially released the Forklift Mobile Robots (AGVs/AMRs) Industry Development Blue Book, solidifying our influence and standing in the industry. Our latest Wali Series F3000 automated forklift boasts a maximum load capacity of 3.5 tons, pushing the operational limits of heavy-duty forklifts while supporting seamless indoor-outdoor operations. Meanwhile, the Wali Series T8000 traction robot, with its ultra-strong 8,000 kg load capacity, fills a critical gap in ultra-heavy material handling. The Chitu automated logistics vehicle, known for its outstanding performance in leading new energy vehicle factories, has increased warehouse space utilization by 13% and was honored with the “Breakthrough Award for Scenario Applications.” At the strategic level, we have partnered with GSL Logistics to further refine our integrated delivery model, combining hardware, software, services, and operations. Together, we are pioneering full-stack automated logistics applications and setting new industry benchmarks for autonomous logistics solutions. Additionally, in collaboration with strategic partners such as Autolink (車聯天下), we have jointly developed a body-aware intelligent controller, fostering an intelligent, efficient, and collaborative ecosystem that integrates automobiles and humanoid robots.

In 2024, our automated logistics solutions and business operations have expanded across 54 cities and regions in 5 countries worldwide, earning multiple repeat purchases from leading new energy vehicle manufacturers. By continuously setting benchmark cases for automated factories, automated warehouses, and automated delivery solutions, we are driving the intelligent transformation of industrial manufacturing with unwavering determination. Our commitment fuels the new era of automated logistics on a global scale, injecting powerful momentum into the industry’s future.



CHAIRMAN'S STATEMENT

III. Other sector-tailored smart robotic products and services

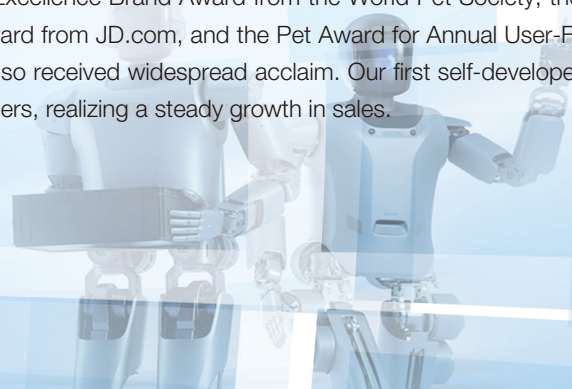
In 2024, in the field of industry-specific customization, we launched an all-in-one commercial service robot solution designed for diverse business scenarios, including commercial offices, hotels and airports, residential buildings, wellness communities, and smart communities. We have integrated traditional wheeled robots and humanoid robots into a unified solution, enabling multiple robots to work in coordination to provide greater practical value to our customers. We continued to expand our collaboration with a leading global new energy vehicle manufacturer's overseas 4S stores, advancing functional iterations such as large language models. Additionally, we conducted market research in Hong Kong, Taiwan, and the Greater Bay Area, and engaged in an in-depth partnership with a Taiwanese technology company to introduce a localized all-in-one commercial service robot solution.

In 2024, we continued to develop solutions in key areas such as the operation and management, safety assurance, life care, health management, and home medical assistance for wellness institutions. We enhanced our AI and robotics-based solutions and incorporated AI technologies like DeepSeek and the AI Agent architecture across multiple product lines, including wellness service management robots, smart home devices, and information management platforms, achieving new breakthroughs in both technology research and engineering applications. Our integrated solutions have been successfully piloted and applied in a variety of institutional, community, and home service settings. We have established deep collaboration with leading industry clients in China and Japan to co-develop the wellness service robot and the AIS smart care product service platform. By integrating advanced wellness service practices from the industry, we have further leveraged the expertise of professional institutions to deliver services to wellness apartments and homebound elderly populations, with intelligent robots as the primary solution.

Our revenue attributable to other sector-tailored smart robotic products and services increased by 126.1% from RMB62.2 million in 2023 to RMB140.7 million in 2024.

IV. Consumer-level robots and other hardware devices

In 2024, we invested in research and development to launch new products such as the Smart Litter Box C20, the Pet Hair Vacuum Cleaner, the Borderless Smart Lawn Mower M10, the Pool Robot PC10, the Smart Refrigerator Feeder F10, and the Smart High-Suction Sweeper V10. We also continued to expand into domestic and international markets, including the United States, Canada, Europe, Australia, Japan, South Korea, Southeast Asia, and the Middle East. We established a dealer system and channels through overseas e-commerce platforms, laying a solid foundation for the upcoming launch of new products. Thanks to our excellent product innovation, quality assurance, and channel development capabilities, shipments of the Smart Cat Litter Box C10 and C20 series have become industry leaders and cross-border bestsellers. The AiRROBO Smart Cat Litter Box has also become the leader in the industry category on domestic Tmall and JD.com e-commerce platforms. These products won several awards, including the Pet Industry White Paper 2024 Industry Innovation Brand Award, the 2024 Pet Excellence Brand Award from the World Pet Society, the 2024 New Powerful Brand of Pet Products Growth Award from JD.com, and the Pet Award for Annual User-Favorite Brand. The Smart Refrigerator Feeder F10 has also received widespread acclaim. Our first self-developed Pool Robot PC10 has attracted major channel customers, realizing a steady growth in sales.



CHAIRMAN'S STATEMENT

Our revenue attributable to consumer-level robots and other hardware devices increased by 88.1% from RMB253.6 million in 2023 to RMB477.0 million in 2024.

FUTURE OUTLOOK

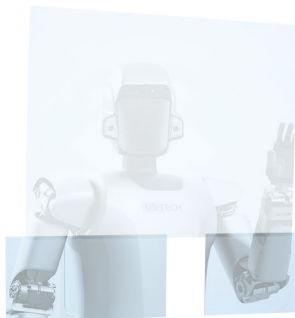
In the context of the national commitment to reshaping future productivity, humanoid robots and AI are bound to become the two core driving forces for the transformation of new quality productive forces. The terms “intelligent robot” and “embodied intelligence” have also been included in the Government Work Report for the first time. As a leader in the humanoid robot industry, UBTECH will definitely integrate into the national strategic blueprint deeply as a technology pioneer, scenario definer and ecosystem co-builder. UBTECH has been adopting humanoid robots and AI as the company's core strategy, and focusing strategically on the research and development of embodied intelligence technology and its commercial application, and working hard on the breakthrough towards the commercialization of humanoid robot technology and AI technology, committed to expanding the reach of humanoid robots from industrial and commercial applications to every household. Specifically, we will focus on the following areas:

1. Humanoid robots

We will continue to invest in the research and development of new models for the Walker series of industrial humanoid robots, deeply iterate the full-stack technology of humanoid robots, and realize the software and hardware iteration for the new generation of humanoid robots. We will enhance the stability and reliability of the humanoid robot system, and make breakthroughs on such key technologies as the new-generation integrated joints, dexterous hands with five bionic fingers, and embodied intelligence of cerebrum and cerebellum. By further comprehensively enhancing the motion capabilities, intelligence level and autonomous operation capabilities of the Walker series, and synergizing with workers, AGVs, automated logistics vehicles and intelligent manufacturing management systems, we strive to provide stable, reliable, safe and practical services for industrial scenarios, and improve the level of intelligence and flexibility in industrial manufacturing.

2. Multimodal perception and large model technology

Driven by the high-dimensional decision-making demands in complex production line tasks, we will continue to develop a large multimodal reasoning model for humanoid robots, which, as the core engine of the super cerebrum, will promote the continuous self-evolution of the BrainNet architecture and unleash the outburst of collective intelligence. Based on DeepSeek-R1 deep reasoning technology, by virtue of its powerful data processing and intelligent decision-making capabilities, the reasoning model gives humanoid robots the ability to reason like humans with common sense, and supports the efficient decomposition, scheduling and collaboration of complex tasks among multiple humanoid robots. The multimodal reasoning model of UBTECH humanoid robots will be trained and improved based on hundreds of millions of high-quality industrial data sets accumulated by the Walker S series from the forefront training tasks in multiple factories, adding multimodal features and quickly training professional work types based on RAG (retrieval-augmented generation) technology. Consequently, the decision-making and generalization capabilities of robots across various workstations will be significantly improved, providing strong support for the large-scale application of humanoid robots in industrial scenarios.



CHAIRMAN'S STATEMENT

3. Embodied intelligence decision-making technologies

For the scenario of humanoid robots collaborating in groups, we will continue to explore the group intelligence technology that evolves through the intensive interaction between group behaviors and external physical environment. We will constantly improve the UBTECH BrainNet architecture, enhance the reasoning capabilities of the super cerebrum and the skill supply abilities of the intelligent cerebellum, and accumulate more industrial scenario databases and multi-scale model libraries. Through dynamic interactions and coordination among distributed individuals, group intelligence technologies deliver the global wisdom better than the capabilities of any individual. This can aid humanoid robots in efficient decision-making and adaptive optimization, making breakthroughs in large-scale commercial applications across various scenarios and tasks.

4. End-to-end motion control technology

We will continue to make breakthroughs in the research and development of task-oriented full-body motion control and dexterous manipulation technologies based on end-to-end learning models. With the actual data accumulated in the early stage from the POC site at the depot, we will optimize the full-body motion capabilities of robots iteratively and promote the operational efficiency of Walker. Furthermore, we will further iterate the end-to-end dexterous manipulation technology to meet the demands of complex tasks in real scenarios, such as screwing, sorting, assembly, multi-robot collaboration, and human-robot collaboration.

5. Continuously iterating and optimizing the autonomous driving technology for L4 level driverless vehicles

We will incorporate OCC occupancy network technology to improve perception, tracking and prediction capabilities, and introduce game decision-making control solutions to improve the intelligence, safety, stability and operational efficiency of L4 autonomous driverless technology. Additionally, we will facilitate their applications in more scenarios in the park with preliminary trials in open road environments, exploring the application of end-to-end technologies on L4 automated logistics vehicles simultaneously.

Yours faithfully,

Zhou Jian

Chairman, Executive Director and Chief Executive Officer
UBTECH ROBOTICS CORP LTD

Shenzhen, the PRC
April 30, 2025

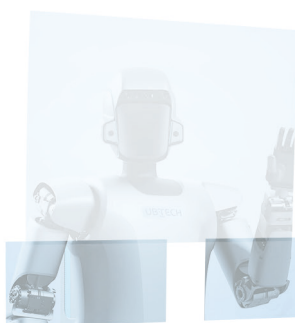


FINANCIAL SUMMARY

Our revenue increased from RMB1,055.7 million for the year ended December 31, 2023 to RMB1,305.4 million for the year ended December 31, 2024. Our gross profit increased from RMB332.8 million for the year ended December 31, 2023 to RMB374.0 million for the year ended December 31, 2024. Our loss for the year ended December 31, 2024 was RMB1,159.9 million whereas our loss for the year ended December 31, 2023 was RMB1,264.6 million.

Upon approval at the 2024 first extraordinary general meeting of the Company convened on February 8, 2024, the Group adopted the China Accounting Standards for Business Enterprises ("CASBE") to prepare its overseas financial statements from the year ended December 31, 2023, and restated its consolidated financial statements for 2022 according to CASBE. The consolidated financial statements of the Company for 2020 and 2021 was prepared in accordance with the Hong Kong Financial Reporting Standards and no adjustments were made thereto.

(Except per share data)	For the year ended December 31,				
	2020	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	740,226	817,230	1,008,272	1,055,698	1,305,361
Cost of sales	(409,488)	(561,277)	(611,104)	(722,880)	(931,352)
Gross profit	330,738	255,953	397,168	332,818	374,009
Loss before tax	(675,495)	(900,961)	(970,859)	(1,227,229)	(1,149,259)
Loss for the year	(706,999)	(917,519)	(987,368)	(1,264,590)	(1,159,924)
Losses Per Share (RMB)	(1.90)	(2.41)	(2.50)	(3.05)	(2.67)
Total assets	2,440,179	2,667,245	2,788,002	4,765,635	5,133,525
Total liabilities	1,415,943	1,907,247	1,734,078	2,676,752	2,885,993
Net asset value	1,024,236	759,998	1,053,924	2,088,883	2,247,532



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overview

We generate revenue primarily from sales of (i) education smart robotic products and services, (ii) logistics smart robotic products and services, (iii) other sector-tailored smart robotic products and services and (iv) consumer-level robots and other hardware devices. Our revenue in 2024 increased by 23.7% to RMB1,305.4 million compared to RMB1,055.7 million in 2023 owing to changes in revenue mix as detailed below.

Revenue by products and services

	Year ended 31 December		2023		Year-to-year change (%)
	2024	% of	2023	% of	
	Amount	Revenue	Amount	Revenue	
	RMB'000	Amount	RMB'000	Amount	
Education smart robotic products and services	363,398	27.8	347,328	32.9	4.6
Logistics smart robotic products and services	321,664	24.7	389,724	36.9	(17.5)
Other sector-tailored smart robotic products and services	140,705	10.8	62,238	5.9	126.1
Consumer-level robots and other hardware devices	477,036	36.5	253,583	24.0	88.1
Others ^(Note)	2,558	0.2	2,825	0.3	(9.5)
Total	1,305,361	100.0	1,055,698	100.0	23.7

Note: "Others" primarily included sales of raw materials and spare parts.

Our revenue attributable to education smart robotic products and services increased by 4.6% from RMB347.3 million in 2023 to RMB363.4 million in 2024, and the business maintained steady growth.

Our revenue attributable to logistics smart robotic products and services decreased by 17.5% from RMB389.7 million in 2023 to RMB321.7 million in 2024. This is mainly because some of the projects signed in 2024 had not been delivered and accepted by the end of the year, resulting in a decrease in revenue.

Our revenue attributable to other sector-tailored smart robotic products and services increased by 126.1% from RMB62.2 million in 2023 to RMB140.7 million in 2024, primarily due to the increase in new application scenarios and the increase in sales volume of humanoid robots leading to the revenue growth.

Our revenue attributable to consumer-level robots and other hardware devices increased by 88.1% from RMB253.6 million in 2023 to RMB477.0 million in 2024, primarily because we continuously launched new consumer-grade intelligent products, driving revenue growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

Our gross profit increased by 12.4% from RMB332.8 million in 2023 to RMB374.0 million in 2024. Our gross profit margins were 28.7% and 31.5% in 2024 and 2023, respectively, primarily due to changes in product mix, with the proportion of revenue from consumer-grade robots and other hardware devices increasing while their gross profit margins are relatively low, and the proportion of revenue from our educational intelligent robot products and services, which have higher gross profit margins, decreasing.

Other income

Our other income increased by 38.2% from RMB27.2 million in 2023 to RMB37.6 million in 2024, primarily due to the increase in government subsidies and value-added tax refund amounts.

Selling expenses

Our selling expenses increased by RMB17.8 million from RMB506.1 million in 2023 to RMB523.9 million in 2024, and decreased to 40.1% in 2024 compared with 47.9% in 2023 as a percentage of the Group's revenue. The increase in selling expenses is mainly due to a rise in advertising and promotion expenses mainly for consumer-grade robots and other hardware devices, which increased by RMB44.5 million, from RMB90.9 million in 2023 to RMB135.4 million in 2024. Other key expenses include employee compensation expenses of RMB237.5 million, sales commissions of RMB42.6 million, marketing, conference and travel expenses of RMB27.1 million, and depreciation and amortization of RMB20.7 million in 2024.

Administrative expenses

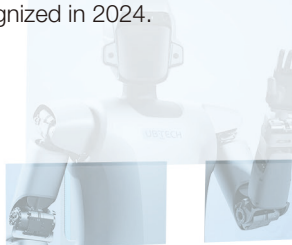
Our administrative expenses decreased by RMB29.7 million, from RMB399.7 million in 2023 to RMB370.0 million in 2024, and as a percentage of the Group's revenue, decreased from 37.9% in 2023 to 28.3% in 2024, primarily due to a decrease in listing expenses. We incurred one-off listing expenses of RMB63.7 million in 2023, while no such expenses were incurred in 2024. In 2024, administrative expenses mainly comprised employee remuneration and benefit expenses of RMB254.3 million, depreciation and amortization of RMB35.0 million, business development, conference and traveling expenses of RMB6.4 million, office expenses of RMB11.8 million and professional service fees of RMB10.7 million.

Research and development expenses

Our research and development expenses decreased by RMB12.4 million from RMB490.5 million in 2023 to RMB478.1 million in 2024, and decreased to 36.6% in 2024 compared with 46.5% in 2023 as a percentage of our revenue, primarily due to a decrease of RMB48.9 million in share-based payment expenses. Our research and development expenses mainly comprised staff remuneration of RMB406.3 million, materials consumed of RMB23.4 million and software tools and consumer goods of RMB15.3 million in 2024.

Credit impairment losses

Our net credit impairment losses increased from RMB145.0 million in 2023 to RMB156.0 million in 2024, primarily due to the deferred payment of accounts receivable from certain government-related customers. Out of prudence, the corresponding impairment was recognized in 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

Finance income/(expenses)

We have improved from a finance expense of RMB9.0 million in 2023 to a finance income of RMB6.0 million in 2024, primarily driven by the increase in foreign exchange gains.

Income tax expense

Income tax expense decreased to RMB10.7 million in 2024 as compared to RMB37.4 million in 2023, primarily due to the decrease in the pre-tax income of the subsidiaries subject to taxation.

Loss for the year

As a result of the foregoing, our loss for the year was RMB1,264.6 million and RMB1,159.9 million in 2023 and 2024, respectively.

Non-GAAP measures

To supplement our consolidated financial statements, which are presented in accordance with PRC GAAP, we also use “adjusted net loss for the year (non-GAAP measure)” and “adjusted EBITDA (non-GAAP measure)” as additional financial measures. We present this financial measure because it is used by our management to evaluate our financial performance. We also believe this non-GAAP measures provide additional information to investors and others in their understanding and evaluating our results of operations in the same manner as they help our management. However, these non-GAAP measures do not have a standardized meaning prescribed by PRC GAAP and therefore, they may not be comparable to similar measures presented by other companies.

We define “adjusted net loss for the year (non-GAAP measure)” as loss for the year adjusted by adding back share-based payments (being non-cash in nature) and listing expenses (which is related to the global offering of the Company (the “Global Offering”)). We define “adjusted EBITDA non-GAAP measure” as “adjusted net loss for the year (non-GAAP measure)” adding back (i) interest expenses, (ii) income tax expense, (iii) credit impairment loss and asset impairment loss; (iv) depreciation of fixed assets and amortization of long-term prepaid expenses, depreciation of right-of-use assets and amortization of intangible assets, which are non-cash in nature, and (v) deducting interest income from it.



MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the reconciliation of net loss and “adjusted net loss for the year (non-GAAP measure)” and “adjusted EBITDA (non-GAAP measure)” for the years ended December 31, 2023 and 2024:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Reconciliation of net loss and “adjusted net loss for the year (non-GAAP measure)” and “adjusted EBITDA (non-GAAP measure)”		
Net loss for the year	(1,159,924)	(1,264,590)
<i>Add:</i>		
Share-based payments	245,326	383,839
Listing expenses	—	63,749
Adjusted net loss for the year (non-GAAP measure)	(914,598)	(817,002)
<i>Add:</i>		
Interest expenses ^(Note)	26,976	14,949
— Interest expenses on lease liabilities	3,082	2,847
— Interest expenses on borrowings	92,605	59,408
— Interest expenses capitalised	(68,711)	(47,306)
Income tax expense	10,665	37,361
Depreciation of right-of-use assets	30,802	32,039
Depreciation of fixed assets and amortization of long-term prepaid expenses	46,006	46,904
Amortization of intangible assets	8,339	7,002
Credit impairment loss	156,014	144,995
Asset impairment loss	43,219	26,376
<i>Less:</i>		
Finance income	15,946	8,078
Adjusted EBITDA (non-GAAP measure)	(608,523)	(515,454)

Note: Interest expenses included interest expenses on borrowings, net of amount capitalised and interest expenses on lease liabilities.



MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and capital resources

Cash used in operation in 2024 was approximately RMB883.6 million (RMB1,000.0 million in 2023). As of December 31, 2024, the Group had cash and cash equivalents of approximately RMB1,191.0 million (RMB520.9 million as of December 31, 2023) with approximately RMB1,537.6 million of external bank borrowings (RMB1,453.5 million as of December 31, 2023).

In terms of gearing, the Group's gearing ratios (defined as total interest-bearing borrowings and lease liabilities divided by total equity) in December 31, 2023 and 2024 were 73.3% and 71.6%, respectively. The current ratios of the Group (defined as total current assets divided by total current liabilities) as of December 31, 2023 and December 31, 2024 were 1.5 times and 1.4 times respectively. As of December 31, 2024, the Group had no material contingent liabilities. With the cash and bank balances in hand and the net proceeds received from the several rounds of placing of new H Shares under the general mandate granted to the Directors to allot, issue and deal with additional H Shares pursuant to a resolution of the Shareholders passed at the annual general meeting of the Company held on May 21, 2024 (the "General Mandate") in 2024 and early 2025, the Group's liquidity position remains strong to meet its working capital requirements.

As of December 31, 2024, our interest-bearing bank and other borrowings were RMB1,537.6 million. Our interest-bearing bank and other borrowings increased from RMB1,453.5 million as of December 31, 2023 to RMB1,537.6 million as of December 31, 2024 mainly in respect of daily operations and the payments of the construction cost of the headquarter building of the Group located in Shenzhen.

Pledge of assets

As of December 31, 2023 and 2024, 100% equity interest of Shenzhen UBTECH Technology Industrial Co., Ltd., a subsidiary of our Group, and the land use rights held by it, have been pledged to secure bank loans of our Group mainly for our construction of property, plant and equipment.

Treasury policies and exposure to fluctuations in exchange rates

Most of the Group's revenues are denominated in RMB as its operations are mainly located in China. As of December 31, 2024, approximately 81.2% (79.0% as of December 31, 2023) of the Group's bank balances and cash was denominated in RMB and 13.7% (17.4% as of December 31, 2023) of the Group's bank balances and cash was denominated in HKD which was mainly proceeds from the placings of new H Shares under the General Mandate. The remaining 5.1% (3.6% as of December 31, 2023) was denominated in United States Dollars, Euros, Singapore Dollars, Pounds or Japanese Yen. The Group continues to adopt a conservative approach in its foreign exchange exposure management. For the year ended December 31, 2024, the Group did not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group reviews its foreign exchange risks periodically and uses derivative financial instruments to hedge against such risks when necessary.



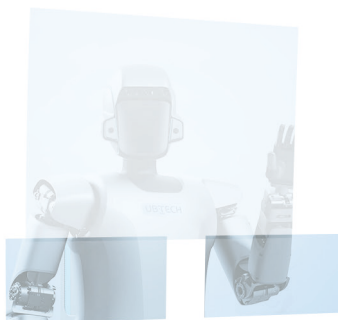
MANAGEMENT DISCUSSION AND ANALYSIS

Employees and remuneration policy

As of December 31, 2024, we had 2,191 full-time employees, 2,189 of which were based in mainland China, primarily at our headquarter in Shenzhen with the rest located in Shanghai, Beijing, Liuzhou and Xiamen, etc. Total compensation costs decreased to RMB940.7 million in 2024, compared to RMB1,006.8 million in 2023, primarily due to a decrease in equity incentive expenses.

We recruit our employees mainly through campus recruitment, internal recruitment, social recruitment, referral by headhunters, internal staff recommendation (also through the open recruitment process). We emphasize that we have always adhered to the principles of equal competition, information disclosure and two-way selection in the open recruitment process. Whether it is in written examination, interview or recruitment conditions, we shall adhere to the principle of equal competition, ensure that recruitment information is disclosed transparently and communicate equally with candidates. We offer competitive remuneration package to our employees, which are generally based on their qualifications, industry experience, position and performance. In order to motivate, retain and reward talents for their contribution to the development of our Group, we have approved and adopted several equity incentive schemes since 2015. For the purpose of, among other things, improving our incentive mechanism and to attract, motivate and retain the Directors, Supervisors, senior management and employees who have made outstanding contributions to our sustainable operation, development and long-term growth, we further adopted the 2024 H Share Incentive Scheme (the “H Share Incentive Scheme”) at our 2024 fifth extraordinary general meeting held on September 12, 2024 after obtaining approval from the shareholders of our Company (the “Shareholders”). For details, please refer to our announcement dated July 31, 2024 and our circular dated August 28, 2024. We regularly evaluate the performance of our employees and reward the well-performed with bonus and promotion.

We invest in continuing education and training programs, including regular and tailor-made internal and external training, for our employees to improve their professional knowledge, and management skills, upgrade their skill sets and keep abreast of the industry standards in their respective positions. Pre-employment induction training and orientation is provided to all new hiring. We also organize activities to provide our employees with a deeper understanding of our culture.



MANAGEMENT DISCUSSION AND ANALYSIS

Capital expenditures

The Group's capital expenditure of RMB400.4 million in 2024 was mainly related to construction of our headquarters in Shenzhen, representing a decrease of 25.9% compared to RMB540.7 million in 2023.

Right-of-use assets and lease liabilities

The related right-of-use assets and lease liabilities are located in the PRC. As of December 31, 2024, the Group's right-of-use assets were RMB58.1 million (RMB65.7 million as of December 31, 2023) and lease liabilities were RMB71.9 million (RMB77.0 million as of December 31, 2023). In 2024, depreciation expenses for right-of-use assets amounted to RMB30.8 million and interest expenses on lease liabilities were RMB3.1 million.



BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

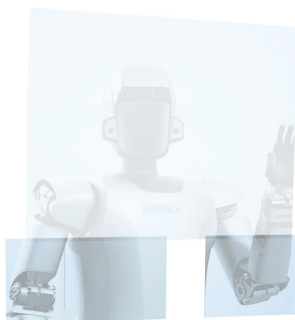
Mr. Zhou Jian (周劍), aged 48, founder of our Group, currently serves as chairman of the Board, chief executive officer of our Company and an executive Director and is also the single largest shareholder. He was appointed as a Director on March 31, 2012 and as the Chairman of the Board on September 29, 2013 and re-designated as an Executive Director on December 9, 2022. He is responsible for leadership of the Board, corporate governance promotion, strategic planning, and major decision-making for our Group. Mr. Zhou holds positions in various subsidiaries of our Company, including:

Name of subsidiary	Position
Shenzhen UBTECH Technology Industrial Co., Ltd.* (深圳市優必選科技實業有限公司)	Executive director
UBTECH Entertainment (Shenzhen) Co., Ltd.* (優必選娛樂(深圳)有限公司)	General manager and executive director
UBTECH Software Technology (Shenzhen) Co., Ltd.* (優必選軟件技術(深圳)有限公司)	General manager and executive director
UBTECH Education (Shenzhen) Co., Ltd.* (優必選教育(深圳)有限公司)	General manager and executive director
UBTECH ROBOTICS LIMITED* (優必選機器人有限公司)	Director

From November 2007 to March 2012, Mr. Zhou founded and served as a director for UNION BROTHER (SHANGHAI) LIMITED* (優鎧(上海)機械有限公司), a company principally engaged in the manufacturing of and supply of solutions for automation equipment production lines for the high-end building materials industry. From May 2000 to December 2005, Mr. Zhou worked as the manager for the Asia Pacific region for Michael Weinig AG, a company principally engaged in the manufacturing of and supply of solutions for automation machines and equipment for home building.

Mr. Zhou obtained a bachelor of engineering in wood processing from Nanjing Forestry University (南京林業大學) in the PRC in June 1999. Mr. Zhou was elected as a deputy of the 13th People's Congress of Guangdong Province, the PRC on January 22, 2018 for a term of 5 years, and was elected as a member of the Youth Entrepreneurs Committee of APEC China Business Council in November 2018 for a term of 2 years. On May 29, 2019, he was recognised as Local-level Talent by Shenzhen Human Resources and Social Security Administration of Shenzhen Municipality. He was accredited as the chief expert of intelligent robots by Shenzhen Artificial Intelligence Industry Association on July 31, 2019.

Mr. Xiong Youjun (熊友軍), aged 46, is our executive director, chief technology officer and deputy general manager. He is responsible for the management of technology research and development. He joined our Company as chief technology officer on June 10, 2012, and re-designated as an executive Director on December 9, 2022. He is responsible for the management of technology research and development. Mr. Xiong served as an executive director of our subsidiary UBTECH (Puyang) Technology Co., Ltd. from November 2022 to April 2024. He currently serves as the general manager of Jiujiang Youbixing Technology Co., Ltd. another subsidiary of the Company.



BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Xiong served as a member of the Chinese People's Political Consultative Conference in Nanshan District, Shenzhen from 2017 to 2022.

Mr. Xiong obtained a bachelor of engineering in motor vehicles and engines from Wuhan University of Automotive Technology (武漢汽車工業大學) in the PRC (one of the predecessors of Wuhan University of Technology) in June 1999 and obtained a master of engineering in power machinery and engineering from Wuhan University of Technology (武漢理工大學) in the PRC in April 2002. He then obtained a doctor of philosophy of engineering in mechanical design and theory from Huazhong University of Science and Technology (華科技大學) in the PRC in December 2005. In February 2018, he was assessed by the Shenzhen Human Resources and Social Security Administration of Shenzhen Municipality as a reserve professional talent in Shenzhen.

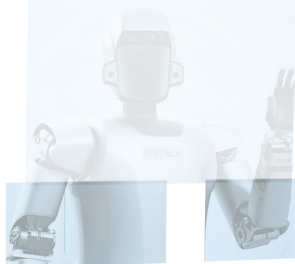
Ms. Wang Lin (王琳), aged 49, is our executive Director, head of general manager's office and assistant to the chairman of the Board. She joined our Company as assistant to the chief executive officer on March 31, 2012 and is re-designated as an executive Director on December 9, 2022. She is mainly responsible for the coordination of company-level projects and daily administration operations.

Ms. Wang holds positions in various subsidiaries of our Company, including:

Name of subsidiary	Position
Chengdu Youxuan Ruizhi Equity Investment Fund Management Co., Ltd.* (成都優選睿智股權投資基金管理有限責任公司)	Director
UBTECH (Taiyuan) Intelligent Robot Co., Ltd.* (優必選(太原)智能機器人有限公司)	Executive Director
UBTECH Technology (Kunming) Co., Ltd.* (優必選科技(昆明)有限公司)	Manager
Shanghai UBTECH Intelligent Health Technology Development Co., Ltd.* (上海優必選智慧健康科技發展有限公司)	Executive Director and general manager
UBTECH (Shenzhen) Technology Co., Ltd.* (優必選(深圳)科技有限公司)	Executive Director
UBTECH Logistic (Kunming) Co., Ltd.* (優必選物流(昆明)有限公司)	Executive Director
UBTECH (Chongqing) Technology Co., Ltd.* (優必選(重慶)科技有限公司)	Supervisor
UBTECH (Hangzhou) Technology Co., Ltd.* (優必選(杭州)科技有限公司)	Executive Director and manager
Guizhou UBTECH Technology Co., Ltd.* (貴州優必選科技有限公司)	Executive Director and manager
Ezhou UBTECH Technology Co., Ltd.* (鄂州優必選科技有限公司)	Executive Director
UBTECH (Yangzhou) Technology Co., Ltd.* (優必選(揚州)科技有限公司)	Executive Director
UBTECH (Hebei) Technology Co., Ltd.* (優必選(河北)科技有限公司)	Executive Director

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name of subsidiary	Position
UBTECH (Hubei) Technology Co., Ltd.* (優必選(湖北)科技有限公司)	Executive Director
UBTECH (Weihai) Technology Co., Ltd.* (優必選(威海)科技有限公司)	Executive Director
UBTECH (Shantou) Technology Co., Ltd.* (優必選(汕頭)科技有限公司)	Executive Director
UBTECH (Suzhou) Technology Co., Ltd.* (優必選(蘇州)科技有限公司)	Executive Director and manager
Shenzhen UBTECH Technology Industrial Co., Ltd.* (深圳市優必選科技實業有限公司)	Supervisor
UBTECH North America Research and Development Center Corp	Director
Shenzhen Youxuan Zhiyi Elderly Caring Service Co., Ltd.* (深圳市優選智頤養老服務有限公司)	General manager
Youdi Health Technology (Shenzhen) Co., Ltd.* (優邸健康科技(深圳)有限公司) (“Youdi Health”)	Chairman and director
Shenzhen Youlingjing Technology Co., Ltd.* (深圳市優靈境科技有限公司)	Executive Director and general manager
Shenzhen Youbifu Technology Co., Ltd.* (深圳市優必服科技有限公司)	Executive Director and general manager
Shenzhen Xuanyou Technology Co., Ltd.* (深圳市選優科技有限公司)	Executive Director and general manager
Ganzhou UBTECH Intelligent Technology Co., Ltd.* (贛州優必選智能科技有限公司)	Executive Director
Shenzhen UBTECH Medical Robot Co., Ltd.* (深圳市優必選醫療機器人有限公司)	Executive Director
Guangzhou UBTECH Intelligent Health Industry Co., Ltd.* (廣州優必選智慧健康產業有限公司)	Executive Director
Shandong UBTECH Technology Co., Ltd.* (山東優必泰克科技有限公司)	Executive Director and general manager
UBTECH (Hejin) Technology Co., Ltd.* (優必選(河津)科技有限公司)	Executive Director
Hebei UBTECH Intelligent Technology Co., Ltd.* (河北優必選智能科技有限公司)	Executive Director
UBTECH (Zhengzhou) Intelligent Agriculture Technology Co., Ltd.* (優必選(鄭州)智慧農業科技有限公司)	Executive Director
Futronics (Hong Kong) Limited (優創未來有限公司)	Director
UBhome Technology Company Limited (優必家科技有限公司)	Director
Tongren UBTECH Intelligent Health Development Co., Ltd.* (銅仁優必選智慧健康發展有限公司)	Executive Director



BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name of subsidiary	Position
Shanghai Youxuan Huiyi Elderly Caring Service Co., Ltd. (上海優選慧頤養老服務有限公司)	Executive Director
Wuhan UBTECH Intelligent Technology Co., Ltd. (武漢優必選智慧科技有限公司)	Executive Director
Chengdu UBTECH Health Technology Co., Ltd. (成都市優必選健康科技有限公司)	Executive Director
UBTECH (Nanchong) Robot Technology Co., Ltd. (優必選(南充)機器人科技有限公司)	Director
Longsheng Xingzhi Youxue Education Technology Co., Ltd. (龍勝行知優學教育科技有限公司)	Director and manager
UBTECH (Zhengzhou) Intelligent Technology Co., Ltd. (優必選(鄭州)智能科技有限公司)	Chairman
FUTRONICS PERU S.A.C.	General Manager

Prior to joining our Group, from January 2008 to January 2012, Ms. Wang worked as an assistant to the general manager for Youkai (Shenzhen) Machinery Co., Ltd.* (優鎧(深圳)機械有限公司) (formerly known as UBTECH Machinery (Shenzhen) Co., Ltd.* (優必選機械(深圳)有限公司)), a company principally engaged in the supply of machines for wood processing which was deregistered in November 2020.

Ms. Wang obtained a master of science in international financial management from Queen Mary & Westfield College, University of London in England (currently known as Queen Mary University of London) in November 2010. Ms. Wang received a qualification certificate of board secretaries issued by the Shenzhen Stock Exchange in April 2016.

Mr. Liu Ming (劉明), aged 48, is our executive Director and vice president of the human resources department. He joined our Company as vice president of the human resources department on July 2016 and appointed as a Director on March 20, 2020 and re-designated as an executive Director on December 9, 2022. He is responsible for human resources management and administration.

He is also a director of Shenzhen You Shijie Robotics Co., Ltd.* (深圳市優世界機器人有限公司), Youdi Health and Wuxi Uqi Intelligent Technology Co., Ltd.* (無錫優奇智能科技有限公司), members of our Group.

Prior to joining our Group, from January 2012 to July 2016, he served as a senior expert of remuneration COE of the human resources management department for Huawei Technologies Co., Ltd.* (華為技術有限公司). From January 2005 to August 2011, he served as a senior consulting director for Hay Group (合益集團), a company principally engaged in providing human resources management consulting services. From February 2003 to December 2004, he worked for Taihe Consulting (太和顧問), a company principally engaged in providing management consultancy services as a consulting director. From February 2002 to March 2003, he served as a senior manager for Shanghai Realize Investment Consulting Co., Ltd.* (上海榮正投資諮詢有限公司), a company principally engaged in providing equity incentive consulting services.

Mr. Liu obtained a bachelor of engineering in management engineering (investment economics) and a master of management in technical economics and management from Tongji University (同濟大學) in the PRC in July 1999 and March 2002 respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Xia Zuoquan (夏佐全), aged 61, is our non-executive Director. He first joined the Group as a Director on August 20, 2015 and re-designated as a non-executive Director on December 9, 2022. He is responsible for providing opinions and judgment to the Board.

Mr. Xia joined BYD COMPANY LIMITED, a company dual listed on the Main Board of Stock Exchange (stock code: 01211) and the Shenzhen Stock Exchange (stock code: 002594) principally engaged in the automobile business, including new energy vehicles and traditional fuel-engine vehicles, handset components and assembly services, as well as the rechargeable battery and photovoltaics business, since June 2002 as an executive director and vice president, and currently serves as a non-executive director.

Mr. Xia founded and has been serving as the chairman of Shenzhen Zhengxuan Investment (Holdings) Co., Ltd.* (深圳市正軒投資有限公司), a company principally engaged in investing in high-tech and innovative companies since June 2003. Mr. Xia also served as an independent non-executive director of for China YuHua Education Corporation Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6169) principally engaged in operating private schools in the PRC from September 2016 to April 2024.

Mr. Xia served as an independent non-executive director of China Baofeng (International) Limited, a company formerly listed on the Main Board of the Stock Exchange principally engaged in the design of lighting and home furnishing products and the supply chain business which was privatized on September 7, 2020, from February 2016 to September 2020.

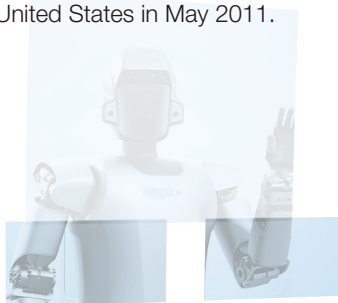
Mr. Xia obtained a master of senior business management and administration from the Guanghua School of Management of Peking University (北京大學光華管理學院) in the PRC in July 2007.

Mr. Zhou Zhifeng (周志峰), aged 47, is our non-executive Director. He first joined our Group as a Director on August 20, 2015 and re-designated as a non-executive Director on December 9, 2022. He is responsible for providing opinions and judgment to the Board.

Mr. Zhou is also a director of Shanghai UBJ Education Technology Co., Ltd.* (上海優必傑教育科技有限公司), a member of our Group.

Mr. Zhou has been serving as a director of Beijing HyperStrong Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 688411.SH)) since June 2020. Mr. Zhou has worked at Qiming Venture Partners (啟明創投), an institution principally engaged in providing venture capital and asset management services since May 2014, and currently serves as a managing partner, focusing on investments in emerging technologies in areas such as artificial intelligence, robotics, AR/VR, semiconductor, autotech, enterprise software, etc.

Mr. Zhou graduated from Harbin Institute of Technology (哈爾濱工業大學) in the PRC with a bachelor of engineering in computer science and technology in July 2000, and obtained a master of business administration from Columbia University in the City of New York in the United States in May 2011.



BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Chen Qiang (陳強), aged 42, is our non-executive Director. He first joined our Group as a Director on November 29, 2022 and re-designated as a non-executive Director on December 9, 2022. He and is responsible for providing opinions and judgment to the Board.

Mr. Chen has worked in Jiujiang Small and Medium Enterprises Service Centre* (九江市中小企業服務中心) (formerly known as Jiujiang Small and Medium Enterprises Bureau* (九江市中小企業局)) since October 2012 and was promoted as the deputy chief of credit guarantee section in October 2017, responsible for guiding the growth and development of the credit guarantee industry in Jiujiang. From February 2016 to June 2020, he served as deputy general manager and a director of Jiujiang Industrial Investment Co., Ltd, responsible for formulating strategic plan of the company for the purpose of providing financing to enterprises in Jiujiang. From September 2020, to February 2024 Mr. Chen served a third-tier principal staff member (三級主任科員) of Jiujiang Small and Medium Enterprises Service Centre* (九江市中小企業服務中心), mainly responsible for establishment and operation of the government industrial guidance fund. Since February 2024, Mr. Chen has served as a third-tier principal staff member at the Jiujiang Department of Industry and Information Technology* (九江市工業和信息化局), primarily responsible for SME cultivation and the establishment and operation of government industrial guidance funds.

Mr. Chen was commended in 2021 for his performance as third-tier principal staff member of Jiujiang Small and Medium Enterprises Service Centre* (九江市中小企業服務中心) and in 2022 for his outstanding performance as a civil servant at Jiujiang Small and Medium Enterprises Service Centre* (九江市中小企業服務中心) from 2019 to 2021.

Mr. Chen graduated from Xiangtan University (湘潭大學) in the PRC with a bachelor of economics in June 2005.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhao Jie (趙杰), aged 57, is our independent non-executive Director. He first joined our Group as an independent Director on March 23, 2019 and re-designated as an Independent Non-executive Director on December 9, 2022. He is responsible for providing independent advice to our Group.

In addition to his position in our Group, Mr. Zhao has been serving as a director of the robotic research institute in the school of mechatronics engineering of the Harbin Institute of Technology (哈爾濱工業大學) since July 2008. He has been serving as, a deputy chairman of the board of Harbin Boshi Automation Co., Ltd.* (哈爾濱博實自動化股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002698) principally engaged in the research and development, production, sales and servicing of intelligent manufacturing equipment and industrial robots, since August 2010. He served as an independent director of Inner Mongolia First Machinery Group Co., Ltd.* (內蒙古第一機械集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600967) principally engaged in the manufacture and sales of railway vehicles, armored vehicles, artillery and other vehicle parts, from October 2018 to December 2024. From September 2017 to September 2023, Mr. Zhao also served as an independent director of EFORT Intelligent Equipment Co., Ltd.* (埃夫特智能裝備股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688165) principally engaged in the research and development, production and sales of industrial robot products.



BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhao obtained a bachelor of engineering in precise instrumentation and production and equipment and a doctor of philosophy of engineering in electromechanical control and automation from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in July 1990 and September 1996 respectively. Mr. Zhao received a qualification certificate of independent director issued by the Shanghai Stock Exchange in March 2019.

Mr. Xiong Chuxiong (熊楚熊), aged 69 is our independent non-executive Director. He first joined our Group as an independent Director on March 23, 2019, 2019 and re-designated as an Independent non-executive Director on December 9, 2022. He is responsible for providing independent advice to our Group.

Mr. Xiong has nearly 40 years of experience in accounting and academia. Mr. Xiong served as a lecturer at the department of economics of Shenzhen University in the PRC from August 1992 to December 1994, served as an associate professor from December 1994 to December 1999, and served as a professor from December 1999 to May 2015.

Mr. Xiong's other directorships held in the last three years in public companies the securities of which are listed on securities markets in Hong Kong or overseas are as set out as follows:

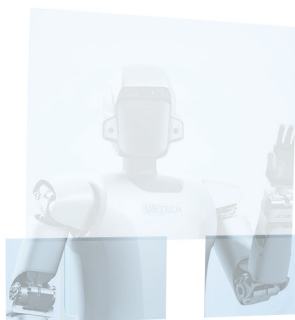
Name of Company	Listing venue	Position	Period
Shenzhen Laibao Hi-tech Co., Ltd.* (深圳萊寶高科技股份有限公司) (stock code: 002106)	Shenzhen Stock Exchange	Independent director	May 2016 to April 2022

Mr. Xiong obtained a master of accounting from Southwestern University of Finance and Economics (西南財經大學) in the PRC in June 1987, and obtained a doctor of philosophy in economics from Xiamen University (廈門大學) in the PRC in July 1992. He also obtained a certificate issued by the Shenzhen Stock Exchange from the continuous training course for independent directors of the listed companies in May 2018.

Mr. Poon Fuk Chuen (潘福全), aged 63, is our independent non-executive Director. He first joined our Group as an independent Director on November 29, 2022 and re-designated as an independent non-executive Director on December 9, 2022. He is responsible for providing independent advice to our Group.

Mr. Poon is currently the chief financial officer and company secretary of Lifestyle International Holdings Limited, a company formerly listed on the Main Board of the Stock Exchange up to its withdrawal of listing in December 2022. He is also the company secretary of Lifestyle China Group Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 2136). Previously, Mr. Poon worked for PricewaterhouseCoopers in Hong Kong and was a partner when he left the firm in July 1998.

Mr. Poon obtained his bachelor degree in Accounting and Statistics from the University of Southampton, UK. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.



BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Leung Wai Man, Roger (梁偉民), aged 68, is our independent non-executive Director appointed on February 18, 2023. He is responsible for providing independent advice to our Group.

Mr. Leung has been in private practice as a solicitor in Hong Kong since 1984 and was a partner of Chu & Lau and Foo, Leung & Yeung respectively and currently serves as senior consultant at Siao, Wen and Leung Solicitors & Notaries(蕭溫梁律師行). He was admitted as a solicitor in Hong Kong in 1984, England & Wales in 1989 and a barrister and solicitor in Ontario, Canada in 1992.

Mr. Leung's other directorships held in the last three years in public companies the securities of which are listed on securities markets in Hong Kong or overseas are as set out as follows:

Name of Company	Listing place/status	Position	Period
China Boton Group Company Limited (stock code: 3318)	Main Board of the Stock Exchange	Independent non- executive director	November 2005 to present
Hi Sun Technology (China) Limited (stock code: 0818)	Main Board of the Stock Exchange	Independent non- executive director	September 2004 to present

Mr. Leung obtained a bachelor's degree of laws from The University of Hong Kong in 1981, and also obtained a laws doctor from The University of Western Ontario, Canada in 1990.

SUPERVISORS

Mr. Deng Feng (鄧峰), aged 42, is a shareholder representative Supervisor, the chairman of the Board of Supervisors of our Company and the vice president of our Company. He first joined our Group in our board secretary's office in December 2017 and has served as a Supervisor since March 23, 2019.

Prior joining our Group, from 2008 to November 2017, Mr. Deng worked for Hytera Communications Corporation Limited* (海能達通信股份有限公司) (formerly known as Shenzhen Haoyi Tong Technology Co., Ltd.* (深圳市好易通科技有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 002583) principally engaged in manufacturing wireless communication infrastructure and providing communication services and solutions, with the last position of general manager of infrastructure investment and chairman of the board of supervisors.

Mr. Deng graduated from South-Central Minzu University (中南民族大學) in the PRC with a bachelor of laws in June 2004. He then obtained a master of business administration graduated from Shenzhen University (深圳大學) in the PRC in June 2016 and Mr. Deng received a national legal professional qualification in February 2008, securities practitioners qualification in March 2012, qualification certificate of board secretaries issued by the Shenzhen Stock Exchange in July 2012, qualification for serving as the Secretary to the Board from the Shanghai Stock Exchange in October 2019, qualification for serving as the EXIN Data Protection Officer in October 2021 from the Examination Institute for Information Science (EXIN) and obtained the Vocational Training Instructor (Level 2) certification in November 2023. He was granted the Corporate Lawyer Qualification by the Guangdong Provincial Department of Justice in January 2025.



BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Ben Cangsang (黃滄桑), aged 48, is our shareholder representative Supervisor and general manager for informatics technology for our Group. He first joined our Group as general manager for informatics technology in February 2020 and has served as a Supervisor since March 20, 2020.

Prior joining our Group, Mr. Ben served as an investment director for Zhuhai Flare Venture Capital Management Co., Ltd.* (珠海市耀斑創業投資管理有限公司), a company principally engaged in investments, from January 2019 to February 2020, an employee of Shanghai Futures Information Technology Co., Ltd.* (上海期貨信息技術有限公司), a company principally engaged in providing system software development and related technical support and other services for the futures industry, from March 2008 to December 2018, and an operation and maintenance centre data system engineer for Ashen Technology R&D Centre (Shanghai) Co., Ltd.* (亞申科技研發中心(上海)有限公司), a company principally engaged in the development of new materials in the fields of energy conservation and clean energy, from August 2006 to March 2008.

Mr. Ben obtained a bachelor of engineering in mechanical and electrical engineering from Shanghai University of Engineering Science (上海工程技術大學) in the PRC in July 1999.

Ms. Wang Xingru (王興茹), aged 60, is our employee representative Supervisor and internal audit director. She first joined our Group as internal control director in August 2018. She is also a director of Youdi Health, a general manager of UBot Innovation Technology Limited, members of our Group and a director of UBTECH (Zhengzhou) Intelligent Technology Co., Ltd. Prior joining our Group, from November 2015 to July 2018, Ms. Wang Xingru worked as a finance director for Shenzhen YunZhou Multimedia Technology Co., Ltd.* (深圳市雲宙多媒體技術有限公司), a company principally engaged in providing internet video content hosting services.

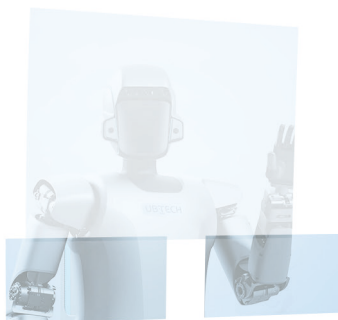
Ms. Wang obtained a bachelor of accounting from Shanxi Institute of Finance and Economics (one of the predecessors of Shanxi University of Finance and Economics) (山西財經大學) in the PRC in July 1988. In December 1992, she qualified as an accountant approved by Ministry of Personnel of the PRC.

SENIOR MANAGEMENT

Mr. Zhou Jian (周劍) is our executive Director, chief executive officer and the chairman of the Board. See “Executive Directors” in this section for the biographical details of Mr. Zhou.

Mr. Xiong Youjun (熊友軍) is our executive Director, chief technology officer and deputy general manager. See “Executive Directors” in this section for the biographical details of Mr. Xiong.

Mr. Zhang Ju (張鉅), aged 49, is our deputy general manager, the chief financial officer and a secretary to the Board. He is mainly responsible for the overall finance and accounting functions and the Board and capital markets affairs of our Group.



BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Prior joining our Group, Mr. Zhang served as a director, deputy general manager, chief financial officer and secretary of the board of directors for Hytera Communications Corporation Limited* (海能達通信股份有限公司) (formerly known as Shenzhen Haoyi Tong Technology Co., Ltd.* (深圳市好易通科技有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 002583) from July 2006 to December 2017, a financial controller of Beijing Sigma Jinghua Microelectronics Co., Ltd.* (北京希格瑪晶華微電子有限公司) from May 2004 to May 2006, a financial manager at Wal-Mart (China) Investment Co., Ltd. (沃爾瑪(中國)投資有限公司) from December 2003 to March 2004, a senior audit associate at PricewaterhouseCoopers Zhong Tian LLP from January 2000 to September 2002, and a civil servant in the Shenzhen Luohu District Government from June 1998 to December 1999.

Mr. Zhang obtained a bachelor of economics in international accounting from Shenzhen University (深圳大學) in the PRC in June 1998. He then obtained a master of science in accounting and finance from The University of Manchester Institute of Science and Technology and the University of Manchester in England in November 2003. Mr. Zhang received a qualification certificate of board secretary issued by the Shenzhen Stock Exchange in October 2013.

Mr. Zhang was recognised as a Reserve Professional Talent by Shenzhen Human Resources and Social Security Administration of Shenzhen Municipality in January 2020.

JOINT COMPANY SECRETARIES

Mr. Zhang Ju (張鉅) is the secretary of the Board, and was appointed as the joint company secretary of our Company on December 27, 2022. See “Senior Management” above for the biographical details of Mr. Zhang.

Ms. Ng Wai Kam (伍偉琴), was the joint company secretary of our Company from December 27, 2022 to February 21, 2025. Ms. Ng is currently a senior manager of Corporate Services of Tricor Services Limited, where she is responsible for providing corporate secretarial and compliance services to listed issuers at the Stock Exchange and other multinational, private and offshore companies. Ms. Ng has more than 10 years of experience in the company secretary profession. Ms. Ng graduated from Hong Kong Shue Yan University with a bachelor of business administration in July 2011. Ms. Ng is a Chartered Secretary, a Chartered Governance Professional, an associate of HKCGI and an associate of CGI.

Ms. Jian Xuegen (簡雪艮) has been appointed the joint company secretary of the Company on February 21, 2025. Ms. Jian is currently an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited. Ms. Jian obtained her bachelor's degree of accounting from the South China University of Technology in July 2008. She is a member of the Hong Kong Institute of Certified Public Accountants. She is also a member of the Chinese Institute of Certified Public Accountants. Ms. Jian has over 14 years of experience in accounting, finance, and the corporate secretary field.



CORPORATE GOVERNANCE REPORT

The Board hereby presents this corporate governance report (the “Corporate Governance Report”) in the Company’s annual report for the year ended December 31, 2024.

CORPORATE GOVERNANCE CULTURE

Built on our vision, values and culture, we are committed to developing a positive corporate governance culture that allows employees across the Group to thrive, meet their full potential, and that enables our Company to deliver long-term sustainable growth and success.

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 Company to safeguard the interests of the shareholders of the Company (the “Shareholder(s)”), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

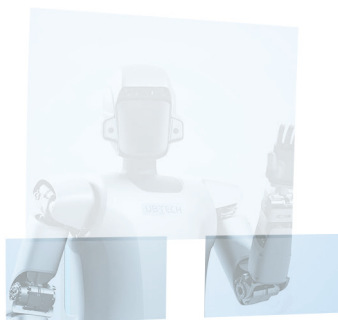
The Company has adopted the principles and code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) on the Stock Exchange as the basis of the Company’s corporate governance practices.

The Board is of the view that during the year ended December 31, 2024 (the “Relevant Period”), the Company has complied with all the applicable code provisions as set out in the CG Code, except for Code Provision C.2.1 described in the paragraph headed “Chairman and Chief Executive Officer”. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the supervisors of the Company (the “Supervisors”), and the Group’s employees who, because of his/her office or employment, are likely to possess inside information in relation to the Group or the Company’s securities. Specific enquiries have been made to all Directors and Supervisors and the Directors and Supervisors have confirmed that they have complied with the required standards set out in the Model Code during the Relevant Period.

No incident of non-compliance of the Model Code by the employees was noted by the Company for the Relevant Period.



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

BOARD COMPOSITION

The composition of the Board as at December 31, 2024 is as follows:

Executive Directors

Mr. Zhou Jian (周劍先生) (*Chairman of the Board and Chief Executive Officer*)

Mr. Xiong Youjun (熊友軍先生)

Ms. Wang Lin (王琳女士)

Mr. Liu Ming (劉明先生)

Non-executive Directors

Mr. Xia Zuoquan (夏佐全先生)

Mr. Zhou Zhifeng (周志峰先生)

Mr. Chen Qiang (陳強先生)

Independent Non-executive Directors

Mr. Zhao Jie (趙杰先生)

Mr. Xiong Chuxiong (熊楚熊先生)

Mr. Poon Fuk Chuen (潘福全先生)

Mr. Leung Wai Man, Roger (梁偉民先生)

The biographical information of the Directors is set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 21 to 30 of this annual report. There is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Board members.



CORPORATE GOVERNANCE REPORT

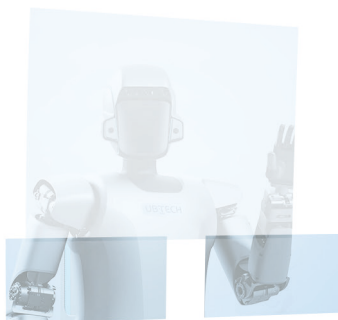
BOARD MEETINGS

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors. In addition, Code Provision C.2.7 of the CG Code stipulates that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.

During the Relevant Period, the Board held 14 Board meetings.

The attendance record of each Director during their respective tenure of office at the Board meeting of the Company held during the Relevant Period is set out in the table below:

Name of Director	Attendance/ Number of board meetings
Executive Directors	
Mr. Zhou Jian (<i>Chairman of the Board and Chief Executive Officer</i>)	14/14
Mr. Xiong Youjun	14/14
Ms. Wang Lin	14/14
Mr. Liu Ming	14/14
Non-executive Directors	
Mr. Xia Zuoquan	14/14
Mr. Zhou Zhifeng	14/14
Mr. Chen Qiang	14/14
Independent Non-executive Directors	
Mr. Zhao Jie	14/14
Mr. Xiong Chuxiong	14/14
Mr. Poon Fuk Chuen	14/14
Mr. Leung Wai Man, Roger	14/14



CORPORATE GOVERNANCE REPORT

GENERAL MEETING

During the Relevant Period, the Company held nine general meetings (including the 2023 annual general meeting of the Company held on May 21, 2024) and the attendance record of each Director is set out in the table below:

Name of Director	Attendance/ Number of general meeting(s)
Executive Directors	
Mr. Zhou Jian (<i>Chairman of the Board and Chief Executive Officer</i>)	9/9
Mr. Xiong Youjun	9/9
Ms. Wang Lin	9/9
Mr. Liu Ming	9/9
Non-executive Directors	
Mr. Xia Zuoquan	9/9
Mr. Zhou Zhifeng	9/9
Mr. Chen Qiang	9/9
Independent Non-executive Directors	
Mr. Zhao Jie	9/9
Mr. Xiong Chuxiong	9/9
Mr. Poon Fuk Chuen	9/9
Mr. Leung Wai Man, Roger	9/9

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound corporate governance, internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.



CORPORATE GOVERNANCE REPORT

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors, Supervisors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

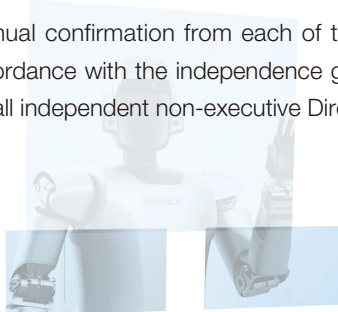
Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhou Jian is both the chairman of the Board and the chief executive officer of the Company. Since establishment of our Group in 2012, Mr. Zhou has been a key leadership figure of our Group and has been deeply involved in the formulation of business strategies for and the determination of the overall direction of our Group. Taking into account the continuation of management and the implementation of our business strategies, our Directors (including our independent non-executive Directors) consider that it would be most suitable for Mr. Zhou to hold both the positions of chief executive officer and the chairman of the Board, and that the existing arrangements are beneficial to the management of our Group and are in the interests of our Company and our Shareholders as a whole. The balance of power and authority is ensured by the operation of the senior management and our Board, both of which comprises experienced and high-calibre individuals. Our Board comprises four executive Directors (including Mr. Zhou), three non-executive Directors and four independent non-executive Directors, and therefore has a strong independence element in its composition.

In light of the above, the Board considers that the deviation from Code Provision C.2.1 of the CG Code is appropriate in the circumstances of the Company. The Board will continue to review the current structure from time to time and consider the appropriate move to take when appropriate.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Relevant Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.



CORPORATE GOVERNANCE REPORT

BOARD INDEPENDENT EVALUATION

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, and allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board has conducted annual review on its independence during the Relevant Period.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Under the Articles of Association of the Company (the "Articles of Association"), Directors (including non-executive Directors) shall be elected at the general meeting with a term of three years, commencing from the date of their appointment. Directors shall be eligible to offer themselves for re-election. Each of the current non-executive Directors and independent non-executive Directors have been appointed at the following dates:

Directors	Appointment Date
Non-executive Directors	
Mr. Xia Zuoquan	December 9, 2022
Mr. Zhou Zhifeng	December 9, 2022
Mr. Chen Qiang	December 9, 2022
Independent Non-executive Directors	
Mr. Zhao Jie	December 9, 2022 (<i>joined the Company as an independent director on March 23, 2019</i>)
Mr. Xiong Chuxiong	December 9, 2022 (<i>joined the Company as an independent director on March 23, 2019</i>)
Mr. Poon Fuk Chuen	December 9, 2022 (<i>joined the Company as an independent director on November 29, 2022</i>)
Mr. Leung Wai Man, Roger	February 18, 2023

A Director may serve consecutive terms if re-elected upon the expiry of his/her term. A Director shall continue to perform his duties in accordance with the laws, administrative regulations and Articles until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum. The Articles also provides that each Director appointed to fill a casual vacancy or as addition to the Board shall hold office until the first annual general meeting after his/her appointment. The retiring Directors shall be eligible for re-election.

CORPORATE GOVERNANCE REPORT

Each of the executive Directors, non-executive Directors, independent non-executive Directors and Supervisors has entered into a service contract or appointment letter with the Company with a specific term. Such service contracts are for a term commencing from the date of appointment to the expiry of the current session of the Board. Accordingly, the term of appointment of all Directors and Supervisors of the Company are valid until the expiry of the current session of the Board (i.e. June 28, 2025), and may be renewed upon the expiry of the then current term subject to applicable laws and regulations, the Listing Rules and the internal regulations of the Company. According to the Working System for Independent Directors of the Company, independent Directors are appointed for the same term as that of the other Directors in the Company and may offer themselves for re-election, while their term of office shall not exceed six years in aggregate. As such, Directors Zhao Jie and Xiong Chuxiong, who joined in the Company as independent Directors in March 23, 2019, shall not serve as Directors of the Company upon the expiry of their current term.

Save as disclosed above, the Company did not sign any relevant unexpired service contract which is not terminable within a year without payment of any compensation, other than statutory compensation.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

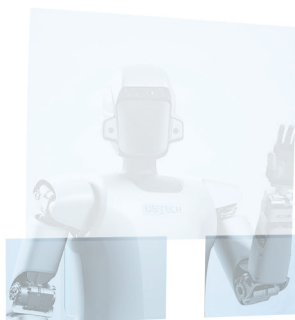
Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate.

All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Relevant Period, the Company organised all Directors to continuously learn regulatory information related to Directors' duties and responsibilities. In addition, relevant reading materials covering Directors' duties and responsibilities have been provided to the Directors for their reference and studying.



CORPORATE GOVERNANCE REPORT

The training records of the Directors during the Relevant Period are summarised as follows:

Directors	Type of Training ^{Note}
Executive Directors	
Mr. Zhou Jian	A, B
Mr. Xiong Youjun	A, B
Ms. Wang Lin	A, B
Mr. Liu Ming	A, B
Non-executive Directors	
Mr. Xia Zuoquan	A, B
Mr. Zhou Zhifeng	A, B
Mr. Chen Qiang	A, B
Independent Non-executive Directors	
Mr. Zhao Jie	A, B
Mr. Xiong Chuxiong	A, B
Mr. Poon Fuk Chuen	A, B
Mr. Leung Wai Man, Roger	A, B

Note:

Types of Training

A: Attending training sessions, including but not limited to briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEE

The Board has established five committees, namely, Audit Committee, ESG and Sustainability Committee, Remuneration and Appraisal Committee, Nomination Committee and Strategy Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the ESG and Sustainability Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee are published on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Audit Committee currently comprises three independent non-executive Directors, being Mr. Xiong Chuxiong, Mr. Leung Wai Man, Roger and Mr. Poon Fuk Chuen. Mr. Poon Fuk Chuen holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. Mr. Xiong Chuxiong was appointed to serve as the chairman of the Audit Committee.

CORPORATE GOVERNANCE REPORT

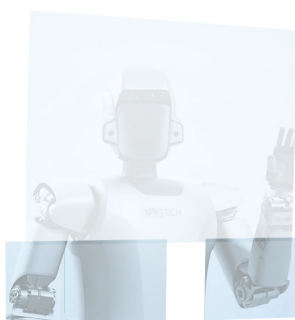
Written terms of reference of the Audit Committee have been adopted in compliance with Rule 3.22 of the Listing Rules and Code Provision D.3.3 of the CG Code and are of no less exacting terms than those set out in the CG Code and applicable laws of the PRC. The primary duties of the Audit Committee include (a) to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to consider and approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences; (c) to develop and implement policy on engaging an external auditor to provide non-audit services; (d) to monitor internal audit system of the Company and ensure the implementation of such systems; (e) to facilitate communications between the internal audit department and external auditors; (f) to review the financial information and relevant disclosures of the Company; and (g) to monitor the Company in respect of financial reporting system, risk management and internal controls system. The Audit Committee shall report to the Board on its work, including but not limited to the above matters, and consider such other matters as defined by the Board.

During the Relevant Period, the Audit Committee has reviewed the annual results for the year ended December 31, 2023 and the interim results for the six months ended June 30, 2024, and reviewed the internal systems of the Group including financial reporting system, risk management, internal control systems, whistleblowing policy and anti-corruption policy. The Audit Committee evaluated the reasonableness of the continuing connected transactions conducted by the Group during the Relevant Period. The Audit Committee also assessed its own performance, its working rules and the composition of its members, and confirmed that the Company had complied with applicable laws and regulatory requirements, including but not limited to the CG Code and the Listing Rules.

During the Relevant Period, the Audit Committee met with the external auditors twice to discuss audit issues.

During the Relevant Period, four Audit Committee meetings were held and the attendance records of the Audit Committee member is set out in the table below:

Name of Director	Attendance/ Number of meeting
Mr. Xiong Chuxiong (<i>Chairman</i>)	4/4
Mr. Leung Wai Man, Roger	4/4
Mr. Poon Fuk Chuen	4/4



CORPORATE GOVERNANCE REPORT

ESG and Sustainability Committee

The ESG and Sustainability Committee currently comprises two executive Directors (being Ms. Wang Lin and Mr. Liu Ming) and one independent non-executive Director (Mr. Xiong Chuxiong). Mr. Liu Ming was appointed as the chairman of the ESG and Sustainability Committee.

The primary functions of the ESG and Sustainability Committee are to (i) formulate our ESG and sustainability vision, objectives, strategies and management systems, and advise our Board on related work; (ii) identify important stakeholders of our Group and important ESG issues, and study and make recommendations on sustainable development related business with our stakeholders; and (iii) review the key trends in ESG and related risks and opportunities, follow up on the implementation of our ESG and sustainability efforts and ensure that our position and performance on ESG and sustainability issues are in compliance with relevant regulations and standards.

During the Relevant Period, the ESG and Sustainability Committee has reviewed the ESG report of the Company for the year ended December 31, 2023.

During the Relevant Period, one ESG and Sustainability Committee meeting was held and the attendance records of the ESG and Sustainability Committee member is set out in the table below:

Name of Director	Attendance/ Number of meeting
Mr. Liu Ming (<i>Chairman</i>)	1/1
Ms. Wang Lin	1/1
Mr. Xiong Chuxiong	1/1

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee currently comprises one executive Director (Mr. Zhou Jian) and two independent non-executive Directors (being Mr. Poon Fuk Chuen and Mr. Xiong Chuxiong). Mr. Poon Fuk Chuen was appointed as the chairman of the Remuneration and Appraisal Committee.

Written terms of reference of the Remuneration and Appraisal Committee have been adopted in compliance with Rule 3.26 of the Listing Rules and Code Provision E.1.2 of the CG Code and are of no less exacting terms than those set out in the CG Code and applicable laws of the PRC. The primary functions of our Remuneration and Appraisal Committee include (a) to make recommendations to the Board on our Company's remuneration policy and structure for all Directors, Supervisors and senior management, and on the establishment of a formal and transparent procedure for developing the remuneration policy; (b) to review and approve the remuneration proposals of senior management with reference to the Board's corporate goals and objectives; (c) to make recommendations to the Board on the remuneration packages of the executive Director and senior management, which shall include benefits in kind, pension rights and compensation payments (including compensation for loss or termination of their office or appointment); (d) to make recommendations to the Board on the remuneration of non-executive Directors; (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in our Group; (f) to review and approve the compensation payable to the executive Director and senior management for their loss or termination of office or appointment to ensure that such compensation is consistent

CORPORATE GOVERNANCE REPORT

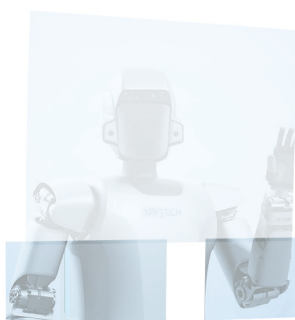
with the contractual terms and is otherwise fair and not excessive; (g) to review and approve the compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive; (h) to ensure that no Director or any of his associates is involved in deciding his own remuneration; and (i) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Relevant Period, the work performed by Remuneration and Appraisal Committee primarily included (a) reviewing and making recommendations to the Board on the remuneration package of the Directors and senior management; (b) reviewed and made recommendations to the Board on the Company's policy and structure for the remuneration of the Directors and senior management; (c) reviewed the performance of duties of Directors and senior management of the Company; and (d) reviewed matters in relation to the implementation of the H Share Incentive Scheme.

The remuneration of the Directors, Supervisors and senior management of the Company, whose biographical details are included in section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report, for the year ended December 31, 2024 falls within the following bands:

Remuneration (RMB'000)	Number of Individuals
0–1,000	8
1,000–5,000	2
5,000–10,000	5

The Company's remuneration policy is to ensure that the remuneration offered to the Directors, Supervisors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration and compensation packages of the Directors, Supervisors and senior management are also determined with reference to account salaries paid by comparable companies, time commitment and responsibilities of the Directors and Supervisors and the performance of the Group. The remuneration for the Directors and Supervisors comprises fees, salaries, allowances, benefits in kind, performance-related bonuses, equity-settled share-based compensation expense and pension scheme contributions. Non-executive Directors and independent non-executive Directors shall not receive options and awards to be granted under the Company's share option scheme and share award scheme. Individual Directors and senior management have not been involved in deciding their own remuneration.



CORPORATE GOVERNANCE REPORT

During the Relevant Period, one Remuneration and Appraisal Committee meeting was held and the attendance records of the Remuneration and Appraisal Committee member is set out in the table below:

Name of Director	Attendance/ Number of meeting
Mr. Poon Fuk Chuen (<i>Chairman</i>)	1/1
Mr. Zhou Jian	1/1
Mr. Xiong Chuxiong	1/1

Nomination Committee

The Nomination Committee currently comprises one executive Director (Mr. Zhou Jian) and two independent non-executive Directors (being Mr. Zhao Jie and Mr. Leung Wai Man, Roger). Mr. Zhao Jie was appointed as the chairman of the nomination committee.

Written terms of reference of the Nomination Committee have been adopted in compliance with Code Provision B.3.1 of the CG Code and are of no less exacting terms than those set out in the CG Code and applicable laws of the PRC. The primary functions of our Nomination Committee include (a) to review the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement our Company's corporate strategy; (b) to identify individuals suitably qualified to become board members and select and make recommendations to the Board on the selection of individuals nominated for directorships; (c) to assess the independence of the independent non-executive Directors; and (d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular the chairman of the Board and the chief executive officer).

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out as set out in the Board Diversity Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Relevant Period, the Nomination Committee reviewed Board Diversity Policy and the standardized procedures for nominating Shareholders as the candidates for Directors, and reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board on an annual basis. The Nomination Committee also accessed the independence of the independent non-executive Directors, and confirmed the time that the non-executive Directors and independent non-executive Directors devoted to fulfilling their duties was sufficient.



CORPORATE GOVERNANCE REPORT

During the Relevant Period, one Nomination Committee meeting was held and the attendance records of the Nomination Committee member is set out in the table below:

Name of Director	Attendance/ Number of meeting
Mr. Zhao Jie (<i>Chairman</i>)	1/1
Mr. Zhou Jian	1/1
Mr. Leung Wai Man, Roger	1/1

Strategy Committee

The Strategy Committee currently comprises one executive Director (Mr. Zhou Jian) and two independent non-executive Directors (being Mr. Zhao Jie and Mr. Xiong Youjun). Mr. Zhou Jian was appointed as the chairman of the strategy committee.

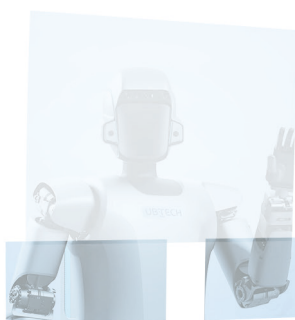
The primary functions of our Strategy Committee include (i) conducting research and making recommendations for the long-term strategic development plans of our Group; (ii) conducting research and making recommendations for major investment plans which are subject to the approval of our Board; (iii) conducting research and making recommendations for major capital operation and asset operation projects which are subject to the approval of our Board; (iv) reviewing the annual investment plan of our Group; (v) conducting research and making recommendations for major investment programs which are subject to the approval of our Board; and (vi) other duties as conferred by our Board.

During the Relevant Period, no Strategy Committee meeting was held. The reason is that the Company's overall strategic planning is clear and stable, and there were no major strategic adjustments in 2024.

SUPERVISORY COMMITTEE

The Supervisory Committee is a supervisory body of the Company which is responsible for the supervision of the Board and its members and senior management so as to prevent them from the misuse of authority and infringement upon lawful rights of the Shareholders, the Company and the Company's employees. The number of members and the composition of the Supervisory Committee are in line with the provisions and requirements of the laws, regulations and the Articles. The Supervisory Committee is comprised of three Supervisors, of whom one was an employee representative democratically elected by the employees of the Company (being Ms. Wang Xingru) and two were shareholders representatives (being Mr. Deng Feng and Mr. Ben Cangsang). Mr. Deng Feng was appointed as the chairman of the Supervisory Committee.

The biographical information of the Supervisors is set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 21 to 30 of this annual report.



CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Company has adopted a Board Diversity Policy in order to enhance the effectiveness of the Board and to maintain a high standard of corporate governance.

Pursuant to the Board Diversity Policy, the Company seeks to achieve diversity of the Board through the consideration of a wide range of factors, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board have a balanced mixed of knowledge and skills, including overall management and strategic development, finance, law, accounting and risk management in addition to experience in the AI and robotics industry. The Directors obtained degrees in various majors. The Company have four Independent Non-executive Directors with different industry background, representing more than one-third of the members of the Board.

For the purpose of implementation of the Board Diversity Policy, the Board has set the following measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives:

- (A) at least one of the members of the Board shall be female;
- (B) at least one-third of the members of the Board shall be independent non-executive Directors;
- (C) at least one of the members of the Board shall have obtained accounting or other professional qualifications/ knowledge of environmental issues.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender

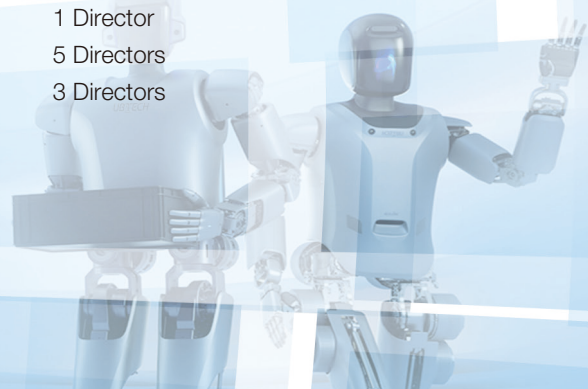
Male:	10 Directors
Female:	1 Director

Designation

Executive Directors:	4 Directors
Non-executive Directors:	3 Directors
Independent Non-executive Directors:	4 Directors

Business Experience

Accounting & Finance:	2 Directors
Legal:	1 Director
Experience Related to the Company's Business:	5 Directors
Company Management	3 Directors



CORPORATE GOVERNANCE REPORT

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy annually to ensure its effectiveness.

GENDER DIVERSITY

The Company values gender diversity across all levels of the Group. The Company has taken, and will continue to take, steps to promote gender diversity at all levels of the Company, including but not limited to the Board and the senior management levels.

The following table sets out the gender ratio in the workforce of the Group as at December 31, 2024:

	Female	Male
Board	9.1% (1)	90.9% (10)
Senior Management (including 2 members of the senior management who are also Directors)	0% (0)	100% (3)
Other employees	32.7% (715)	67.3% (1,471)
Overall workforce (excluding the non-executive Directors and independent non-executive Directors, being non-employee Directors)	32.7% (716)	67.3% (1,475)

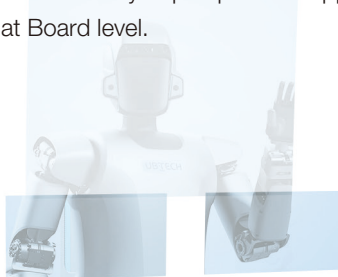
The Board had targeted to achieve and had achieved at least 9.1% (1) of female Directors, and considers that the above current gender diversity is satisfactory.

The Company will continue to work to enhance gender diversity in the Board, senior management and other employees of the Group. The Board will use its best endeavours to appoint female Directors to the Board and the Nomination Committee will use its best endeavours to identify and recommend suitable female candidates to the Board for its consideration of appointment of Directors. The Company will also continue to ensure that there is gender diversity when recruiting staff from mid to senior level, such that it will have a pipeline of female management and potential successors to our Board in due time to ensure gender diversity of the Board. The Group will continue to emphasise training of female talents and provide long-term development opportunities for the female staff.

DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy, as contained in the terms of reference of the Nomination Committee, which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.



CORPORATE GOVERNANCE REPORT

The nomination process of appointment of new Director set out in the Director Nomination Policy is as follows:

- (i) the Nomination Committee shall actively communicate with relevant departments of the Company, analyse the demand of the Company for new Directors and managers, and prepare a written report;
- (ii) the Nomination Committee may extensively identify candidates for the Directors and managers inside the Company and its branch companies as well as the talent market;
- (iii) collect the information on preliminary candidates, including career, academic degree, job title, detailed working experience and all part-time positions, and prepare a written report;
- (iv) seek the consent of nomination from the nominees regarding the nomination; otherwise, such nominees shall not be considered as the candidates for Directors and managers;
- (v) convene a meeting of the Nomination Committee, and review qualifications of preliminary candidates pursuant to the requirements for the positions for the Directors and managers;
- (vi) submit suggestions and relevant documents related to the candidates for the Directors and those for new managers to the Board of Directors one to two months before the election of new Directors and appointment of new managers; and
- (vii) carry out other follow-up work according to the decisions and feedbacks from the Board of Directors.

The Nomination Committee shall submit its decisions, recommendations and/or proposals to the Board for consideration and decision. Among which, the nomination of director candidates must be submitted to the general meeting of shareholders for review and approval after being reviewed by the Board and before implementation.

The criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate as set out in the Board Diversity Policy are, including but not limited to, the following: gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge and length of service.

During the Relevant Period, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy as appropriate to ensure its effectiveness.



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

In accordance with Code Provision A.2.1 of the CG Code, the Board is responsible for performing the corporate governance duties including:

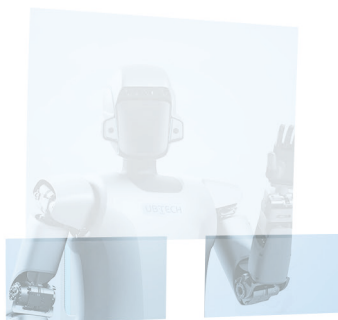
- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board has performed the above duties during the Relevant Period.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness.

The Board has established a risk management and internal control system in accordance with the requirements of Code Provision D.2 under Part II of the CG Code, which is responsible for independently reviewing the adequacy and effectiveness of the risk management and internal control system of the Company, and continuously monitoring and reviewing the effectiveness of its operation at least once a year. The system aims to manage rather than eliminate the risk of failure to achieve business objectives, promote effective and efficient operations, reasonably ensure the reliability of financial reports and comply with applicable laws and regulations and protect the assets of the Group. The Board can only give reasonable but not absolute assurance that there will be no material misrepresentation or loss.



CORPORATE GOVERNANCE REPORT

CHARACTERISTICS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

In accordance with the requirements of Code Provision D.2 under Part II of the CG Code, the Group has established a sound risk management and internal control system which includes the Board, the Audit Committee, the Supervisory Committee, the management of the Group, the office of the Board, the internal audit department, the finance department, the compliance system (including the legal department) and other departments to ensure that the Group has sufficient resources, qualified and experienced staffs, training courses and related budget for risk management and internal audit. The various departments of the Group are the first line of defence for risk management and internal control; the office of the Board and the management of the Group are the second line of defence; while the internal audit department, the finance department, the compliance system (including the legal department), the Audit Committee and the Supervisory Committee are the third line of defence. The Board bears the ultimate responsibility for the establishment and improvement of the Group's risk management and internal control system as well as the effective implementation of the risk management work, and serves as the highest decision maker for the Group's risk management and internal control.

IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL

The Group is committed to establishing and maintaining sound risk management and internal control systems, it reviews the effectiveness of the risk management and internal control systems every year and assesses all important monitoring aspects including supervision on financial, operation and compliance affairs, etc. based on the elements of internal control such as the internal environment, risk assessment, control activities, information and communication as well as internal supervision, and optimizes and enhances the risk control mechanism.

The Group has been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance matters. The Board will be responsible for the establishment and operations of mechanisms in relation to corporate governance and environmental, social and governance. The Directors are involved in the formulation of such mechanisms and the related policies.

After risk assessment, the Group's major risks during the Relevant Period mainly involve business risks, financial risks, compliance risks, inside information and internal control risks. According to our actual situation, the Group has formulated practical and feasible response plans to effectively manage risks:

Operational Risk Management

The Group has established a series of internal procedures to manage such risk. The Group takes a comprehensive approach with regard to operational risk management, and implement a mechanism with detailed and decentralised responsibilities and clear rewards and punishment systems. Our finance department, compliance system (including the legal department), talent momentum center and operations management center are collectively responsible to ensure the compliance of our operations with internal procedures. In the event of a major adverse event, the matter will be escalated to our general manager and/or the Board to take appropriate measures. The Group expects to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.



CORPORATE GOVERNANCE REPORT

Compliance Risk Management

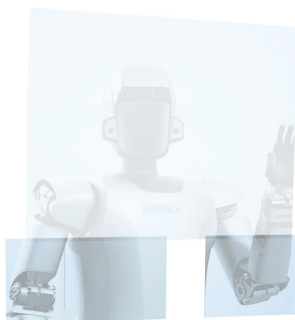
Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of the Group's failure to comply with relevant laws, regulations, rules and guidelines. Compliance management refers to the dynamic managing processes of the Group's effective identification and management of compliance risks and proactively preventing the occurrence of risk events. Compliance risk management is the core of our risk management activities, the foundation for effective internal controls and an important aspect of our corporate culture. As part of the comprehensive risk management system, the board of directors of the Group attaches great importance to compliance management. The general manager takes the lead in establishing a compliance committee, which has established a three-level compliance management structure: decision-making, management, and execution. The compliance system of the permanent establishment is responsible for improving and perfecting the compliance risk management framework to achieve effective identification and management of compliance risk, and ensure that our operations are in compliance with applicable laws and regulations.

Information Security and Data Privacy Risk Management

The Group attaches the greatest importance to data security and protection. The Group has adopted our standard protective measures including confidentiality categorisation, access control, data encryption and data masking to prevent unauthorised access, leakage, improper use or modification of, damage to or loss of data and personal information. The management of data security and personal information protection is led by the compliance system, and For intellectual property transfer, the review and approval shall be jointly conducted by the business initiating department, the intellectual property department, the legal department, and other relevant departments. various business departments, information centers, and talent momentum centers, respectively. The Group has built up a comprehensive personal information management system and formulated a series of technical standards and specifications to ensure data and personal information security throughout their life cycle.

Intellectual Property Risk Management

The Group has implemented a set of comprehensive measures to protect our intellectual property. The Group implements unified and centralised intellectual property management through the intellectual property department. Any application, implementation, authorisation of intellectual property rights of the Group shall be approved by the intellectual property department. For intellectual property transfer, the review and approval shall be jointly conducted by the business initiating department, the intellectual property department, the legal department, and other relevant departments.



CORPORATE GOVERNANCE REPORT

Anti-corruption Risk Management

The Group has established anti-corruption risk management policies prohibiting any corruption activities by the employees, either for the pursuit of improper personal benefits or improper interests of the Group. The Group has established an anti-commercial bribery management committee under the compliance committee, with representatives appointed by the compliance department, finance department, inspection department, legal department, human resources department, supply chain management center information center, general manager's office and other departments to jointly improve and perfect the Company's anti-corruption management mechanism. Particularly, the inspection department is responsible for corruption prevention and investigation within the Group, and leads the establishment and enhancement of the Group's integrity culture. The Group conducts routine internal trainings and require all suppliers to execute anti-commercial bribery commitments before engagement. The Group has zero tolerance for corruption. Once an employee engages in corrupt behaviour, the Company will terminate their labour contract relationship. Once it is discovered that a business partner has engaged in corrupt behaviour, the Group will terminate its cooperation with such business partner. The Group aims to continuously improve and optimise anti-corruption management mechanisms through various forms, including actively participating in anti-corruption experience exchanges with relevant industry self-discipline associations, and passing the annual review under Certification of Anti-bribery Management System (ISO37001).

FORMATION OF LONG-TERM MECHANISM FOR RISK MANAGEMENT AND INTERNAL CONTROL

We continue to improve risk management policies and procedures, specify the risk management structure and responsibilities. We identify major risks that hinder the achievement of objectives and control them within acceptable levels to ensure the achievement of business objectives, the improvement of operational efficiency, the reliability of financial reports and compliance with national regulations and other compliance requirements. We evaluate and check the effectiveness of our risk management and internal control systems through channels such as the management, business units in the risk management system, audit and inspection teams of the Group, external auditors, and external legal advisor to improve risk response measures. Meanwhile, in order to ensure the effective operation of the risk management system, the Audit Committee reviews and supervises the risk management work.

The Company does not have an internal audit function to carry out independent reviews of the adequacy and effectiveness of its risk management and internal control systems. The risk management and internal controls are self-assessed by the management and reviewed by the Board on an on-going basis. The Company would appoint independent consultancy firm to conduct a thorough review of risk management and internal control systems of the Company and its subsidiaries on regular intervals basis when necessary.

Our management focuses on business risks, financial risks and compliance risks. Through agile audits, it achieves more comprehensive and accurate risk control, identifies potential risks more quickly, and promotes the improvement in management and system processes to support the achievement of the mid- to long-term vision and strategic goals of the Company. The Group's management procedures for financial reporting and information disclosure, etc. are in strict compliance with the requirements of the Listing Rules. Office of the Board conducts information reporting, reviewing and disclosure in strict accordance with the Information Disclosure Management formulated by the Company. Prior to disclosing relevant information to the public, the Group will ensure that such information is kept confidential properly and will perform the obligation to inform and supervise the insiders of inside information as required.

CORPORATE GOVERNANCE REPORT

The Board reviewed the risk management and internal control during the Relevant Period and concluded that there had been no deficiency in material risk control nor any defaults in material risk control based on the outcome of the risk management and internal control work implemented by the Group. The Board was of the view that the risk management and internal control system of the Group is effective and sufficient.

WHISTLEBLOWING POLICY

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

ANTI-CORRUPTION POLICY

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company's inspection department is responsible for corruption prevention and investigations within the Group. The department has established open internal reporting channels through various means, including the official website, public social media accounts, dedicated hotlines, and a whistleblowing email, so that the employees of the Company and the public may report any suspected corruption and bribery. Employees can also make anonymous reports according to the procedures as set out in the Whistleblowing Policy. The inspection department will ensure the smooth operation of those reporting channels and protect the whistleblowers' confidentiality and legal interest.

During the year ended December 31, 2024, the Company has no non-compliance cases in relation to corruption.

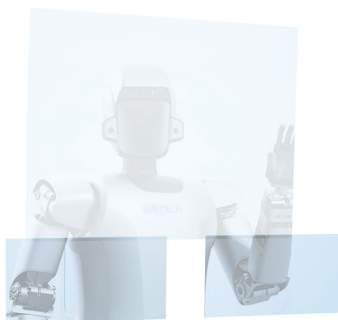
DISCLOSURE OF INSIDE INFORMATION POLICY

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements with the support of the accounting and finance team.

The Directors have prepared the financial statements for the year ended December 31, 2024 in accordance with the China Accounting Standards for Business Enterprises (the "CASBE").



CORPORATE GOVERNANCE REPORT

As disclosed in the circular of the Company dated January 24, 2024 (the “Jan 24 Circular”), the Company is established under the laws of the PRC and the financial statements of the Company are prepared under the CASBE. For the purpose of the Global Offering, the historical financial information in prospectus of the Company dated December 19, 2023 (the “Prospectus”) was prepared in accordance with the Hong Kong Financial Reporting Standards (the “HKFRS”). On January 24, 2024, the Board considered and approved to continue to prepare the Company’s financial statements and disclose relevant financial information in accordance with the CASBE upon listing of the H Shares on the Stock Exchange without preparing additional financial statements in accordance with the HKFRS, in order to avoid repetition of workload and to save costs. As disclosed in the poll results announcement of the Company dated February 8, 2024, the aforementioned adoption of CASBE has been approved by the Shareholders at the 2024 first extraordinary general meeting of the Company held on February 8, 2024 (the “2024 First EGM”).

Appropriate accounting policies have been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. The financial statements of the Company are prepared on a going concern basis, the Directors are of the view that they give a true and fair view of the financial position, performance and cash flow of the Group for the year ended December 31, 2024, and the disclosure of other financial information and report therein complies with relevant legal requirements.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor’s Report of this annual report.

AUDITORS’ REMUNERATION

The remuneration paid and payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended December 31, 2024 is set out below:

Service Category	Fees Paid/Payable (RMB’000)
Audit Services	5,520
Non-audit Services	413
Total	5,933



CORPORATE GOVERNANCE REPORT

JOINT COMPANY SECRETARIES

During the Relevant Period, the Company has appointed Mr. Zhang Ju, a full-time employee of the Company, and Ms. Ng Wai Kam, a senior manager of corporate services of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services, as the Company's joint company secretaries. Subsequent to the Relevant Period and upon resignation of Ms. Ng, the Company has on February 21, 2025 further appointed Ms. Jian Xuegen, an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules, as the Company's joint company secretary.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. Mr. Zhang, who is also the secretary to the Board, has been designated as the primary contact person at the Company which would work and communicate with Ms. Ng (prior to her resignation) and Ms. Jian on the Company's corporate governance and secretarial and administrative matters.

For the year ended December 31, 2024, each of Mr. Zhang and Ms. Ng have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules. The biographies of Mr. Zhang and Ms. Ng are set out in the "Biographical Details of Directors, Supervisors and Senior Management" section of this annual report.

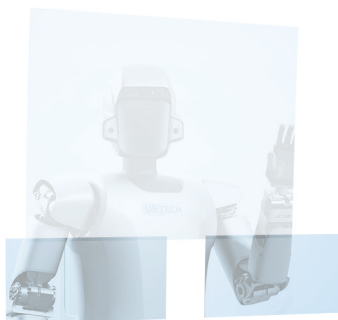
SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

Pursuant to the Article 53 of the Articles, Shareholders who individually or collectively hold more than 10% of the shares of the Company have the right to request the Board of Directors to hold an extraordinary general meeting, and shall put forward such request to the Board of Directors in writing and include proposals in the agenda of the meeting. The Board of Directors shall, in accordance with the laws and regulations, the Listing Rules and the Articles of Association, provide written feedback within ten days after receiving the request, whether it agrees or does not agree to convene an extraordinary general meeting.

If the Board of Directors does not agree to convene an extraordinary general meeting, or does not provide feedback within ten days after receiving the request, Shareholders, individually or collectively, holding more than 10% of the shares of the Company shall have the right to propose to the board of Supervisors (the "Board of Supervisors") the convening of an extraordinary general meeting, and shall submit their request in writing to the Board of Supervisors.

If the Board of Supervisors fails to issue a notice of a general meeting within the prescribed period, it shall be deemed not to convene and preside over the general meeting. Shareholders who individually or collectively hold more than 10% of the shares of the Company for more than 90 consecutive days may convene and preside over the general meeting on their own. The shareholding of the convening shareholder shall not be less than 10% before the announcement of the resolution of the general meeting.



CORPORATE GOVERNANCE REPORT

Putting Forward Proposals at General Meetings

Pursuant to the Article 59 of the Articles, Shareholders individually or jointly holding more than 3% of the total voting shares of the Company may make a provisional proposal and submit it in writing to the convener ten days before the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting within two days upon receipt of the proposal and announce the contents of the provisional proposal.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 2201, Building C1, Nanshan Smart Park, No. 1001 Xueyuan Avenue,
Changyuan Community, Taoyuan Street, Nanshan District, Shenzhen, PRC
(For the attention of the Board of Directors/Company Secretary)

Telephone: +86 755 8347 4428 ext. 8188

Email: investor@ubtrobot.com

For the avoidance of doubt, Shareholders must despatch and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company is endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting of the Company, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

SHAREHOLDERS COMMUNICATION POLICY

The Company has in place a Shareholders Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively.



CORPORATE GOVERNANCE REPORT

The Board has considered and reviewed the Shareholders Communication Policy and considers it to be effective.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

“Corporate Communication” as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors’ report, annual accounts together with a copy of the auditor’s report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange’s website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company’s securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company’s securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

(b) Announcements and Other Documents pursuant to the Listing Rules

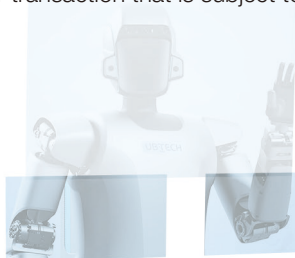
The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Articles of Association) on the Stock Exchange’s website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange’s website will also be published on the Company’s website (www.ubtrobot.com). Other corporate information about the Company’s corporate governance will also be available on the Company’s website.

(d) Shareholders’ Meetings

The annual general meeting and other general meetings of the Company are the primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen and deputy chairman of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders’ questions (if any). The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders’ approval.



CORPORATE GOVERNANCE REPORT

(e) Shareholders' Enquiries

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's H share registrar, Tricor Investor Services Limited, via its online holding enquiry service at srhk.vistra.com, or send email to is-enquiries@vistra.com or call its hotline at (852) 2980 1333, or go in person to its public counter at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

By a special resolution passed at the 2024 First EGM held on February 8, 2024, the Articles of Association were amended to reflect, among other things, the adoption of CASBE and the increase in number of shares and registered capital after the partial exercise of over-allotment option as described in the Prospectus (the "Over-allotment Option"). Details of the amendments are set out in the Jan 24 Circular.

The Articles of Association was further approved for amendment by the Shareholders at the 2024 fifth extraordinary general meeting of the Company held on September 12, 2024 and 2024 eighth extraordinary general meeting of the Company held on December 24, 2024, respectively to reflect the increase in number of shares and registered capital upon allotment and issue of new H Shares under the First Placing, the Second Placing and the Third Placing (each as defined below). Details of the amendments are set out in the circulars of the Company dated August 28, 2024 and December 9, 2024.

An up-to-date version of the Company's Articles of Association is available on the Company's website and the Stock Exchange's website.

DIVIDEND POLICY

In relation to the dividend policy of the Company, please refer to "Report of the Board of Directors" in this annual report for details.



REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended December 31, 2024 (the “Consolidated Financial Statements”).

CORPORATE INFORMATION

The Company was incorporated in the PRC as a limited liability company on March 31, 2012 and converted into a joint stock company with limited liability on March 29, 2019. The H Shares were listed on the Main Board of the Stock Exchange on December 29, 2023.

The basic information of the Company is set out on pages 2 to 3 in the “Corporate Information” of this annual report.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

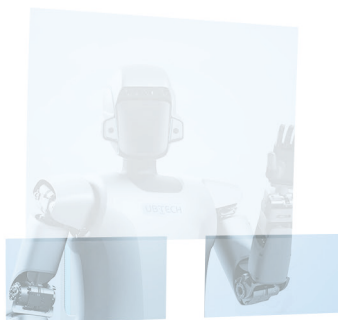
The Group is dedicated to the design, production, commercialisation, sales and marketing and research development (R&D) of smart service robotic products and services.

The activities and particulars of the Company’s principal subsidiaries are shown under note 5 to the Financial Statements.

A fair review of the Group’s business during the year ended December 31, 2024, including an analysis of which using financial key performance indicators and the outlook of the Group’s business are provided in the sections headed “Chairman’s Statement” and “Management Discussion and Analysis” of this annual report, which forms part of this “Report of the Board of Directors”.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Global Offering and the partial exercise of the over-allotment option amounted to approximately HK\$931.21 million (the “Proceeds from the Initial Public Offering of H Shares”). As at December 31, 2024, the Group had utilized approximately HK\$672.14 million of the Proceeds from the Initial Public Offering of H Shares, with the unused portion of the proceeds amounting to approximately HK\$259.07 million.



REPORT OF THE BOARD OF DIRECTORS

As disclosed in the announcement of the Company dated May 15, 2024, the Board, based on the principle of prudence, after careful consideration and detailed evaluation of the progress of execution of the future plans and business strategy of the Group, resolved to change the use of the Proceeds from the Initial Public Offering of H Shares. The utilization of the Proceeds from the Initial Public Offering of H Shares up to December 31, 2024 was as below:

Use of proceeds	Proposed use of proceeds according to the prospectus (HK\$' million)	Unused amount as of April 30, 2024 (HK\$' million)	New reallocation of the unutilized net proceeds (HK\$' million)	Up to December 31, 2024 utilized unutilized (HK\$' million) (HK\$' million)		Expected timeline of use of unused amount
Further advance our R&D capabilities to enhance our core technologies and products and services offerings	425.76	394.80	425.76	213.10	212.66	By December 31, 2026
Repayment of bank loans	175.74	141.60	263.43	263.43	—	N/A
Enhance our R&D infrastructure to improve our R&D capabilities and efficiencies	71.56	70.16	71.56	25.15	46.41	By December 31, 2024 ^(Note)
Enhance brand awareness and market penetration	86.06	78.39	23.00	23.00	—	N/A
Further optimize our management and operational efficiency	56.16	56.16	—	—	—	Plan to utilize selfraised funds instead in accordance with the original plan, which will start in 2025
General working capital	115.93	34.32	147.46	147.46	—	N/A
Total	931.21	775.43	931.21	672.14	259.07	N/A

Note: Due to changes in the direction of product commercialization, the Company has adjusted the progress of its R&D projects accordingly to adapt to market changes and customer needs, leading to the relevant unutilized net proceeds as of December 31, 2024. The Company currently expects the remaining net proceeds to be fully utilized by June 30, 2025.



REPORT OF THE BOARD OF DIRECTORS

Reasons and benefits of the change in the use of proceeds from the initial public offering of H Shares

(1) *Changes in “enhance brand awareness and market penetration”*

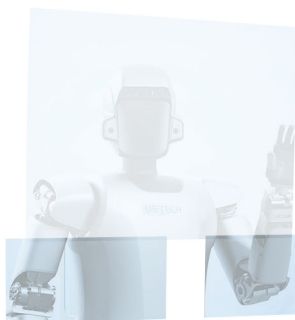
The Company reallocated HK\$31.53 million under “enhance brand awareness and market penetration” to “general working capital” and HK\$31.53 million to “repayment of bank loans”, mainly due to the recent unprecedented wave of revolution in the development of artificial intelligence and humanoid robots globally, and on December 29, 2023, as the first humanoid robotics company in the PRC listed on the Stock Exchange, the Company has gained sufficient attention in the humanoid robotics market. Therefore, there is no immediate need for the Company to primarily apply its proceeds on the promotion of brand awareness and market penetration. Such proceeds would be used for repayment of bank loans to improve the fund utilization efficiency, reduce finance costs and increase net profit margin.

(2) *Changes in “further optimize our management and operational efficiency”*

The Company reallocated HK\$56.16 million under “further optimize our management and operational efficiency” to “repayment of bank loans”, mainly because the implementation of this item, being the purchase of a series of enterprise internal management systems, will begin in 2025 and up to the end of 2026, and the proceeds under this item would not be utilized for the time being. Therefore, for the purpose of improving the fund utilization efficiency, reducing finance costs and increasing net profit margin, such proceeds will be used for repayment of bank loans. Instead, the Company will use self-raised funds to satisfy the requirement of capital expenditure under the “further optimize our management and operational efficiency” item in the coming future.

USE OF PROCEEDS FROM PLACINGS OF NEW H SHARES UNDER THE GENERAL MANDATE

The Company has conducted several rounds of placing under the General Mandate in 2024, namely (i) the placing of 1,420,000 new H Shares at the placing price of HK\$92.00 per H Share under the placing agreement entered into between the Company, Guotai Junan Securities (Hong Kong) Limited and TradeGo Markets Limited dated August 1, 2024 (the “First Placing”); (ii) the placing of 5,060,000 new H Shares at the placing price of HK\$86.18 per H Share under the placing agreement entered into between the Company, Guotai Junan Securities (Hong Kong) Limited, CLSA Limited and TradeGo Markets Limited dated October 23, 2024 (the “Second Placing”); and (iii) the placing of 7,000,000 new H Shares at the placing price of HK\$83.88 per H Share under the placing agreement entered into between the Company, Guotai Junan Securities (Hong Kong) Limited, CLSA Limited and TradeGo Markets Limited dated November 20, 2024 (the “Third Placing”). For further details, please refer to the announcements of the Company dated August 1, 2024, August 8, 2024, October 23, 2024, October 29, 2024, November 20, 2024, November 26, 2024, February 20, 2025, February 24, 2025 and February 27, 2025.



REPORT OF THE BOARD OF DIRECTORS

Reasons for and benefits of the placing

The Group is principally engaged in design, production, commercialization, sales and marketing and research development (R&D) of smart service robotic products and services. The Group's offerings ranging from consumer-level robots and appliances, enterprise-level smart service robotic products and services tailored for education, logistics and other sectors, are equipped to different extents with smart features that sense, interact, analyze and process human instructions and external environment such as mapping, temperature measurement and facial recognition.

The Directors consider that the First Placing, the Second Placing and the Third Placing represent opportunities to replenish capital for continuous optimization and iteration and future large-scale commercialization in the global market of the products of the Group while broadening its Shareholders and capital base.

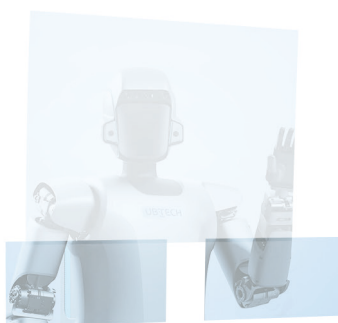
The Directors are of the view that the First Placing, the Second Placing and the Third Placing would strengthen the financial position of the Group and provide more efficient funding support to the Group. The Directors consider that the terms of the placing agreement under the First Placing, the Second Placing and the Third Placing (including the respective placing price) were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net proceeds from the First Placing, Second Placing and the Third Placing amounted to approximately HK\$121.85 million, HK\$407.73 million and HK\$551.88 million, respectively. The utilization of the proceeds from the First Placing, Second Placing and Third Placing up to December 31, 2024 was as below:

Use of proceeds	Net proceeds to be applied (HK\$' million)	Utilized net proceeds as of December 31, 2024 (HK\$' million)	Unutilized net proceeds as of December 31, 2024 (HK\$' million)
The First Placing			
Business operation and development	30.47	30.47	—
— Working capital and general corporate purposes	30.04	30.04	—
(a) Salaries, social insurance, housing fund, and other human resource expenses	—	—	—
(b) Payment to suppliers and service providers	27.42	27.42	—
(i) Procurement of materials for core business	16.02	16.02	—
(ii) Procurement of services for core business	4.20	4.20	—
(iii) Traveling and administrative services	3.66	3.66	—
(iv) Storage and logistics services	2.60	2.60	—
(v) Marketing and business development services	0.44	0.44	—
(vi) Human resources related services	0.50	0.50	—
(c) Other operating expenses	2.62	2.62	—
— Offshore and onshore investments ^(Note)	0.43	0.43	—
Repayment of amounts due under the credit facilities	91.38	91.38	—
	121.85	121.85	—

REPORT OF THE BOARD OF DIRECTORS

Use of proceeds	Net proceeds to be applied (HK\$' million)	Utilized net proceeds as of December 31, 2024 (HK\$' million)	Unutilized net proceeds as of December 31, 2024 (HK\$' million)
The Second Placing			
Business operation and development	254.49	220.95	33.54
— Working capital and general corporate purposes	253.97	220.43	33.54
(a) Salaries, social insurance, housing fund, and other human resource expenses	56.74	47.34	9.40
(i) For R&D personnel	13.47	9.52	3.95
(ii) For selling and marketing personnel	16.12	13.55	2.57
(iii) For management personnel	21.72	20.34	1.38
(iv) For production personnel	5.43	3.93	1.50
(b) Payment to suppliers and service providers	179.33	156.57	22.76
(i) Procurement of materials for core business	132.76	115.82	16.94
(ii) Procurement of services for core business	13.01	11.43	1.58
(iii) Traveling and administrative services	7.99	7.88	0.11
(iv) Storage and logistics services	14.20	13.28	0.92
(v) Marketing and business development services	10.46	7.29	3.17
(vi) Human resources related services	0.91	0.87	0.04
(c) Other operating expenses	17.90	16.52	1.38
— Offshore and onshore investments ^(Note)	0.52	0.52	—
Repayment of amounts due under the credit facilities	153.24	153.24	—
	407.73	374.19	33.54



REPORT OF THE BOARD OF DIRECTORS

Use of proceeds	Net proceeds to be applied (HK\$' million)	Utilized net proceeds as of December 31, 2024 (HK\$' million)	Unutilized net proceeds as of December 31, 2024 (HK\$' million)
The Third Placing			
Business operation and development	192.92	—	192.92
— Working capital and general corporate purposes	191.94	—	191.94
(a) Salaries, social insurance, housing fund, and other human resource expenses	46.72	—	46.72
(i) For R&D personnel	12.98	—	12.98
(ii) For selling and marketing personnel	13.99	—	13.99
(iii) For management personnel	14.34	—	14.34
(iv) For production personnel	5.41	—	5.41
(b) Payment to suppliers and service providers	117.45	—	117.45
(i) Procurement of materials for core business	75.75	—	75.75
(ii) Procurement of services for core business	15.10	—	15.10
(iii) Traveling and administrative services	8.82	—	8.82
(iv) Storage and logistics services	9.12	—	9.12
(v) Marketing and business development services	7.40	—	7.40
(vi) Human resources related services	1.26	—	1.26
(c) Other operating expenses	27.77	—	27.77
— Offshore and onshore investments ^(Note)	0.98	—	0.98
Repayment of amounts due under the credit facilities	358.96	—	358.96
	551.88	—	551.88

Note: Offshore and onshore investments mainly comprise the fees incurred for identification of potential target companies.

As of the date of this report, the Company has utilized entirely the net proceeds from the First Placing, the Second Placing and the Third Placing in accordance with the intended use of proceeds.

RESULTS AND DIVIDENDS

The results of the Group for the year ended December 31, 2024 and the state of affairs of the Group as at December 31, 2024 are set out in the Consolidated Financial Statements on pages 169 to 296.

The Board did not recommend the payment of any final dividend for the year ended December 31, 2024 (for the year ended December 31, 2023: nil).



REPORT OF THE BOARD OF DIRECTORS

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

- There are uncertainties in the future market demand of smart service robotic products and services and we cannot assure that we will continue to generate the same level of revenue and that our business will continue to grow.
- Developments in alternative technologies and products may adversely affect the demand for smart service robotic products and services.
- The growth of robotic and AI technologies commercialization or the usage of AI technologies in the smart service robotic products and services industry may not meet expectation, and our business, growth and prospects may be significantly affected as a result.
- The standards of and applications for robotic and AI technologies are constantly evolving. Any inappropriate use or flaws of such technologies, whether actual or perceived, intended or inadvertent, or committed by us or by other third parties, could have negative impact on our business and the public's acceptance of smart service robotic products or services.
- The smart service robotic products and services industry is becoming increasingly competitive. If we fail to compete successfully, our business, financial condition and results of operations may be materially and adversely affected.

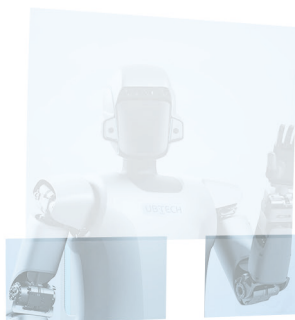
SHARE CAPITAL

As of December 31, 2024, the total share capital of the Company was RMB431,622,824 each with par value of RMB1.00 (including 112,839,964 Domestic Shares and 318,782,860 H Shares).

Details of movements in share capital of the Company during the year ended December 31, 2024 are set out in note 4(31) to the Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group are set out in the consolidated statement of changes in equity of this annual report. As at December 31, 2024, the Company has no reserves available for distribution (as at December 31, 2023: nil).



REPORT OF THE BOARD OF DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's largest customer for the year ended December 31, 2024 accounted for approximately 14.4% (2023: 27.8%) of the Group's total revenue. The aggregate revenue attributable to the Group's five largest customers for the year ended December 31, 2024 accounted for approximately 34.3% (2023: 53.4%) of the Group's total revenue.

The aggregate purchases attributable to the Group's largest supplier for the year ended December 31, 2024 accounted for approximately 8.5% (2023: 9.7%) of the Group's total purchases. The aggregate purchases attributable to the Group's five largest suppliers for the year ended December 31, 2024 accounted for approximately 24.9% (2023: 29.9%) of the Group's total purchases.

During the year ended December 31, 2024, none of the Directors or any of their associates or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had a material interest in the Group's five largest customers or in the Group's five largest suppliers.

DIVIDEND POLICY

The Company has adopted a Dividend Policy on payment of dividends. The Company do not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

SUBSIDIARIES OF THE COMPANY

The details of the subsidiaries of the Company are set out in note 5 to the Financial Statements on pages 262 to 271 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

During the year ended December 31, 2024, the Group's total capital expenditure amounted to approximately RMB400.4 million (2023: RMB540.7 million) which is primarily attributable to the construction of our headquarters in Shenzhen.

The details of the property, plant and equipment and other fixed assets of the Group and their movements during the year ended December 31, 2024 are set out in note 4(11) to the Consolidated Financial Statements.

BORROWINGS

Particulars of borrowings of the Group as at December 31, 2024 and the details of the charging on the Group's assets are set out in note 4(19) and 4(27) to the Consolidated Financial Statements.



REPORT OF THE BOARD OF DIRECTORS

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL

During the year ended December 31, 2024, the Group did not have any significant investments, material acquisitions or disposals of significant subsidiaries, associates or joint ventures.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licences. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the year ended December 31, 2024, to the best knowledge of the Directors, there was no material breach of or non-compliance with applicable laws and regulations, that have a significant impact on the business and operations of the Group, by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the sections headed “Use of Proceeds from the Global Offering” and “Use of Proceeds from Placings of New H Shares under the General Mandate” in this annual report, the Group did not have plan for material investments and capital assets as of December 31, 2024.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors during the year ended December 31, 2024 and up to the date of this annual report were as follows:

Executive Directors

Mr. Zhou Jian (周劍先生) (*Chairman of the Board and Chief Executive Officer*)

Mr. Xiong Youjun (熊友軍先生)

Ms. Wang Lin (王琳女士)

Mr. Liu Ming (劉明先生)

Non-executive Directors

Mr. Xia Zuoquan (夏佐全先生)

Mr. Zhou Zhifeng (周志峰先生)

Mr. Chen Qiang (陳強先生)

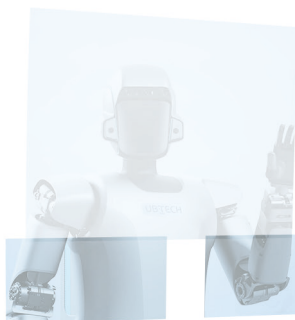
Independent Non-executive Directors

Mr. Zhao Jie (趙杰先生)

Mr. Xiong Chuxiong (熊楚熊先生)

Mr. Poon Fuk Chuen (潘福全先生)

Mr. Leung Wai Man, Roger (梁偉民先生)



REPORT OF THE BOARD OF DIRECTORS

Supervisors

Mr. Deng Feng (鄧峰先生) (*Chairman*)

Mr. Ben Cangsang (賁滄桑先生)

Ms. Wang Xingru (王興茹女士)

The biographical details of the Directors, Supervisors and the senior management of the Group are disclosed in the section headed “Biographical Details of Directors, Supervisors and Senior Management” on pages 21 to 30 of this annual report.

SERVICE CONTRACT AND LETTER OF APPOINTMENT OF THE DIRECTORS AND SUPERVISORS

Pursuant to Articles 101 and 139 of the Articles of Association, the term for Directors and Supervisors shall be three years. Each of the Directors and Supervisors has entered into a service contract or a letter of appointment with the Company for a term of three years.

Save as disclosed above, there are no service contracts or letters of appointment between the Company or its subsidiaries and any of the Directors or Supervisors which is not determinable by the Company within one year without payment of compensation apart from statutory compensation.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and the Company considers all of them to be independent.

CHANGE IN DIRECTORS’ AND SUPERVISORS’ INFORMATION

Save as disclosed in this annual report, during the year ended December 31, 2024 and up to the date of this annual report, no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

MANAGEMENT CONTRACTS

Other than the Directors’ and Supervisors’ service contracts and appointment letters, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year or subsisted at the end of the year ended December 31, 2024.

EMOLUMENT POLICY

The emoluments of the Directors and senior management of the Group are determined by the Board with reference to the respective responsibilities and duties, experience, individual performance, and time devoted to the Group and may be adjusted upon the recommendation of the Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee was set up for reviewing the Company’s emolument policy and structure of all remuneration of the Directors and senior management of the Company. Save as disclosed in this annual report, no long-term incentive schemes have been adopted by the Company.



REPORT OF THE BOARD OF DIRECTORS

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, Supervisors and five highest paid individuals of the Group are set out in notes 7(4)(e) and 7(4)(g) to the Financial Statements on pages 278 to 280 of this annual report.

The number of five highest paid employees during the years ended December 31, 2023 and 2024 (excluding Directors) whose remuneration fell within the following bands is as follows:

	Number of employees For the year ended December 31,	
	2024	2023
HKD7,500,001 to HKD8,000,000	1	0
HKD8,000,001 to HKD8,500,000	1	0
HKD10,000,001 to HKD10,500,000	1	0
HKD15,000,001 to HKD15,500,000	1	0
HKD21,000,001 to HKD21,500,000	0	1
HKD21,500,001 to HKD22,000,000	0	1
HKD22,000,001 to HKD22,500,000	0	1
HKD23,500,001 to HKD24,000,000	1	0
HKD53,500,001 to HKD54,000,000	0	1

The five highest paid employees during 2024 did not include any Directors (2023: one, namely Mr. Zhou Jian, details of whose remuneration are set out in note 7(4)(e) to the Financial Statements and have not been set out in the above table).

For the year ended December 31, 2024, no emoluments were paid by the Group to any Director, any Supervisor or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors or the Supervisors has waived any emoluments for the year ended December 31, 2024.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or a Supervisor or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year under December 31, 2024 or at any time during the year ended December 31, 2024.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

No non-competition agreements or arrangement has been provided by any of the substantial Shareholders at any time during the Relevant Period or as at December 31, 2024.



REPORT OF THE BOARD OF DIRECTORS

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance in respect of legal actions arising out of corporate activities against the current Directors, Supervisors and senior management of the Company and its associated companies and the Directors, Supervisors and senior management of the Company and its associated companies who resigned during the year ended December 31, 2024. The permitted indemnity provision is in force for the benefit of the Directors as required by the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended December 31, 2024, the Group had the following connected transactions and continuing connected transactions, details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

The Company entered into the following continuing connected transaction with the connected persons as defined in the Listing Rules, and transactions have been conducted in accordance with the agreed terms.

1. MASTER PURCHASE AGREEMENT

Parties

- (1) Wuxi Uqi Intelligent Technology Co., Ltd.* (無錫優奇智能科技有限公司) (“Wuxi Uqi”)
- (2) Miracle Automation Engineering Co., Ltd.* (天奇自動化工程股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002009.SZ) (“MAE”)

Principal terms

On November 23, 2023, Wuxi Uqi and MAE entered into a Project Engineering Services and Products Framework Agreement (the “Framework Agreement”), pursuant to which Wuxi Uqi agreed to supply, and MAE agreed to purchase relevant smart robotic products and services required for the completion of MAE’s contracted engineering projects, including but not limited to the engineering design, implementation and delivery in relation to such projects (the “MAE Products and Services”), for a term commencing on the Listing Date until December 31, 2025.

Reasons for the transaction

Our Group entered into business arrangements with MAE and its subsidiaries (collectively, the “MAE Group”) given that the MAE Group has long history of operation with a large customer base which is our targeted customer group (i.e. automobile manufacturers). As we only entered into the logistics and mobile smart robotic products and services industry in late 2020, we believe that we would be able to leverage the clientele of the MAE Group to achieve a quick expansion. Our revenue from logistics smart robotic products and services business increased significantly since the launching our logistics smart robotic products and services business.



REPORT OF THE BOARD OF DIRECTORS

Amount

The aggregate amounts incurred by the MAE Group for the purchase of the MAE Products and Services from Wuxi Uqi amounted to approximately RMB187.6 million for the year ended December 31, 2024.

Pricing policy of the Framework Agreement

As disclosed in the section headed “Connected Transactions” of the Prospectus, pursuant to the Framework Agreement, Wuxi Uqi agreed to supply the MAE Products and Services to MAE at prices to be determined by negotiations according to the principles of fairness and reasonableness, with references to the following factors: (i) the prevailing market prices of similar products and services supplied to MAE by independent third parties, (ii) the total contract amounts involved, (iii) the specifications of equipment required, (iv) the amount of personnel required and (v) the time required to supply the MAE Products and Services. The parties agreed that they may enter into further agreements setting out additional specific terms and conditions pertaining to the MAE Products and Services; however, the terms and conditions set out in the Existing Framework Agreement (including as to pricing and the term) shall be deemed to be included in any such further agreements. The Framework Agreement also specifically provided that such further agreements shall be entered into on normal commercial terms, which shall be no less favourable to Wuxi Uqi as a service provider as compared to the terms it offered to independent third parties for the same category of services or equipment, and the price stipulated under such agreements shall not be lower than the prices at which Wuxi Uqi supplies the same category of services or equipment to independent third parties.

Annual caps

References are made to the announcements of the Company dated December 9, 2024 and December 13, 2024 in relation to the revision of annual caps of the Framework Agreement. Due to the rising market demand for MAE Group’s products and services, and given that the Group is one of the few AI and robotics companies in China with the necessary experience and technical expertise to meet the product and service requirements of its global conglomerate clients, the Group anticipates an increasing demand for its logistics smart robotic products and services from the MAE Group. Therefore, the Board resolved on December 9, 2024 to revise and increase the existing annual caps for the years ending December 31, 2024 and 2025 (the “Revision”).

The amounts to be incurred by the MAE Group for the purchase of the MAE Products and Services from Wuxi Uqi for the two years ended/ending December 31, 2024 and 2025 shall not exceed the caps (reflecting the Revision) as set out in the table below:

	Proposed annual caps for the year ended/ending December 31, (RMB in millions)	
	2024	2025
Purchase amount	200.0	150.0



REPORT OF THE BOARD OF DIRECTORS

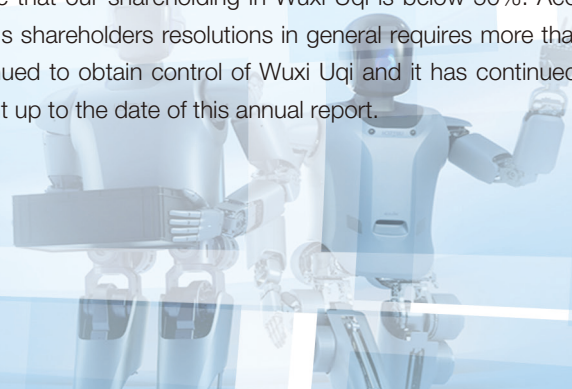
Basis of revised caps

The aforementioned annual caps (reflecting the Revision) were determined by the Board with reference to the following factors:

1. the historical transaction amounts attributable to the transactions under the Framework Agreement, including the aggregate amount incurred by the MAE Group for the purchase of the MAE products and Services of approximately RMB106.2 million (unaudited) during 2024 and up to December 9, 2024 (i.e. the date of the Revision);
2. the recent estimation of the demand of MAE Group for the MAE Products and Services in view of increasing customer demands for smart robotic products and services in the provision of intelligent equipment automation services as a result of improved production efficiency and increased labour costs and the fact that the Directors expect the Group's sales, including that for its logistics smart robotic products and services, to peak in the fourth quarter based on its track record; and
3. the expected growing business scale of MAE Group after taking into consideration the transaction amounts under the Framework Agreement for the ten months ended October 31, 2024 and the market trend of the automation industry in the PRC and worldwide. The Directors noted in particular that the Group's sales typically peak in the fourth quarter, with most revenue generated during this period, particularly for logistics smart robotic products, as customers finalise project inspections and recognition before their financial year-end on December 31.

Listing Rules implications

Wuxi Uqi is regarded as our subsidiary under the Listing Rules. As at the date of this annual report, we held approximately 35.62% shareholding interests in Wuxi Uqi. In addition, pursuant to the shareholders' agreement entered into between the shareholders of Wuxi Uqi in December 2022, (i) Shenzhen Quantum Leap Investment Limited Partnership (深圳量子躍遷投資合夥企業(有限合夥))* ("Shenzhen Quantum Leap"), a shareholder then holding approximately 16.66% interests, agreed that for the period it was holding equity interest in Wuxi Uqi; and (ii) Suzhou Zhengxuan Qianzhan Zhihe Venture Capital (Limited Partnership) (蘇州市正軒前瞻志合創業投資合夥企業(有限合夥))* ("Suzhou Zhengxuan") and Guangzhou Zhengxuan Qianzhan Ruiyuan Venture Capital Limited Partnership* (廣州市正軒前瞻睿遠創業投資合夥企業(有限合夥)) ("Guangzhou Zhengxuan"), two shareholders then holding approximately 6.64% and 5.43% interests, respectively, agreed that for the period of six years since the date they started holding equity interest in Wuxi Uqi, being December 31, 2021, they would act consistently with our Company in respect of matters of the shareholders meeting (the "Wuxi Uqi Shareholders' Undertakings"). As at the date of this annual report, Shenzhen Quantum Leap, Suzhou Zhengxuan and Guangzhou Zhengxuan held approximately 16.38%, 6.53% and 5.34% shareholding interests in Wuxi Uqi, respectively. As a result of the Wuxi Uqi Shareholders' Undertakings, we have continued to hold more than 50% voting rights in Wuxi Uqi despite that our shareholding in Wuxi Uqi is below 50%. According to the articles of Wuxi Uqi, approval of Wuxi Uqi's shareholders resolutions in general requires more than 50% of shareholders' votes. As such, we have continued to obtain control of Wuxi Uqi and it has continued to be regarded as our subsidiary since its establishment up to the date of this annual report.



REPORT OF THE BOARD OF DIRECTORS

As MAE directly and indirectly holds a total of 30.46% of the equity interest in Wuxi Uqi as at the date of this annual report, MAE is a substantial shareholder of our subsidiary and thus a connected person of our Company at subsidiary level. By virtue of Rule 14A.101 of the Listing Rules, as (i) MAE is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Framework Agreement (as amended under the Revision) (the “MAE Transactions”) are on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) has approved the MAE Transactions, and confirmed that the MAE Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the MAE Transactions are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and Shareholders’ approval requirements under the Listing Rules.

For further details regarding the background of Wuxi Uqi and the Group’s relationship with MAE, please refer to the sections headed “History, Development and Corporate Structure”, “Business — Overlapping of Customers and Suppliers — Overlapping relationship with MAE Group” and “Connected Transactions” in the Prospectus.

2. PROCUREMENT FRAMEWORK AGREEMENT

Parties

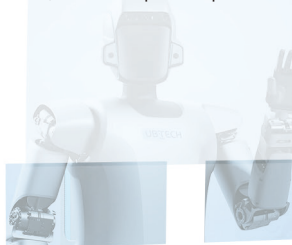
- (1) Wuxi Uqi
- (2) Hubei Changjiang MAE Environmental Equipment Co., Ltd. (湖北長江天奇環保裝備有限公司) (“Changjiang MAE”)

Principal terms

On December 9, 2024, Wuxi Uqi and Changjiang MAE entered into a Procurement Framework Agreement (the “Procurement Framework Agreement”), pursuant to which Wuxi Uqi and its subsidiaries (collectively, the “Wuxi Uqi Group”) may procure the materials and components required for logistics intelligent robots products and services related to the automotive manufacturing business of the Wuxi Uqi Group, including but not limited to cables, motors, electrical components, dustproof rooms and customized pallet modifications; related installation and commissioning services (the “Supplies”) from Changjiang MAE on terms and prices no less favourable than those for similar products or services procured by Wuxi Uqi Group from independent third parties, for a term commencing on the November 1, 2024 until December 31, 2025.

Reasons for the transaction

As a joint venture between the Group and MAE Group leveraging on the Group’s humanoid robot technology, Wuxi Uqi was established to complement MAE Group’s leading position in the logistics and warehousing automation industry, in particular its influence in the automotive manufacturing industry. In expanding its business, Wuxi Uqi Group has identified that some of its customers have more personalised and customised demand, which include individually customised products and services such as dust-proof rooms and professionally modified pallet equipment. Therefore, in order to further expand the Group’s logistics smart robotic products and services business, Wuxi Uqi Group needs to procure the Supplies.



REPORT OF THE BOARD OF DIRECTORS

Amount

The aggregate amounts incurred by Wuxi Uqi for the procurement of the Supplies from Changjiang MAE amounted to approximately RMB47.1 million for the year ended December 31, 2024.

Pricing policy

The parties to the Procurement Framework Agreement shall determine the price of the Supplies based on the principles of fairness and reasonableness, taking into account the following factors: (i) the current market price of similar products and services procured by Wuxi Uqi Group from independent third parties; (ii) the total contract amount involved; and (iii) the required specifications for the relevant products and services.

Based on the above factors, Wuxi Uqi Group determines the price of the Supplies following its procurement policy. The procurement options available generally include price inquiries, competitive negotiations, and invited tenders. The supply chain management department will determine the most suitable method based on the actual needs of each project. For significant procurement amounts, and when project conditions allow, Wuxi Uqi Group shall prioritise tender as the means of selecting suppliers, ensuring a competitive and transparent selection.

Regardless of the procurement method used, there must be a minimum of three candidate suppliers to offer quotations of equivalent products and services. In cases of single-source purchasing or designated brand procurement, price inquiries should be conducted with competitors or for similar products to provide a reference point.

Wuxi Uqi Group has consistently complied with the aforementioned procurement policy and expects to continue to abide by such policy going forward. Therefore, the price for each transaction under the Procurement Framework Agreement is expected to be no less favourable than those offered by independent third parties.

Annual caps

The amounts incurred by members of Wuxi Uqi Group for the procurement of the Supplies from Changjiang MAE for the two years ended/ending December 31, 2024 and 2025 shall not exceed the caps as set out in the table below:

	Proposed annual caps for the year ended/ending December 31, (RMB in millions)	
	2024	2025
Procurement amount	50.0	20.0



REPORT OF THE BOARD OF DIRECTORS

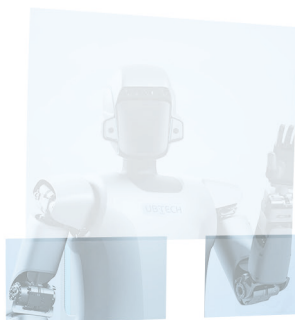
Basis of caps

The annual caps were determined after taking into consideration the following factors:

1. the competitive transaction terms offered by Changjiang MAE as an associate of MAE and the synergy in streamlining logistics arrangement and enhancing efficiency in view of the continuous supply of the MAE Products and Services to MAE Group, which the Directors consider to be more advantageous to the Group's business as compared to procurement from independent third parties and in the interests of the Company and the Shareholders as a whole. In this regard, Wuxi Uqi Group has obtained quotations for products and services similar to the Supplies from other independent third parties and confirms that the proposed transaction terms offered by Changjiang MAE to the Wuxi Uqi Group are more favourable than those proposed by the independent third parties;
2. estimation of the demand for the Supplies to be procured from Changjiang MAE in view of the competitive terms and pricing of the products and services it can offer to Wuxi Uqi Group. In this regard, based on recent operational needs, it is expected that Wuxi Uqi Group will procure raw materials and components for its logistics smart robotic products and services projects serving customers in the automobile industry, such as cables and motors, of not less than RMB42 million for the remaining period of the year ending December 31, 2024, as well as dust rooms, pallets and other equipment; and
3. the expected growing business scale of Wuxi Uqi Group in the remaining period of the year ending December 31, 2024 and in 2025 after taking into consideration the market trend of the Group's business in the PRC and worldwide, especially for logistics smart robotic products and services projects in the automobile industry.

Listing Rules implications

As disclosed in the paragraphs headed "1. Master Purchase Agreement — Listing Rules implications" above, Wuxi Uqi is regarded as our subsidiary under the Listing Rules and is held as to over 30% by MAE. As at the same date, as Changjiang MAE is held as to 49% by MAE, it is an associate of MAE and thus a connected person of the Company at subsidiary level. By virtue of Rule 14A.101 of the Listing Rules, as (i) MAE is a connected person of the Company at the subsidiary level; (ii) the transactions under the Procurement Framework Agreement are on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) has approved the Procurement Framework Agreement and the transactions contemplated thereunder, and confirmed that the transactions contemplated under the Procurement Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Procurement Framework Agreement is subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements under the Listing Rules.



REPORT OF THE BOARD OF DIRECTORS

3. TECHNICAL SERVICE AGREEMENT

Parties

- (1) Beijing UBTECH Intelligent Robot Co., Ltd.* (北京優必選智能機器人有限公司) (“Beijing UBTECH”)
- (2) MAE

Principal terms

On May 21, 2024, Beijing UBTECH and MAE entered into a Technical Service Agreement (the “Technical Service Agreement”), pursuant to which Beijing UBTECH would provide the service of developing software and algorithms for the application of humanoid robots on the automotive production line to MAE with a fixed development fee of RMB30 million payable by MAE. The Technical Service Agreement was terminated in November 2024 based on friendly negotiation between both parties, and no transactions thereunder were actually carried out.

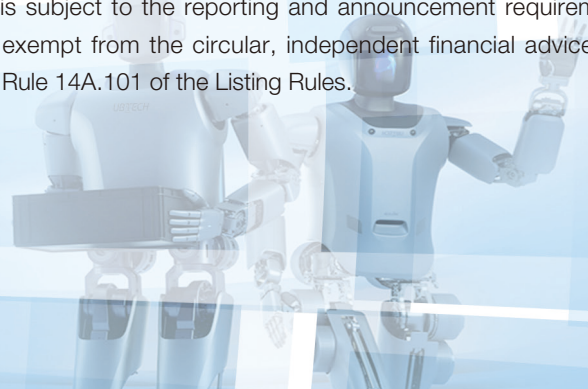
Reasons for the transaction

Entering into the Technical Service Agreement is a significant progress for both the Company and MAE in terms of practical application of humanoid robots in various scenarios such as new energy vehicle factories and intelligent logistics factories. The coordination between humanoid robots and traditional intelligent production lines, combined with the system solutions of automotive intelligent equipment, enables the provision of higher quality products and services to end customers. This Technical Service Agreement will contribute to promote the application of humanoid robots in automobile manufacturing and the further expansion of the Company's humanoid robot usage scenarios, enhancement of brand influence, strengthening of the Company's core competitiveness, which aligns with the Company's strategic development plans, and the interests of the Shareholders as a whole.

Listing Rules implications

As disclosed in the paragraphs headed “1. Master Purchase Agreement — Listing Rules implications” above, MAE holds over 30% of the equity interest in Wuxi Uqi, and is therefore a substantial shareholder of the Company's subsidiary and thus a connected person pursuant to Rule 14A.07(1) of the Listing Rules.

As such, entering into the Technical Service Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rule. As (i) MAE is a connected person of the Company at the subsidiary level under the Listing Rules; (ii) the Board has approved the Technical Service Agreement and the transactions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the Technical Service Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, entering into the Technical Service Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.



REPORT OF THE BOARD OF DIRECTORS

ANNUAL REVIEW BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed the continuing connected transactions set out in the section headed “Connected Transactions and Continuing Connected Transactions” in this annual report and the continuing connected transactions among the related-party transactions set out in note 7(4)(b) to (d) to the Financial Statements in this annual report, and are of the view that the transactions have been entered into under the following circumstances:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or on terms no less favourable to the Group than terms offered to/by independent third parties; and
- (3) in accordance with the relevant agreements governing those transactions on terms that are fair and reasonable and in the interest of the Shareholders of the Company as a whole.

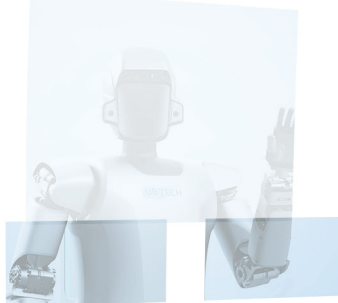
The related party transactions disclosed in note 7(4)(b) to (d) to the Financial Statements constituted connected transactions or continuing connected transactions under the Listing Rules. In respect of such transactions, the Company has complied with all the relevant requirements under Chapter 14A of the Listing Rules. For the avoidance of doubt, the aforementioned transactions in “2. Procurement Framework Agreement” constitute continuing connected transactions under the Listing Rules, but do not constitute related party transactions under applicable accounting standards.

CONFIRMATION FROM THE COMPANY’S INDEPENDENT AUDITORS

PricewaterhouseCoopers Zhong Tian LLP, the Company’s independent auditors, were engaged to report on the Group’s continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

In respect of the continuing connected transactions disclosed (the “Disclosed Continuing Connected Transactions”), the Company’s auditors confirmed that, with respect to those entered into during the financial year ended December 31, 2024 or before:

- a. nothing has come to its attention that causes it to believe that the Disclosed Continuing Connected Transactions have not been approved by the Board;
- b. for transactions involving the provision of goods or services by the Group, nothing has come to its attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- c. nothing has come to its attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and



REPORT OF THE BOARD OF DIRECTORS

- d. with respect to the aggregate amount of the continuing connected transactions set out in the list of continuing connected transactions as disclosed above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

A copy of the auditors' letter confirming the above matters has been provided to the Board.

CONVERTIBLE SECURITIES, SHARE OPTIONS, WARRANTS OR SIMILAR RIGHTS

During the year ended December 31, 2024, the Company did not issue any convertible securities, share options, warrants or similar rights.

Save for the H Share Incentive Scheme as disclosed in the section headed "H Share Incentive Scheme" in this annual report, during the year ended December 31, 2024 and up to the date of this annual report, the Group has no share scheme (including any share option scheme) subject to the provisions of Chapter 17 of the Listing Rules.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at December 31, 2024, the interests and short positions of the Directors, the Supervisors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is keen to taken or deemed to have under such provisions of the SFO), or as recorded in the registered maintained by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:



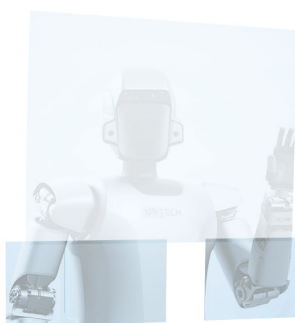
REPORT OF THE BOARD OF DIRECTORS

Interest in the Company

Name of Director	Class of Shares	Nature of Interest	Number of Shares held/ interested	Approximate percentage in the relevant class of Shares of the Company ⁽²⁾	Approximate percentage in the Company ⁽²⁾
Mr. Zhou Jian	Domestic Shares	Beneficial owner	33,186,040 (L)	29.41%	7.69%
	Domestic Shares	Interest in controlled Incorporation ⁽³⁾	1,538,600 (L)	1.36%	0.36%
	H Shares	Beneficial owner	70,400,000 (L)	22.08%	16.31%
		Interest in controlled Incorporation ⁽³⁾	13,000,000 (L)	4.08%	3.01%
Mr. Xia Zuoquan	Domestic Shares	Beneficial owner	6,888,800 (L)	6.10%	1.60%
	H Shares	Beneficial owner	14,000,000 (L)	4.39%	3.24%
Mr. Xiong Youjun	Domestic Shares	Beneficial owner	4,560,743 (L)	4.04%	1.06%
	H Shares	Beneficial owner	3,730,000 (L)	1.17%	0.86%
Ms. Wang Lin	Domestic Shares	Beneficial owner	2,621,880 (L)	2.32%	0.61%
	Domestic Shares	Interest in controlled incorporation ⁽⁴⁾	7,417,880 (L)	6.57%	1.72%
	H Shares	Beneficial owner	5,580,000 (L)	1.75%	1.29%
		Interest in controlled incorporation ⁽⁴⁾	44,345,150 (L)	13.91%	10.27%

Notes:

- (1) (L) denotes long position.
- (2) The calculation is based on a total of 431,622,824 Shares in issue as at December 31, 2024, which comprised 112,839,964 Domestic Shares and 318,782,860 H Shares.
- (3) As at December 31, 2024, Shenzhen Sanciyuan Enterprise Management Consulting Limited Partnership* (深圳三次元企業管理諮詢合夥企業(有限合夥)) ("Shenzhen Sanciyuan") directly held 1,538,600 Domestic Shares and 13,000,000 H Shares, and Mr. Zhou Jian held 73.96% of the partnership interests in Shenzhen Sanciyuan. By virtue of the SFO, Mr. Zhou Jian is deemed to be interested in all the Shares held by Shenzhen Sanciyuan.
- (4) As at December 31, 2024, Shenzhen Evolution Investment Limited Partnership* (深圳市進化論投資合夥企業(有限合夥)) ("Shenzhen Evolution") directly held 5,879,280 Domestic Shares and 31,345,150 H Shares. Ms. Wang Lin is the general partner of Shenzhen Sanciyuan and Shenzhen Evolution. By virtue of the SFO, Ms. Wang Lin is deemed to be interested in all of the Shares held by Shenzhen Sanciyuan and Shenzhen Evolution.



REPORT OF THE BOARD OF DIRECTORS

Interest in associated corporation of the Company

Name of Director	Name of associated corporation	Nature of Interest	Approximate shareholding percentage
Mr. Xia Zuoquan	Wuxi Uqi	Interest in controlled corporation	11.87%

Notes:

- (1) Wuxi Uqi is a subsidiary of the Company. See “Connected Transactions and Continuing Connected Transactions” for further details.
- (2) As at December 31, 2024, Suzhou Zhengxuan Qianzhan Zhihe Venture Capital (Limited Partnership)* (蘇州市正軒前瞻志合創業投資合夥企業(有限合夥)) (“Suzhou Zhengxuan”) and Guangzhou Zhengxuan Qianzhan Ruiyuan Venture Capital Limited Partnership* (廣州市正軒前瞻睿遠創業投資合夥企業(有限合夥)) (formerly known as Shenzhen Zhengxuan Qianzhan Ruiyuan Venture Capital Limited Partnership* (深圳市正軒前瞻睿遠創業投資合夥企業(有限合夥))) (“Guangzhou Zhengxuan”) directly held approximately 6.53% and 5.34% shareholding interest in Wuxi Uqi respectively. The general partners of Suzhou Zhengxuan and Guangzhou Zhengxuan are Shenzhen Zhengxuan Qianzhan Zhihe Investment Company Limited* (深圳市正軒前瞻志合投資有限公司) and Shenzhen Zhengxuan Lihang Venture Capital Limited Partnership* (深圳市正軒勵行創業投資合夥企業(有限合夥)) respectively, which are both ultimately controlled by Mr. Xia Zuoquan.

Save as disclosed above, as at December 31, 2024, to the knowledge of the Board, none of the Directors, the Supervisors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, the Supervisors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

EQUITY INCENTIVE SCHEMES

Since 2015, we have approved and adopted the equity incentive schemes (the “Equity Incentive Schemes”) for the purpose of motivating, retaining and rewarding talents for their contribution to the development of our Group and linking the interests of the participants under the equity incentive schemes with those of our Company and our Shareholders. Given that no shares or options over shares in our Company or subsidiaries are granted pursuant to the terms the equity incentive schemes, and no Awards (as defined below) will be further granted after the Listing, there will not be any dilution effect to the issued Shares after Listing and the terms of the Equity Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules.

As at December 31, 2024, all the Shares underlying the Equity Incentive Schemes have been issued and granted, and to the extent that there is any change to the grants under the Equity Incentive Schemes after the Listing, the Company will comply with the applicable Listing Rules (including the requirements under Chapter 14A of the Listing Rules applicable to grants to connected persons, if any).



REPORT OF THE BOARD OF DIRECTORS

Equity Incentive Schemes Platform

Shenzhen Evolution, a limited partnership, was established as the “direct level incentive shareholding platform” for the purpose of the equity incentive schemes, and held approximately 8.62% of the issued Shares in our Company as of December 31, 2024. A number of other limited partnerships Shenzhen Evolution as the “indirect level incentive shareholding platforms” which act as the limited partners of Shenzhen Evolution. Participants under the equity incentive schemes may be granted partnership interest in the indirect level incentive shareholding platforms (the “Awards”). As the indirect level incentive shareholding platforms own partnership interest in Shenzhen Evolution which in turn owns our Shares directly, the participants would be indirectly interested in our Shares.

As at December 31, 2024, Ms. Wang Lin was the sole general partner of Shenzhen Evolution and all of the indirect level incentive shareholding platforms. The above arrangement of the equity incentive schemes could offer incentives to the participants through granting them indirect interest in our Shares while allowing our core management team to retain control on the voting rights of the incentive shareholding platforms in respect of our Shares.

The general principal terms of the equity incentive schemes are summarised below.

(a) Purpose

The equity incentive schemes were established for the purpose of motivating, retaining and rewarding talents for their contribution to the development of our Group and linking the interests of the participants under the equity incentive schemes with those of our Company and our Shareholders.

(b) Participants

Participants include the directors, supervisors, senior management and other core employees of our Group and other designated persons.

(c) Grant of Awards

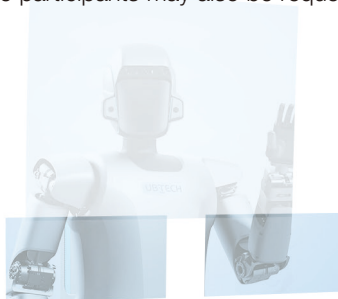
The participants may be granted Awards in the indirect level incentive shareholding platforms at a consideration specified under the grant agreements, and each becomes a limited partner of the indirect level incentive shareholding platforms upon grant of the Awards.

(d) Administration of the equity incentive schemes

The equity incentives schemes are subject to approval of the shareholders and the Board. Mr. Zhou Jian is responsible for matters pertaining to the implementation of the equity incentive schemes, including but not limited to determining the identity of grantees and the number and considerations of grants.

(e) Lock-up period and return of granted Awards

Subject to requirements which may vary among each equity incentive schemes, the granted Awards may be bound by a lock-up period, and the participants may also be requested to return the granted Awards upon the occurrence of certain events.



REPORT OF THE BOARD OF DIRECTORS

(f) Details of Awards

As at December 31, 2024, (i) 41 indirect level incentive shareholding platforms have been established for the purpose of the equity incentive schemes; (ii) there is an aggregate number of 678 participants holding partnership interest in the indirect level incentive shareholding platforms; and (iii) none of our Directors or Supervisors held more than one-third of the partnership interest in any of the indirect level incentive shareholding platforms. For details of the Awards during the year ended December 31, 2024, see note 6 to the Financial Statements.

Movements of Awards under the Equity Incentive Schemes

Category of grantees	Unvested awards at of December 31, 2023	Unvested awards as of December 31, 2024	Granted during the Relevant Period	Vested during the Relevant Period	Cancelled during the Relevant Period	Lapsed during the Relevant Period
Directors:	–	–	–	–	–	–
Mr. Zhou Jian	20,000	20,000	–	–	–	–
Mr. Xiong Youjun	300,000	300,000	–	–	–	–
Ms. Wang Lin	370,000	370,000	–	–	–	–
Mr. Liu Ming	291,000	291,000	–	–	–	–
Mr. Xia Zuoquan	–	–	–	–	–	–
Mr. Zhou Zhifeng	–	–	–	–	–	–
Mr. Chen Qiang	–	–	–	–	–	–
Mr. Zhao Jie	–	–	–	–	–	–
Mr. Xiong Chuxiong	–	–	–	–	–	–
Mr. Poon Fuk Chuen	–	–	–	–	–	–
Mr. Leung Wai Man, Roger	–	–	–	–	–	–
Five highest paid individuals						
(Note)	1,091,500	1,295,000	62,500	259,000	–	–
Other grantees	7,864,695	5,347,450	–	1,513,545	603,700	–

Note: The above data is based on the five highest paid individuals in 2024. Due to the difference in the identities of the five highest paid individuals in 2023 and 2024, the number of unvested awards as of December 31, 2023 may not be consistent with the figures disclosed in the 2023 annual report. During the year ended December 31, 2024, certain forfeited Awards were transferred to other employees under the Equity Incentive Schemes. No new Awards were granted.



REPORT OF THE BOARD OF DIRECTORS

H SHARE INCENTIVE SCHEME

The Shareholders have approved the adoption of the 2024 H Share Incentive Scheme (the “H Share Incentive Scheme”) at the 2024 fifth extraordinary general meeting held on September 12, 2024 (the “Adoption Date”) for the purpose of (i) promoting the achievement of long-term sustainable development and performance goals of the Company; (ii) closely aligning the interests of the grantees with those of the Shareholders, investors and the Company to enhance the cohesion of the Company and to facilitate the maximisation of the value of the Company; and (iii) improving the Company’s incentive mechanism to attract, motivate and retain Directors, supervisors, senior management and employees who have made outstanding contributions to the sustainable operation, development and long-term growth of the Company.

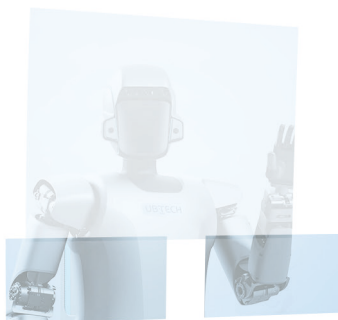
Eligible Participants

Persons who are eligible to participate in the H Share Incentive Scheme include any director (excluding the independent non-executive Directors), supervisor, senior management or employee of the Group (including any person to whom any award of H Shares granted pursuant to the H Share Incentive Scheme (the “Award Shares”) are granted under the H Share Incentive Scheme as an inducement to enter into a contract of employment) (the “Eligible Participants”).

A person shall not be considered as an Eligible Participant if, as at the Grant Date:

- (i) he/she has been publicly censured or declared as an ineligible candidate by securities regulatory institutions in the last 12 months;
- (ii) he/she has been imposed with administrative penalties by securities regulatory institutions in the last 12 months due to material non-compliance of laws or regulations;
- (iii) he/she is prohibited from participating in the H Share Incentive Scheme as required by laws and regulations;
- (iv) he/she has committed other material violation of relevant requirements of the Group or caused material damage to the interest of the Group as determined by the Board; or
- (v) there exists any other circumstances prescribed by the Board for the purpose of safeguarding the Group’s interests and ensuring the Group’s compliance with applicable laws and regulations relating to the operation of the Scheme.

The Board and/or the delegatee(s) may select any Eligible Participant to be a grantee of the H Share Incentive Scheme in accordance with the Scheme Rules.



REPORT OF THE BOARD OF DIRECTORS

Scheme Limit

In any event, the maximum number of Awarded Shares which may be granted under the H Share Incentive Scheme shall not exceed 10% of the Company's total Shares in issue as at the Adoption Date (the "Scheme Limit"), which is 41,814,282 H Shares, accounting for 9.47% of the total number of issued shares of the Company as at the date of this annual report. The Board and/or the Delegatee(s) shall not make any further grant of Awarded Shares which will result in the Scheme Limit being exceeded without Shareholders' approval.

Maximum Entitlement to Each Eligible Participants

According to the H Share Incentive Scheme, there are no restrictions on the maximum entitlement of Share Awards to be granted to an Eligible Participant (save for any requirements under the Listing Rules).

Where any grant of options or awards to an Eligible Participant except for a Director (other than an independent nonexecutive Director) or chief executive of the Company (or any of their associates), would result in the Shares issued and to be issued in respect of all options and share awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the H Share Incentive Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue (the 1% individual limit), such grant must be separately approved by Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting.

Where any grant of awards (excluding grant of options) to a Director (other than an independent non-executive Director) or chief executive of the Company (or any of their associates) would result in the number of Shares issued and to be issued in respect of all awards involving issue of new Shares already granted under the H Share Incentive Scheme and any other share scheme(s) of the Company (excluding any awards lapsed in accordance with the terms of the H Share Incentive Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue as at the date of grant, such further grant of awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.

Where any grant of options or awards to a substantial shareholder of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued in respect of all options and awards involving issue of new Shares already granted under the H Share Incentive Scheme and any other share scheme(s) of the Company (excluding any awards lapsed in accordance with the terms of the H Share Incentive Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue as at the date of grant, such further grant of awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.



REPORT OF THE BOARD OF DIRECTORS

Duration

Subject to any early termination as may be determined by the Board according to the rules governing the operation of the H Share Incentive Scheme as well as the implementation procedure (as amended from time to time) (the “Scheme Rules”), the H Share Incentive Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date (the “Scheme Period”), after which no additional Awards shall be granted, provided that the H Share Incentive Scheme will remain in full force in all other respects.

As at the date of this report, the remaining life of the H Share Incentive Scheme is approximately nine years and five months.

Vesting of Awarded Shares

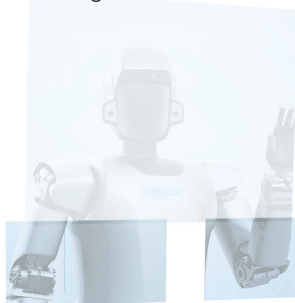
Subject to all applicable laws, rules or regulations, the Board and/or the delegatee(s) may determine the vesting criteria and conditions and the vesting periods for the Awarded Shares to be granted to each grantee pursuant to the H Share Incentive Scheme. Save for the circumstances described below, the vesting period in respect of any Awarded Shares granted shall be no less than 12 months from (and including) the date on which the Awarded Shares are granted to a Grantee (the “Grant Date”).

Awarded Shares granted may be subject to a shorter vesting period in the following circumstances at the sole discretion of the Remuneration Committee:

- (i) grants of “make-whole” Awards to new joiners to replace the share awards or options forfeited when leaving their previous employers;
- (ii) grants that are made in batches during a year for administrative or compliance reasons, which include Awards that should have been granted earlier if not for such administrative or compliance reasons but ended up having to wait for a subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Award would have been granted;
- (iii) grants with a mixed or accelerated vesting schedule such as where the Awarded Shares may vest evenly over a period of 12 months, or where the Awarded Shares may vest by several batches with the first batch vesting within 12 months of the Grant Date and the last batch vesting 12 months after the Grant Date;
- (iv) grants with performance-based vesting conditions provided in the Scheme or as specified in the award letter in lieu of time-based vesting criteria; and
- (v) grants with a total vesting and holding period of more than 12 months.

Movements of Awards under the H Share Incentive Schemes

As at December 31, 2024, no Share has been granted or awarded to the Eligible Participants under the H Share Incentive Schemes.



REPORT OF THE BOARD OF DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2024, so far is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons/entities had an interest or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or are directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

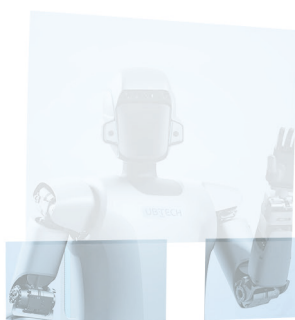
Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage in the relevant class of Shares of the Company ⁽²⁾	Approximate percentage in the Company ⁽²⁾
Mr. Zhou Jian	Domestic Shares	Beneficial owner	33,186,040 (L)	29.41%	7.69%
	Domestic Shares	Interest in controlled Incorporation ⁽³⁾	1,538,600 (L)	1.36%	0.69%
	H Shares	Beneficial owner	70,400,000 (L)	22.08%	16.31%
		Interest in controlled Incorporation ⁽³⁾	13,000,000 (L)	4.08%	3.01%
Mr. Xia Zuoquan	Domestic Shares	Beneficial owner	6,888,800 (L)	6.10%	1.60%
	H Shares		14,000,000 (L)	4.39%	3.24%
Ms. Yang Zhilian (楊志蓮)	Domestic Shares	Interest of spouse ⁽⁴⁾	6,888,800 (L)	6.10%	1.60%
	H Shares		14,000,000 (L)	4.39%	3.24%
Ms. Wang Lin	Domestic Shares	Beneficial owner	2,621,880 (L)	2.32%	0.61%
	Domestic Shares	Interest in controlled incorporation ⁽⁵⁾	7,417,880 (L)	6.57%	1.72%
	H Shares	Beneficial owner	5,580,000 (L)	1.75%	1.29%
		Interest in controlled incorporation ⁽⁵⁾	44,345,150 (L)	13.91%	10.27%
Mr. Hou Zongfang (侯宗放)	Domestic Shares	Interest of spouse ⁽⁶⁾	10,039,760 (L)	8.90%	2.33%
	H Shares		49,925,150 (L)	15.66%	11.57%
Shenzhen Evolution	Domestic Shares	Beneficial owner	5,879,280 (L)	5.21%	1.36%
	H Shares		31,345,150 (L)	9.83%	7.26%
Tencent Holdings Limited	H Shares	Interest in controlled incorporations ⁽⁷⁾	25,661,160 (L)	8.05%	5.95%
Image Frame	H Shares	Beneficial owner ⁽⁷⁾	22,128,840 (L)	6.94%	5.13%
QM25 Limited	H Shares	Beneficial owner ⁽⁸⁾	22,431,160 (L)	7.04%	5.20%
Qiming Venture Partners IV, L.P.	H Shares	Interest in controlled Incorporation ⁽⁸⁾	22,431,160 (L)	7.04%	5.20%
Qiming GP IV, L.P.	H Shares	Interest in controlled Incorporation ⁽⁸⁾	22,431,160 (L)	7.04%	5.20%
Qiming Corporate GP IV, Ltd.	H Shares	Interest in controlled Incorporation ⁽⁸⁾	22,431,160 (L)	7.04%	5.20%

REPORT OF THE BOARD OF DIRECTORS

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage in the relevant class of Shares of the Company ⁽²⁾	Approximate percentage in the Company ⁽²⁾
Liuzhou State-owned Assets Supervision and Administration Commission ("Liuzhou SASAC")	Domestic Shares	Interest in controlled Incorporations ⁽⁹⁾	15,212,982 (L)	13.48%	3.52%
Liuzhou Industrial Fund	Domestic Shares	Beneficial owner ⁽⁹⁾	12,677,485 (L)	11.23%	2.94%
Hangzhou Youzhi Enterprise Management Service Partnership (Limited Partnership)* (杭州優知企業管理服務合夥(有限合夥))	Domestic Shares	Beneficial owner	14,198,883 (L)	12.58%	3.29%
Jiujiang City Optimal Smart Industry Investment and Development Center (Limited Partnership)* (九江市優選智慧產業投資發展中心(有限合夥))	Domestic Shares	Beneficial owner	6,338,742 (L)	5.62%	1.47%
Mr. He Huojian (賀火箭)	Domestic Shares	Interest in controlled Incorporation ⁽¹⁰⁾	5,689,081 (L)	5.04%	1.32%
Haikun Shanghai	Domestic Shares	Beneficial owner ⁽¹⁰⁾	5,689,081 (L)	5.04%	1.32%

Notes:

- (1) (L) denotes long position.
- (2) The calculation is based on a total of 431,622,824 Shares in issue as at December 31, 2024, which comprised 112,839,964 Domestic Shares and 318,782,860 H Shares.
- (3) As at December 31, 2024, Shenzhen Sanciyan Enterprise Management Consulting Limited Partnership* (深圳三次元企業管理諮詢合夥企業(有限合夥)) ("Shenzhen Sanciyan") directly held 1,538,600 Domestic Shares and 13,000,000 H Shares of the Company, and Mr. Zhou Jian held 73.96% of the partnership interests in Shenzhen Sanciyan. By virtue of the SFO, Mr. Zhou Jian is deemed to be interested in all the Shares held by Shenzhen Sanciyan.



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- (4) Ms. Yang Zhilian and Mr. Xia Zuoquan are spouses, and therefore Ms. Yang Zhilian is deemed to be interested in all of Mr. Xia Zuoquan's interest in our Company by virtue of the SFO.
- (5) As at December 31, 2024, Shenzhen Evolution Investment Limited Partnership* (深圳市進化論投資合夥企業(有限合夥)) ("Shenzhen Evolution") directly held 5,879,280 Domestic Shares and 31,345,150 H Shares. Ms. Wang Lin is the general partner of Shenzhen Sanciyuan and Shenzhen Evolution. By virtue of the SFO, Ms. Wang Lin is deemed to be interested in all of the Shares held by Shenzhen Sanciyuan and Shenzhen Evolution.
- (6) Mr. Hou Zongfang and Ms. Wang Lin are spouses, and therefore Mr. Hou Zongfang is deemed to be interested in all of Ms. Wang Lin interests in our Company by virtue of the SFO.
- (7) As of December 31, 2024, IMAGE FRAME INVESTMENT (HK) LIMITED ("Image Frame") directly held 22,128,840 Shares and is wholly owned by Tencent Holdings Limited. As of December 31, 2024, Tencent Technology (Shenzhen) Co., Ltd.* (騰訊科技(深圳)有限公司) ("Tencent SZ") directly held 3,532,320 Domestic Shares. Tencent SZ is wholly owned by Oriental Power Holdings Limited, which is in turn wholly owned by Tencent Holdings Limited. By virtue of the SFO, Tencent Holdings Limited is deemed to be interested in an aggregate number of 25,661,160 Domestic Shares held by Image Frame and Tencent SZ.
- (8) As of December 31, 2024, QM25 Limited directly held 22,431,160 Shares and is owned by Qiming Venture Partners IV, L.P. and Qiming Managing Directors Fund IV, L.P. as to 96.94% and 3.06% respectively. Qiming GP IV, L.P. is the general partner of Qiming Venture Partners IV, L.P., whereas Qiming Corporate GP IV, Ltd. is the general partner of Qiming GP IV, L.P. and Qiming Managing Directors Fund IV, L.P. Therefore, for the purpose of the SFO, Qiming Venture Partners IV, L.P., Qiming GP IV, L.P., and Qiming Corporate GP IV, Ltd. are deemed to be interested in the Shares held by QM25 Limited.
- (9) As of December 31, 2024, Liuzhou Industrial Fund and Liuzhou Government Investment Fund directly held 12,677,485 Shares and 2,535,497 Shares respectively, and are wholly owned by Liuzhou SASAC. Therefore, for the purpose of the SFO, Liuzhou SASAC is deemed to be interested in the Shares held by Liuzhou Industrial Fund and Liuzhou Government Investment Fund.
- (10) As at December 31, 2024, Haikun Business Consulting (Shanghai) Co., Ltd.* (海鯤商務諮詢(上海)有限公司) ("Haikun Shanghai") directly held 5,689,081 Domestic Shares of the Company, which is in turn wholly-owned by Mr. He Huojian. By virtue of the SFO, Mr. He Huojian is deemed to be interested in all the Shares held by Haikun Shanghai.

Save as disclosed above, as at December 31, 2024, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETITION AND CONFLICT OF INTERESTS

During the Relevant Period, none of the Directors or Controlling Shareholders or any of their respective associates has any interests in any business that competes or may compete, directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.



REPORT OF THE BOARD OF DIRECTORS

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

No contract of significance (including contract of significance for the provision of services) was entered into between the Company or its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended December 31, 2024 or subsisted as at December 31, 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

References are made to the announcements of the Company dated January 19, 2025, January 24, 2025 and March 31, 2025 in relation to the purchase of H Shares by the trustee of the Company from secondary market under the H Share Incentive Scheme (the "Share Purchase"). On January 24, 2025, the trustee of the H Share Incentive Scheme, Yunnan International Trust Co., Ltd.* (雲南國際信託有限公司) (the "Trustee"), had purchased a total of 419,200 H Shares, representing approximately 0.097% of the then total number of issued Shares, from the market to hold on trust for the benefit of the eligible participants of the H Share Incentive Scheme pursuant to the terms and conditions of the H Share Incentive Scheme with a total consideration of approximately HK\$30.7 million. On March 31, 2025, the Trustee further purchased a total of 396,750 H Shares, representing approximately 0.090% of the total number of issued Shares with a total consideration of approximately HK\$31.3 million. For the avoidance of doubt, the Company did not, by itself, purchase, sale or redeem any H Shares under the Share Purchase.

Save as disclosed above, during the year ended December 31, 2024 and up to the date of this report, there was no purchase, sale or redemption of any listed securities of the Company (including the disposal of treasury shares (as defined in the Listing Rules)) by the Company or any of its subsidiaries. As at December 31, 2024, the Company did not hold any treasury shares (as defined in the Listing Rules).

TAXATION

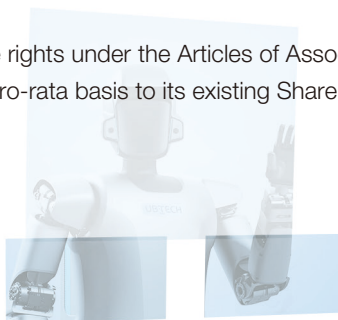
During the year ended December 31, 2024, the Group's statutory tax rate in the PRC is 25%, while some PRC subsidiaries of the Group are subject to preferential tax rates of 5% and 15%. Subsidiaries in Hong Kong and North America are subject to an income tax rate of 16.5% and 29.84%, respectively. The relevant details are set out in note 3 to the Financial Statements on page 217 of this annual report.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the shares of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Articles of Association or the PRC laws, which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.



REPORT OF THE BOARD OF DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the knowledge of the Directors, not less than 25% of the Shares in issue are held by the public at all times during the year ended December 31, 2024 and up to the date of this report as required by the Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the principles and code provisions of the Corporate Governance Code on the Stock Exchange as the basis of the Company's corporate governance practices.

The Board is of the view that during the Relevant Period, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code, except for Code Provision C.2.1 described in the Corporate Governance Report.

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 31 to 55 of this annual report.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and Supervisors.

The Board is pleased to confirm that, after making specific enquiries with all Directors and Supervisors, all Directors and Supervisors have fully complied with the required standards set out in the Model Code during the year ended December 31, 2024.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group has not noted any material non-compliance with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment, anti-corruption and the environment. The Group understands that a better future depends on everyone's participation and contribution. The Company has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole. Further, the Group has adopted policies, charters and code of conducts to govern the environmental, social and governance (ESG) aspects of our day-to-day operations, ranging from reducing energy and water consumption caused by our operations, health and work safety, and social contribution to environmental protection and corporate governance. The Group endeavours to maintain the relationships with its employees, suppliers and customers to ensure sustainable development. For further details of the Group's environmental policies and performance, compliance with relevant laws and regulations and relationship with its employees, suppliers and customers, please refer to our Environmental, Social and Governance Report.

REPORT OF THE BOARD OF DIRECTORS

The Company's Environmental, Social and Governance Report is published in electronic form only at the same time on the websites of the Company at www.ubtrobot.com under the section "Investor Relations" and the Stock Exchange at www.hkexnews.hk. If you wish to receive a printed copy of the Environmental, Social and Governance Report, you may submit your request to the Hong Kong H Share Registrar by post at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that various stakeholders including employees, customers, suppliers and other stakeholders are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationship with them.

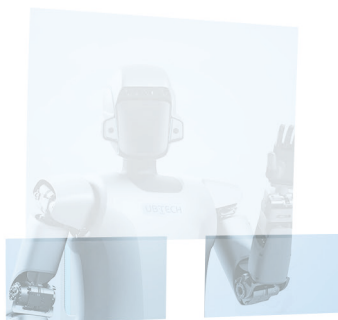
The Group believes that it is vital to attract, recruit and retain quality employees. To maintain the quality, knowledge and skill levels of the Group's workforce, the Group provides employees with periodic training, including introductory training for new employees, technical training, professional and management training and health and safety training. The Group believes that it maintains a good relationship with its employees and the Group did not experience any significant labor disputes or any difficulty in recruiting staff for its operations.

We strive to establish long-term, reliable and mutually beneficial cooperative relationship with our suppliers. We make all-out efforts to ensure that all suppliers deliver high-quality raw materials and that they are on the same page with us in terms of providing high-quality products to customers. We select suppliers in a prudent manner and assess their performance based on factors, including but not limited to quality, cost, delivery and services, in order to make sure that their quality standards are in line with the Group's requirements. Meanwhile, we also encourage suppliers to improve environmental, social and governance performance with us with a goal to grow and develop together.

A customer complaint handling mechanism is in place to receive, analyse and study complaints and make recommendations on remedies with the aim of improving service quality. The Group is in good relationship with its employees, suppliers and customers and conducts a fair and strict appraisal of its suppliers on an annual basis. For details of an account of the Company's key relationships with its employees, customers, suppliers and others that have a significant impact on the Company is set out in the separate Environmental, Social and Governance Report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, the Company has not entered into any equity-linked agreement during the year ended December 31, 2024.



REPORT OF THE BOARD OF DIRECTORS

MATERIAL LEGAL PROCEEDINGS

References are made to the announcements of the Company dated July 12, 2024, December 4, 2024 and December 12, 2024 in relation to the litigation raised by the plaintiff (the “Plaintiff”), Shanghai PartnerX Robotics Co., Ltd.* (上海未來夥伴機器人有限公司), against the Company in relation to the alleged patent right infringement (the “Legal Proceedings”). Following the decision by China National Intellectual Property Administration invalidating the patent right of the Plaintiff, namely “Method and Apparatus for Programming Robot Motion Sequences” (機器人運動序列的編程方法及裝置) (Patent number ZL200910045673.8), Shanghai Intellectual Property Court issued a civil ruling ((2024) Hu 73 Zhi Min Chu No. 141) (the “Civil Ruling”). According to the Civil Ruling, the Plaintiff applied to Shanghai Intellectual Property Court for withdrawal of the Legal Proceedings, and Shanghai Intellectual Property Court ruled to allow such withdrawal of the Legal Proceedings. As a result, the Legal Proceedings have been concluded.

As Shanghai Intellectual Property Court ruled to allow withdrawal of the Legal Proceedings by the Plaintiff, the Legal Proceedings shall have no material impact on the current and future business, operation and financial performance of the Group.

Save as disclosed above, the Group was not involved in any material legal proceedings during the year ended December 31, 2024.

LOAN AND GUARANTEE

Save as disclosed in this annual report, during the year ended December 31, 2024, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, Supervisors, senior management of the Company, the Controlling Shareholders or their respective connected persons.

CLOSURE OF THE REGISTER OF MEMBERS

To determine the eligibility of the Shareholders to attend and vote at the AGM to be held on Wednesday, May 21, 2025, the register of members will be closed from Friday, May 16, 2025 to Wednesday, May 21, 2025, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration before 4:30 p.m. on Thursday, May 15, 2025.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, May 21, 2025. Shareholders should refer to details regarding the AGM in the circular of the Company dated April 30, 2025 and the notice of meeting and form of proxy accompanying thereto.



REPORT OF THE BOARD OF DIRECTORS

AUDITORS

As disclosed in the Jan 24 Circular, in light of the Company's proposed adoption of CASBE, on January 24, 2024, the Board, with the recommendation from the audit committee of the Company, has resolved that PricewaterhouseCoopers Zhong Tian LLP be proposed to be appointed as the auditor of the Company and to hold office until the conclusion of the coming annual general meeting of the Company. As disclosed in the poll results announcement of the Company dated February 8, 2024, the aforementioned appointment has been approved by the Shareholders at the 2024 First EGM.

Save as disclosed above, there has been no change in the Company's auditors during the three years preceding the date of this annual report. A resolution to re-appoint the retiring auditors, PricewaterhouseCoopers Zhong Tian LLP, is to be proposed at the forthcoming AGM.

AUDIT COMMITTEE

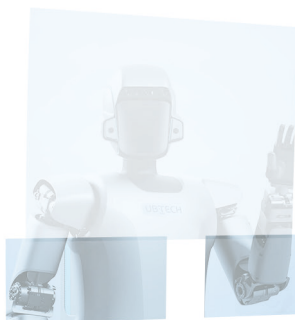
The Audit Committee has reviewed the consolidated annual results of the Group for the year ended December 31, 2024. The Audit Committee considered that the consolidated annual results of the Group for the year ended December 31, 2024 are in compliance with the applicable accounting standards, laws and regulations.

DONATIONS

Approximately RMB1.76 million of charitable or other donations were made by the Group during the year ended December 31, 2024. For further details, please refer to the Environmental, Social and Governance Report.

EVENTS AFTER THE FINANCIAL PERIOD

References are made to the announcements of the Company dated September 2, 2024, September 20, 2024, September 30, 2024, January 27, 2025, February 28, 2025 and March 7, 2025 in relation to the implementation of the conversion of 42,173,987 Domestic Shares into H Shares and the listing and circulation of such converted H Shares (the "Converted H Shares") on the Main Board of the Stock Exchange (the "H Share Full Circulation"). The Company has applied to the Stock Exchange for the approval of the listing of and the permission to deal in the Converted H Shares and such approval was granted by the Stock Exchange on February 28, 2025. The H Share Full Circulation completed on March 7, 2025 and the listing of the Converted H Shares on the Stock Exchange commenced at 9:00 a.m. on March 10, 2025.



REPORT OF THE BOARD OF DIRECTORS

On February 20, 2025, the Company entered into a placing agreement (the “Placing Agreement”) with three placing agents for the placing (the “2025 Placing”) of a total of 10,155,099 new H Shares (the “Placing Shares”) at the placing price of HK\$90.00 per Placing Share (the “Placing Price”) under the General Mandate upon the terms and subject to the conditions set out in the Placing Agreement. The 2025 Placing completed on February 27, 2025 and the Placing Shares were placed at the Placing Price to no less than six placees. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, (i) each of the placees and their respective ultimate beneficial owners are third parties independent of, and not connected with, the Company and the connected persons of the Company; and (ii) none of the placees has become a substantial shareholder (as defined under the Listing Rules) of the Company immediately after the completion of the 2025 Placing. The Company received total net proceeds from the 2025 Placing (after deducting all related fees, costs and expenses to be borne or incurred by the Company) of approximately HK\$876.32 million. The Company intended to apply the net proceeds from the 2025 Placing for the Group’s business operation and development (including, among other things, working capital, general corporate purposes, offshore and onshore investments, and project construction and renovation) and repayment of amounts due (including principal and interests accrued thereon) under the credit facilities granted by the relevant financial institutions to the Group companies. For further details, please refer to the announcements of the Company dated February 20, 2025, February 24, 2025 and February 27, 2025.

Saved as disclosed above, there are no events causing significant impact on the Group from the balance sheet date to the date of this annual report.

Best regards,

Zhou Jian

Chairman of the Board and Chief Executive Officer

UBTech Robotics Corp Ltd

深圳市優必選科技股份有限公司

Shenzhen, the PRC

March 30, 2025

* For identification purpose only



REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company exercises its duties independently, with a dedicated and diligent attitude, in accordance with the Company Law of the PRC, the Articles of Association, the Rules of Procedures of the Supervisory Committee and relevant laws and regulations. From the perspective of safeguarding the interests of the Company and the rights and interests of shareholders, the Supervisory Committee performs its supervisory duties earnestly to promote the further improvement of the corporate governance structure of the Company.

1. MEETINGS OF THE SUPERVISORY COMMITTEE IN 2024

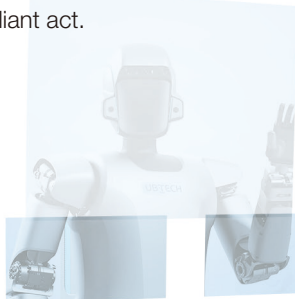
On 30 April, 2024, the Company held the fourth meeting of the Second Session of the Supervisory Committee, at which the follow proposals were considered and approved:

1. Proposal on the Work Report of the Supervisory Committee in 2023;
2. Proposal on the Internal Control Evaluation Report of the Company in 2023;
3. Proposal on the Annual Results and Financial Report of the Company in 2023;
4. Proposal on the Profit Distribution Plan for 2023 of the Company;
5. Proposal on the Financial Statements of 2023 of the Company;
6. Proposal on the Financial Budget Report for 2024 of the Company.

2. LEGAL COMPLIANCE OF THE COMPANY IN 2024

During the reporting period, the Supervisory Committee of the Company performed its duties and responsibilities, attended the Board meetings and general meetings of the Company, and supervised the regulated operation, financial position and the performance of duties by the Directors and senior management of the Company, in accordance with the laws and regulations such as the Company Law of the PRC and the corporate systems such as the Articles of Association and the Rules of Procedures of the Supervisory Committee in 2024.

The Supervisory Committee is of the view that the Board of the Company is well operated, makes reasonable decisions and follows lawful procedures, and earnestly implements the resolutions of the general meetings, and there is no violation of laws, regulations or the Articles of Association or act against the interests of the Company and its shareholders by the Directors and senior management of the Company in the performance of their duties for the Company. The Company's financial operation is regular. The financial statements of the Company reflected its financial position and annual results as of December 31, 2024 in a truthful manner. The connected transactions were conducted under fair and reasonable terms, and accordingly the interest of the Company and its shareholders were not adversely affected. The Company has established a relatively sound internal control system in compliance with the relevant laws and regulations and the Articles of Association, and there is no any illegal or non-compliant act.



REPORT OF THE SUPERVISORY COMMITTEE

3. WORK PLAN FOR 2025

In 2025, the Supervisory Committee will continue to exercise due diligence in accordance with the relevant laws and regulations and the work plan is as follows:

- (1) The Supervisory Committee will continue to perform its duties earnestly, hold regular meetings of the Supervisory Committee and attend the Board meetings and general meetings of the Group in accordance with the law, supervise the legality and compliance of shareholder meetings and board meetings, voting procedures, and the legality of various meeting procedures such as attending meetings, expressing opinions, and voting of Directors, supervise the Board and senior management in accordance with the law, promote the further improvement of the corporate governance structure of the Group, prevent acts against the interests of the Group, protect the legitimate interests of the Group and all shareholders.
- (2) The Supervisory Committee will conduct a confidential investigation of the financial status of the Group, with a focus on significant financial matters, such as the preparation and disclosure of financial reports and the application of accounting standards, to continuously deepen its supervision on the Company's financial operation.
- (3) The Supervisory Committee will strengthen its attention to the information disclosure affairs of the Group, supervise the continuous improvement of the information disclosure management system, and be able to fulfill its information disclosure responsibilities in accordance with relevant laws, regulations, and regulatory provisions, to ensure that the information disclosure content is true, accurate, and complete, and there are no false records, misleading statements, or significant omissions.

Best regards,

Deng Feng

Chairman of the Supervisory Committee

UBTECH ROBOTICS CORP LTD

深圳市優必選科技股份有限公司

Shenzhen, the PRC

March 30, 2025



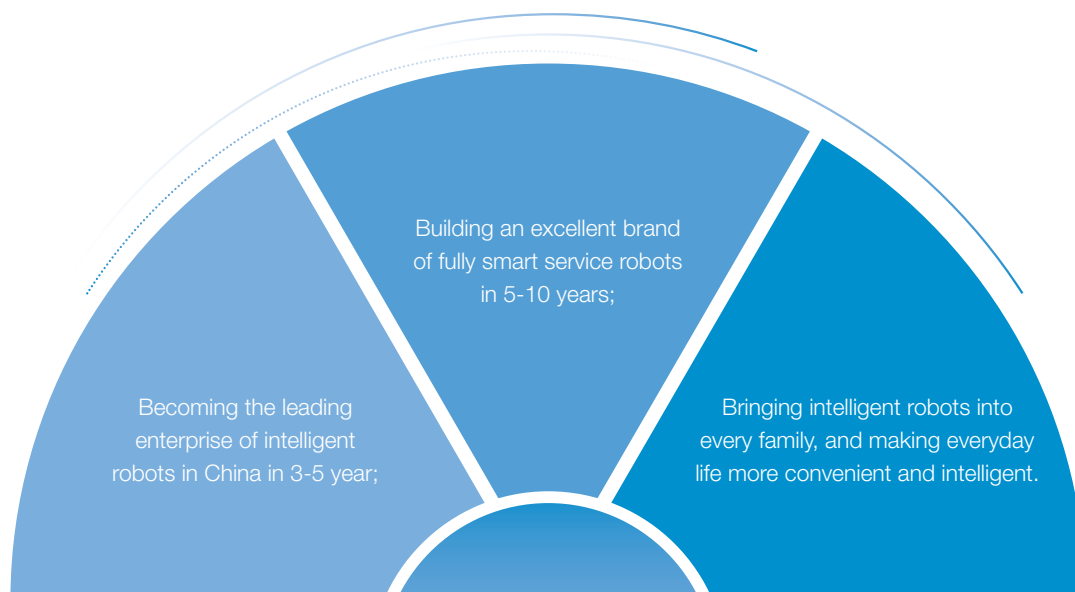
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT UBTECH

Established in March 2012, UBTECH ROBOTICS CORP LTD (“the Group”, “UBTECH” or “We”) is a leading humanoid robots and smart service robots company. It has global influence in many technical fields of humanoid robots. The humanoid robot Walker is China’s first commercialized biped life-sized humanoid robot. Since its establishment, it has always adhered to the mission of “bringing intelligent robots into every family, and making everyday life more convenient and intelligent”, provided full-process services covering robot solution research and development, design and smart production, and realized commercialization in industrial manufacturing, commercial services, family companionship and other fields. By December 31, 2024, we have 2,680 authorized patents worldwide, of which over 480 are overseas patents, and invention patents account for over 55%. We have participated in drafting and publishing nearly 40 standards for intelligent robots and artificial intelligence (AI), including 4 international standards and 17 national standards.

We believe that the future of human lies in human-robot coexistence. With an unwavering commitment to innovations and technology, we envisage to bring UBTECH robots to every home and industry, marching towards a society where human and robots coexist.

Our mission



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A LETTER FOR STAKEHOLDERS

Thank you for your attention to the ESG Report of UBTECH in 2024.

2024 is a challenging year for UBTECH. We successfully listed on the main board of the Hong Kong Stock Exchange in 2023, becoming a hot technology star as the “first share of humanoid robots”, and facing more and more expectations from business environment, shareholders, investors and other stakeholders. Due to our persistence in core technologies, we constantly increase R&D investment to challenge and solve industrial problems. By improving the full-stack technical capabilities of humanoid robots, we constantly explore the boundaries of application scenarios and create sustainable social values for humans. With our unremitting efforts, UBTECH was the only humanoid robot company selected into Fortune China’s Top 50 Tech Companies List in 2024. The UBTECH industrial humanoid robot Walker S Lite successfully demonstrated its application in the automotive manufacturing sector and was selected by the Ministry of Industry and Information Technology as a “Typical Application Case of AI-Enabled New Industrialization.” Additionally, UBTECH was recognized by People’s Daily for its humanoid robot industrial application case and awarded “New Productive Forces Empowering High-Quality Development Case”. Furthermore, UBTECH was honored with the 2024 World Internet Conference Leading Technology Award for its breakthrough in “Key Technologies for Humanoid Robot Embodied Intelligence,” being the first-ever humanoid robotics technology receiving this accolade in the history of the World Internet Conference. UBTECH’s industrial humanoid robot Walker S was included in the 2024 Fortune China Best Design List, being the only humanoid robot selected.

We have always positioned humanoid robot and AI as our core strategic focus. Centered on the industrial-grade Walker series, we have made significant breakthroughs across key technological clusters such as the “humanoid brain”, “humanoid cerebellum” and “high-performance limbs”. Leveraging our core AI capabilities including high-performance servo driver technology, large model technology, semantic Vslam technology, learning-based motion control technology, visual perception technology, and multimodal interaction technology, we focused on industrial applications, and introduced the Walker S series in leading automotive factories for humanoid robot training and deployment. It successfully executed highly repetitive tasks, including autonomous cargo transport, quality inspection, process material handling, parts assembly, and SPS sorting. Together, they established a humanoid robot demonstration factory, enabling deep integration into typical industrial workflows. These cases of industrial applications reflect our consistent development philosophy and will continue to inspire and propel us toward new technological breakthroughs.

We know very well that any scientific and technological innovation cannot be separated from people’s efforts, and employees are a guarantee for long-term and steady development of UBTECH and the maintenance of its core competitiveness. For a long time, we have regarded attracting and retaining outstanding talents as an important goal of our development, attached importance to employees’ occupational health and work experience, provided talents with competitive salary and welfare benefits in the market, and offered a broad platform for those with dreams.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

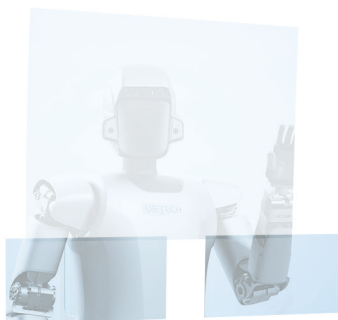
We are committed to minimizing the environmental impact of our business operations and have established a range of environmental targets to help standardize our corporate environmental practice. We actively promote energy conservation and carbon reduction across all aspects of our office and production links, implementing measures to reduce electricity and water consumption as well as greenhouse gas and pollutant emission. Several of our subsidiaries and production bases have obtained GB/T24001-2016/ISO14001:2015 Environmental Management System Certification. In response to climate change, we have identified a variety of related risks and opportunities and developed corresponding action plans to strengthen our environmental management level.

While pursuing excellence, we always care about community development and benefit and contribute to the society with our influence. Every year, we cooperate with various organizations to launch different types of public welfare activities, covering such topics as caring for vulnerable groups, AI science popularization and environmental protection, fulfilling our commitment to the public, and showing our sense of social responsibility.

At National People's Congress and the Chinese People's Political Consultative Conference in 2024 ("NPC & CPPCC"), the development of new quality productive forces was listed as the top priority of this year's government work agenda. As a representative field of this initiative, humanoid robot drew widespread attention from delegates. UBTECH's Walker X was the first humanoid robot appearing at the NPC & CPPCC Press Center. In the future, we will remain focused on five key technological sectors: humanoid robot, multimodal perception and large model technology, embodied intelligent decision-making technology, end-to-end motion control technology, and advanced autonomous driving technology for L4-level unmanned vehicles. Our mission is to bring humanoid robots into everyday family, fulfilling our role as a responsible "corporate citizen" and contributing to the green, sustainable and high-quality development of the industry. At last, we sincerely appreciate your continued support. We look forward to cooperating with you, staying grounded while striving for excellence, and jointly creating outstanding achievements.

Zhou Jian

Chairman and CEO of the Board of Directors

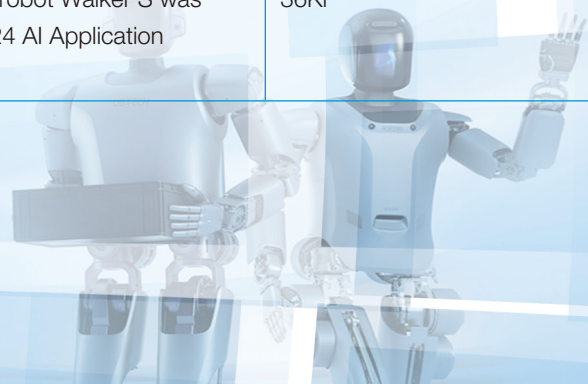


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

AWARDS AND HONORS

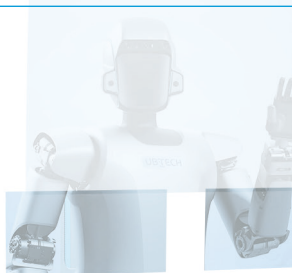
Dedicated to scientific and technological progress, UBTECH is committed to the innovative development of intelligent robots, which earns widespread acclaim across multiple sectors. This year, the Group has won the following honors:

Awarding date	Honors	Awarding unit
January 2024	Annual Innovation Model	Golden New Brand Name of China Media Group
	Robot Industry Leading Enterprise Award 2023	Shenzhen Robot Association
	China Retirement Good Life Innovation List "Senior Intelligent Technology Good Life Innovation Award" 2023	AgeClub
	Walker, a large humanoid robot, won the 20th People's Ingenuity Award – Ingenuity Technology Award	people.com.cn
February 2024	UGOT, an educational robot with multi-simulation AI, won the gold award, the highest award in German iF Design Award	iF DESIGN
	UBTECH Smart Health Solution won the Service Design Award of German iF Design Award 2024	iF DESIGN
	Cadebot, a multi-scene intelligent delivery robot, won the Product Design Award of German iF Design Award 2024	iF DESIGN
April 2024	List of the Most Investing Values of Humanoid Robots of LeadeRobot in 2024	Robot Lecture Hall
	Humanoid Robot Application Benchmark Award of LeadeRobot in 2024	Robot Lecture Hall
	China Humanoid Robot Innovation Pioneer 2024	GGII
May 2024	Top 1 "Brand Influence of Science Innovation Education in 2023"	Analysis Report for Brand Influence of Smart Education in 2023 of Beijing News Education Division
	"Key Technologies and Applications for Efficient Decision-making and Optimal Control of Robots in Dynamic Scenarios" won the First Prize of Shandong Science and Technology Award "Technology Invention Award"	Shandong Provincial Department of Science and Technology
	The UBTECH industrial humanoid robot Walker S was selected as 36Kr "AI Partner • 2024 AI Application Benchmarking Case"	36Kr



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Awarding date	Honors	Awarding unit
June 2024	The 10th Capek Annual Excellent Brand Award	Capek
	Ge Long Hui Jin Ge Award • ESG Innovation and Practice Outstanding Enterprise	Ge Long Hui
	UBTECH Walker S won the 10th Annual Demonstration Application Scenario Award of Capek in the Training Project of New Energy Vehicle Plant	Capek
	UGOT, a multi-simulation AI educational robot, won the Red Dot Award “Best of the Best”	Design Zentrum Nordrhein Westfalen
July 2024	UBTECH “Industrial Humanoid Robot Walker S New Energy Automobile Plant Scenario Application” was selected as the benchmark for the “AI + innovative case” of Synced	Synced
August 2024	Top 50 list of “Key Enterprises of Artificial Intelligence in Guangdong-Hong Kong-Macao Greater Bay Area in 2024”	Shenzhen Artificial Intelligence Industry Association
	Top 10 Best Employers in Shenzhen Artificial Intelligence Industry in 2024	Shenzhen Artificial Intelligence Industry Association
	Top 50 Chinese High-tech Enterprises in 2024	Fortune China
	Top 500 Chinese Brands	Brand Alliance
	YOU YOU, a panda robot of UBTECH, won the Golden Spectrum Award	The 18th China Brand Festival
September 2024	UBTECH industrial humanoid robot Walker was selected as the “Best Design List of China in 2024”	Fortune China
	The scenario application of UBTECH industrial humanoid robot Walker S series new energy automobile plant was selected as “Innovative Application Case of Embodied Intelligence 2024”	36Kr
	The Walker S series of UBTECH industrial humanoid robot was selected as “Real Company – the Product of the Year”	Interface News
	UBTECH AI Education Robot won Guangdong Manufacturing Individual Champion in 2024	Guangdong Provincial Department of Industry and Information Technology
October 2024	Best Cutting-edge AI Enterprise in 2024	Guixingren (PingWest)



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Awarding date	Honors	Awarding unit
November 2024	Bauhinia Innovation and Technology List 2024: Top 50, a Hong Kong-listed Innovation and Technology enterprise	Cyzone, CUHK Business School
	Forbes China Top 50 Innovative Enterprises in 2024	Forbes
	Science and Technology Future Award – “AI Robot Outstanding Pioneer Award” in 2024	TrendForce
	WISE 2024 King of Future Business, Enterprise of the Year in Advanced Manufacturing Field	36Kr
	Annual Outstanding Value Award of ESG100 Green Development Award of Listed Companies in Greater Bay Area	Federation of Listed Companies, Guangdong-Hong Kong-Macao Greater Bay Area
	Zhou Jian, Founder, Chairman and CEO, was selected as WISE2024 King of Future Business Figure of the Year	36Kr
	Crystal Ball Technical Progress Award in 2024	Securities Market Weekly
	The key technology of humanoid robot embedded intelligence won Leading Science and Technology Award at the World Internet Conference 2024	World Internet Conference
December 2024	“Zhiyuan Award” ESG Pioneer Award	https://www.cls.cn
	The 6th Jinge Prize • Annual Social Responsibility Award	Ge Long Hui
	AI Annual Pilot Enterprise	Qubit
	New Science and Technology Annual New Quality Productive Forces Industry Leader Award	Cai Jing
	Jiao Jichao, Vice President and Dean of the research institute, was selected as a new figure in AI Tianma	Shenzhen Artificial Intelligence Industry Association
	Zhou Jian, founder, chairman and CEO, was selected as “Paying Tribute to 1935 • the Pioneer Entrepreneurs of New Quality Productive Forces	https://www.cls.cn
	Zhou Jian, founder, chairman and CEO, was selected as “Figure of the Year in Artificial Intelligence”	Qubit
	The application case of UBTECH humanoid robot industrial scenario was selected as “New Quality Productive Forces Empowering High-quality Development Case”	People’s Daily
	The industrial scenario solution of UBTECH humanoid robot won the AI Tianma Product Award	Shenzhen Artificial Intelligence Industry Association
	The Walker S series of UBTECH industrial humanoid robots won the People’s Ingenuity Award	people.com.cn

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List of the Most Investing Values of Humanoid Robots of LeadeRobot in 2024



Humanoid Robot Application Benchmark Award of LeadeRobot in 2024



China Humanoid Robot Innovation Pioneer 2024



Top 1 Brand Influence of Science Innovation Education in 2023



The 10th Capek Annual Excellent Brand Award



Top 50 Chinese High-tech Enterprises in 2024 by Fortune China



Top 50 list of Key Enterprises of Artificial Intelligence in Guangdong-Hong Kong-Macao Greater Bay Area in 2024








Top 500 Chinese Brands



Science and Technology Future Award – AI Robot Outstanding Pioneer Award in 2024

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New Science and Technology Annual New Quality Productive Forces Industry Leader Award by Cai Jing	Annual Outstanding Value Award of ESG100 Green Development Award of Listed Companies in Greater Bay Area	Ge Long Hui Jin Ge Award • ESG Innovation and Practice Outstanding Enterprise
		
The UBTECH industrial humanoid robot Walker S was selected as 36Kr "AI Partner • 2024 AI Application Benchmarking Case".	UBTECH Walker S won the 10th Annual Demonstration Application Scenario Award of Capek in the Training Project of New Energy Vehicle Plant.	UBTECH "Industrial Humanoid Robot Walker S New Energy Automobile Plant Scenario Application" was selected as the benchmark for the "AI + innovative case" of Synced.

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YOU YOU, a panda robot of UBTECH, won the Golden Spectrum Award by Brand Alliance and China Brand Festival



The Walker S series of UBTECH industrial humanoid robot was selected as "Real Company – the Product of the Year".



The scenario application of UBTECH industrial humanoid robot Walker S series new energy automobile plant was selected as "Innovative Application Case of Embodied Intelligence 2024".



UBTECH industrial humanoid robot Walker was selected as the "Best Design List of China in 2024".



"Key Technologies and Applications for Efficient Decision-making and Optimal Control of Robots in Dynamic Scenarios" won the First Prize of Shandong Science and Technology Award "Technology Invention Award".



The key technology of humanoid robot embedded intelligence won Leading Science and Technology Award at the World Internet Conference 2024.



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ANNUAL KEY PERFORMANCES

Environmental performance

Total greenhouse gas emission
3,222.83 tons of carbon
 dioxide equivalence

Water consumption intensity
19.83 cubic meters/
 HK\$10,000 revenue

Major environmental pollution
 violations
0

Social performance

Rate of work-related deaths in
 the past three years
0%

Number of working days lost due
 to work-related injuries this year
0

Proportion of female employees
32.7%

Total donation this year
 RMB**1,756,301**

Governance performance

Cases of corruption or bribery
0

Hours of anti-corruption training
 for directors
8

Proportion of independent
 non-executive directors
36.3%

Diversified background of board
 of directors

The Board of Directors has 5
 committees whose members
 possess rich backgrounds in
 technology, investment, strategy
 and human resource management.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ESG GOVERNANCE SYSTEM

UBTECH regards the concept of sustainable development as an important concept to guide its business development and long-term stable operation, establishes an environmental, social and governance (“ESG”) and sustainable development governance system and integrates them into our daily governance work. To this end, we have formulated a number of ESG-related policies, covering environmental management, talent management, customer service, anti-bribery and other aspects to enhance our management and performance in ESG and sustainable development.

Risk management



- Management Procedures of Risks, Opportunities and Countermeasures;
- Control Procedures of Identification and Evaluation of Environmental Factors;
- Hazard Identification and Risk Assessment Control Procedure, etc.

Anti-bribery



- Anti-bribery Management System;
- Anti-bribery Compliance Evaluation Control Procedure;
- Gift Management System;
- Measures for Administration of Anti-bribery, etc.

Product quality



- Management Specification for Calibration of Instruments and Meters;
- Production and Service Control Procedure;
- Code for Quality Management of Production Site;
- Management Measures for Routine Inspection, Process Inspection and Confirmation Inspection, etc.

Customer service



- Global Customer Complaint Handling Process;
- Analysis Process of Passenger Exit;
- Market Product Quality Exception Handling Process, etc.

Intellectual property rights



- Management Procedures of Intellectual Property Rights;
- Procedures of Handling Intellectual Property Right Disputes;
- Management Procedures of Intellectual Property Right Risks;
- Provisions on Administration of Intellectual Property Rights in Marketing;
- Provisions on Administration of Intellectual Property Rights in Production Innovation, etc.

Information security



- Specification for Personal Information Desensitization;
- Data Compliance Management System;
- Data Security Management Manual;
- Measures for Administration of Data Security Education and Training, etc.

Supply and procurement



- Management Process of Supplier Selection and Fair Value Judgment;
- Standard for Daily Management of Suppliers;
- Supplier Import Process, etc.

Talent management

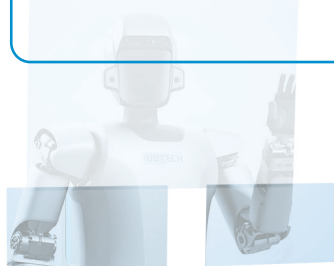


- Employee Manual;
- Measures for Administration of Recruitment;
- Performance Management Manual;
- UBTECH Talent Development Framework”, etc.

Environmental management



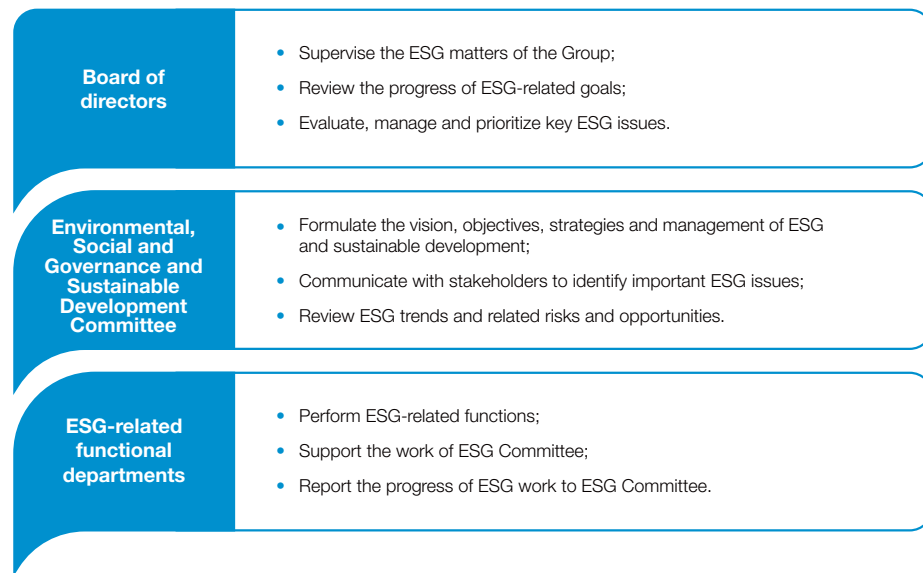
- Control Procedures of Environmental Occupational Health and Safety Operation;
- Management Manual of Quality, Environment and Occupational Health and Safety Operation;
- Control Procedures of Identification and Evaluation of Environmental Factors, etc.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

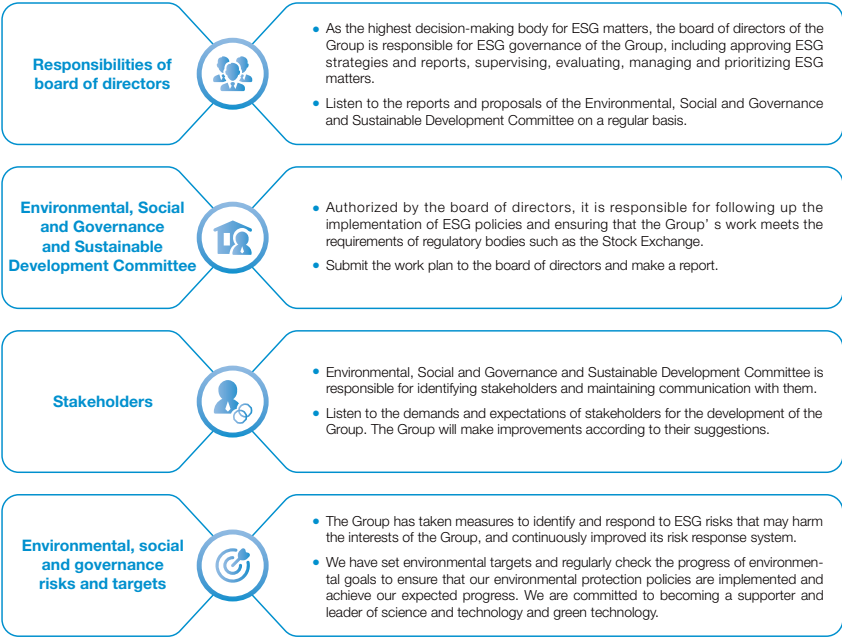
1.1. ESG management structure

UBTECH has set up a three-level ESG management structure led by the board of directors and established ESG and Sustainable Development Committee whose members include Ms. Wang Lin and Mr. Liu Ming (executive directors) and Mr. Xiong Chuxiong (independent non-executive director), perform the duties of formulating the Group's objectives and implementation policies on ESG and sustainable development, integrate ESG issues into the company's business, and report to the board of directors. Our ESG management structure and responsibilities are as follows:



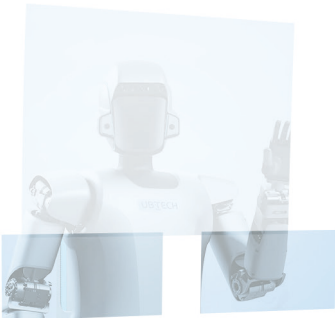
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.2. Statement of the board of directors



1.3. Stakeholder communication

The opinions and expectations of stakeholders are an important basis for the Group's development direction. We keep opening up communication channels with stakeholders to understand the demands of all parties, and take the collected information as the basis for us to formulate relevant policies and objectives and take measures to continuously improve our ESG performance.



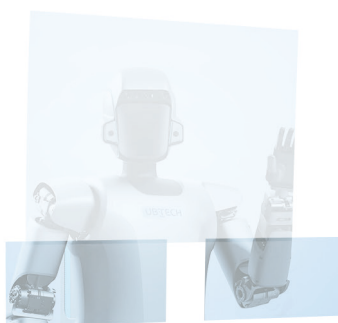
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major stakeholders	Expectations and requirements	Communication channels
Customers	<ul style="list-style-type: none"> • Innovative research and development • Product safety and quality management 	<ul style="list-style-type: none"> • Social media interaction • Product publicity and promotion • Telephone • Mailbox
Shareholders/ investors	<ul style="list-style-type: none"> • Corporate governance • Innovative research and development • Product safety and quality management • Supplier management • Business secret protection • Environmental protection 	<ul style="list-style-type: none"> • Annual general meeting of shareholders and other general meetings of shareholders • Regularly disclosure of financial and business information • Corporate communication such as letters/circulars to shareholders and notices of meetings • Performance announcement • Shareholders' visits • Investors' meeting • Senior management meeting
Employees	<ul style="list-style-type: none"> • Corporate governance • Employee rights and interests • Compensation and benefits • Community participation • Diversification and inclusiveness 	<ul style="list-style-type: none"> • Employee right and interest protection mailbox • Performance evaluation • Group discussion • Meeting interview • Job performance interview • Business briefing • Seminar/workshop/lecture • Publications (such as employee newsletters)
Government/ regulatory body	<ul style="list-style-type: none"> • Compliance requirements • Innovative research and development • Product safety and quality management • Information security • Environmental protection • Occupational health and safety 	<ul style="list-style-type: none"> • Meetings • Visitor reception • Regular reporting



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

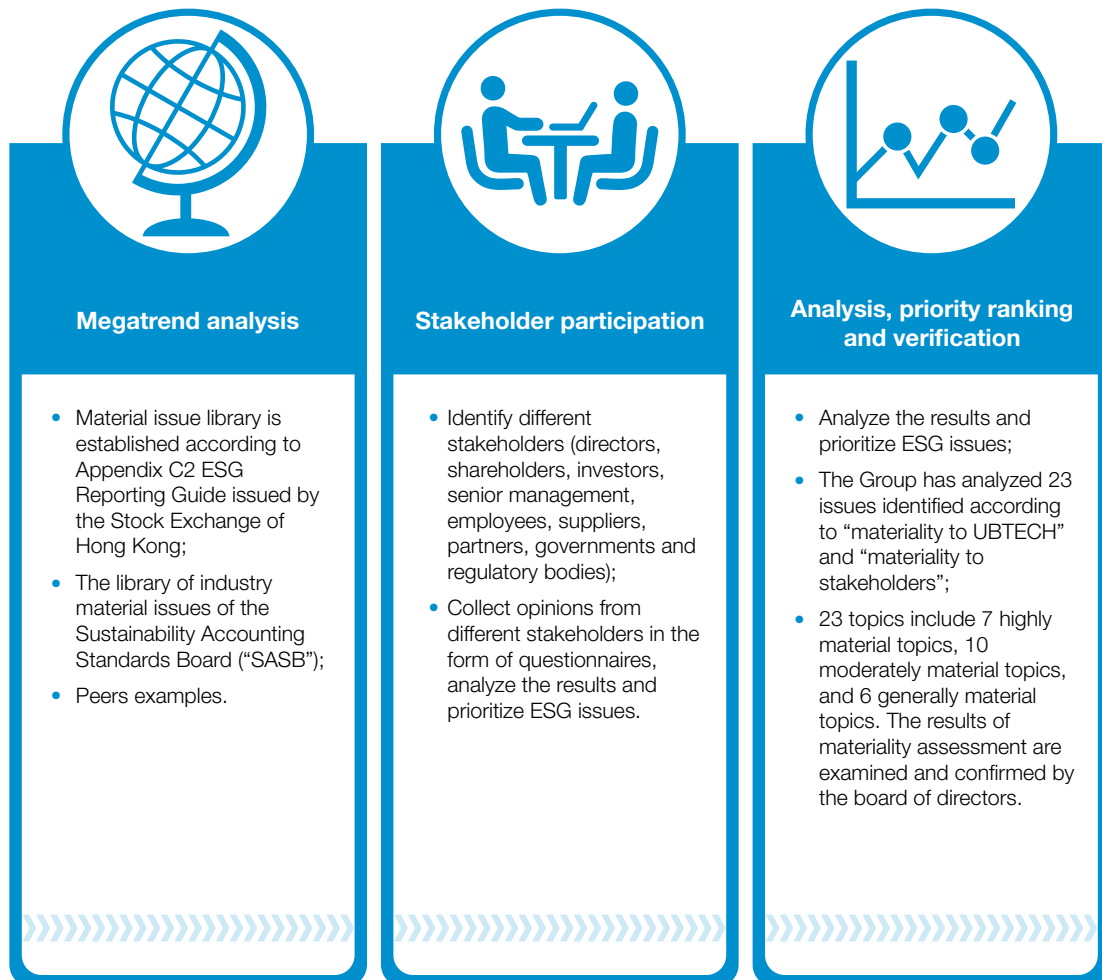
Major stakeholders	Expectations and requirements	Communication channels
Media	<ul style="list-style-type: none"> • Innovative research and development • Product safety and quality management • Diversification and inclusiveness • Corporate governance • Environmental protection • Climate change • Employee training and development 	<ul style="list-style-type: none"> • Press conference • Press release • Senior management visit • Media gathering
Community/non-government team	<ul style="list-style-type: none"> • Compliance requirements • Employee rights and interests • Community participation • Employee training and development 	<ul style="list-style-type: none"> • Trade union and enterprises visit and exchange meeting • Trade union activities • Lecture training • Donation (scholarship/ products/technologies)
Peers	<ul style="list-style-type: none"> • Innovative research and development • Information security 	<ul style="list-style-type: none"> • Communication conference
Supplier	<ul style="list-style-type: none"> • Product safety and quality management • Compliance requirements • Innovative research and development • Financial situation • Anti-commercial bribery • Employee training and development 	<ul style="list-style-type: none"> • Supplier management procedure • Conference exchange • Supplier/contractor evaluation system • Field inspection



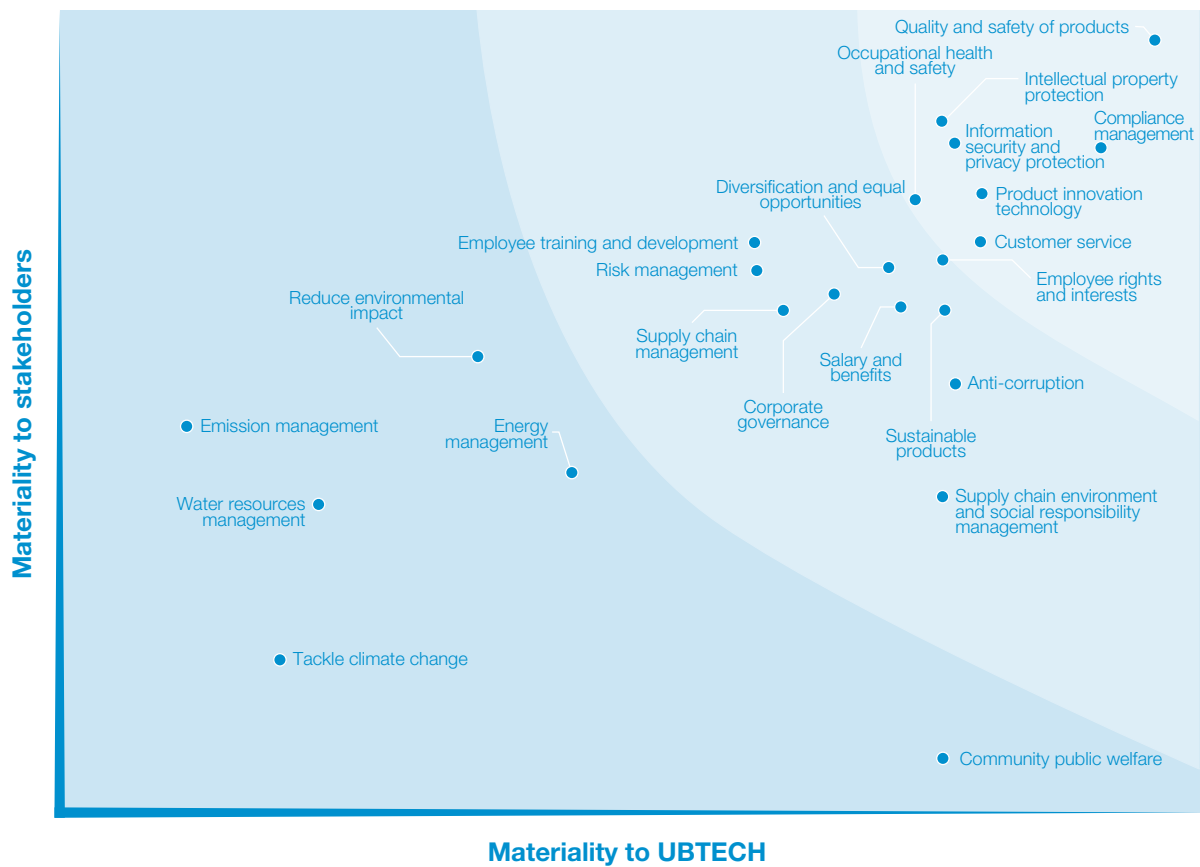
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.4. Materiality assessment

We have made reference to Guidelines of the Stock Exchange, the Sustainability Accounting Standards Board (“SASB”) and peer issues to evaluate the Group’s ESG material issues. As the business scope, business environment and stakeholders of the Group are not changed significantly this year, the results of materiality assessment of last year are still applicable this year and have been approved by the board of directors.



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Highly material issues	Moderately material issues	Material issues
<ul style="list-style-type: none">Quality and safety of productsCompliance managementIntellectual property protectionInformation security and privacy protectionProduct innovation technologyCustomer serviceOccupational health and safety	<ul style="list-style-type: none">Employee rights and interestsSustainable productsDiversification and equal opportunitiesSalary and benefitsAnti-corruptionCorporate governanceEmployee training and developmentSupply chain environment and social responsibility managementRisk managementSupply chain management	<ul style="list-style-type: none">Community public welfareEnergy managementReduce environmental impactWater resources managementEmission managementTackle climate change



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For 7 highly material issues identified by the results of materiality assessment, we will describe relevant policies and measures in the following chapters, and we will also regularly review the progress of relevant work and make continuous improvements.

Highly material issues	Corresponding chapter
Quality and safety of products	2.2 Quality management system
Intellectual property protection	2.4 Respecting intellectual property
Information security and privacy protection	2.5 Ensuring information security
Product innovation technology	2. Quality products and services
Compliance management	1.6 Anti-corruption system
Customer service	2.3 Efficient customer service
Occupational health and safety	3.3 Occupational health and safety

1.5. Risk disposal

The Group has assessed market environment and business characteristics, formulated and implemented Management Procedures of Risks, Opportunities and Countermeasures, Management Procedures of Intellectual Property Risks, Control Procedures of Identification and Evaluation of Environmental Factors and Control Procedures of Identification and Evaluation of Bribery Risks, and established a comprehensive risk management framework, including intellectual property risk, environmental risk, bribery risk, etc. Adhering to the concept of coexistence of risks and opportunities, we set up a risk and opportunity assessment team authorized by the general manager of the Group to control the risks and opportunities that the Group may encounter. We use scientific means to identify, analyze and evaluate, prepare risk management plans and formulate countermeasures to deal with risks and seize opportunities, and evaluate quantitative indexes such as the severity and frequency of risk factors and obtain risk coefficients to help identify, manage and prevent risk factors in business operations. In addition, we set targets for the identified risk factors and opportunities such as environment, occupational health and safety, product quality, and take corresponding measures, and scientifically use our risk and opportunity analysis results to provide support for relevant strategic deployment.

- ***Intellectual property risk***

We have formulated a strict intellectual property risk and management system to avoid losses to the Group in our daily operations. Based on our examination and understanding of our business, intellectual property risks occur easily in R&D, procurement, sales and personnel changes. Therefore, we will predict all kinds of risk factors in advance, including the infringement risk review of intellectual property of the Group, the ownership of intellectual property of suppliers' products and services, and finally calculate the risk value according to the possibility and consequences of the risk. This will provide a basis for us to judge the degree of risk and take countermeasures.



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- **Environmental risk**

In order to strengthen the Group's capability to predict and respond to environmental risks, we have formulated *Control Procedures of Identification and Evaluation of Environmental Factors*. When new equipment, materials and processes are introduced, environmental laws and regulations are changed, environmental improvement behaviors and other related parties require, the Group's quality system organization takes quantity, occurrence probability, controlled state and harm of pollutants as evaluation parameters, and conducts assessment on wastes, hazardous wastes, sewage, waste gas, resources and pollution caused by our production and operation activities. On the basis of environmental factors, the Group will also identify important environmental factors to emphasize the key direction of environmental protection, formulate targeted management policies, and take key control measures for them by formulating environmental objectives, operation control, emergency control procedures, and setting environmental control points.

- **Bribery risk**

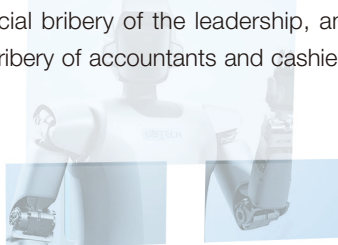
Bribery risk is one of the risks that we focus on prevention. We will strictly examine employees in key departments, positions and their related documents, mode of obtaining business, post responsibilities, transparency of partners, etc., regularly examine our business activities and key nodes such as product and service delivery, and calculate the risk value by integrating risk personnel, occurrence time, place, incentives and other factors, evaluate the risk level and take preventive and improvement measures respectively.

1.6. Anti-corruption system

The Group adheres to the principle of "fair, honest and transparent business operation; don't bribe or accept bribes in any way to obtain commercial or personal benefits", strictly abide by Anti-unfair Competition Law of the People's Republic of China and Criminal Law of the People's Republic of China, other laws and regulations, formulate and implement internal policies and control procedures related to anti-corruption and anti-money laundering such as Anti-bribery Management System, Anti-bribery Compliance Evaluation Control Procedure, Bribery Incident Reporting and Investigation Procedure, Commercial, Contract and Procurement Standard Control Procedure and Anti-money Laundering Internal Control System.

- **Anti-commercial bribery system**

The Group has joined the Working Committee of Enterprise Anti-Fraud Alliance and the Sunshine Integrity Alliance, continuously promoted the construction of anti-corruption system and obtained the anti-bribery management certificate (ISO37001:2016). We have set up the Anti-commercial Bribery Management Committee under the Compliance Committee. The Compliance Center is mainly responsible for supervising the business activities of the company and external partners, and the Internal Control Department is mainly responsible for improving the anti-corruption system internally and organizing relevant training. We have formulated and implemented the Anti-bribery Management Measures to restrain the integrity and compliance of the Group from three aspects: anti-commercial bribery of the leadership, anti-bribery of purchasing and selling funds, and anti-commercial bribery of accountants and cashiers. The company will regularly conduct anti-



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commercial bribery assessments on key related personnel such as financial personnel, purchase personnel and sales personnel, and take the assessment results as one of the factors for rewarding and punishing each unit. Gift Management System and Code of Business Conduct for Employees clearly define that accepting gifts is divided into cash gifts, non-cash regular gifts and non-cash precious gifts. We request employees to refuse all kinds of gifts in person, and clearly stipulate the handling modes of all kinds of gifts to completely put an end to all forms of bribery.

This year, we have provided anti-corruption and anti-bribery training for 4 directors and 52 employees. The total training durations are 8 hours and 74 hours respectively.



ISO37001:2016 certificate of anti-bribery management system

- **Anti-corruption report**

UBTECH is committed to creating an open, fair, sunny and transparent corporate culture, and takes a “zero tolerance and strict crackdown” attitude towards any non-compliant behaviors suspected of commercial bribery and fraud. This year, we have further broadened the anti-fraud reporting channels including the reporting email address, reporting hotline, reporting account on the enterprise WeChat, the online reporting channel of the integrity official account, and ensured their smoothness and effectiveness so as to widely accept internal and external supervision and reporting. All reported incidents will be handled independently by the Inspection Department, and we will record the reported information truthfully and verify it. At the same time, the Company promises to keep relevant information of the informant and all personal privacy and business secrets involved in the investigation strictly confidential.



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This year, the Group had a fraud case in which an employee accepted bribes. As for the employee suspected of criminal offences, he has been transferred to judicial organs for criminal responsibility according to law. This case has not been concluded during the reporting period and is in the process of litigation. We promise to strictly abide by relevant laws and regulations of all operating locations and have zero tolerance for all corruption and fraud.



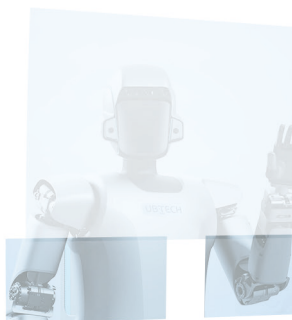
Enterprise Anti-fraud Alliance Work Committee



Sunshine Integrity Alliance

UBTECH Compliance Annual Report – Compliance Protection Value (2023–2024)

The Group continuously produces and publishes annual compliance reports, and always adheres to the core value of “putting compliance obligations above the commercial interests of the company”. This year, the Group further strengthened the construction of a high-quality compliance system, constantly improved and implemented compliance risk prevention and control measures in key compliance areas such as anti-commercial bribery, privacy protection, import and export control and business secret protection. In terms of anti-commercial bribery, we strengthen the construction of clean culture, broaden the reporting channels, improve the audit procedures, and control the risk of fraud throughout the process. In terms of privacy protection, we have always been based on such methods as privacy risk assessment (PIA) and design-based privacy (PbD) to comprehensively alleviate privacy risks in products and services, and continuously strengthen data security and AI governance capabilities. In terms of import and export control, we embed compliance control measures into R&D, sales, procurement, operation, human resources, financial management and other business processes to ensure that trading activities meet compliance requirements. In terms of business secret protection, we set up a business secret protection compliance working group to sort out and improve the business secret protection and compliance mechanism, and enhance the awareness and sense of responsibility of all employees for business secret protection through the active compliance demonstration of the senior management team.



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2. QUALITY PRODUCTS AND SERVICES

As a leading robot service provider in China, UBTECH focuses on three application scenarios: industrial manufacturing, commercial service and family companionship. It is committed to promoting our products and services in the fields of education, logistics, general service and health care through continuous iteration of technical innovation so that our robots can enter all walks of life and thousands of households, realize the harmonious coexistence between robots and human beings, and make human life convenient, intelligent and humanized.

We vigorously promote product research and development and scientific and technological progress, and pay attention to the safety and quality of products and services. The Group continues to expand robot application scenarios and robot solutions, and actively cooperates with external institutions to promote scientific research achievements. The following chapters will display our innovative achievements this year.



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Cases – Humanoid robot completed the first stage of training in the vehicle plant



Practical training of UBTECH industrial humanoid robot Walker S1 in LYNK & CO Automobile Chengdu Plant

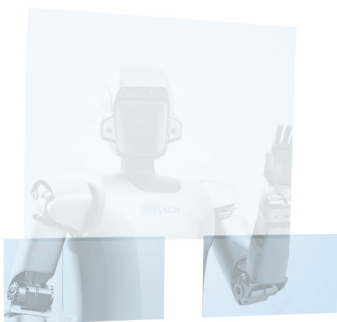


The UBTECH industrial humanoid robot Walker S1 cooperated with Wali unmanned forklift F1200S to complete the storage of automobile parts

UBTECH industrial humanoid robot entered various automobile plants and completed the first stage of training. We greatly improved the stability of robot joints, the reliability of the whole machine structure, the battery life, the stability of software system, positioning and navigation, motion control and other core technologies, and solved the technical problems of the stability of algorithms and software systems in industrial scenarios. Humanoid robots could quickly adapt to a series of complicated tasks such as sorting and vehicle assembly.

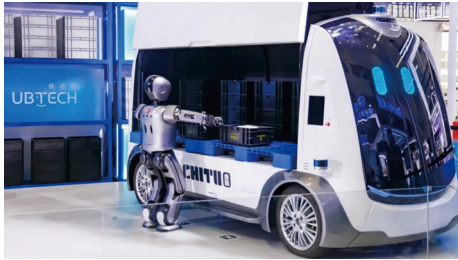
In BYD Auto Plant, the first-stage training work of UBTECH Walker S1 achieved initial results, with efficiency doubled and stability improved by 30%. In Geely, Walker S1 completed the second stage of work in Zeekr Ningbo Plant. Based on the excellent performance in the previous stage, Geely Group arranged the third stage of training in LYNK & CO, and conducted plugging and unplugging tests of charging guns and material handling training. At Foxconn, Walker S1 completed the task of carrying the logistics scenario at the first stage. At the second stage, it covered the areas in the logistics scenarios and used industrial humanoid robots for task testing.

In 2024, UBTECH took the lead in carrying out humanoid robot training in well-known automobile plants, and cooperated with many automobile enterprises such as Dongfeng Liuzhou Motor, Geely Automobile, FAW-Volkswagen Qingdao Branch, Audi FAW, BYD, Beijing Automotive New Energy, and well-known enterprises such as 3C Foxconn and logistics enterprise SF. It became a humanoid robot enterprise that entered the most automobile plant trainings in the world.



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Cases – Humanoid robot + unmanned vehicle, unmanned logistics



Humanoid robot and unmanned logistics vehicle work together

The full-stack unmanned logistics solution created by UBTECH and UQI integrates “hardware + software + services + operation” and has three characteristics of AI empowerment, true unmanned and high flexibility. It can flexibly dispatch a variety of equipment and robots to work together in one stop through multimodal large model, visual algorithm and voice technology. Humanoid robots can cooperate with industrial mobile robots such as unmanned logistics vehicles, forklift trucks and intelligent manufacturing management systems to complete sorting, handling and distribution tasks, quickly met the requirements of logistics scenario layout adjustment, expansion and upgrading, and truly completed the closed loop of unmanned logistics.



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Cases – UBTECH “Industrial Scenario Solution for Humanoid Robots” was exhibited for the first time at the World Robot Conference 2024 to accelerate the cultivation of new quality productive forces



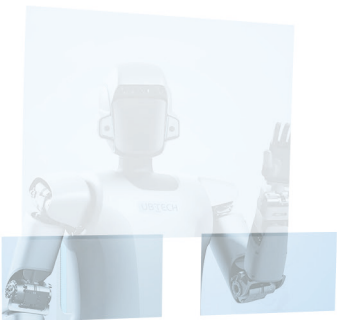
Walker S series humanoid robots demonstrate “industrial scenario solution for humanoid robots”

In 2024, UBTECH “Industrial Scenario Solution for Humanoid Robots” made its debut at the World Robot Conference. The industrial version of the humanoid robot Walker S series showed the audience a variety of tasks, including intelligent handling, intelligent sorting, intelligent quality inspection, screw tightening, parts installation, and process material operation.

Intelligent handling: Walker S series humanoid robot can independently transport part boxes weighing 15 kg from the warehouse floor to the conveyor belt, record the data in real time, seamlessly connect with the warehouse system of smart plants, and improve the transparency and efficiency of task execution.

Intelligent sorting: Walker S series humanoid robot can quickly respond and restart tasks in less than 2 seconds when encountering interference, and cooperate with each other for precise operation through an arm span of about 177 cm and dexterous hands with 12 active degrees of freedom, grab and place 2 components within 10 seconds.

Intelligent quality inspection: Walker S series humanoid robot can approach the vehicle safely and stably on the moving automobile production line. After collecting and processing the video streams provided by RGB and RGBD cameras on the robot’s head, chest and waist, the quality of parts can be detected. The detection range covers 360° car body range and low area below 0.5 meters, and the detection accuracy is over 99%. For complex light, humanoid robot can fill the light of the detection parts by holding LED lights, and realize millimeter-level detection through the camera mounted on the whole body.



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Cases – UBTECH Education and the University of Hong Kong jointly built an AI education and training base



The signing site between UBTECH Education and the University of Hong Kong

In August 2024, UBTECH Education reached a strategic cooperation with the Centre for Information Technology in Education of Faculty of Education of the University of Hong Kong (CITE of HKU) to jointly promote the development of AI education and personnel training in Hong Kong and Chinese Mainland. The two sides will jointly build an “UBTECH AI Education and Training Base” to carry out teacher training and certification, and conduct artificial intelligence and science innovation study tours for students around the world.

Over the years, UBTECH Education has cooperated with many universities at home and abroad, including East China Normal University, South China Normal University, Central China Normal University, Shanghai Normal University and other universities for a long time, and launched various AI projects and activities to provide favorable conditions for innovative talents.

2.1. AI ethics

UBTECH constantly explores the boundaries of robot intelligent application scenarios and closely integrates with the daily work and life of the public. It is committed to using robots to empower industrial manufacturing and family life. As the development of AI technology is not mature enough, relevant laws and regulations are still not complete enough, and the development direction of artificial intelligence is still controversial. Therefore, we know very well that opportunities and risks coexist in the development of artificial intelligence. In order to avoid the risks related to AI ethics, we strictly abide by the laws and regulations such as Ethical Code of New Generation Artificial Intelligence issued by National Professional Committee for Governance of New Generation Artificial Intelligence, and formulate Ethical Code of Robots and Artificial Intelligence within the Group to constrain the ethical behaviors of robots and artificial intelligence in design, research and development, application, etc., especially for ethical identification, deviation judgment and compliance with basic settings.

We strictly abide by national laws, regulations and social values, and follow the principle of AI development of “people orientation, controllable technology and sustainable development” in the research and development and application of robots and artificial skills. The products and services we provide must respect, tolerate and balance historical backgrounds, cultural traditions, social structure, economic situation and local moral consensus of different countries and regions. Under the guidance of this principle, we request that no system, product or technology can infringe on the basic rights of individuals, including personal safety, privacy, property rights and public interests, and limit the scope of scientific and commercial activities. We carefully carry out research on intelligent technology with self-replication or self-improvement capability, and evaluate the risk that it may get out of control. We also set up emergency handling mechanisms and processes in the system. If there are ethical and moral safety risks, the system can respond at the first time.

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As the crystallization of human wisdom, we believe that the future of human beings lies in the coexistence of man and machine. Artificial intelligence should serve and be controlled by human beings, and promote the sustainable development of human society in all aspects.

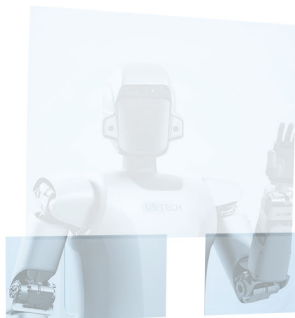
2.2. Quality management system

The quality of products and services is an important guarantee for the long-term sound development of UBTECH. We are committed to providing customers with high-quality products and services. We have standardized them through quality management documents such as Procurement, Arrival and Acceptance Processes, Instrument and Meter Calibration Management Specification, Production and Service Control Procedure, Quality Management Specification for Production Site, Management Measures for Routine Inspection, Process Inspection and Confirmation Inspection, and Guidelines for OQC Shipping Operation.

- ***Product supply***

In order to strictly regulate the quality of our production process to meet the standards, we have formulated standard processes for steering engine manufacturing process, humanoid robot manufacturing process and other production processes. Before the formal start of the production process, we will carefully compare the required materials and the list of materials, and ask engineers to immediately check and adjust the items that do not meet the standards. We will check and adjust every station on the production line, accurately match the standardized process, and ensure that there is no omission. When the production process requires product replacement or major engineering changes, we pay special attention to the quality control of the first batch of products so as to carry out multidimensional quality inspection. We will not approve large-scale production until all of them meet the standards. Besides, regular inspections are conducted in the subsequent project process to avoid potential violations. If the test results show that the products fail to meet the standard, we will organize a team to conduct analysis and take corrective measures.

In addition, we request all suppliers to provide acceptance reports when supplying goods. We will check the quality of the supplied goods by comparing the acceptance report with the contract stipulations, requesting suppliers to rectify and submit the products that fail to pass the quality inspection again until they pass the acceptance.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Manufacturing**

We implement such policies as *Production and Service Control Procedure and Quality Management Specification for Production Site*, and clearly define the special key processes, identification and traceability, quality index data, job responsibilities and standardization processes in the production process, strengthen source control, and minimize or avoid quality defects at the production end. In order to ensure the reliability and safety of products and meet the demands of customers, we will carry out multiple inspections on products, including routine inspection, process inspection and confirmation inspection. These inspection procedures cover appearance, function test, identification, material quality, protrusions, plastic bags and plastic films used in packaging or toys, and protection of flexible wires, etc., and record the inspection time and frequency during the confirmation inspection process. The company will immediately stop producing products with unqualified inspection results and recall the same batch of materials and products until rectification is completed.

After the production of the products is completed, we strictly check the warehousing and shipping quality of the products in accordance with *Guidelines for OQC Shipping Operation*, including checking the work order information, work order number, finished product material number, work order quantity and national specifications. In addition, we will also check the battery capacity, packaging information of outer box, actual weight of outer box, labels and all the QR codes of product body and package, and stipulate the packing standards to ensure that the products are in normal condition during transportation.

- **Quality inspection**

We have formulated *Quality Data Management Specification*. Every year, the Quality Management Department takes the lead in organizing relevant departments to formulate the calculation method and collection method of quality control nodes and KPI indexes of annual quality assessment, forming a scientific quality feedback system in which quality control points collect assessment indexes, report them on a monthly/quarterly basis, and promote the improvement of unqualified departments. For newly purchased instruments and especially quantitative testing instruments, procurement department and testing department will comprehensively verify their structures and performances, scientifically formulate the calibration cycle, and return them immediately once the instruments are found to be nonconforming. We strictly follow the national or international standards to carefully check the instruments that need external inspection, adjust the calibration plan for nonconforming instruments and inspect them again, trace the upstream records, and take remedial measures to prevent the potential risks from further spreading.

Every year, the Quality Center of the Group will formulate KPI based on quality, efficiency, cost and innovation. Each index is allocated with different weights and divided into target value and challenge value to guide our annual quality work. Many of our subsidiaries and production bases have passed GB/T19001–2016/ISO9001–2015 quality management system certification, covering robot manufacturing, design and development, sales and service, management activities and other processes.



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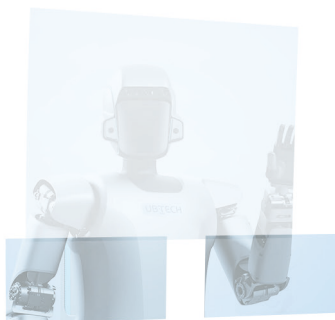


GB/T 19001–2016/ISO 9001:2015 quality management system certification certificate

2.3. Efficient customer service

UBTECH has long regarded meeting the demands of customers as the core development direction of its business. We attach great importance to maintaining long-term and healthy communication with our customers. To this end, we have formulated and implemented Global Customer Complaint Handling Process, Returned Product Analysis Process and Market Product Quality Abnormality Handling Process to timely handle customers' feedback and complaints about our products and services.

We classify quality complaints into different levels according to their severity and influence range, and stipulate the response time and the solution proposal time respectively, requesting all responsible departments to work together, analyze and deal with the problems according to the standardized processes. When there is a customer complaint, we request employees to learn about complaint contents and customer demands at the first time, and give feedback to the complaint specialist of the customer service department in time. The customer service department will classify the complaint into general complaint, serious complaint and major complaint according to the specific situation. We have stipulated the corresponding handling procedures of different levels of complaints, requesting that solutions should be proposed as soon as possible for general complaint and serious complaint. If it escalates into a major complaint, it will be reported to the customer service director and synchronized with the brand center. The customer service director will take the lead in setting up a crisis case handling team, discuss and confirm the responsible leading department with relevant departments, handle the complaint according to the division of labor, strive for the complainant's understanding and propose appropriate solutions to ensure that the situation will not be further spread.



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We have stipulated the roles and responsibilities of employees from all relevant positions in Returned Product Analysis Process. After receiving the returned product, our quality engineers and other relevant personnel will conduct a number of tests, organize analysis meetings, provide improvement measures and track the improvement effect of the returned product problem to prevent products and services from having similar problems.

This year, the Group received 36 complaints about products, all of which were properly resolved. No products needed to be recycled for safety and health reasons.



This year, the customer satisfaction rate reached **95.26%**.

- **Responsible marketing**

The Group strictly abides by *Advertising Law of the People's Republic of China* and other laws and regulations related to commercial publicity, and formulates the Group's Basic Guidelines for Advertising Compliance in Commercial Publicity to standardize the advertising language and caliber of our products and services in marketing activities. It requires a true and clear introduction of relevant information of products and services, avoids the use of absolute terms, indicates the source of quoted data and prevents false publicity. This year, the Group did not violate relevant laws and regulations on advertising and labeling.

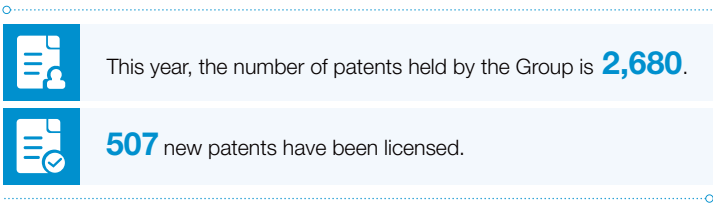
2.4. Respecting intellectual property

As a technology enterprise, innovative R&D and its intellectual property are an important source for UBTECH to maintain its core competitiveness. We respect and protect the intellectual property of the Group and others from being infringed, and strictly abide by Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China, Copyright Law of the People's Republic of China, Civil Code of the People's Republic of China and other laws and regulations. We have formulated and implemented Management Procedures of Intellectual Property, Patent Management Procedure, Trademark Management Procedure, Procedures of Handling Intellectual Property Disputes, Intellectual Property Manual and Intellectual Property Incentive Measures to standardize intellectual property activities.

We always practice the intellectual property policy of "protecting independent intellectual property and guaranteeing the company's development", and set long-term and five-year goals (2022–2027) for intellectual property. The Intellectual Property Department is responsible for planning and formulation of the company's intellectual property, establishment of evaluation system, supervision and assessment and daily management, and protection of various intellectual property of the Group such as patents, trademarks, copyrights, business secrets and integrated circuit design drawings. We strictly manage relevant intellectual property risks by controlling R&D activities, procurement and production, sales activities and human activities. In Management Procedures of Intellectual Property, the ownership of intellectual property is clearly defined, and the definition scope of service invention and creation is clear. Its patent right belongs to the company, while non-service invention and creation belong to the inventor or designer.

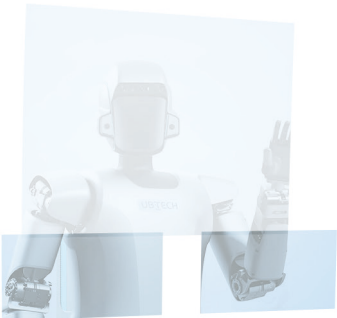
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to encourage employees to make inventions, we have set corresponding incentives for different types and levels of invention patents in Measures for Administration of Intellectual Property, selecting “Excellent Inventor” and “Excellent Group Award” every year, taking the research and development achievements as a reference for employees’ rating and promotion, and creating a good atmosphere for innovation and progressiveness within the Group. We attach importance to the training of employees’ awareness for intellectual property, and organize employees to participate in different trainings according to business fields and job requirements. In particular, we clarify the intellectual property and obligations of new and resigned employees. In order to standardize the collection and arrangement of intellectual property information, Intellectual Property Department has established channels to obtain internal and external intellectual property information and stored it according to regulations. This provides a reference in project approval, product development, avoidance design and risk early warning, avoids infringement on the rights and interests of others and prevents our intellectual property from being infringed with the flow of personnel. In case of any infringement, we will organize patent lawyers, Legal Department, Intellectual Property Department and inventors to set up an emergency team according to Procedures of Handling Intellectual Property Disputes to collect and analyze the contents and evidence of infringement and take necessary countermeasures to protect intellectual property.



2.5. Ensuring information security

As a scientific and technological innovation enterprise, UBTECH needs a lot of customer information and data to improve the intelligence of products and meet the use requirements of different customers. Therefore, we attach great importance to the information security and customer privacy security of the Group, strictly abide by the laws and regulations at home and abroad such as Law of the People’s Republic of China on Protection of Personal Information and Data, Law of the People’s Republic of China on Network Security, Law of the People’s Republic of China on Data Security and EU General Data Protection Regulations, and formulate a series of internal policies to build a sound information security system. Our data security management capability has been certified by CAICT Zhuoxin Big Data Plan, and we have passed Q/SFC-GF-DSMC-2023 technical specification for data security management capability certification.



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This year, we have not been informed of or received any related claims from any third party, or received any related penalties from the supervision department.



Q/SFC-GF-DSMC-2023 data security management capability certification

- **Information data security management**

Information Security Management System regulates information security from network security management, data backup management, data security management, account password and authority management, personnel and security management, and daily office security management requirements, covering all business links such as product research and development, third parties and partners, employee behaviors, and laying an institutional foundation for information security work. In order to further clarify the division of responsibilities for information security management and strengthen the protection of information security, we have set up a joint working group for data compliance, which is composed of a leading group, a coordination group and an implementation group, and set the roles for supervisory committee, system guarantee committee and data assets committee, etc., to improve the organizational structure from top to bottom, conduct data compliance work such as leadership, supervision, construction and implementation of the Group, and ensure the information security of the company according to the division of labor.

We attach great importance to data security management and have formulated detailed data security protection policies including data compliance, organization construction, partners, classification and grading, auditing, education and training, and safety emergency so as to fully protect data information assets from being infringed. At the product development stage, we set up a number of full-time positions to input or output data in strict accordance with the compliance process. At the stage of business development, we divide data assets into three categories, set data information at four levels according to the principle of independent grading and clear demands, and take differentiated protection measures to cover the whole life cycle of data respectively and realize accurate information management and control. We have implemented Emergency Management Measures for Data Security to deal with data security risks and data security

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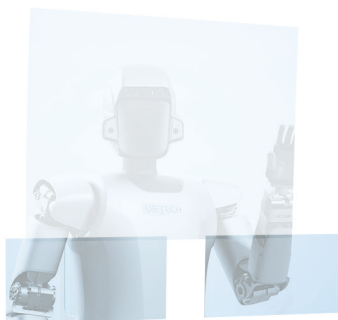
management emergencies, which requests that when an information security incident occurs, the emergency response committee of the joint working group on data compliance should immediately identify the risk source, collect relevant information, confirm the responsible department and the severity level of the incident, and take necessary mitigation measures in time to avoid further spreading of the security risk.

We have signed a confidentiality agreement with employees, requesting them to abide by the company's regulations on personal data protection. We also carry out data security training for employees, including but not limited to laws, regulations and supervision, internal management workflow and technical points. Trainings should be assessed to ensure the training quality. We request employees from data-related positions to receive training for no less than 20 hours per year. In order to strengthen the supervision and management of employees' information security in their daily work, we implement a complaint reporting system, and improve employees' awareness through timely reward and punishment measures to minimize the risk of data leakage.

We also have management regulations for data partners. We have formulated and implemented Measures for Administration of Data Partners, requesting suppliers to fill in Data Security and Privacy Compliance Questionnaire, conducting due diligence on suppliers who may be involved in sensitive information and requesting them to provide qualification certificates. The Compliance Department will conduct an impact assessment on data protection, and the cooperation can only be finalized after passing the assessment. For the key monitoring partners, we carry out regular or irregular return visits and audit reviews in accordance with relevant regulations to ensure the effective implementation of their data protection measures, and comprehensively reduce the possibility of risks arising from the inadequate implementation of the partner's policies.

- ***Customer information protection***

The Group stipulates that "minimum necessity principle" should be met when collecting personal information of customers. That is, the way to collect personal information is limited to the minimum scope necessary to achieve the purpose and has the least impact on personal rights and interests. On this basis, we classify the collected information into necessary information, unnecessary but related personal information and irrelevant personal information, clearly inform users of the rules and purposes of information collection and use, and disclose data privacy policy. We will not collect personal information unrelated to services, and strictly control the customer information we collect. After users' personal information is collected, we will encrypt, desensitize and de-identify these data, and take measures such as access control, secure storage and security audit to strictly control the access, use and dissemination of personal information, and delete these data after the agreement expires. If it is necessary to share data with third-party service providers, we will clarify the information processing rules and protection responsibilities of both parties, and specify the purpose and method of information acquisition to obtain the permission of customers.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group respects customers' right to know, choose, delete, correct and interpret their personal data. In order to prevent and respond to emergencies of personal information disclosure, we have compiled *Emergency Plan for Personal Information Emergencies*, which is used to handle personal information security incidents, supervision and inspection rectification incidents, public opinion and user complaints incidents, and government and law enforcement investigation incidents. When the personal information disclosure incident happens, we request the discoverer to take emergency measures to curb the development of the incident at the first time and report it to the Compliance Department in time. Then, the Compliance Department will evaluate the incident level according to the specific situation and take corresponding measures such as investigation and evaluation, evidence retention, external notification and disposal recovery. After the incident is handled, we will summarize and output the disposal report according to the severity of the incident, commend or punish relevant personnel, and update measures to prevent similar risks from happening again in the future.

2.6. Sustainable supply chain

The Group is highly concerned about the quality and supply level of suppliers. We have formulated and implemented a series of regulations such as Management Process of Supplier Selection and Fair Value Judgment, Standard for Daily Management of Suppliers, Supplier Import Process and Sustainable Procurement Policy to restrict suppliers' behaviors at key stages such as supplier access, audit and evaluation.

- **Supplier access**

According to Supplier Import Process, when external resource requirements appear during product development, we will make quotations to suppliers and select at least 3 qualified suppliers for future reference. Our sourcing team will complete the initial contact with suppliers according to the requirements, including signing Confidentiality Agreement, collecting supplier information and importing the review. During this period, we will request suppliers to provide basic information such as business license, tax registration certificate and environmental protection certificates, and check whether they have established RoHS and REACH management procedures or hazardous substance management systems, and whether they have provided environmental management training for employees. Next, the sourcing team will conduct a written review or on-site review on suppliers together with relevant demand and management teams, and approve the scoring results. Suppliers who pass the approval will be allowed to enter the supply chain.



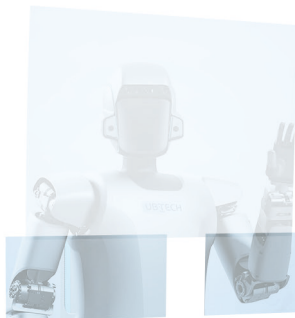
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- ***Daily management***

Every year, we carry out performance evaluation on suppliers, get evaluation scores based on technical capability, development capability, engineering capability, quality system, delivery capability, logistics capability, sustainable development and other indexes, rank suppliers, inform participating suppliers of their detailed scores and request them to submit improvement measures for nonconforming projects. We will also invite suppliers to participate in performance communication meetings, help suppliers solve problems in performance evaluation, continuously follow up their rectification progress, and guide suppliers to improve compliance through our influence. If the supplier fails to improve the problem after repeated rectifications, we will eliminate the supplier or reduce its supply share according to the system.

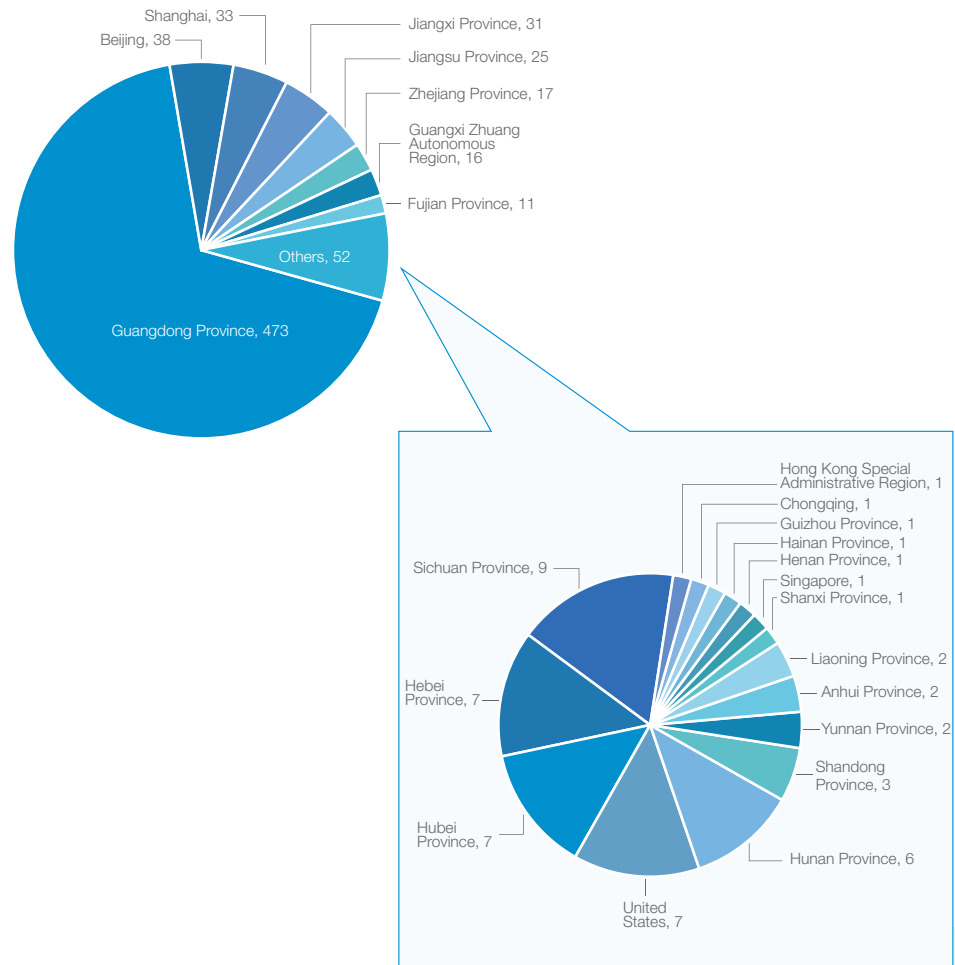
- ***Sustainable procurement***

We actively implement the concept of sustainable development, constantly improve our environmental protection and social responsibility management of supply chain, promise to reduce the environmental carbon footprint, and encourage responsible and ethical procurement. We encourage the purchase of low-carbon and environmentally-friendly new energy products, advocate paperless office, and try our best to reduce or not purchase products that are harmful to the environment and society in daily operations. In addition, we pass on our attitude towards sustainable development to suppliers. In Sustainable Procurement Policy, we request our suppliers to comply with environmental, social and sustainable development-related laws and regulations, give priority to the suppliers with internationally recognized environmental, social and governance management systems as well as electronic products that meet the requirements of energy conservation and environmental protection. We regularly evaluate the environmental, social and governance performance of suppliers including employee's social security, labor disputes and other aspects and propose rectification opinions on the identified environmental and social risks of suppliers or lower their procurement strategy level. For the suppliers who are not allowed to enter the company's supply chain, we will provide improvement suggestions to help them improve their sustainable development level.



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This year, we have 696 suppliers, of which 238 major suppliers have been audited. These suppliers provide us with electronic parts, structural parts, infrastructure, finished products, OEM and non-production services, etc. The locations of suppliers are shown in the following figure.



Regional distribution of suppliers



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. TALENT TEAM BUILDING

The Group strictly abides by the requirements of Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Constitution of the People's Republic of China, Civil Code of the People's Republic of China, Law on the Protection of Women's Rights and Interests of the People's Republic of China, and Shenzhen Special Economic Zone Regulations on the Promotion of Gender Equality, and it is committed to creating a safe and healthy working environment for employees. We respect, attract and retain talents, provide them with competitive salaries and benefits, assist their career development, enrich their spare time and protect their legitimate rights and interests. This year, we did not violate any laws and regulations related to salary and dismissal, recruitment and promotion, working hours, holidays, diversity, anti-discrimination, equal opportunities, other treatment and benefits.

3.1. Compliance employment

- ***Recruitment and resignation***

We respect every applicant who applies for the position in the Group, and have formulated Measures for Administration of Recruitment and Measures for Administration of UBTECH Recruitment in accordance with relevant national laws and regulations, and recruited employees in strict accordance with the established procedures and standards. First of all, the Business Department makes a recruitment plan every year according to the requirement of business development and the actual situation through internal recruitment and external recruitment. As the existing employees are familiar with the company's business and have relatively high loyalty, we will give priority to hiring internal employees when optimizing manpower allocation. We carry out recruitment including campus recruitment and social recruitment through media recruitment, internal staff recommendation, job fairs and headhunting companies. No matter what kind of recruitment channel, we will adhere to the employment principle of objectivity, fairness, equal competition, information disclosure and two-way choice, and focus on the comprehensive capability and job suitability of candidates without considering such factors as gender, age and marital status.

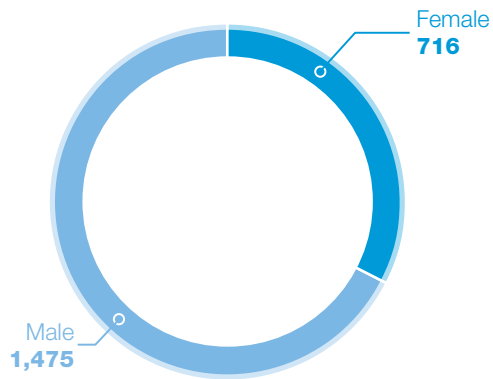
When reviewing the information of applicants, our talent recruitment center will focus on reviewing their identity information, academic credentials and social security provident fund cards, avoid the employment of child laborers and ensure that the application information is true and valid and meets our requirements. After applicants join the company through all processes, we will sign *Labor Contract* with them, clarifying relevant policies such as probation period, attendance, promotion and salary, transfer and resignation, and formulating Employee Handbook for employees to review and study at any time and help them get familiar with the company's various systems and security policies as soon as possible.

We have continuously strengthened the training of talents and team building. In this year's R&D personnel, the proportion of humanoid robot technicians increased from 36% to 44%, further consolidating our technical and talent advantages. This year, the Group possessed 2,191 employees, and the specific categories are as follows:

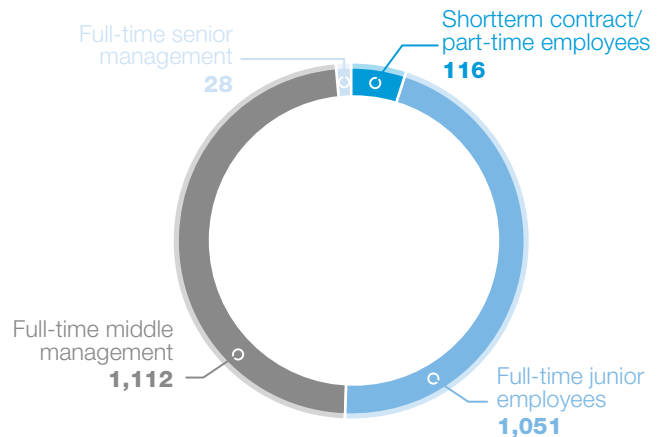


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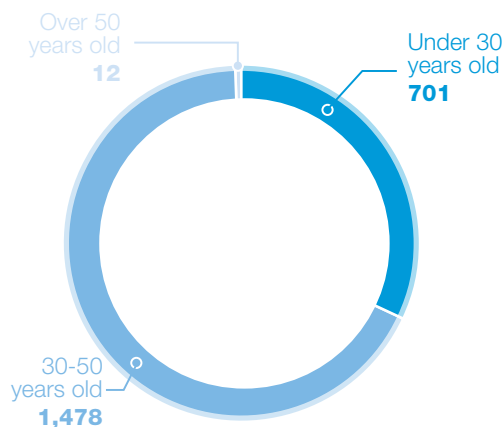
Number of employees
(by gender)



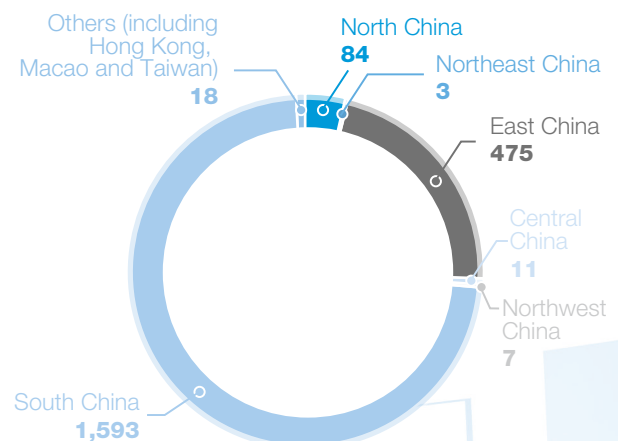
Number of employees
(by employee type)



Number of employees
(by age group)



Number of employees
(by region)



We respect employees' willingness to stay or leave, and set out the resignation process in Employee Handbook and Resignation Process. Employees who are willing to leave can submit resignation applications to their superior leaders and human resources departments according to the steps. Relevant leaders and personnel will communicate with them separately to learn about the reasons for leaving, help them handle the handover and resignation procedures, ensure that the company's customer data and business information will not be leaked, and take improvement actions to prevent the talent loss.



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- ***Anti-child labor and forced labor***

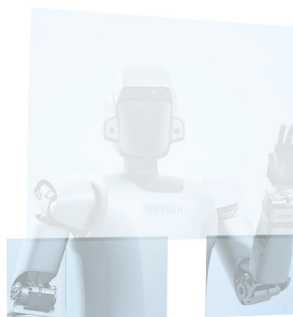
The Group promises not to employ minors under the age of 18 or force employees to work. We have issued relevant regulations to explicitly prevent the above behaviors. The company's holiday system, including statutory holidays, annual leave and attendance time, is detailed in Regulations on Administration of Staff Attendance and Holidays. If employees need to work overtime during holidays, weekends and other breaks, they need to fill in Overtime Application Process in advance. Only after obtaining the approval of the company can overtime be included in working hours and apply for taking working days off or compensation. The employees' rights and interests team will spontaneously supervise and investigate infringement incidents in daily work, including employees' physical and mental health, privacy information, workplace sexual harassment and other aspects to protect employees' legitimate rights and interests. If we find any noncompliance, we will take relevant measures.

This year, the Group did not have any cases of child labor and forced labor violations.

3.2. Employee salary and benefits

Market-competitive salary and benefits are an important guarantee to attract and retain outstanding talents. We have formulated and implemented internal systems such as Salary Accounting and Payment Process and UBTECH Salary Adjustment Process, and divided employees' salary into basic salary, performance salary, overtime salary, various subsidies, business commission, project bonus and so on. In particular, we divide overtime salary into three salary categories: overtime on working days, overtime on weekends, and overtime on holidays, and pay employees according to different multiples. As an incentive scheme, the project bonus is distributed to employees who have made outstanding contributions. This not only protects the legitimate rights and interests of employees but also stimulates their work motivation. We also provide "five insurances and one fund" (pension insurance, unemployment insurance, medical insurance, work injury insurance, maternity insurance and housing provident fund) as well as various subsidies including telephone charges, housing transportation, marriage and management training to solve the worries of employees. Besides statutory holidays and basic annual leave, we also provide maternity leave, marriage leave, paternity leave, funeral leave and other welfare holidays. All these holidays are paid according to normal attendance to help employees balance their work and life.

In order to help employees enhance their understanding and friendship with other colleagues and reduce their work pressure, the Group regularly carries out various employee activities, including cultural and sports competitions, festivals and company annual meetings, encouraging employees to get to know each other through various collective activities and enhancing the tacit understanding and cohesion of the whole team.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In March 2024, UBTECH celebrated its 12th anniversary. We held a fun sports meeting at Shenzhen Bay Football Stadium. We set up various interesting sports on the spot, and the surrounding area was intimately equipped with energy supply stations. About 1,500 employees participated in this celebration of joy and vitality. This fun sports meeting is not only a contest of physical strength and cooperation but also a happy party for all UBTECH staff to work together and celebrate their growth together. It inspires everyone to take the high-spirited fighting spirit to a new journey in the future.

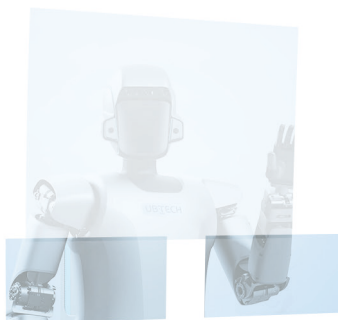


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On the occasion of the Mid-Autumn Festival in 2024, the Group prepared Mid-Autumn Festival gift boxes for all employees, and sent holiday wishes to the employees with the customized low-plastic square towels. In addition, we prepared a creative material package and organized everyone to use tools to make lanterns, celebrate the Mid-Autumn Festival together and feel the charm of traditional Mid-Autumn Festival culture.



In midsummer, UBTECH organized 40 volunteers to carry out beach cleaning activities, restored the cleanness of the beach, and cultivated unity and cooperation with efforts. A total of 108kg beach garbage was picked up in this activity. Volunteers bent down to pick up not only garbage but also their commitment to marine ecology.



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3.3. Assisting employee development

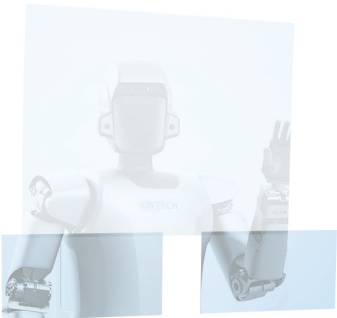
- **Training and education**

As a leading humanoid robot enterprise in China, the Group is at the forefront of robotics and artificial intelligence. The iterative technology and functions request our employees to keep pace with the times and constantly improve their capabilities to meet business requirements. Therefore, we have formulated Professional Talent Promotion Process, Training Demand Application Process, Human Resources Control Procedure, UBTECH Talent Development Framework and UBT Employee Performance Management Manual to propose requirements and make plans for employee training. Every year, the Personnel Center of the Group formulates a training schedule to provide different types of training programs according to the job requirements and ranks of employees. For example, we provide induction training for new employees, including company introduction, information security, safety knowledge, product technology introduction, robot research review and so on, to help them quickly get familiar with the company's business. Department heads or managers provide employees with professional skills training, such as dynamics, voice dialogue and ChatGPT. The company's technical support and other related staff provide all employees with explanations on intellectual property and product knowledge. We consider hiring external experts for targeted training according to actual requirements, and support employees to participate in external training courses. Employees who take part in the training need to take part in the assessment. We evaluate the training results according to the assessment results, interview the employees who fail in the assessment and request them to strengthen themselves by other means to ensure the training effect. This year, we have carried out a number of training programs, such as new employee training, excellent customer service, U-TALK, etc. The training contents are as follows:

Unit	Course/lecture project
New employees	<p>New employees recruited from society:</p> <p>Enterprise Information Security Training</p> <p>Code of Conduct</p> <p>Corporate Culture of U Plants</p> <p>Shenzhen Exhibition Hall Learning & Exchange</p> <p>Introduction to UBTECH</p> <p>Product & technology introduction</p> <p>Basic knowledge of compliance</p> <p>Safety knowledge</p> <p>New employees recruited from campuses:</p> <p>Code of Conduct</p> <p>Structured thinking</p> <p>A tour to the corporate culture of U Plant</p> <p>DISC efficient communication</p> <p>Summary of humanoid robot research</p> <p>Pursue "dreams", and persist in technical changes "robots"</p> <p>YanShee product introduction and training</p> <p>Life summary</p>

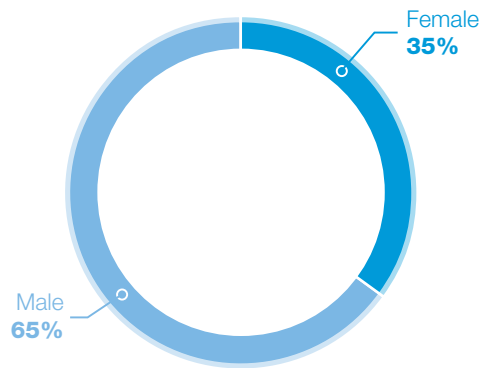
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Unit	Course/lecture project
U-TALK	Touching Words: Charming Speeches Adventures in the Workplace
Youkexing	[External lecturer] Dexterous operation of robots Analysis and practice of robot servo joint technology Research on visual semantic navigation and large model technology of humanoid robot [External lecturer] Thoughts on key technology research and development and scenario application of the next generation humanoid robot ROSA V2 architecture and usage Practice and Thinking of End-to-end Autopilot System [External Lecturer] <i>Design method of high-efficiency robot servo module</i> [External lecturer] Special subject of humanoid and biped robot operation and control ROSA V2 engineering application system On the sharing of multimodal large model &AIGC Standardization: The “strong support” for the development of robot industry Modern CMake engineering practice Robot assembly based on deep reinforcement learning Intellectual property projects Motion control of carrier equipment based on adaptive dynamic programming Sharing of driving technology of bio-robot with emotions Basic knowledge and practical training of PLM system
Other company levels	Postgraduate manager training program

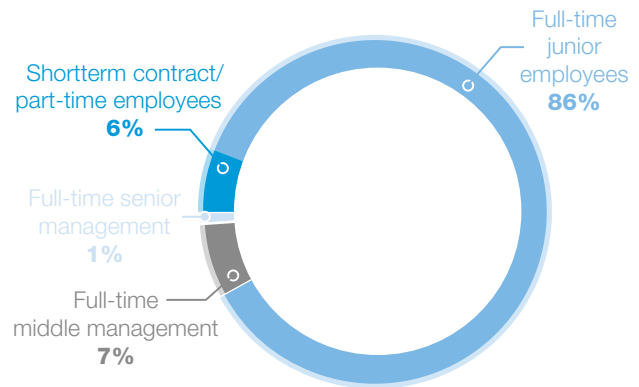


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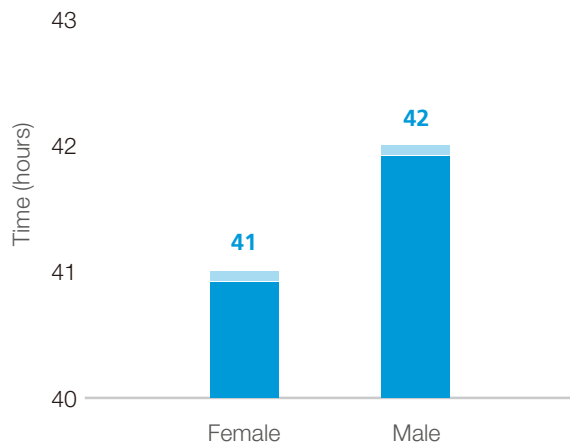
Percentage of employees trained
(by gender)



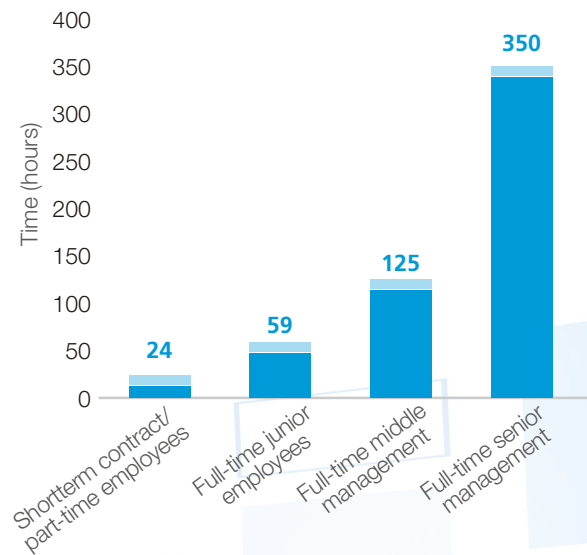
Percentage of employees trained
(by employee type)



Average training hours of employees
(by gender)



Average training hours of employees
(by employee type)



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- ***Assessment and promotion***

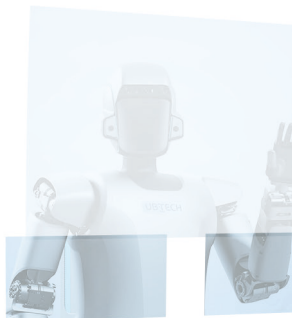
We create a fair and just promotion system for all employees, and encourage them to constantly improve themselves and exert their energy in their posts with a clear attitude of reward and punishment. We regularly assess the performance of employees, sign Performance Contract with employees according to Employee Performance Management Manual, and urge employees to achieve their goals during the assessment period. According to comprehensive assessment results, professional capability, punishment history and other aspects of the evaluation results, qualified employees will be included in the promotion evaluation objects, and they can be promoted through promotion defense and senior management inspection. Our training and examination and promotion system work together to ensure that the company's outstanding talents can make progress with the company for a long time.

3.4. Occupational health and safety

The occupational health and safety of employees is one of the key concerns of the Group. We strictly abide by Safety Production Law of the People's Republic of China, formulate and implement internal systems such as Compilation of Safety Production Systems, Control Procedures of Hazard Identification and Risk Assessment, and Control Procedures of Environmental Occupational Health and Safety Operation. We take various safety measures, including setting up special funds for safety production, arranging scientific research funds for safety production, setting up funds and equipment for safety supervision, and organizing safety training and drills to ensure the safety and health of employees from all perspectives. We have established a complete occupational health and safety management system and passed the ISO:45001:2018 certification.

- ***Hazard source identification***

The Group is aware of the importance of controlling safety risks at the source, and requests the quality department to take the lead and all departments cooperate to complete the identification and evaluation of various risk sources of the Group, including physical, chemical, biological, psychological and other hidden dangers that may cause harm to employees and contractors, strive to identify and solve them at the source to avoid causing substantial dangers. We test the air, noise and water sources in the workshops of production plants at least once a year, check the firefighting and electrical equipment at least once a month, and organize the health check of relevant personnel regularly to prevent problems before they happen. For the identified safety and health risk points, we will carry out professional risk assessment, calculate their risk values from the possibility, frequency and accident consequences, and draw different risk levels according to the risk values, and take corresponding prevention and treatment measures for different levels of risks.



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- ***Security risk management***

In Compilation of Safety Production Systems, we defined a number of systems related to fire safety, electricity safety, safety training and education, and maintenance of equipment and facilities, and adopted a number of measures to ensure the health of personnel. The general manager of the Group is fully responsible for the occupational health and hygiene management of the company. The safety leading group is responsible for supervising and training relevant staff, requiring regular inspection and maintenance of firefighting facilities in the park, conducting fire drills at least twice a year, strictly limiting the discharge of toxic gases and waste materials in factories and living quarters, and keeping the noise within the specified range. The Administration Department is responsible for organizing all employees to carry out education of laws and regulations and basic knowledge training and assessment on occupational disease prevention and control every year, carrying out occupational health examination for those who are exposed to occupational disease hazards before taking up their posts and leaving their posts, and organizing relevant personnel to carry out a physical examination for special operations every year. Due to the nature of our business, we need a lot of electronic equipment and electricity, so we attach great importance to electricity safety and fire safety, and request electricians to have relevant professional qualifications and wear protective equipment. We encourage employees to establish a sense of prevention in their daily work, punish those who command or install illegally, and reward those who find serious violations in time and eliminate major hidden dangers.

Meanwhile, we clearly stipulate the possible emergencies and their emergency treatment measures in Emergency Rescue Management System, including information reporting, pretreatment, emergency treatment, emergency termination and other processes. First, we should ensure the personal safety of personnel, review and summarize the reasons in time after accident treatment, improve the preventive measures, punish relevant responsible persons according to regulations, and summarize lessons to prevent similar accidents from happening again in the future.



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This year, there were no complaints or lawsuits about the violation of health and safety laws of the Group. In the past three years, the number of deaths of the Group due to work was zero. This year, the number of days lost due to work-related injuries was 0.



GB/T 45001–2020/ISO45001:2018
Certificate of occupational health and safety
management system



Three-level enterprise (machinery) certificate of
safety production standardization

4. GREEN OPERATION

The Group attaches great importance to the importance of sustainable development. We adhere to the green development concept of “promoting energy conservation and consumption reduction, realizing pollution prevention, observing laws and regulations, and protecting the global environment”, and constantly integrate the sustainable environmental protection concept into our products and daily work by iterating green environmental protection technologies and materials and reducing pollutant emission. We strictly abide by Environmental Protection Law of the People’s Republic of China, Air Pollution Prevention Law of the People’s Republic of China and Energy Conservation Law of the People’s Republic of China, and formulate and implement internal policies such as Control Procedures of Environmental Occupational Health and Safety Operation, Management Manual of Quality, Environment and Occupational Health and Safety Operation, and Control Procedures of Identification and Evaluation of Environmental Factors, which are used to provide basis and guidance for the Group to set targets and reduction measures for power resource consumption, hazardous waste transfer and waste gas emission. The environmental management system implemented by several subsidiaries and production bases of the Group has obtained the certification of GB/T24001–2016/ISO14001:2015 environmental management system. The Group has set environmental objectives, including:

- In or before 2025 and based on 2023, the growth rate of energy consumption is about 5%-10% lower than that of production¹;

¹ This year, we have experienced rapid business growth. Our Wuxi Factory underwent renovations to accommodate the production of new products, and a new 2,000-square-meter testing workshop was added specifically for charge and discharge testing. At the Liuzhou Factory, new product lines were introduced, and the workforce has doubled compared to 2023. Progress toward energy consumption targets continues steadily, and we will adjust the energy consumption target in 2025 according to the specific situation.

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- In or before 2025, the water consumption density is reduced by about 7% compared with 2023, achieving the target this year.
- The transfer rate of classified disposal of hazardous wastes reaches 100%, achieving the target this year.

This year, the Group did not violate any laws related to environmental protection or cause major accidents affecting the environment and natural resources, and it did not receive any notice of punishment and litigation related to the environment.



GB/T24001-2016/ISO14001:2015 environmental management system certificate

4.1. Reducing resource consumption

The Group is committed to reducing resource consumption and avoiding waste in the daily work process, adhering to the principle of energy saving and consumption reduction, and adopting a series of measures to manage and restrict related facilities and related behaviors. In terms of air-conditioning power consumption, we regularly send employees to clean and repair the filter screen and parts of air-conditioners. We flexibly adjust the dressing requirements and allow employees to wear lighter clothes in hot weather to reduce the power consumption of air conditioners. We suspend the cooling function of air conditioner in certain months and set the temperature as 26°C when the air conditioner is needed. In terms of lighting power consumption, we choose energy-efficient lighting equipment and lamps to meet the daily lighting requirements, and divide the office area into multiple lighting blocks with independent lighting switches. Employees are required to form the good habit of “turning off the lights after leaving”, give priority to the use of natural light, and try to turn off the lighting equipment during daytime. We deploy patrol personnel to check and shut down unnecessary electrical equipment, record and analyze the power consumption as the basis to implement energy saving and consumption reduction measures.



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In terms of water consumption, all the water consumed by the Group comes from municipal water, so there is no problem in finding suitable water sources. We request the maintenance personnel to regularly overhaul and maintain the water supply system of the Group, aiming to keep the water supply facilities in the optimal operation state and timely repairing the facilities with water leakage and seepage problems. Meanwhile, posters and labels for water conservation should be posted in conspicuous places at various water consumption points to enhance employees' awareness of water conservation and prevent waste caused by human factors. In terms of paper consumption, we encourage employees to give priority to using electronic communication and office systems for communication and document delivery. If paper printing is required, double-sided printing should be used to reduce unnecessary paper consumption.

As an enterprise providing intelligent robot services, we strictly control the materials used in the electronic and electrical equipment in the production process, adopt materials that meet the requirements of EU ROHS, REACH, WEEE and other regulations, and formulate Management Specification for Material Certification Attributes of PLM System, and request engineers to review the environmental data provided by suppliers so as to expand our green influence in the supply chain.

This year, the resource usage of the Group is as follows:

Power consumption	Unit	2024
Total power consumption	MWh	6,010.11
Power consumption per square meter	MWh/m ²	0.08
Power consumption per million RMB revenue	MWh/million RMB revenue	4.60

Water consumption	Unit	2024
Total water consumption	m ³	25,889.80
Water consumption per square meter	m ³ /m ²	0.35
Water consumption per million RMB revenue	m ³ /million RMB revenue	19.83



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.2. Reducing pollutant emission

The Group strictly abides by relevant laws and regulations on pollutant emission, and strictly controls greenhouse gas emission. According to Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development and ISO14064-1 formulated by the International Organization for Standardization, the greenhouse gas emission of the subsidiaries and production bases of the Group is calculated, and air pollution emission is calculated according to How to Prepare Environmental, Social and Governance Reports – Appendix II: Guidelines for Reporting Environmental Key Performance Indexes issued by the Hong Kong Stock Exchange.

Greenhouse gas emission	Unit	2024
Direct greenhouse gas emission (scope 1)	tonnes of carbon dioxide equivalent (tCO ₂ e)	3.01
Greenhouse gas reduction of newly planted trees (scope 1)	tCO ₂ e	5.20
Indirect greenhouse gas emission (scope 2)	tCO ₂ e	3,225.02
Total greenhouse gas emission (scopes 1 and 2)	tCO ₂ e	3,222.83
Greenhouse gas emission per square meter (scopes 1 and 2)	tCO ₂ e/m ²	0.04
Greenhouse gas emission per million RMB revenue (scopes 1 and 2)	tCO ₂ e/million RMB revenue	2.47

Air pollution discharge	Unit	2024
Nitrogen oxides	kg	20.09
Sulphur oxides	kg	0.01
Particulate matters	kg	1.30



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Exhaust gas and wastewater discharge

We always carry out comprehensive registration and management of pollution discharge activities for fixed pollution sources in strict accordance with relevant laws and regulations on pollutants. In order to ensure the professionalism and accuracy of this process, we have hired a third-party organization with relevant qualifications to regularly test the emissions and help us control the concentration of emission within the required scope.

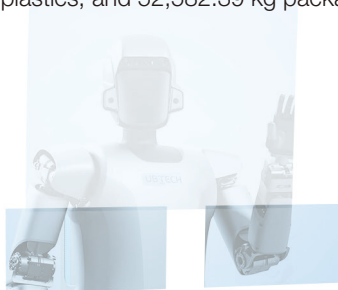
In Control Procedures of Environmental Occupational Health and Safety Operation, we have stipulated the requirements of waste gas and waste gas emission control, which can only be discharged at a high altitude after being absorbed by the on-site absorption device and activated carbon, and the harm to the near-earth environment and human body can be further reduced by the diffusion of the atmosphere. We attach great importance to the environmental performance of the vehicles owned by the Group, requesting each vehicle to be examined annually. The Group only uses vehicles that have passed the annual examination and meet environmental standards. For wastewater treatment, we resolutely prohibit dumping untreated or substandard wastewater into rainwater pipelines. It is strictly forbidden to prevent pollutants such as chemicals from the outlet of the pipe network, adhering to the management of rain and sewage diversion. The oil wastewater generated in the air compressor room needs to be separated from the oil by using professional equipment, and then the wastewater that has been preliminarily treated is handed over to a supplier with corresponding qualifications for further treatment and utilization. In order to improve employees' awareness of environmental protection in their daily business activities, we encourage employees to minimize business travel to reduce carbon emission, conduct low-carbon environmental training irregularly, and popularize the concept of combining environmental protection with work and life among employees.

Thanks to a series of effective measures taken by us, all the emissions of the Group meet the standards this year.

Waste discharge and recycling

We always adhere to the attitude of being responsible for the environment, and classify the wastes generated in the production process of the company into non-recyclable general wastes, recyclable general wastes and hazardous wastes. In particular, hazardous waste is divided into waste engine oil, waste circuit board and waste tin slag. We sort out the sites where waste is placed, and set up different signs and rain-proof, leakage-proof facilities to ensure that waste will not leak when being placed. We sign contracts with qualified third-party companies and entrust them to recycle or treat according to regulations to minimize the negative impact on the environment.

This year, the Group produced 263.23 tonnes non-hazardous waste. Hazardous waste was 17.50 kg waste wiper water, 1.00 kg waste tin slag, 20 waste ink cartridges and waste toner cartridges, all of which were properly disposed of. As for packaging materials, the Group used 426,865.40 kg cartons, 267.15 kg paper, 357.23 kg plastics, and 52,582.39 kg packaging bags.



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4.3. Tackling climate change

Climate change has become a common global risk faced by all industries. The Group is aware of the various impacts that climate risks may impose on the company's business, so we actively identify various risks and opportunities, including the possible impacts on the business and corresponding countermeasures, and conduct rating evaluation and time range delineation.

Governance

The board of directors has established Environmental, Social, Governance and Sustainable Development Committee which is responsible for the overall management of ESG-related work, including the response to climate change, leading relevant functional departments to identify climate change risks and take measures. The committee is supervised by the board of directors. For more information about our ESG governance, please refer to relevant governance section in the ESG report.

Strategy

The Group pays close attention to the changes in the climate environment and market norms, sorts out the list of entity risks related to climate change, transformation risks and opportunities related to climate change, distinguishes them according to the risk level and time range, and takes countermeasures in combination with our business status to minimize the potential impact of climate:

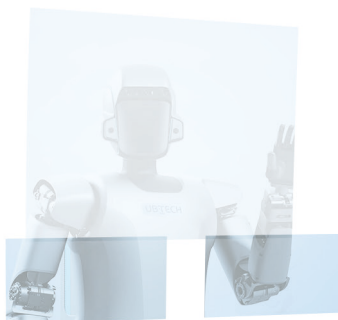
Climate change risk

Risk type	Risk level	Time range	Potential impact on business, strategy and finance	Countermeasures
Physical risk-extremely high temperature	Low	Short term	The increase in refrigeration demand will increase energy consumption and power consumption, which will lead to an increase in operating cost, or cause regional power supply restrictions, which will increase operating cost.	<p>We have formulated Emergency Plan for Personal Accidents of Heatstroke and taken the following actions:</p> <ul style="list-style-type: none"> Improve workers' understanding on high temperature heatstroke and ensure that they master basic knowledge of heatstroke prevention and cooling. Adjust production shifts, increase night shifts when necessary, reduce day shifts, and avoid working in high temperature environment during daytime.



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Risk type	Risk level	Time range	Potential impact on business, strategy and finance	Countermeasures
Physical risk – flood	Low	Medium term	Flood will damage infrastructure offices and assembly sites (indoor factories) in some low-lying areas, which will lead to the increase of maintenance and operation costs.	<p>We have also formulated Emergency Plan for Flood Control and Disaster Reduction and taken the following actions:</p> <ul style="list-style-type: none"> Flexibly adjust production shifts and transfer production lines and warehouses to other locations, reduce the workload interruption caused by disaster-stricken areas, and maintain production plans. Inform all workers in the production base in time, send personnel to the production site, assist flood fighting and disaster relief work, and conduct a comprehensive audit for emergency actions taken after the flood disaster.
Physical risk – mountain fire	Low	Long term	Mountain fire may affect road traffic and adversely affect the punctuality of product transportation.	<p>We have formulated Emergency Plan for Fire Accidents, aiming at strengthening production safety and establishing a comprehensive management system. The plan includes the following measures:</p> <ul style="list-style-type: none"> Ensure that the quantity and variety of firefighting equipment are sufficient. Strengthen the inspection and supervision of important fire safety workplaces and areas. Conduct comprehensive fire safety education for workers, and aim to improve the fire safety awareness and self-help capability of personnel.



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Risk type	Risk level	Time range	Potential impact on business, strategy and finance	Countermeasures
Transformation risk – policy and regulation – tightening of Chinese government supervision	Low	Short term, medium term and long term	China will continue to formulate policies and regulations to deal with climate change, which will increase the cost of compliance operation. In addition, regulators are expected to impose stricter environmental requirements on us.	<ul style="list-style-type: none"> We will continuously improve our knowledge and understanding on the regulatory environment in China and reduce potential regulatory risks. We will actively use energy-saving electrical equipment and production facilities to raise employees' awareness of energy conservation and emission reduction. We will reduce emission and resource consumption, and prevent compliance costs from increasing due to excessive emission.
Transformation risk – policy and supervision – strengthening the obligation to declare greenhouse gas emission	Low	Short term	The regulatory authorities are gradually strengthening the requirements for listed companies to disclose climate risk information and stipulating stricter information disclosure obligations. In order to meet these requirements, operating cost will increase.	We have hired third-party environmental, social and governance consultant to provide services and monitor the latest situation of environmental, social and governance and climate reporting guidelines, laws and regulations.
Transformation risk – policy and supervision – implementing carbon pricing regulations	Low	Medium term	With the implementation of carbon pricing, more and more carbon pricing regulations (such as carbon tax) and market-based mechanisms (such as cap and trade) will be adopted, which will increase additional financial costs.	We can reduce the additional financial costs related to carbon pricing or carbon tax by strictly observing the latest laws and regulations of local and regional carbon markets and implementing strict control and monitoring measures for carbon emission.
Transformation risk – market – customer preference change	Low	Short term	Customers' preference for environmentally friendly/low-carbon products may prompt the Group to develop a green supply chain. Failure to meet customers' expectations for these products may lead to a decrease orders and revenue.	In order to cater to users' preference for environmentally friendly products, we have implemented <i>Sustainable Procurement Policy</i> to promote the green supply chain and give priority to the use of environmentally friendly products.

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Risk type	Risk level	Time range	Potential impact on business, strategy and finance	Countermeasures
Transformation risk – reputation – carbon emission is closely concerned by all stakeholders.	Low	Medium term and long term	Any noncompliance or excessive emission of the Group will have a negative impact on the brand image and reputation. This may result in additional costs related to maintaining brand image and reputation.	We are committed to strictly abide by the national and industrial laws and regulations related to carbon emission and strictly implement the environmental protection system. We closely monitor carbon emission and take effective measures to solve any problems that arise.
Transformation risk – technology – unable to keep up with new technology trends	Low	Short term and medium term	In order to effectively control the carbon emission of products, we must strengthen the development of environmental protection processes, the use of new technologies, and upgrade cleaner production equipment to meet the requirements of low-emission products. Related work may lead to an increase in operating cost.	We will pay close attention to the latest technological progress of equipment manufacturers and actively explore and implement the new energy development strategy driven by artificial intelligence. We will also deal with any technical risks that may arise. For example, we have recently conducted a feasibility study on using clean energy hydrogen to power robots.

Opportunities of climate change

Opportunity type	Time range	Potential impact on business, strategy and finance	Countermeasures
Entering new markets	Short term Medium term	<p>Medium-and Long-Term Plan for the Development of Hydrogen Energy Industry (2021-2035) issued in April 2022 emphasized that hydrogen energy is an important part of the future national energy system and a key development field.</p> <p>In addition, artificial intelligence, as the technical core of the fourth industrial revolution, has a far-reaching and extensive influence on economic development and social progress.</p>	Hydrogen energy has the advantage of zero carbon emission during consumption. We are actively exploring the application of new energy sources such as hydrogen energy to our products so as to achieve the goal of “carbon dioxide peaking and carbon neutrality” and promote the green and high-quality economic development.



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Opportunity type	Time range	Potential impact on business, strategy and finance	Countermeasures
Resource efficiency	Medium term	Improving the utilization efficiency of resources (including energy, water and other resources) while minimizing consumption can greatly help enterprises reduce their operating cost.	<ul style="list-style-type: none"> Actively adopt green office and operation measures. Implement various energy-saving and water-saving measures to increase energy and water efficiency.

Risk management

In order to effectively cope with the impact of climate risks on our business, the Group has implemented strict climate risk management processes. We identify all kinds of climate change risks according to the records of major natural disasters, risks of regional entities, regulatory agencies and market policies in various operating areas, and constantly optimize the risk management system to ensure that our measures can effectively avoid and mitigate the impact of climate change.

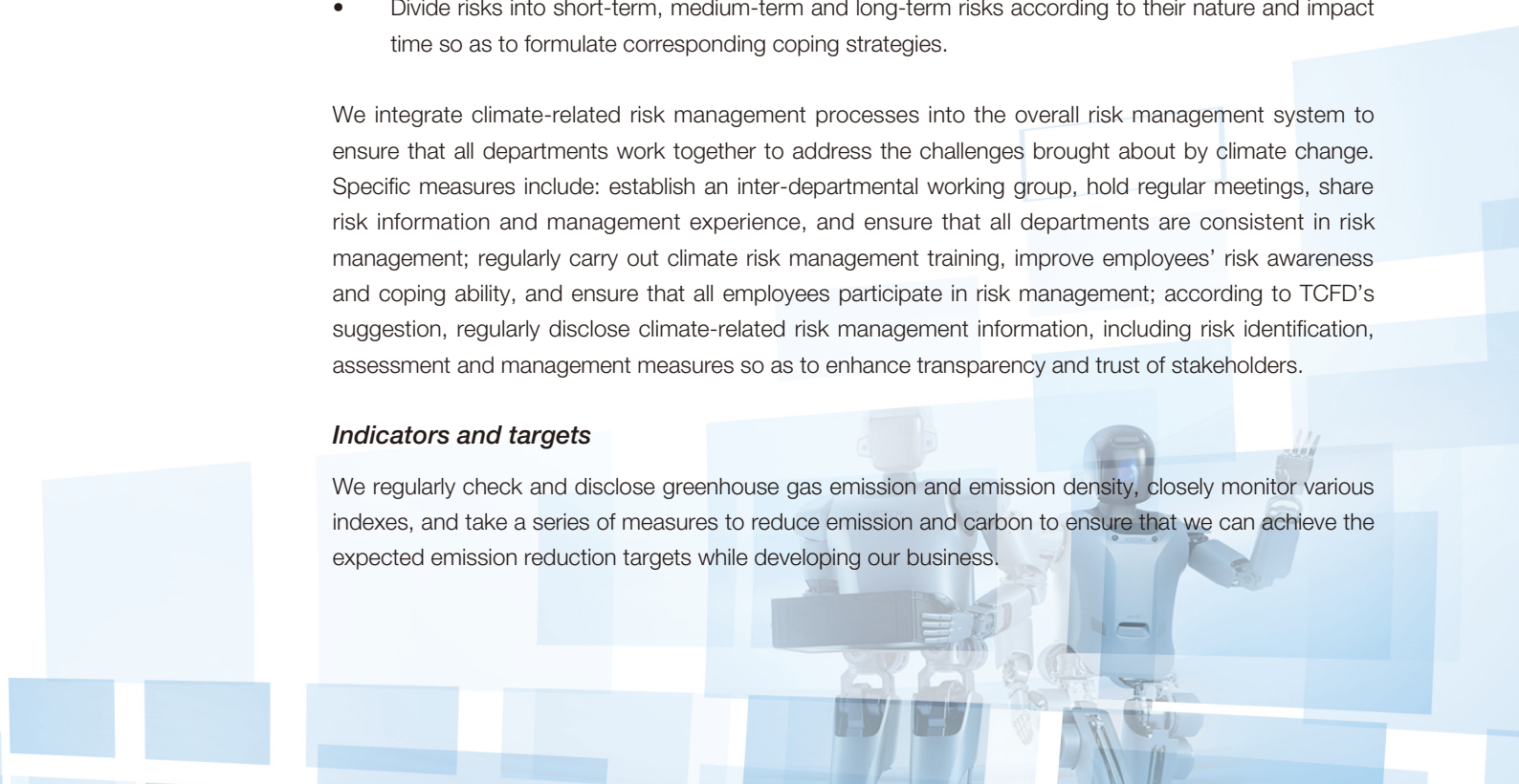
We identify and evaluate climate-related risks through the following steps:

- Use historical data, scientific research and industry reports to identify climate change risks that may affect business operations, including physical risks (such as extreme weather events) and transformation risks (such as policy changes);
- Qualitatively evaluate the identified risks to determine their potential impact and occurrence probability;
- Divide risks into short-term, medium-term and long-term risks according to their nature and impact time so as to formulate corresponding coping strategies.

We integrate climate-related risk management processes into the overall risk management system to ensure that all departments work together to address the challenges brought about by climate change. Specific measures include: establish an inter-departmental working group, hold regular meetings, share risk information and management experience, and ensure that all departments are consistent in risk management; regularly carry out climate risk management training, improve employees' risk awareness and coping ability, and ensure that all employees participate in risk management; according to TCFD's suggestion, regularly disclose climate-related risk management information, including risk identification, assessment and management measures so as to enhance transparency and trust of stakeholders.

Indicators and targets

We regularly check and disclose greenhouse gas emission and emission density, closely monitor various indexes, and take a series of measures to reduce emission and carbon to ensure that we can achieve the expected emission reduction targets while developing our business.



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- Our goal: By 2025, the growth rate of greenhouse gas emission will be about 5%-10% lower than the growth rate of production based on 2023.²

5. COMMUNITY PUBLIC WELFARE

UBTECH cares about community development, focuses on education of popular science and community public welfare, takes the initiative to assume corporate social responsibility, and contributes to the society while developing its business. This year, we cooperated with a number of social organizations to hold a number of social activities, including investigation activities for young people in Greater Bay Area, assistance for poor stay-at-home children, robots and donations as solatium. This year, we donated a total of RMB1,756,301 for education development and old-age care.

UBTECH Collaborates with Shanghai Normal University to Establish AI Laboratory, Ushering in a New Chapter for Talent Development and Technological Innovation

On October 28, 2024, the donation ceremony for UBTECH's contribution of an artificial intelligence laboratory to Shanghai Normal University (SHNU) was successfully held, marking the official commencement of in-depth collaboration between the two parties in advancing AI education. The donation includes an educational fund of RMB200,000 and a series of cutting-edge educational robotics equipment, such as the Alpha Ebot humanoid educational robots, Wukong robots, and UGOT teaching kits. These equipment will support the SHNU College of Information, Mechanical, and Electrical Engineering in AI-STEM education research, talent development, industry-academia collaboration, and related initiatives, aiming to jointly promote the innovation and development of AI education. Through these advanced educational tools, students will gain more intuitive and engaging opportunities to master AI knowledge and cultivate practical problem-solving skills. UBTECH's AI education products empower the new generation of students to learn and apply AI technologies, drive AI innovation, and succeed in an AI-driven society.



² This year, we have experienced rapid business growth. Our Wuxi Factory underwent renovations to accommodate the production of new products, and a new 2,000-square-meter testing workshop was added specifically for charge and discharge testing. At the Liuzhou Factory, new product lines were introduced, and the workforce has doubled compared to 2023. Progress toward energy consumption targets continues steadily, and we will adjust the energy consumption target in 2025 according to the specific situation.



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CCM and UBTECH Hold Artifact Donation Ceremony

At the 2024 World Robot Conference held on August 22, 2024, the preparatory center of the CCF Computer Museum (CCM) and UBTECH ROBOTICS CORP LTD jointly held a donation ceremony. During the event, UBTECH donated its humanoid educational robots, Alpha Ebot and Wukong robots, to serve as interactive exhibits for public science education at CCM. As a pioneer and leader in China's AI and scientific innovation education, UBTECH will actively fulfill its corporate social responsibility to jointly drive the preservation and advancement of computer and AI technology education, and contribute to the improvement of the public's scientific literacy.



UBTECH Education and Federation of New Territories Youth jointly organized a study tour for young people in the Greater Bay Area

In December 2024, the Development Foundation of Federation of New Territories Youth successfully held "the Youth Innovation and Technology Investigation Group in the Greater Bay Area", which attracted about 30 young people from Hong Kong. This investigation activity is part of the National Achievement Science Popularization Plan under Mengxi InnoTec Promotional Programme, which is held with the support of the Innovation and Technology Bureau. It aims to let the youth from Hong Kong learn more about Shenzhen's innovation and technology achievements and development trends through field visits and exchanges. Hong Kong teenagers visited humanoid robot products in UBTECH Exhibition Hall, and learned about the popularization progress of humanoid robot related technologies and AI education.



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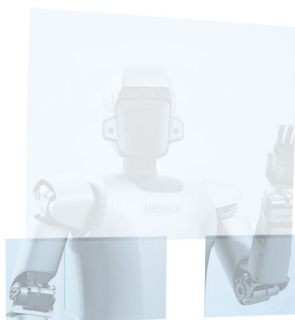
UBTECH Smart Health Maintenance Shanghai and Emily Program for Families held the activity at the Lantern Festival

On the occasion of the Lantern Festival in 2024, UBTECH Smart Health Maintenance Shanghai and Emily Program for Families planned an activity at the Lantern Festival for the elderly and their families with cognitive disabilities. The cognitive disorder is temporarily dispelled by the warmth and companionship of home at this moment. At the event, everyone worked together to knead dough, mix stuffing and wrapping. The persimmon-shaped glutinous rice balls were formed in their hands, which meant reunion, harmony and beauty. As the sweet dumplings rolled in the pot, the faces of the old people were filled with happy smiles. The bowls of sweet dumplings conveyed the deep care and blessing of UBTECH to the elderly.



Warmth in spring, excellent AI – UBTECH Smart Health Maintenance to enter the community in Changzheng Town, Putuo District

In April when the spring is approaching and vibrant, the community in Changzheng Town, Putuo District, Shanghai ushered in a public welfare activity full of innovation and warmth. The activity of “Excellent AI Plan – Let AI Enter the Community in Changzheng Town, Putuo District” was launched simultaneously in Meichuan Community Service Center and Nuijiang Community Service Center, which represented the deep integration of innovation of aged care service and community care. UBTECH Smart Health Maintenance hopes that by integrating AI technology into the daily life of community elders, it will not only bring them a convenient and high-quality life experience but also aim to create a caring and supportive old-age friendly community.



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APPENDIX I: ABOUT THE REPORT

Introduction to the report

This report is the first environmental, social and governance (“ESG”) report published by UBTECH ROBOTICS CORP LTD (“the Group”, “UBTECH” and “We”). This Report discloses the Group’s policies, principles, objectives and measures on ESG, and shares our work and efforts on sustainable development with all stakeholders. We will continue to make changes and promote the development of society and enterprises.

Reporting standard

This Report is prepared in accordance with the mandatory disclosure requirements and “Explanation in Case of Noncompliance” in Appendix C2 ESG Reporting Guide of Listing Rules issued by the Stock Exchange of Hong Kong, following the four reporting principles in the guidelines.

- **Importance:** This Report has identified and disclosed the process of important ESG topics, the criteria for selecting these topics, and the process of describing the participation of stakeholders.
- **Consistency:** The statistical methods used to disclose data in this Report are consistent. If there is any change, it will be clearly stated in the Report.
- **Quantification:** The statistical standards, methods, assumptions and calculation tools used for ESG key performance indexes (KPIs) and related data disclosed in this Report as well as the sources of conversion factors are all explained in the Report.
- **Balance:** This is the second Report of the Group. If there are any changes in the statistical methods or key performance indexes, or any other relevant factors that affect the meaningful comparison, the Group will disclose them in subsequent reports.

Scope of the report

The disclosure time of this Report is from January 1 to December 31, 2024 (“this year”). The social disclosure scope of this Report is the same as that of the annual report, and the environmental disclosure scope covers the production bases and offices of the Group, including Shenzhen Nanshan Office, Shenzhen Factory, Liuzhou Factory, Shenzhen Youqi Office, Wuxi Office and Factory, Jiujiang Youbixing Factory, Beijing Office, Xiamen Factory, Shijiazhuang Factory and Guizhou Factory.

Report language

This Report is published in Chinese and English. In case of any discrepancy, the Chinese version shall prevail.



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Confirmation and approval

This Report was confirmed by the management, reviewed and approved by the board of directors of the Group on April 30, 2025.

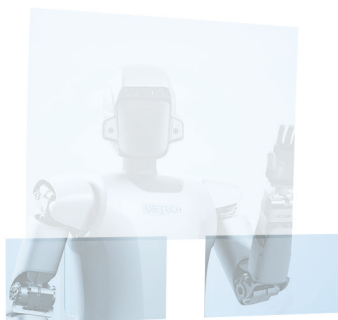
Report feedback

The Group attaches great importance to your opinions and suggestions for this Report, and welcomes your feedback on the contents of the report. If you have any queries or suggestions, please contact us in the following ways.

Address: 22F, Building C1, Nanshan Zhiyuan, No. 1001, Xueyuan Avenue, Nanshan District, Shenzhen

Tel: 0755-83474428

Email: investor@ubtrobot.com



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APPENDIX II: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA

Greenhouse gas emission	Unit	2024
Air pollution emission³		
Nitrogen oxides	kg	20.09
Sulphur oxides	kg	0.01
Particulate matters	kg	1.30
Greenhouse gas emission³		
Direct greenhouse gas emission (scope 1)	tCO ₂ e	3.01
Greenhouse gas reduction of newly planted trees (scope 1)	tCO ₂ e	5.20
Indirect greenhouse gas emission (scope 2)	tCO ₂ e	3,225.02
Total greenhouse gas emission (scopes 1 and 2)	tCO ₂ e	3,222.83
Greenhouse gas emission intensity (per square meter) (scopes 1 and 2)	tCO ₂ e/m ²	0.04
Greenhouse gas emission per million RMB revenue (scopes 1 and 2)	tCO ₂ e/million RMB revenue ⁴	2.47
Energy consumption		
Purchased power consumption	MWh	6,010.11
Purchased power consumption intensity (per square meter)	MWh/m ²	0.08
Purchased power consumption per million RMB revenue (scopes 1 and 2)	MWh/million RMB revenue ⁴	4.60
Gasoline consumption	Litre	300
Diesel consumption	Litre	836.50
Water consumption		
Total water consumption	m ³	25,889.80
Water consumption intensity (per square meter)	m ³ /m ²	0.35
Water consumption per million RMB revenue (scopes 1 and 2)	m ³ /million RMB revenue ⁴	19.83
Paper consumption		
Total paper consumption	kg	5,435.81
Per capita paper consumption	kg/person	2.54
Waste generation⁵		
Total non-hazardous waste produced	Ton	263.23
Per capita non-hazardous waste produced	person	0.12
Waste tin slag	kg	1.00
Waste wiper water	kg	17.50
Waste ink cartridges and waste toner cartridges	Piece	20
Packaging material consumption		
Carton	kg	426,865.40
Paper	kg	267.15
Plastics	kg	357.23
Packaging bag	kg	52,582.39

³ The calculation of air pollution emission refers to How to Prepare Environmental, Social and Governance Reports – Appendix II: Guidelines for Reporting Environmental Key Performance Indexes issued by the Hong Kong Stock Exchange. The air pollution emission and greenhouse gas emission of the Group are calculated.

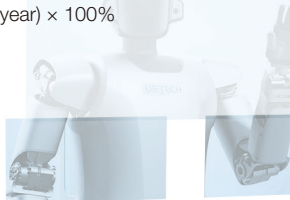
⁴ The operating revenue data comes from the annual report 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social category	Unit	2024
Number of employees		
Total number of employees	Number of employees	2,191
Number of employees (by gender)		
Female	Number of employees	716
Male	Number of employees	1,475
Number of employees (by employee type)⁵		
Short-term contract/part-time employees	Number of employees	116
Full-time junior employee	Number of employees	1,051
Full-time middle management	Number of employees	1,112
Full-time senior management	Number of employees	28
Number of employees (by age group)		
Under 30 years old	Number of employees	701
31–50 years old	Number of employees	1,478
Over 50 years old	Number of employees	12
Number of employees (by region)		
North China	Number of employees	84
Northeast	Number of employees	3
East China	Number of employees	475
Central China	Number of employees	11
Northwest China	Number of employees	7
South China	Number of employees	1,593
Others (including Hong Kong, Macao and Taiwan)	Number of employees	18
Turnover rate⁶		
Total turnover rate of employees	%	24.13
Turnover rate of employees (by gender)		
Female	%	23.26
Male	%	24.55
Turnover rate of employees (by age group)		
Under 30 years old	%	27.81
31–50 years old	%	22.29
Over 50 years old	%	20.00
Turnover rate of employees (by region)		
North China	%	20.00
Northeast China	%	25.00
East China	%	25.55
Central China	%	45.00
Northwest China	%	0
South China	%	23.15

⁵ Other employee types (gender, age and region) and turnover rate of employees exclude short-term contract/part-time employees.

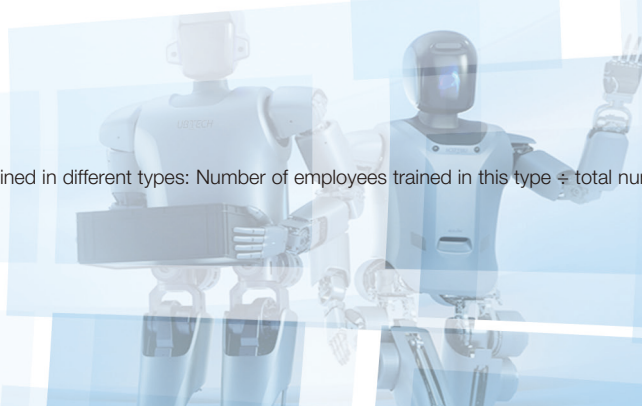
⁶ Calculation method of turnover rate of employees in different types: $\text{Number of resigned employees} \div (\text{number of resigned employees} + \text{number of employees at the end of the year}) \times 100\%$



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social category	Unit	2024
Others (including Hong Kong, Macao and Taiwan)	%	56.10
Occupational health and safety		
Number of work-related deaths in each of the past three years (including the reporting year)	Number of employees	0
The rate of work-related deaths in each of the past three years (including the reporting year)	%	0
Number of working days lost due to work-related injuries	Number of days	0
Development and training		
Percentage of employees trained by gender⁷		
Female	%	35.18
Male	%	64.82
Percentage of employees trained by employee type⁷		
Short-term contract/part-time employees	%	5.88
Full-time junior employees	%	86.04
Full-time middle management	%	7.15
Full-time senior management	%	0.94
Average training hours of employees by gender		
Female	Hour	41.00
Male	Hour	42.00
Average training hours of employees trained by employee type		
Short-term contract/part-time employees	Hour	24.00
Full-time junior employee	Hour	59.00
Full-time middle management	Hour	125.00
Full-time senior management	Hour	350.00

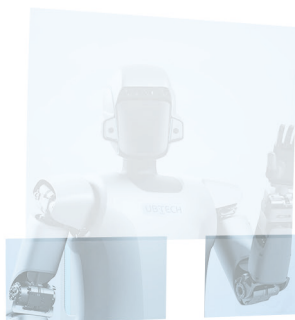
⁷ Calculation method of percentage of employees trained in different types: Number of employees trained in this type ÷ total number of trained employees × 100%



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX III: INDEX OF GUIDELINES FOR ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT OF LISTING RULES ISSUED BY THE STOCK EXCHANGE OF HONG KONG

Index content			Related chapters
A. Environmental category			
A1. Emissions	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4. Green operation
	A1.1	Types of emissions and related emission data.	Appendix II: Summary of sustainable development data
	A1.2	Direct (scope 1) and energy indirect (scope 2) greenhouse gas emission and intensity.	Appendix II: Summary of sustainable development data
	A1.3	Total amount and intensity of hazardous wastes generated.	Appendix II: Summary of sustainable development data
	A1.4	Total amount and intensity of non-hazardous waste generated.	Appendix II: Summary of sustainable development data
	A1.5	Describe the emission targets set and the steps taken to achieve them.	4.2 Reducing pollutant emission
	A1.6	Describe the methods of treating hazardous and non-hazardous wastes, and describe the waste reduction targets set and the steps taken to achieve them.	4.2 Reducing pollutant emission
A2. Use of Resources	General disclosure	Policies for the effective use of resources (including energy, water and other raw materials).	4.1 Reducing resource consumption
	A2.1	Total direct and/or indirect energy consumption and intensity by type.	Appendix II: Summary of sustainable development data
	A2.2	Total water consumption and intensity.	Appendix II: Summary of sustainable development data
	A2.3	Describe the energy efficiency goals set and the steps taken to achieve them.	4. Green operation



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Index content			Related chapters
	A2.4	Describe any problems in finding suitable water sources as well as the water consumption efficiency goals and steps taken to achieve them.	4. Green operation 4.1 Reducing resource consumption
	A2.5	Total amount of packaging materials used in finished products and the proportion per production unit.	Appendix II: Summary of sustainable development data
A3. Environment and natural resources	General disclosure	Policies to reduce the issuer's significant impact on the environment and natural resources.	4. Green operation
	A3.1	Describe the significant impact of business activities on the environment and natural resources and the actions taken to manage the impact.	4. Green operation
A4. Climate change	General disclosure	Policies to identify and respond to major climate-related issues that have and may have an impact on issuers.	4.3 Tackling climate change
	A4.1	Describe the major climate-related issues that have and may have an impact on the issuer, and the response actions.	4.3 Tackling climate change

B. Social

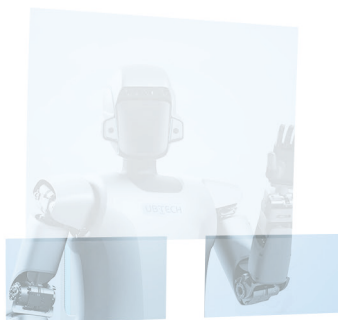
Employment and labor practice

B1. Hiring	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3. Talent team building
	B1.1	Total number of employees by gender, type of employment (such as full-time or part-time), age group and region.	Appendix II: Summary of sustainable development data
	B1.2	Turnover rate of employees by gender, age group and region.	Appendix II: Summary of sustainable development data



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Index content			Related chapters
B2. Health and safety	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3.4 Occupational health and safety
	B2.1	Number and rate of work-related deaths in each of the past three years (including the reporting year).	Appendix II: Summary of sustainable development data
	B2.2	Number of working days lost due to work-related injuries.	Appendix II: Summary of sustainable development data
	B2.3	Describe the occupational health and safety measures adopted and the related implementation and monitoring methods.	3.4 Occupational health and safety
B3. Development and training	General disclosure	Policies on improving employees' knowledge and skills in performing their duties. Describe the training activities.	3.3 Assisting employee development
	B3.1	Percentage of employees trained by gender and employee type (e.g. senior management, and middle management).	Appendix II: Summary of sustainable development data
	B3.2	Average hours of training completed by employees by gender and employee type.	Appendix II: Summary of sustainable development data
B4. Labor code	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	3.1 Compliance employment
	B4.1	Describe measures to review recruitment practice to avoid child labor and forced labor.	3.1 Compliance employment
	B4.2	Describe the steps taken to eliminate violations when they are found.	3.1 Compliance employment



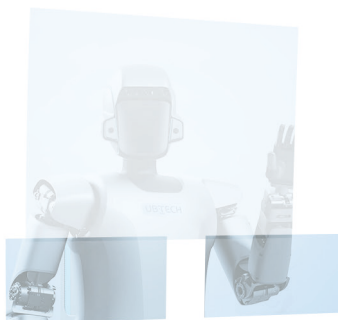
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Index content			Related chapters
Operating practice			
B5. Supply chain management	General disclosure	Policies on managing environmental and social risks of the supply chain.	2.6 Sustainable supply chain
	B5.1	Number of suppliers by region.	2.6 Sustainable supply chain
	B5.2	Describe the practice of hiring suppliers, the number of suppliers who implement the practice, and the related implementation and monitoring methods.	2.6 Sustainable supply chain
	B5.3	Describe the practice of identifying environmental and social risks in each link of the supply chain, and the related implementation and monitoring methods.	2.6 Sustainable supply chain
	B5.4	Describe the practice of promoting the use of environmentally friendly products and services when selecting suppliers, related implementation and monitoring methods.	2.6 Sustainable supply chain
B6. Product liability	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2. Quality products and services
	B6.1	Percentage of total products sold or shipped that need to be recycled for safety and health reasons.	2.3 Efficient customer service
	B6.2	Number of complaints about products and services received and the countermeasures	2.3 Efficient customer service
	B6.3	Describe practice related to the maintenance and protection of intellectual property.	2.4 Respecting intellectual property
	B6.4	Describe the quality verification process and product recovery procedures.	2.2 Quality management system 2.3 Efficient customer service
	B6.5	Describe consumer data protection and privacy policies as well as related implementation and monitoring methods.	2.5 Ensuring information security



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Index content			Related chapters
B7. Anti – corruption	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.6 Anti-corruption system
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.6 Anti-corruption system
	B7.2	Describe preventive measures and reporting procedures as well as related implementation and monitoring methods.	1.6 Anti-corruption system
	B7.3	Describe the anti-corruption training provided to directors and employees.	1.6 Anti-corruption system
B8. Community investment	General disclosure	Policies on community participation to understand the requirements of the community in which it operates and ensure that its business activities will consider the interests of the community.	5. Community public welfare
	B8.1	Focus on contribution areas (such as education, environmental issue, labor demand, health, culture, sports).	5. Community public welfare
	B8.2	Resources contributed (e.g. money or time) to the focus area.	5. Community public welfare





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TO THE SHAREHOLDERS OF UBTECH ROBOTICS CORP LTD (深圳市優必選科技股份有限公司),

I. OPINION

(I) What we have audited

We have audited the accompanying financial statements of UBTECH ROBOTICS CORP LTD (深圳市優必選科技股份有限公司) (hereinafter "UBTECH"), which comprise:

- the consolidated and company balance sheets as at December 31, 2024;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended; and
- notes to the financial statements.

(II) Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of UBTECH as at December 31, 2024, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of UBTECH in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

普華永道中天會計師事務所（特殊普通合夥）

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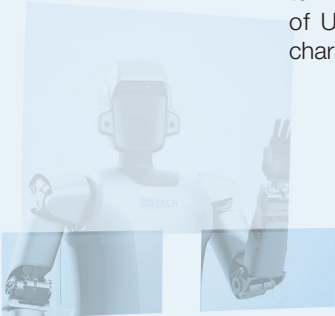
III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:

- (I) Measurement of expected credit loss on accounts receivables and long-term receivables
- (II) Assessment of net realizable value of inventories

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>(I) Measurement of expected credit loss on accounts receivables and long-term receivables</p> <p>Please refer to notes 2 (9), 2 (27),4 (3) and 4 (8) to the financial statements.</p> <p>On December 31, 2024, the gross amount of UBTECH's accounts receivables was RMB1,311,563,000, the provision for bad debts was RMB398,065,000, and the carrying amount was RMB913,498,000. The gross amount of long-term receivables was RMB140,709,000, the provision for bad debts was RMB358,000, the carrying amount was RMB140,351,000, all of which accounted for approximately 20.5% of the total consolidated assets.</p> <p>UBTECH measured the loss allowance for all accounts receivables and long-term receivables according to the expected credit loss within their entire lifetime. Management assessed the expected credit loss on accounts receivables and long-term receivables on an individual or collective basis:</p>	<p>We have performed the following audit procedures to address the measurement of expected credit loss on accounts receivables and long-term receivables, including:</p> <ul style="list-style-type: none">Obtained an understanding of the management's internal controls and assessment process relevant to the measurement of expected credit loss on accounts receivables and long-term receivables, including management's identification of accounts receivables, with shared credit risk characteristics, the classification of individual or collective basis, and the review and approval of the key assumptions adopted and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes, and susceptibility to management bias and other fraud risk factors;Evaluated the appropriateness of management's classification of accounts receivables and long-term receivables based on the understanding of UBTECH's business and the credit risk characteristics of customers;



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III. KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matter
<p>(I) Measurement of expected credit loss on accounts receivables and long-term receivables (Continued)</p> <p>(1) For accounts receivables and long-term receivables with significantly different credit risk characteristics, the expected credit loss, before taking into account the forward-looking adjustment, is calculated based on the difference between the carrying amount of the individual receivable and the present value of the expected cash flows under various scenarios;</p> <p>(2) For the remaining balance of accounts receivables and long-term receivables, the probability of default and loss given default is determined based on the external credit rating and the industry of the counterparty, and expected credit loss before adjustments of forward-looking information in the calculation of the exposure to default risk;</p> <p>(3) Taking into account the forward-looking adjustment factor in respect of current and future economic conditions and calculated the expected credit loss of accounts receivables and long-term receivables on an individual and collective basis.</p>	<p>We have performed the following audit procedures to address the measurement of expected credit loss on accounts receivables and long-term receivables, including (Continued):</p> <ul style="list-style-type: none"> • Tested, on a sampling basis, the accuracy of the classification of accounts receivables and long-term receivables ageing and the past-due ageing. • For accounts receivables and long-term receivables that expected credit loss assessed individually, examined the accuracy of the default risk exposure for each counterparty, understood the basis of management's assessment of expected credit loss under different circumstances, and tested, on a sampling basis, the relevant supporting evidence to assess the reasonableness of management's estimate of expected credit loss. • For accounts receivables and long-term receivables that expected credit loss is assessed on collective basis, examined the accuracy of the exposure at default for each counterparty, and the accuracy of the external credit ratings of the counterparties and the information on the industries in which the counterparties are located, on which the key assumptions determination is based on, was tested, on a sampling basis; • With the assistance of internal assessment specialists, <ol style="list-style-type: none"> (1) Assessed the reasonableness of the measurement models used by management; (2) Assessed the reasonableness of probabilities of default and loss given default used by management for counterparties with different external credit ratings and within different industries;

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III. KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matter
<p>(I) Measurement of expected credit loss on accounts receivables and long-term receivables (Continued)</p> <p>We considered the measurement of expected credit loss for accounts receivables and long-term receivables as a “key audit matter” as the amounts involved are significant and the measurement involves significant accounting estimates and judgements.</p>	<p>We have performed the following audit procedures to address the measurement of expected credit loss on accounts receivables and long-term receivables, including (Continued):</p> <ul style="list-style-type: none">• With the assistance of internal assessment specialists, (Continued)(3) Examined management’s selection of economic factors to assess the appropriateness of management’s assessment of forward-looking information, by reference to industry and external macroeconomic data, and the relevance between the asset portfolio and economic indicators;(4) Performed sensitivity analysis on the assumptions adopted by management in the assessment of forward-looking information to assess the potential impact on the measurement of expected credit loss in the event of a reasonable and probable change in the relevant key assumptions happened;• Recalculated the amount of expected credit loss to assess the accuracy of management’s calculations;• Assessed the adequacy of the disclosures related to the measurement of expected credit loss on accounts receivables and long-term receivables under the relevant requirements of the CASs.

Based on the abovementioned audit procedures performed, the significant accounting estimates and judgments used by management in measuring the expected credit loss on accounts receivables and long-term receivables were supported by the audit evidence obtained.



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III. KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matter
<p>(II) Assessment of net realizable value of inventories</p> <p>Please refer to notes 2 (10), 2 (27) and 4 (6) to the financial statements.</p> <p>As at December 31, 2024, the gross amount of UBTECH's inventories was RMB466,684,000, the provision for decline in the value of inventories was RMB6,184,000, and the carrying amount was RMB460,500,000, which accounted for 9.0% of the total consolidated assets.</p>	<p>We have performed the following audit procedures to address the assessment of net realizable value of inventories, including:</p> <ul style="list-style-type: none">• Obtained an understanding of the management's internal controls and assessment processes relevant to the assessment of net realizable value of inventories and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud and other fraud risk factors;• Understood and evaluated the appropriateness of the methodology adopted by the management for the measurement of net realizable value of inventories;• Evaluated the outcome of prior period assessment of the net realizable value of inventories by comparing with the actual sales of current year to assess the effectiveness of management's estimation and whether there were indicators of possible management bias;• Understood and evaluated the reasonableness of the management's significant accounting estimates and judgements for the assessment of net realizable value of inventories, including the estimated selling price of inventories, the estimated total costs of completion, the estimated contract fulfillment costs, estimated selling expenses and related taxes, and tested, on a sampling basis, by:

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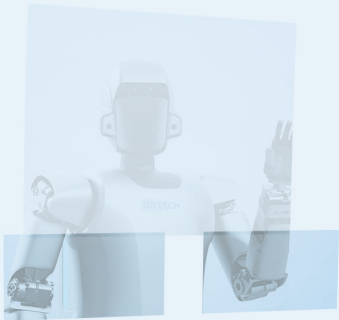


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III. KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matter
<p>(II) Assessment of net realizable value of inventories (Continued)</p> <p>UBTECH’s inventories mainly include raw materials, work in progress, finished goods, goods in transit and contract fulfillment costs, which are measured at the lower of cost and net realizable value. Net realizable value is determined base of the estimated selling price, less the costs of completion, estimated contract fulfillment costs, estimated selling expenses and related taxes. Regarding estimated selling price, the estimation is based on the agreed price of existing sale contracts or sale orders. If agreed price does not exist, the selling price is estimated based on current market selling price.</p> <p>We considered the assessment of net realizable value of inventories as a key audit matter as the carrying amount of inventory is significant and the assessment involves significant accounting estimates and judgements.</p>	<p>We have performed the following audit procedures to address the assessment of net realizable value of inventories, including (Continued):</p> <div><div>(1) Compared the estimated selling price of inventories with the signed sales contracts or sale orders of UBTECH, and the current selling price of the same or similar type of products;</div><div>(2) Compared the total and the estimated contract fulfillment costs with the total recent cost of the same or similar type of products sold;</div><div>(3) Compared the estimated selling expenses and related taxes with the actual selling expenses and related taxes of the same or similar type of products sold;</div></div> <div><div>Recalculated the net realizable value of inventories to assess the accuracy of the management’s calculation;</div><div>Assessed the adequacy of the disclosures related to the assessment of net realizable value of inventories under the relevant requirements of the CASs.</div></div> <p>Based on the abovementioned procedures performed, we considered that management’s significant accounting estimates and judgements applied in the assessment of net realizable value of inventories were supportable by the audit evidence obtained.</p>



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(Page 7 of 9)**IV. OTHER INFORMATION**

Management of UBTECH is responsible for the other information. The other information comprises all of the information included in 2024 annual report of UBTECH other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

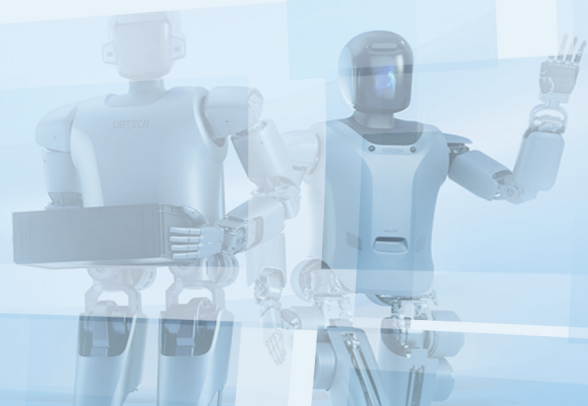
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF MANAGEMENT AND AUDIT COMMITTEE FOR THE FINANCIAL STATEMENTS

Management of UBTECH is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing UBTECH's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate UBTECH or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing UBTECH's financial reporting process.



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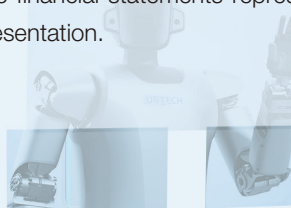
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VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UBTECH's internal control.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (IV) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on UBTECH's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause UBTECH to cease to continue as a going concern.
- (V) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



AUDITOR'S REPORT



普华永道

PwC ZT Shen Zi (2025) No.15003

(Page 9 of 9)

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(Continued)*

- (VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the UBTECH to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA

Wang Yinming (Engagement Partner)

Shanghai, the People's Republic of China
March 30, 2025

Signing CPA

Huangfu Xin

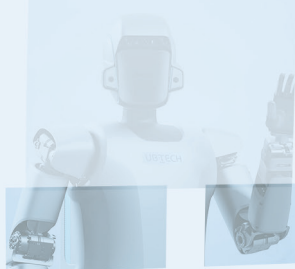


CONSOLIDATED AND COMPANY BALANCE SHEET

As at December 31, 2024

(All amounts in RMB'000 unless otherwise stated)

Assets	Note	December 31, 2024 Consolidated	December 31, 2023 Consolidated	December 31, 2024 Company	December 31, 2023 Company
Current assets					
Cash at Bank and on hand	4(1)	1,223,715	541,402	904,968	212,648
Financial assets held for trading		15,008	–	15,008	–
Notes receivables	4(2)	36,819	6,641	5,760	–
Accounts receivable	4(3), 13(1)	913,498	833,673	557,197	389,099
Prepayments	4(4), 13(2)	117,801	120,408	191,327	160,351
Other receivables	4(5), 13(3)	26,435	869,456	672,714	1,637,547
Inventories	4(6)	460,500	416,024	288,482	245,066
Other current assets	4(7)	112,417	129,633	1,165	18,456
Total current assets		2,906,193	2,917,237	2,636,621	2,663,167
Non-current assets					
Long-term receivables	4(8)	140,351	–	53,130	–
Long-term equity investments	4(9), 13(4)	23,352	19,929	3,070,019	3,138,909
Investment in other equity instruments	4(10)	49,795	6,073	45,000	1,278
Fixed assets	4(11)	139,035	141,830	31,417	33,014
Construction in progress	4(12)	1,308,779	1,010,999	–	–
Right-of-use assets	4(13)	58,063	65,719	27,743	18,757
Intangible assets	4(14)	447,448	439,245	10,897	8,733
Goodwill	4(15)	10,351	52,221	–	–
Long-term prepaid expenses	4(16)	28,635	26,741	7,352	7,427
Other non-current assets	4(17)	21,523	85,641	2,894	4,378
Total non-current assets		2,227,332	1,848,398	3,248,452	3,212,496
Total assets		5,133,525	4,765,635	5,885,073	5,875,663



CONSOLIDATED AND COMPANY BALANCE SHEET

As at December 31, 2024
(All amounts in RMB'000 unless otherwise stated)

Liabilities and Shareholders' equity	Note	December 31, 2024 Consolidated	December 31, 2023 Consolidated	December 31, 2024 Company	December 31, 2023 Company
Current liabilities					
Short-term borrowings	4(19)	793,365	777,223	648,670	682,199
Notes payable		–	3,964	50,000	50,000
Accounts payable	4(20)	547,808	412,534	849,620	701,733
Contract liabilities	4(21)	61,425	58,945	196,436	134,321
Employee benefits payable	4(22)	124,344	152,319	90,993	94,990
Taxes payable	4(23)	82,498	73,620	29,113	18,097
Other payables	4(24)	391,094	382,829	1,975,409	2,172,709
Non-current liabilities to be settled within one year	4(25)	70,982	62,771	10,174	8,633
Other current liabilities	4(26)	21,031	27,900	7,819	9,262
Total current liabilities		2,092,547	1,952,105	3,858,234	3,871,944
Non-current liabilities					
Long-term borrowings	4(27)	708,630	648,989	–	–
Lease liabilities	4(28)	36,553	41,514	18,234	10,597
Deferred income	4(29)	47,961	32,889	41,831	27,556
Deferred tax liabilities	4(30)	302	1,255	–	–
Total non-current liabilities		793,446	724,647	60,065	38,153
Total liabilities		2,885,993	2,676,752	3,918,299	3,910,097
Shareholders' equity					
Share capital	4(31)	431,623	417,851	431,623	417,851
Capital surplus	4(32), 13(5)	8,477,261	7,212,784	8,154,098	6,943,102
Other comprehensive income/(loss)	4(33)	5,518	8,985	(8,000)	(6,722)
Accumulated losses		(6,802,797)	(5,679,207)	(6,610,947)	(5,388,665)



CONSOLIDATED AND COMPANY BALANCE SHEET

As at December 31, 2024

(All amounts in RMB'000 unless otherwise stated)

Liabilities and Shareholders' equity	Note	December 31, 2024 Consolidated	December 31, 2023 Consolidated	December 31, 2024 Company	December 31, 2023 Company
Total equity attributable to the shareholders of the Company		2,111,605	1,960,413		
Minority interests		135,927	128,470		
Total shareholders' equity		2,247,532	2,088,883	1,966,774	1,965,566
Total liabilities and shareholders' equity		5,133,525	4,765,635	5,885,073	5,875,663

The accompanying notes form an integral part of these financial statements.

Legal representative:

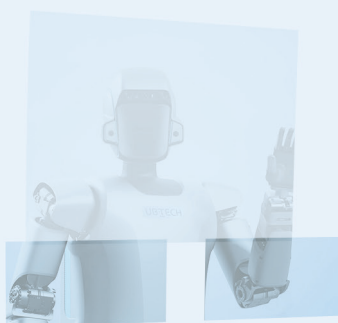
Zhou Jian

*Principal in charge of
accounting:*

Zhang Ju

*Head of the accounting
department:*

Chen Daocheng



CONSOLIDATED AND COMPANY INCOME STATEMENT

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

Item	Note	2024 Consolidated	2023 Consolidated	2024 Company	2023 Company
I. Revenue	4(34), 13(6)	1,305,361	1,055,698	685,650	602,926
Less: Cost of sales	4(34), 4(39), 13(6)	(931,352)	(722,880)	(619,673)	(562,154)
Taxes and surcharges	4(35)	(9,891)	(8,593)	(1,614)	(1,315)
Selling expenses	4(36), 4(39)	(523,930)	(506,113)	(253,933)	(287,793)
General and administrative expenses	4(37), 4(39)	(370,006)	(399,706)	(293,839)	(335,596)
Research and development expenses	4(38), 4(39)	(478,108)	(490,502)	(325,060)	(309,195)
Finance expenses	4(40)	5,983	(9,011)	(6,195)	(17,928)
Including: Interest expenses		(26,976)	(14,949)	(21,736)	(21,736)
Interest income		15,946	8,078	3,829	3,829
Add: Other income	4(41)	37,635	27,220	10,548	17,489
Investment income/(loss)	4(42), 13(7)	20,381	(71)	(4,529)	–
Including: Share of loss an associate and a joint venture		(5,818)	(71)	–	–
Losses from fair value changes		8	–	8	–
Credit impairment losses	4(43)	(156,014)	(144,995)	(98,242)	(55,748)
Asset impairment losses	4(44)	(43,219)	(26,376)	(249,534)	(176,272)
Gains/closses on disposals of assets		40	(2,307)	–	(411)
II. Operating loss		(1,143,112)	(1,227,636)	(1,156,413)	(1,125,997)
Add: Non-operating income		2,297	1,037	407	600
Less: Non-operating expenses		(8,444)	(630)	(66,276)	(563)
III. Total loss		(1,149,259)	(1,227,229)	(1,222,282)	(1,125,960)
Less: Income tax expenses	4(45)	(10,665)	(37,361)	–	–
IV. Net loss		(1,159,924)	(1,264,590)	(1,222,282)	(1,125,960)



CONSOLIDATED AND COMPANY INCOME STATEMENT

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

Item	Note	2024 Consolidated	2023 Consolidated	2024 Company	2023 Company
Classified by continuity of operations					
Net loss from continuing operations		(1,159,924)	(1,264,590)	(1,222,282)	(1,125,960)
Classified by ownership of the equity					
Net loss attributable to shareholders of the Company		(1,123,590)	(1,234,048)		
Loss attributable to minority interests		(36,334)	(30,542)		
V. Other comprehensive loss, net of tax					
Other comprehensive income that will not be subsequently reclassified to profit or loss					
Change in fair value of investments in other equity instruments	4(33)	(1,278)	500	(1,278)	76
Other comprehensive income that will be reclassified to profit or loss					
Translation difference on foreign currency financial statements	4(33)	(2,189)	13,096		
VI. Total comprehensive loss		(1,163,391)	(1,250,994)	(1,223,560)	(1,125,884)
Total comprehensive loss attributable to shareholders of the Company		(1,127,057)	(1,220,452)		
Total comprehensive loss attributable to minority interests		(36,334)	(30,542)		
VII. Losses per share					
Basic and diluted losses per share (RMB)	4(46)	(2.67)	(3.05)		

The accompanying notes form an integral part of these financial statements.

Legal representative:

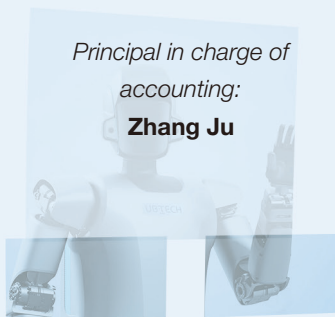
Zhou Jian

Principal in charge of
accounting:

Zhang Ju

Head of the accounting
department:

Chen Daocheng



CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

	Note	2024 Consolidated	2023 Consolidated	2024 Company	2023 Company
I. Cash flows used in operating activities					
Cash received from sales of goods or rendering of services		853,795	812,662	503,702	457,089
Refund of taxes and surcharges		91,181	12,206	28,707	–
Cash received relating to other operating activities	4(48)	79,121	50,430	26,041	25,887
Sub-total of cash inflows from operating activities		1,024,097	875,298	558,450	482,976
Cash paid for purchase of goods and receipt of labour services		(803,516)	(833,172)	(673,448)	(480,215)
Cash paid to and on behalf of employees		(718,167)	(653,001)	(452,031)	(426,098)
Payments of various taxes		(31,013)	(101,853)	(1,614)	(21,824)
Cash paid relating to other operating activities	4(48)	(355,037)	(287,574)	(218,956)	(207,074)
Sub-total of cash outflow used in operating activities		(1,907,733)	(1,875,600)	(1,346,049)	(1,135,211)
Net cash used in operating activities	4(48)	(883,636)	(1,000,302)	(787,599)	(652,235)
II. Cash used in investing activities					
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,585	46,071	8,465	7,071
Cash received from returns on investments		1,688	–	1,676	–
Sub-total of cash inflows from investing activities		11,273	46,071	10,141	7,071
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(226,968)	(531,669)	(30,691)	(25,612)
Cash paid to acquire investments		(60,000)	–	(60,000)	–
Net cash paid for acquisition of a subsidiary and other business units		–	(20,000)	(139,720)	(1,192,659)
Sub-total of cash outflows used in investing activities		(286,968)	(551,669)	(230,411)	(1,218,271)

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

	Note	2024 Consolidated	2023 Consolidated	2024 Company	2023 Company
Net cash used in investing activities		(275,695)	(505,598)	(220,270)	(1,211,200)
III. Cash flows from financing activities					
Cash received from capital contribution		1,865,869	1,117,047	1,802,369	912,366
Including: Cash received from capital contributions by minority shareholders of investment in subsidiaries		63,500	204,680	—	—
Cash received from borrowings		1,096,190	1,380,280	825,348	850,650
Cash received relating to other financing activities		—	29,000	65,471	717,701
Sub-total of cash inflows from financing activities		2,962,059	2,526,327	2,693,188	2,480,717
Repayments of borrowings		(1,012,823)	(552,360)	(833,391)	(402,700)
Cash payment for dividends distribution and interest expense of borrowing		(91,867)	(56,456)	(39,983)	(18,102)
Cash payments relating to other financing activities		(31,300)	(37,206)	(131,112)	(45,549)
Sub-total of cash outflows used in financing activities		(1,135,990)	(646,022)	(1,004,486)	(466,351)
Net cash flows from financing activities		1,826,069	1,880,305	1,688,702	2,014,366
IV. Effect of foreign exchange rate changes on cash and cash equivalents		3,320	1,099	1,528	34
V. Net increase in cash and cash equivalents	4(48)	670,058	375,504	682,361	150,965
Add: Cash and cash equivalents at the beginning of the year		520,902	145,398	204,058	53,093
VI. Cash and cash equivalents as at the end of the year	4(48)	1,190,960	520,902	886,419	204,058

The accompanying notes form an integral part of these financial statements.

Legal representative:

Zhou JianPrincipal in charge of
accounting:**Zhang Ju**Head of the accounting
department:**Chen Daocheng**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

Item	Note	Equity attributable to shareholders of the Company				Minority interests	Total shareholders' equity
		Share capital	Capital surplus	Other comprehensive income	Accumulated losses		
Balance at January 1, 2023		396,173	5,014,876	(4,611)	(4,445,159)	92,645	1,053,924
Movements for the year ended December 31, 2023							
Total comprehensive income							
Net loss		-	-	-	(1,234,048)	(30,542)	(1,264,590)
Other comprehensive loss	4(33)	-	-	13,596	-	-	13,596
Total comprehensive loss		-	-	13,596	(1,234,048)	(30,542)	(1,250,994)
Shareholders' investment and capital reduction							
Ordinary shares contributed by shareholders	4(31)	21,678	1,675,756	-	-	-	1,697,434
Share-based payments included in shareholders' equity	6	-	381,707	-	-	2,132	383,839
Transactions with minority interests	4(32)	-	140,445	-	-	64,235	204,680
Balance at December 31, 2023		417,851	7,212,784	8,985	(5,679,207)	128,470	2,088,883
Balance at January 1, 2024		417,851	7,212,784	8,985	(5,679,207)	128,470	2,088,883
Movements for the year ended December 31, 2024							
Total comprehensive income							
Net loss		-	-	-	(1,123,590)	(36,334)	(1,159,924)
Other comprehensive loss	4(33)	-	-	(3,467)	-	-	(3,467)
Total comprehensive loss		-	-	(3,467)	(1,123,590)	(36,334)	(1,163,391)
Shareholders' investment and capital reduction							
Ordinary shares contributed by shareholders	4(31)	13,772	999,442	-	-	-	1,013,214
Share-based payments included in shareholders' equity	6	-	245,326	-	-	-	245,326
Transactions with minority interests	4(32)	-	19,709	-	-	43,791	63,500
Balance at December 31, 2024		431,623	8,477,261	5,518	(6,802,797)	135,927	2,247,532

The accompanying notes form an integral part of these financial statements.

Legal representative:

Zhou Jian

Principal in charge of
accounting:

Zhang Ju

Head of the accounting
department:

Chen Daocheng

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

Item	Note	Shareholders' equity				Total shareholders' equity
		Share capital	Capital surplus	Other comprehensive income	Accumulated losses	
Balance at January 1, 2023		396,173	4,973,815	(6,798)	(4,262,705)	1,100,485
Movements for the year ended						
December 31, 2023						
Total comprehensive loss						
Net loss		-	-	-	(1,125,960)	(1,125,960)
Other comprehensive income		-	-	76	-	76
Total comprehensive income		-	-	76	(1,125,960)	(1,125,884)
Shareholders' investment and capital reduction						
Ordinary shares contributed by shareholders	13(5)	21,678	1,675,756	-	-	1,697,434
Share-based payments included in shareholders' equity	6	-	293,531	-	-	293,531
Balance at December 31, 2023		417,851	6,943,102	(6,722)	(5,388,665)	1,965,566
Balance at January 1, 2024		417,851	6,943,102	(6,722)	(5,388,665)	1,965,566
Movements for the year ended						
December 31, 2024						
Total comprehensive loss						
Net loss		-	-	-	(1,222,282)	(1,222,282)
Other comprehensive income		-	-	(1,278)	-	(1,278)
Total comprehensive income		-	-	(1,278)	(1,222,282)	(1,223,560)
Shareholders' investment and capital reduction						
Ordinary shares contributed by shareholders	13(5)	13,772	999,442	-	-	1,013,214
Share-based payments included in shareholders' equity	6	-	211,554	-	-	211,554
Balance at December 31, 2024		431,623	8,154,098	(8,000)	(6,610,947)	1,966,774

The accompanying notes form an integral part of these financial statements.

Legal representative:

Zhou Jian

Principal in charge of accounting:

Zhang Ju

Head of the accounting department:

Chen Daocheng

NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

1 CORPORATE BACKGROUND

UBTECH ROBOTICS CORP LTD (hereinafter referred to as the “Company”) was a joint stock company established in the People’s Republic of China (the “PRC”) on March 31, 2012. The registered address and headquarters of the Company is in Shenzhen City, Guangdong Province, the PRC. The Company’s shares were listed on the main board of The Stock Exchange of Hong Kong Limited on December 29, 2023. As of December 31, 2024, the total share capital of the Company was RMB431,622,824, each with par value of RMB1. The major shareholder of the Company is Mr. Zhou Jian, and as at December 31, 2024, he directly and indirectly held a total of 27.37% of the equity interest of the Company through certain partnership. In view of Mr. Zhou Jian’s indirect interest in the Company through certain partnerships, and given that Mr. Zhou Jian has entered into agreements with certain shareholders of the Company whereby such shareholders have agreed to entrust Mr. Zhou Jian or to follow his decision in exercising the voting rights of such shareholders, Mr. Zhou Jian is regarded as the ultimate controlling shareholder of the Company as of December 29, 2024. On December 29, 2024, Mr. Zhou Jian signed agreements with certain shareholders to terminate the granting of voting rights of these shareholders. Since then, the Company has had no ultimate controlling shareholder.

The Company and its subsidiaries (collectively, the “Group”) are primarily engaged in the research and development, design, production and sales of robotic products and provision of ancillary service and solutions.

These financial statements were authorised for issue by the Board of the Company on March 30, 2025.

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group applied the accounting policies and accounting estimates based on its business operations characteristics, including measurement of expected credit loss of receivables (Note 2 (9)), measurement method of cost of inventories (Note 2 (10)), depreciation of fixed assets, amortisation of intangible assets and right-of-use assets (Note 2 (12), (14) and (24)), revenue recognition and measurement (Note 2 (22)), etc.

The key judgements, significant accounting estimates and key assumptions used by the Group in determining significant accounting policies are disclosed in note 2 (27).

(1) Preparation basis of financial statements

The financial statements are prepared in accordance with Accounting Standard for Business Enterprises – Basic Standard, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on February 15, 2006 and in subsequent periods (hereafter collectively referred to as “the Accounting Standards for Business Enterprises”).

The financial statements are prepared on a going concern basis.

Certain matters relating to financial statements have been disclosed in accordance with disclosure requirements of the Hong Kong Companies Ordinance.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(2) Statement of Compliance with the Accounting Standard for Business Enterprises

The 2024 annual financial statements of the Company are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the Consolidated and the Company's financial position of the as at December 31, 2024 and their financial performance, cash flows and other information for the year then ended.

(3) Accounting year

The accounting period with the calendar year commences on January 1 and ends on December 31.

(4) Functional currency

The functional currency of the Company is RMB. The subsidiaries of the Company determine their recording currencies based on the primary economic environment in which they operate. The recording currency of our Hong Kong subsidiary is HKD, and the recording currency of our US subsidiary is USD. These financial statements are presented in Renminbi.

(5) Business combinations

Business combinations involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the Group in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; Where the cost of combination is lower than the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Any costs directly attributable to the business combination shall be recognised in profit or loss for the current period when occurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are deconsolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies or the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted as necessary to align with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(6) Preparation of consolidated financial statements *(Continued)*

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' shareholders' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit and loss attributed to minority interests and total comprehensive incomes attributed to minority interests, and presented separately in the consolidated financial statements under shareholders' equity, net profits and total comprehensive income respectively. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to shareholders of the Company. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to shareholders of the Company and net profit attributed to minority interests in accordance with the allocation proportion of the Company's Interest in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to shareholders of the Company and net profit attributed to minority interests in accordance with the allocation proportion of the Company's interest in the selling subsidiary. If the accounting treatment of a transaction in the financial statements at the Group level is inconsistent with that at the Company or its subsidiary level, adjustment is made from the perspective of the Group.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(8) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into functional currency using the approximate exchange rate of the spot exchange rate at the dates of the transactions. The spot exchange rate is the foreign exchange rate quoted by the People's Bank of China. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, which is the weighted average exchange rate that approximates the spot exchange rate at the date of the transaction.

At the balance sheet date, monetary items denominated in foreign currencies are translated into Renminbi using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalized as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of financial statements denominated in foreign currency

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "undistributed profits" are translated at the spot exchange rates on the transaction dates. The income and expense items in the income statements of overseas operations are translated at the rate that approximates the spot exchange rates of the transaction dates. The differences arising from the above translations are included in other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity meanwhile forms a financial liability or equity instrument of another entity. The Group recognizes financial assets, financial liabilities or equity instruments when it becomes a party to the contract of financial instruments.

(a) Financial assets

(i) Classification and measurement

The Group classifies financial assets according to the business model of managing financial assets and the contractual cash flow characteristics of financial assets: (1) financial assets measured at amortized cost; (2) financial assets measured at fair value through other comprehensive income; (3) financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value on initial recognition. For financial assets measured at fair value through profit or loss, the related transaction expense is directly recognised in profit or loss; for other categories of financial assets, the related transaction costs are included in the initial recognition amount. For the accounts receivable or notes receivables arising from the sale of products or the provision of labour services that do not contain or consider the significant financing components, the Group determines the amount of the consideration expected to be entitled to be received as the initial recognition amount.

Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the issuers' perspective. There are three categories into which the Group measures its debt instruments:

Measured at amortised cost:

The Group's business model for managing such financial assets is to collect the contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, which means the cash flows generated on a specific date, represent solely payment of the principal and interest on the outstanding principal amount. The Group recognises interest income for such financial assets in accordance with the effective interest method. Such financial assets mainly include cash at bank and on hand, notes receivables, accounts receivable, other receivables, and long-term receivables.

Measured at fair value through other comprehensive income ("FVOCI"):

The Group's business model for managing such financial assets is aimed at collecting contractual cash flow and selling, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. Such financial assets are measured at fair value through other comprehensive income, while impairment losses or gains, exchange gain or loss and interest income calculated according to the effective interest rate method are recognised in profit or loss for the current period. Such financial assets mainly include other equity instrument investments.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(i) Classification and measurement *(Continued)*

Measured at fair value through profit or loss ("FVPL"):

Debt instruments held by the Group that are measured neither at amortised cost nor at FVOCI, are measured at FVTPL. Investments maturing over one year from the balance sheet date and expected to be held for over one year are presented as other non-current financial assets, while the remainder are presented as financial assets held for trading.

Equity instruments

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading; Investments in equity instruments expected to be held for over one year as from the balance sheet date are presented as other non-current financial assets.

In addition, the Group designates part of financial assets which are not held for trading at FVOCI and presents them in other equity instruments investments at initial recognition. The dividend income is recognised in profit or loss.

(ii) Impairment

The Group recognizes a loss allowance for expected credit loss on a financial asset that is measured at amortised cost, and debt instruments investment at FVOCI and contract assets.

Giving consideration to reasonable and supportable information that is available without undue cost or effort at the balance sheet date on past events, current conditions and forecasts of future economic conditions weighted by the probability of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

For notes receivables, accounts receivable, and long-term receivables arising from sale of goods and rendering of services in the ordinary course of operating activities, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component. For accounts receivable and notes receivables with significantly different credit risk characteristics, the ECL is calculated according to the individual financial assets. When it is unable to evaluate the information of expected credit loss of a single financial asset at a reasonable cost, the Group divides the receivables into portfolios according to the characteristics of credit risk, calculates the expected credit loss on the basis of the portfolio, and determines the portfolio on the basis of the following.

NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

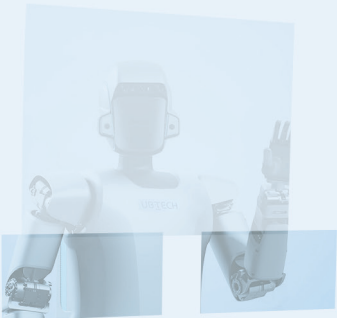
(a) Financial assets (Continued)

(ii) Impairment (Continued)

Accounts receivable portfolio 1	For governmental and state-owned enterprise customers, the starting point of overdue ageing is the expiry of the credit term.
Accounts receivable portfolio 2	For non-governmental and non-state-owned corporate clients, the time point of overdue of ageing is the time point of expiry of the credit term
Accounts receivable portfolio 3	For external related parties of the Group, the time point of overdue of ageing is the time point of expiry of the credit term
Accounts receivable portfolio 4	For internal related parties of the Group, the time point of overdue of ageing is the time point of expiry of the credit term
Notes receivables portfolio 1	Commercial acceptance notes receivables
Notes receivables portfolio 2	Bank acceptance notes receivables
Long-term receivables portfolio 1	For governmental and state-owned enterprise customers, the starting point of overdue ageing is the expiry of the credit term.
Long-term receivables portfolio 2	For non-governmental and non-state-owned corporate clients, the time point of overdue of ageing is the time point of expiry of the credit term

For accounts receivable assessed individually for expected credit loss, the expected credit loss, before taking into account the forward-looking adjustment, is calculated based on the difference between the carrying amount of the account receivable on an individual basis and the present value of all expected cash flows.

For accounts receivable, long-term receivables, and notes receivables arising from sales of goods and rendering of services in the ordinary course of operating activities that are assessed expected credit loss on a group basis, our Group determines the probability of default and the default loss rate based on the external credit rating of the counterparty and the industry in which it operates, and calculates the expected credit loss before the adjustment of forward-looking information based on the default risk exposure.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

At each statement of financial position date, the ECL of financial instruments other than aforesaid notes receivable, accounts receivable and long-term receivables are measured based on different stages. A 12-month ECL provision is recognised for financial instruments in the first stage, that have not had a significant increase in credit risk since initial recognition, lifetime ECL provision is recognised for financial instruments in the second stage, that have had a significant increase in credit risk without credit impairment since initial recognition, and lifetime ECL provision is recognised for financial instruments in third stage, that have had a credit impairment since initial recognition.

For the financial instruments with low credit risks as at the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition and recognises loss allowance based on the 12-month ECL.

For the financial instruments in Stage 1 and Stage 2, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before net of expected credit loss provision). For the financial instrument in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (net of expected credit loss provision).

Impairment losses (and reversal of impairment losses) is recognised in the statement of profit or loss. For debt investments measured at FVOCI, the Group recognises losses (and reversal of impairment losses) in the statement of profit or loss and adjusts OCI at the meantime.

(iii) Derecognition

A financial asset is derecognized when any of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When the investment of other equity instruments is de-recognized, the difference between the carrying amount and the sum of the consideration received and the change of fair value accumulated in the original direct accounting of other comprehensive income shall be recorded into the retained earnings; when the recognition of other financial assets is de-recognized, the difference between the carrying amount and the sum of the consideration received and the change of fair value accumulated in the original direct accounting of other comprehensive income shall be recorded into profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments *(Continued)*

(b) Financial liability

Financial liabilities are classified into financial liabilities at amortised cost, financial liabilities at fair value through profit or loss at initial recognition and derivative financial liabilities.

The Group's financial liabilities are mainly financial liabilities measured at amortised cost, including notes payables and accounts payable, other payables, long-term payables and borrowings which are initially recognized at fair value deducting transaction costs, and subsequently measured at amortised cost using the effective interest method. Those with maturities no more than one year (inclusive) are classified as current liabilities; those with maturities over one year but due within one year (inclusive) at the balance sheet date are classified as the current portion of non-current liabilities; others are classified as non-current liabilities.

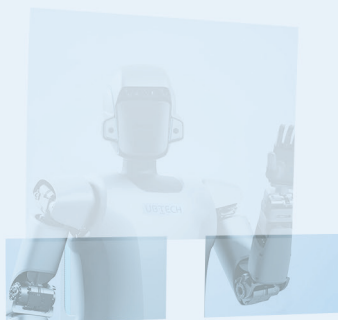
A financial liability is derecognised or partly derecognised when the current obligation is discharged or has been partly discharged. The difference between the carrying amount of the derecognised part of the financial liabilities and the consideration paid is recognised in profit or loss.

(c) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

(d) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique when it is applicable under current conditions and there are enough available data and other information to support. Those inputs should be consistent with the inputs a market participant would use when pricing the asset and liability, and should maximize the use of relevant observable inputs. When related observable inputs can't be acquired or are not feasible to be acquired, then unobservable inputs are used.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(10) Inventories

(a) Classification

Inventories include raw materials, products in progress, finished goods, goods in transit and contract fulfillment cost, which are measured at the lower of cost and net realisable value.

(b) Measurement method of cost of inventories

Cost of inventories recognised is calculated using the weighted average method on a monthly basis.

(c) Basis for determining net realisable values of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price of inventories, less the costs of completion and estimated contract fulfillment costs and costs necessary to make the sale and related taxes. Regarding estimated selling price, the estimation is based on the agreed price of existing sale contracts or sale orders. If agreed price does not exist, the selling price is estimated based on current market selling price.

(d) Our Group adopts the perpetual inventory system.

(11) Long-term equity investments

Long-term equity investments are comprised of the Company's long-term equity investments in its subsidiaries, the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. An associate is the investee over which the Group has significant influence by participating in the financial and operating policy decisions.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(11) Long-term equity investments *(Continued)*

(a) *Determination of investment cost*

For long-term equity investments acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

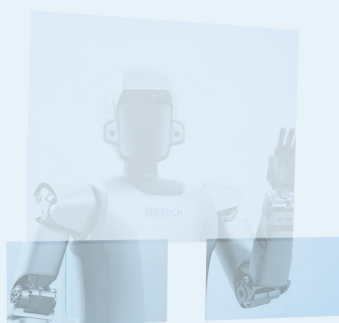
For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity instruments, the initial investment cost shall be the fair value of the equity instruments issued.

(b) *Subsequent measurement and recognition of related profit and loss*

Long-term equity investments accounted for using the cost method are measured at initial investment cost, and cash dividends or profit distributions declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income or loss according to its share of net profit or loss of the investee. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards in the contingencies are satisfied, the Group continues recognising the investment losses expected to be borne. For changes in shareholders' equity of the investee other than those arising from its net profit or loss, other comprehensive income and profit distribution, the Group adjusts the carrying amount of long-term equity investments and records its proportionate share directly into capital surplus. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(11) Long-term equity investments *(Continued)*

(b) Subsequent measurement and recognition of related profit and loss *(Continued)*

The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses of Company financial statements are recognised. In preparing the consolidated financial statements, for the portion of unrealised internal transaction gains or losses attributable to the Group arising from downstream transactions in which the Group invests or sells assets to the investee, the Group offsets the portion of unrealised revenues and costs or gains or losses on disposal of assets attributable to the Group on the basis of the offset in the company financial statements, and adjusts investment income accordingly. For the portion of unrealised internal transaction gains or losses attributable to the Group arising from countercurrent transactions in which the investee invests or sells assets to the Group, the Group should offset the portion of unrealised internal transaction gains or losses attributable to the Group included in the carrying amount of the relevant assets on the basis of the offset in the Company's financial statements and adjust the carrying amount of long-term equity investments accordingly. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

(c) Basis for determining control, joint control, and significant influence over investees

Control is the power over an investee, whereby the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Joint control is a contractually agreed sharing of control of an arrangement, and the decisions relating to the activity of the arrangement require the unanimous consent of the Group and other participating parties sharing that control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

(d) Impairment of long-term equity investment

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2 (16)).



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(12) Fixed assets

Fixed assets include houses and buildings, machinery and equipment, motor vehicles, and office equipment. Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Purchased or newly acquired fixed assets are measured initially at cost on date of acquisition.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset when it is probable that the related economic benefits will flow to the Group and the subsequent expenditures can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

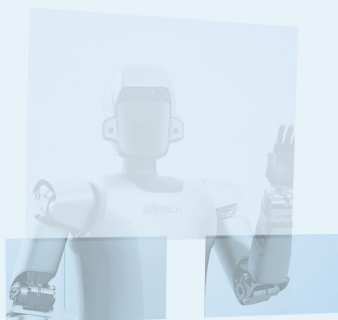
Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values rate and the annual depreciation rates for fixed assets are as follows:

	Estimated useful lives	Estimated net residual value rate	Annual depreciation rate
Houses and buildings	50 years	5%	1.9%
Machinery and equipment	2-10 years	5%	9.50%-47.50%
Motor vehicles	3-10 years	5%	9.50%-31.67%
Office equipment	3-5 years	5%	19.00%-31.67%

The estimated useful life, the estimated net residual value of fixed assets, and the depreciation method are reviewed and adjusted as appropriate at each year-end. The carrying amount shall be reduced to the recoverable amount when the recoverable amount of fixed assets is less than the carrying amount (Note 2 (16)).

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(13) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount shall be reduced to the recoverable amount when the recoverable amount of construction in progress is less than the carrying amount (Note 2 (16)).

(14) Intangible assets

Intangible assets, including land use rights, customer contracts, trademarks and software, are measured at cost.

(a) *Land use rights*

Land use rights are amortised on the straight-line basis over their approved useful period from 30 to 50 years.

(b) *Software*

Software are amortised using the straight-line basis over their approved useful period from 3 to 5 years.

(c) *Customer contract*

Customer contracts acquired in business combinations are recognised at fair value at the acquisition date. Customer contracts are amortized over 3-6 years.

(d) *Trademark*

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks are amortized over 10 years.

(e) *Periodical review of useful life and amortisation method*

For intangible assets with finite useful lives, the expected useful life and amortisation method are reviewed at each year-end and adjusted as appropriate.

(f) *Research and development*

The Group's research and development expenditures mainly include expenditures on materials consumed for the implementation of the Group's research and development activities, remuneration of staff in the research and development department, depreciation and amortisation of assets such as equipment and software used in research and development, research and development testing, research and development technical service fees and licensing fees.

NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(14) Intangible assets *(Continued)*

(f) *Research and development* *(Continued)*

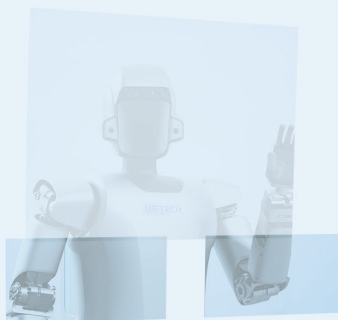
Expenditure on the planned investigation, evaluation and selection phases of the production process research is recognized in profit or loss when it is incurred. Expenditure on the design and testing for the final application of the production process before the large-scale production, should be capitalized only if all of the following conditions satisfied:

- The development of the production process has been sufficiently proved by the technical team;
- The budget relating to development of the production process has been approved by the management;
- The research and analysis of preliminary market research shows that the products produced by the production process have marketability.
- There are adequate technical and financial resources to complete the development of production process and subsequent large-scale production; and
- The expenditures attributable to the development of the production process can be reliably measured.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

(g) *Impairment of intangible assets*

When the recoverable amount of an intangible asset is lower than its carrying amount, the carrying amount is reduced to the recoverable amount (Note 2 (16)).



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(15) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to right-of-use assets, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(16) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives and long-term equity investments in joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. The intangible assets not ready for intended use yet, are treated at least annually for impairment, irrespective of whether there are any indications of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related group of assets or group of asset combinations which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of the group of assets or group of asset combinations, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the group of assets or group of asset combinations, and then deducted from the carrying amounts of other assets within the group of assets or group of asset combinations in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(17) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commences to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction of an asset is resumed.

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalization, the amount of borrowing costs eligible for capitalization is determined by the actual interest expenses incurred on that borrowings for the period less any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings.

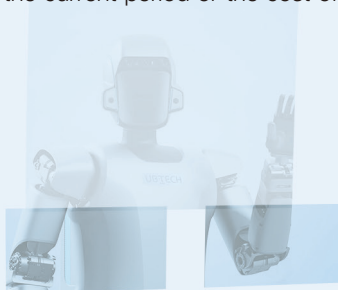
For the general borrowings obtained for the acquisition or construction of an asset qualifying for capitalization, the amount of borrowing costs eligible for capitalization is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial recognition amount of the borrowings.

(18) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits, etc.

(a) *Short-term employee benefits*

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs and short-term paid absence, etc. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(18) Employee benefits *(Continued)*

(b) Post-employment benefits

The Group classifies post-employment benefits into defined contribution plans and defined benefit obligations. Defined contribution plans are post-employment benefits plan that no longer assumes further payment obligations after the Group pays a fixed fee to an independent fund. Defined benefit obligations are post-employment benefit plans other than defined contribution plan.

During the reporting period, the Group's post-employment benefits mainly include the premiums or contributions on basic pension insurance and unemployment insurance.

Basic pension insurance

The Group's employees participated in the basic social pension insurance organised and implemented by local labour and social security bureau. Monthly payments of premiums on the basic pension insurance are calculated according to the bases and percentage prescribed by the relevant local authorities. After retirement, local labour and social security bureau is responsible for paying the pension benefit to the retired employees. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

The termination benefits expected to be settled within one year since the balance sheet date are classified as employee benefits payable.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(19) Dividend distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

(20) Provisions

The quality of the Group's products is guaranteed for within 1 year, provisions for product quality warranty are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

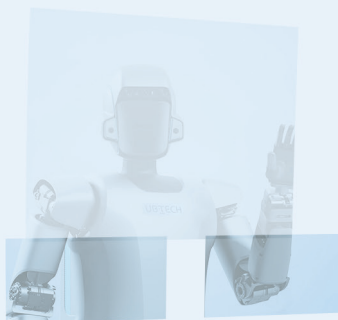
A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed and adjusted as appropriate at each balance sheet date to reflect the current best estimate.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

(21) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable income (or deductible losses) and in which the initially recognised assets and liabilities do not result in equal amounts of taxable temporary differences and deductible temporary differences. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(21) Deferred tax assets and deferred tax liabilities *(Continued)*

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in joint ventures and subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the deductible temporary differences arising from investments in joint ventures and subsidiaries will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the deductible temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when meeting all the conditions below:

The deferred tax assets and liabilities are related to the same tax payer within the Group and the same taxation authority; and that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(22) Revenue recognition

The Group generates revenue primarily from the sale of products and provision of other ancillary services to customers. The Group recognises revenue at the amount of consideration which the Group expects to be entitled to receive when the customer obtains control of the relevant goods or services.

The Group should recognize revenue when the customer acquires control of relevant goods after the contracts between the Group and the customer meeting the following conditions: (1) the contracted parties have approved such contract and committed that they would perform their respective obligations; (2) the contract specified the rights and obligations of all parties related to the goods transferred or the services provided; (3) the contract has clear payment terms on the goods transferred; (4) the contract is of commercial nature, namely that the performance of the contract will change the risks, time or amount of future cash flows of the enterprise; (5) the consideration entitled to the enterprise from the transfer of goods to the customer is likely to be withdrawn. If a contract previously signed between the Group and a customer does not meet the five conditions, upon the contract is in effective, the Group assesses the contract on an ongoing basis and recognizes revenue in accordance with the revenue criterion when the five conditions are simultaneously met.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(22) Revenue recognition *(Continued)*

The Group satisfies a performance obligation over time, if one of the following criteria is met; otherwise, it satisfies a performance obligation at a point in time:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
- (ii) the customers can control the goods in the process of construction during the performance of the Group.
- (iii) the Group's performance does not create an asset with an alternative use to it, and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

When the performance progress cannot be reasonably determined, the revenue shall be recognised according to the amount of costs incurred if the expenses incurred by the Group could be expected to be compensated, until the performance progress can be reasonably determined.

For performance obligation fulfilled at a point of time, the Group recognises revenue at the amount of consideration that is likely to be received when a customer obtains control of the relevant goods.

Contract costs include contract fulfillment costs and contract acquisition costs. The costs are recognised as contract fulfillment costs on the condition that (1) the costs are incurred by the Group for the fulfillment of the current or expected sales contracts or service contracts, (2) the costs increase the resources that the Group will use to fulfil obligations in the future, and (3) the costs are expected to be recoverable. The contract fulfillment costs are recognised as the cost of sales of main operations based on the stage of completion when recognising revenue. Cost incurred by the Group for the acquisition of the contract is recognised as incremental costs of obtaining a contract. For costs of obtaining a contract with amortisation period of less than one year, it would be recognised in profit or loss for the current period when it occurs; for costs of obtaining a contract with amortisation period of more than one year, it would be amortised in profit or loss on the basis of revenue recognition of the related contract. If the carrying amount of contract cost is higher than the remaining consideration expected to be obtained by the provision of the service minus the estimated cost to be incurred, the Group makes impairment provisions on the excess and recognises it as asset impairment losses. As at the balance sheet date, based on whether the amortisation period of the contract fulfillment costs is less than one year or more than one year as determined upon initial recognition, the amount of the Group's contract fulfillment costs (net of related provision for asset impairment) is presented as inventories or other non-current assets respectively. For contract acquisition costs with an amortisation period more than one year as determined upon the initial recognition, the amount net of any related provision for asset impairment is presented as other non-current asset.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(22) Revenue recognition *(Continued)*

For the existence of significant financing components in the contract, the Group determines the transaction price based on the amount payable immediately by cash upon the receipt of control of goods by the customer, and uses the discount rate which discounts the nominal amount of the contract consideration to the discounted price of the goods or services to amortise the difference between the determined transaction price and the consideration amount of the contract commitment using the effective interest method during the contract period. Where it is expected that the intervals between the customer's control over the goods and the payment by the customer will not exceed one year, the Group does not consider the significant financing components in the contract.

At the inception date of contract, the Group shall assess the contract, identify each of the performance obligations in the contract, as well as ensure whether the performance obligations is to be fulfilled over time or at a particular point in time, and subsequently confirms the revenue accordingly upon the complete fulfillment of each of the performance obligations. For contracts containing different performance obligations, the Group allocates the price obtained for the contract among the different performance obligations according to the relative proportion of individual selling price of each performance obligation. The Group generally determines standalone selling prices based on the prices charged to customers when the Group sells it separately in similar circumstances to similar customers. If the standalone selling price is not directly observable, it is estimated based on expected cost plus an expected margin or adjusted market assessment approach, depending on the availability of observable information. Changes in assumptions and estimates made by the Group in estimating the relative selling prices of various performance obligations may affect the amount of revenue recognised by the Group.

Revenue from provision of ancillary services

For the products sold by the Group, it also provides training and other ancillary services. Relevant revenue is recognised over the contracted period with customers in which the ancillary services are provided by the Group as the customers simultaneously receive and consume the benefit arising from the Group's performance.

Revenue from sale of goods

When selling goods to customers, the Group recognises revenue from the sale of goods at the amount of consideration to which the Group expects to be entitled when the customer obtains control of the relevant goods or services. Revenue from the sale of goods is calculated on the basis of the price stipulated in the sales contract and accounts receivable are recognised when the unconditional right to receive payment is recognised, otherwise the Group recognises contract assets at the time of revenue recognition. In some of the contracts, customers of the Group were granted a right of return within 7 days. The Group uses its accumulated experience to estimate the likelihood that goods sold will be returned or 14 days and to make provision for sales returns. The Group recognises the amount expected to be refunded as a result of sales returns as returns payable, which is presented as other current liabilities. At the same time, the balance of the carrying amount of the returned product at the time of sale, after deducting the estimated cost of recovering the product, is recognised as a return cost receivable and presented as other current assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(23) Government grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including refund of taxes and financial subsidies.

A government grant is recognised when the conditions attached to it can be satisfied and the government grant can be received. If a government grant is in the form of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

Government grants related to assets are those obtained for forming long-term assets by purchase, construction or acquisition in other ways. Government grants related to income represent those government grants other than related to assets.

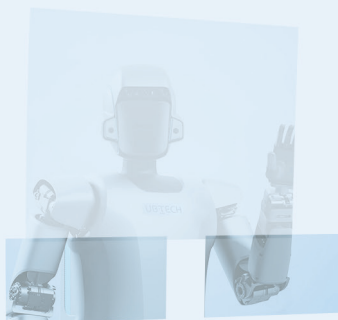
The Group recognises government grants related to assets as deferred income and apportions to profit or loss in a reasonable and systemic manner over the useful lives of the relevant assets.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred in the subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in the current profit or loss.

The Group presents similar types of government grants consistently in the financial statements. Government grants that are related to daily activities are included in the operating profit, otherwise, they are recorded in non-operating income or expenses.

(24) Lease

Lease is a contract in which the lessor transfers the use rights of assets to the lessee to obtain consideration for a certain period.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(24) Lease *(Continued)*

The Group as the lessee

At the commencement date, the Group shall recognise the right-of-use asset and measure the lease liability at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lessee exercises an option to terminate the lease. Variable lease payments that are linked to a certain percentage of sales are excluded from lease payments and recognised in profit or loss as incurred. Lease liabilities that are due within one year (inclusive) as from the balance sheet date are included in non-current liabilities to be settled within one year.

Right-of-use assets comprise leased depot, plants and equipment. Right-of-use assets are measured initially at cost, which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

For short-term leases with a lease term of no more than 12 months and leases of low-value assets with a low value when new for a single asset, the Group has elected not to recognize right-of-use assets and lease liabilities, and the related rental expenses are included in profit or loss for the period or the cost of the relevant asset using the straight-line method for each period during the lease term.

When the lease contract changes and the following conditions are met at the same time, the Group should treat it as a separate lease for accounting treatment: (1) the new lease contract expands the lease scope by adding one or more rights to use the leased asset; (2) the increased consideration is equivalent to the amount of the individual price of the expanded part of the lease scope adjusted according to the contract conditions.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(24) Lease *(Continued)*

The Group as the lessee (Continued)

When the lease change is not accounted for as a separate lease, the Group will re-determine the lease term on the effective date of the lease change, except for the simplified method for contract changes prescribed by the Ministry of Finance. In addition, the revised discount rate is used to discount the changed lease payment and remeasure the lease liability. If the lease change causes the scope of the lease to be narrowed or the lease term to be shortened, the Group will correspondingly reduce the carrying amount of the right-of-use asset, and the relevant gains or losses from the partial or complete termination of the lease are included in profit and loss for the current period. If other lease changes cause the lease liability to be remeasured, the Group will adjust the carrying amount of the right-of-use asset accordingly.

The Group as the lessor

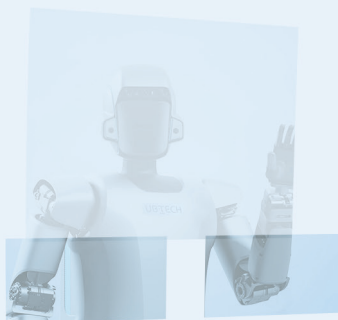
A financial lease is a lease that substantially transfers almost all the risks and rewards related to the ownership of an asset. An operating lease is a lease other than a financial lease. Where the Group leases out self-owned buildings, rental income of operating lease is recognised on a straight-line basis over the lease term.

(25) Segment information

The Group determines operating segments on the basis of the internal organisational structure, management requirements and internal report system, and determines reporting segments on the basis of operation segments, and discloses information of the segments.

An operating segment is a component of our Group that meets all the following conditions: (1) it engages in business activities from which it may earn revenues and incur expenses; (2) its financial performance is regularly reviewed by Management to make decisions about resource to be allocated to the segment and assess its performance; (3) our Group is able to obtain its accounting information regarding financial position, financial performance and cash flows. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and satisfy certain conditions. As the management of the Group believes that the Group has only one operating segment, the Group does not disclose any segment information.

In 2024, more than 90% of the Group's non-current assets, excluding financial instruments and deferred income tax assets, were situated in Mainland China.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(26) Share-based payments

Share-based payments are classified as equity-settled share-based payments and cash-settled share-based payments. The restricted share scheme and share option scheme implemented by the Group is accounted for as equity-settled share-based payments.

The equity-settled share-based payments in exchange for employee services shall be measured at the fair value of the equity instruments granted to the employees. Where the equity-settled share-based payments are exercisable immediately after the grant is completed, the payments shall be recognised in profit or loss for the current period at the fair value of the equity instruments at the grant date, with capital surplus increased accordingly; Where the equity-settled share-based payments are exercisable after the service in the waiting period is completed or specified performance conditions are met, the service obtained in the current period shall be recognised in profit or loss for the current period at the fair value of the equity instruments at the grant date based on the best estimate on the quantity of exercisable equity instruments made by the Group in accordance with the latest changes in the number of exercisable employees, satisfaction of specified performance conditions and other subsequent information at each balance sheet date within the waiting period.

Where the equity-settled share-based payments cannot be exercised in the end, its costs or expenses shall not be recognised by the Group unless that the payments are exercisable under the market conditions or non-exercisable conditions. In this regard, whether the market conditions or non-exercisable conditions are satisfied or not, the payments are deemed to be exercisable only when the non-market conditions among all of the exercisable conditions are satisfied.

When the Group modifies the terms of the share-based payment plan, if the modification increases the fair value of the granted equity instruments, the Group shall recognise the increase in services received based on the difference between the fair value of the equity instruments before and after the modification on the modification date. If the Group revises the conditions for exercisability in a manner favorable to the employee, the Group accounts for the conditions based on the revised conditions. If the Group revises the conditions for exercisability in a manner unfavorable to the employee, the Group does not take the revision into account when accounting, unless the Group cancels some or all of the granted equity instruments. If the Group cancels the granted equity instruments, the payments shall be accelerated for exercise on the cancellation date, and the amount that should have been recognised during the remaining waiting period shall be immediately included in profit or loss for the current period, and capital surplus shall be also recognised.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(27) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgments in applying accounting policies

(i) Judgment of significant increase in credit risk and credit impairment

The Group makes the following judgments on significant increases in credit risk and credit impairments when distinguishing the different stages that financial instruments are in:

The Group's main criteria for judging a significant increase in credit risk are significant changes in one or more of the following indicators: the operating environment in which the debtor is located, internal and external credit ratings, significant changes in actual or expected operating results, and significant decreases in the value of collateral or the credit rating of the guarantor that affect the probability of default.

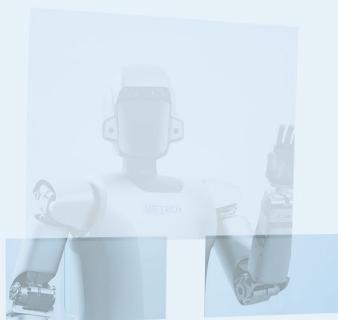
The Group's main criteria for judging that credit impairment has occurred is that one or more of the following conditions are met: significant financial difficulties of the debtor, other debt restructuring, or likely bankruptcy.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(b) Critical accounting estimates and key assumptions

(i) Revenue from customer contracts with multiple performance obligations

For contracts containing different performance obligations, the Group allocates the transaction price among the different performance obligations according to the relative proportion of individual selling price of each performance obligation. The Group generally determines standalone selling prices of performance obligations based on the prices charged to customers when the Group sells performance obligations separately in similar circumstances to similar customers. If the standalone selling price is not directly observable, it is estimated using cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. The amount of revenue recognised by the Group may be affected by changes in the assumptions and estimates made by the Group in estimating the relative selling prices of various different performance obligations.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(27) Important accounting estimates and judgments *(Continued)*

(b) Critical accounting estimates and key assumptions *(Continued)*

(ii) Accounting estimate of provision for declines in the value of inventories

The inventories of the Group are measured at the lower of cost and net realizable value. The management of the Group makes significant estimates to determine the net realizable value of inventory. In determining the net realizable value of inventories, the Group evaluates signed sales contracts and orders, selling prices of the same or similar type of products recently sold, cost to be incurred from inventory to completion and contract fulfillment costs, estimated selling expenses and related taxes. If the conditions affecting the net realizable value of inventories deteriorate, additional provision for impairment may be required.

(iii) Share-based payments

To determine the share-based payments during the vesting period, the Group is required to estimate the date of the successful initial public offering of the Company's shares and the number of grantees who will continue to be employed by the Group at the end of the vesting period. Changes in such estimates and assumptions may have a material impact on the timing and amount of vesting restricted stock, which may further have a material impact on share-based expenses recognised for each year.

(iv) Measurement of expected credit loss

The Group calculates the expected credit loss based on the default risk exposure and the expected credit loss rate, and determines the expected credit loss rate based on the default probability and the default loss rate. It assesses the adjustment factors of forward-looking information combined with current and future economic conditions and makes adjustment to the historical data.

When considering forward-looking information, the Group has considered the different macroeconomic scenarios. For the year 2024, the weights of the 'baseline', 'adverse', and 'favorable' economic scenarios are 60%, 20%, and 20%, respectively (2023: 60%, 20%, and 20%). The Group regularly monitors and reviews important macroeconomic assumptions and parameters related to the calculation of expected credit loss, including the risk of economic downturn, external market environment, technological environment, changes in customer conditions, gross domestic product, and consumer price index.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(27) Important accounting estimates and judgments *(Continued)*

(b) **Critical accounting estimates and key assumptions** *(Continued)*

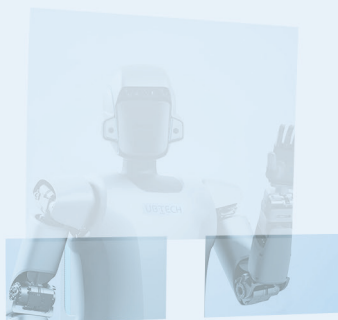
(v) *Accounting estimates on impairment of long-term equity investments and fixed assets*

The Group conducted impairment test on long-term equity investments and fixed assets with impairment indicators. If the result of the impairment test indicates that the recoverable amount of such assets are less than its carrying amount, a provision for asset impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of the fair value less the cost of disposal and the present value of the future cash flows expected to be derived from the asset. These determinations require the use of accounting estimates.

When the present value of expected future cash flows is adopted by the Group to determine the recoverable amount, due to the uncertainty of the economic environment in which the relevant regions are located, there is also uncertainty in the income growth rate, gross profit margin, and pre-tax discount rate used in the calculation of the present value of expected future cash flows. If the management revises the growth rate used in the future cash flow calculation of the relevant asset group, and the revised growth rate is lower than the current growth rate, the Group needs to increase the provision for impairment of the relevant assets. If the management revises the gross profit margin that is used in the calculation of future cash flows for the relevant asset groups, and the revised gross profit margin is lower than the current gross profit margin, the Group would need to increase the provision for impairment of the related assets. If the management revises the pre-tax discount rate used for cash flow discounting, and the revised pre-tax discount rate is higher than the currently used discount rate, the Group would need to increase the provision for impairment of related assets. If the actual growth rate and gross profit margin are higher than the management's estimate or the actual pre-tax discount rate is lower than the management's estimate, the Group shall not reverse the impairment loss of related asset that have been previously provisioned.

(vi) *Goodwill impairment*

The Group tests goodwill for impairment at least on an annual basis. The recoverable amount of group of assets or group of asset combinations containing goodwill is the higher of the net amount after deducting disposal expenses from the fair value of group of assets or group of asset combinations and the present value of its expected future cash flows, and accounting estimates need to be used for determination.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(27) Important accounting estimates and judgments *(Continued)*

(b) **Critical accounting estimates and key assumptions** *(Continued)*

(vi) *Goodwill impairment (Continued)*

When the present value of expected future cash flows is adopted by the Group to determine the recoverable amount, due to the uncertainty of the economic environment in which the relevant regions are located, there is also uncertainty in the income growth rate, gross profit margin, and pre-tax discount rate used in the calculation of the present value of expected future cash flows. If the management revises the growth rate used in the calculation of future cash flows for group of assets or group of asset combinations, and the revised growth rate is lower than the current growth rate, the Group needs to increase impairment provisions for goodwill. If the management revises the gross profit margin used in the calculation of future cash flows for group of assets or group of asset combinations, and the revised gross profit margin is lower than the current gross profit margin, the Group needs to increase impairment provisions for goodwill. If the management revises the pre-tax discount rate used for cash flow discounting, and the revised pre-tax discount rate is higher than the currently used discount rate, the Group needs to increase the provision for impairment of goodwill. If the actual growth rate and gross profit margin are higher than the management's estimate or the actual pre-tax discount rate is lower than the management's estimate, the Group shall not reverse the impairment loss of goodwill that has been previously provisioned.

(vii) *Income tax and deferred income tax*

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(27) Important accounting estimates and judgments *(Continued)*

(b) Critical accounting estimates and key assumptions *(Continued)*

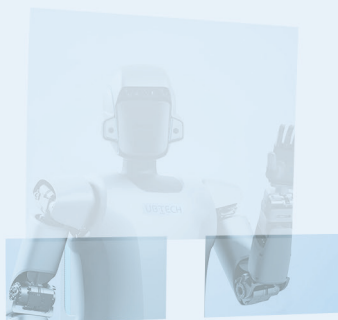
(vii) Income tax and deferred income tax *(Continued)*

As disclosed in note 3, some subsidiaries of the Group are high-tech enterprises. The validity period of the high-tech enterprise qualification is 3 years. Upon expiration, application for high-tech enterprise should be submitted again to the relevant government authorities. Based on the past experience of reassessment for high-tech enterprise upon expiration and the actual condition of the subsidiaries, the Group considers that the subsidiaries are able to obtain the qualification for high-tech enterprises in future years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If some of the subsidiaries fail to obtain re-recognition after the expiration of the high-tech enterprise qualification in the future, they will be subject to the statutory tax rate of 25% for income tax calculation, which will in turn affect the recognized deferred income tax assets, deferred income tax liabilities and income tax expenses.

For the deductible losses that can be carried forward in subsequent years, the Group shall recognise the corresponding deferred tax assets within the limit of the taxable income that is likely to be used to deduct the deductible losses in the future period. The taxable income obtained in the future period includes the taxable income that the Group can realise through normal production and operation activities, and the taxable income that will increase when the taxable temporary difference generated in the previous period is reversed in the future period. The Group needs to apply estimates and judgements in determining the time and amount of taxable income in the future. If there is any difference between the actual and the estimates, adjustment may be made to the carrying amount of deferred tax assets.

(28) Significant changes in accounting policies

The Ministry of Finance promulgated No. 17 Interpretation of Accounting Standards for Business Enterprises (《企業會計準則解釋第17號》) ("No. 17 Interpretation") in 2023 and No. 18 Interpretation of Accounting Standards for Business Enterprises (《企業會計準則解釋第18號》) ("No. 18 Interpretation") in 2024. The Group has adopted No. 17 Interpretation and No. 18 Interpretation in preparing its 2024 financial statements. The above interpretations have no significant impact on the financial statements of the Group and the Company.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

3 TAXATION

Category	Taxation basis	Tax rate
Enterprise income tax (a)	Taxable income	5%, 15%, 16.5%, 25% and 29.84%
Value-added tax (b)	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible VAT input of the current period)	6%, 9% and 13%
City maintenance and construction tax	Taxable amount of VAT	5% or 7%
Education surcharges	Taxable amount of VAT	3%
Local education surcharges	Taxable amount of VAT	2%
Land use tax	Actual area of land used	Applicable differential tax amount
Urban land use tax	Actual area of land used	Applicable differential tax amount

- (a) According to the Enterprise Income Tax of the People's Republic of China and the Regulations on the Implementation of Enterprise Income Tax, except for a few subsidiaries established in the Chinese Mainland that enjoy a preferential tax rate of 15% due to the certification of high-tech enterprises, the remaining subsidiaries mainly apply an income tax rate of 25%. In 2024, the Company, Shanghai UBJ Education Technology Co., Ltd., and Wuxi Uqi Intelligent Technology Co., Ltd. obtained the Certificate of High-tech Enterprises. In 2023, UBTECH Software Technology (Shenzhen) Co., Ltd. obtained the Certificate of High-tech Enterprises, which is valid for three years. In 2024 and 2023, the applicable EIT rate for the Company, Shanghai UBT Education Technology Co., Ltd. and UBTECH Software Technology (Shenzhen) Co., Ltd. is 15%. In 2024, the applicable EIT rate for Wuxi Uqi Intelligent Technology Co., Ltd. is 15%, and the applicable tax rate for 2023 is 25%.

Certain subsidiaries of the Group are micro and small enterprises. According to the Announcement on Implementation of Preferential Policy on Income Tax for Small and Micro Enterprises and Self-Employed Individuals by the Ministry of Finance and the State Administration of Taxation (Announcement [2023] No. 6) and the Announcement of the State Administration of Taxation on Issues Concerning the Implementation of Preferential Income Tax Policies to Support the Development of Small and Low-Profit Enterprises and Individual Business (SAT Announcement [2021] No. 8), a 5% income tax rate is applicable to these subsidiaries.

The subsidiaries of the Company established in Hong Kong are subject to a 16.5% income tax rate.

The subsidiaries of the Company established in North America are subject to a federal income tax rate of 21% and a state income tax rate of 8.84%, totaling 29.84%.

- (b) According to the Announcement on Deepening the Relevant Policies of VAT Reform (《關於深化增值稅改革有關政策的公告》) issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (Announcement [2019] No. 39 of Ministry of Finance, the State Taxation Administration and the General Administration of Customs) and the relevant regulations, as of April 1, 2019, the value-added tax rate applicable to our Group's sales of goods is 13% and to the service fees income is 6%.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	December 31, 2024	December 31, 2023
Cash on hand	79	77
Bank deposits	1,192,369	509,034
Other cash balances	31,267	32,291
	1,223,715	541,402

As at December 31, 2024, the restricted cash of the Group amounted RMB32,755,000 (December 31, 2023: RMB20,500,000), which mainly consists of security deposits, time deposits and funds in supervised accounts. Other cash balances, except for restricted funds, are mainly the funds deposited by the Group on third-party payment platforms.

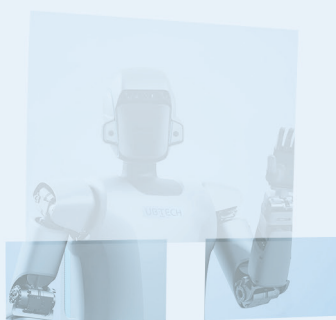
(2) Notes receivables

	December 31, 2024	December 31, 2023
Trade acceptance notes	9,018	494
Bank acceptance notes	27,801	6,147
	36,819	6,641

- (a) As at December 31, 2024, the Group did not have notes receivables pledged.
- (b) In 2024, the Group had no endorsed and discounted bank acceptance bills and almost all the risks and rewards of their ownership have been transferred to other parties.

As at December 31, 2024, notes endorsed or discounted but not due, presented as notes receivables of the Group are as follows:

	Derecognised	Not derecognised
Bank acceptance notes	—	17,364



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(2) Notes receivables** *(Continued)*

- (c) Provision for bad debts

The notes receivable of the Group are generated from daily business activities such as sales of goods and provision of services, regardless of whether there is a significant financing component, the Group calculates loss provisions in accordance with the expected credit loss throughout the lifetime. As at December 31, 2024 and December 31, 2023, the Group assessed that the expected credit loss of notes receivable were not significant.

(3) Accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable	1,311,563	1,068,734
Less: provision for bad debts	(398,065)	(235,061)
	913,498	833,673

(a) The ageing analysis of accounts receivable by invoice date is as follows:

	December 31, 2024	December 31, 2023
Within 6 months	613,709	618,188
6 months to 1 year	102,805	67,318
1-2 years	251,584	291,208
2 to 3 years	262,588	59,991
Over 3 years	80,877	32,029
	1,311,563	1,068,734



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts receivable (Continued)

(b) Provision for bad debts

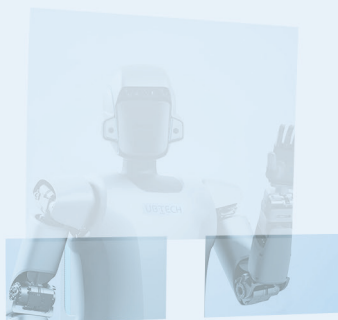
For the accounts receivable, regardless of whether there is a significant financing component, the Group calculates loss provisions in accordance with the expected credit loss throughout the lifetime.

The analysis of provision for bad debts for accounts receivable by category is as follows:

	December 31, 2024				December 31, 2023			
	Accounts balance		Provision for bad debts		Accounts balance		Provision for bad debts	
	Amount	% of total	Amount	% of provision	Amount	% of total	Amount	% of provision
Provision on an individual basis (i)	497,805	37.96%	(380,131)	76.36%	445,303	41.67%	(216,529)	48.63%
Provision on a collective basis (ii)	813,758	62.04%	(17,934)	2.20%	623,431	58.33%	(18,532)	2.97%
	1,311,563	100%	(398,065)	30.35%	1,068,734	100%	(235,061)	21.99%

(i) *Provision for bad debts made on an individual basis for accounts receivable is analysed as follows:*

As at December 31, 2024, the accounts receivable overdue over one year of the Group were approximately RMB434,069,000 (December 31 2023: RMB187,627,000). The Group provided estimated credit loss on an individual basis as its credit risk characteristics were significantly different. The Group has evaluated the cash flows that might be collected under different scenarios and recognised the difference of RMB380,131,000 (December 31, 2023: RMB216,529,000), of which RMB163,602,000 (2023: RMB142,141,000) was included in profit or loss for the current period, between the present value of the cash flows that might be collected and the cash flows receivable according to the contract as provision for bad debts.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts receivable (Continued)

(b) Provision for bad debts (Continued)

- (ii) Provision for bad debts made on a collective basis for accounts receivable is analysed as follows:

Portfolio 1: Government and state-owned enterprise customers:

	December 31, 2024		
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	159,431	0.41%	(658)
Overdue within 1-90 days	15,019	1.70%	(256)
Overdue within 91-180 days	34,467	1.37%	(471)
Overdue within 181-360 days	3,027	2.08%	(63)
	211,944		(1,448)

	December 31, 2023		
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	155,035	1.45%	(2,244)
Overdue within 1-90 days	298	3.02%	(9)
Overdue within 91-180 days	54	3.70%	(2)
Overdue within 181-360 days	145	3.45%	(5)
	155,532		(2,260)



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts receivable (Continued)

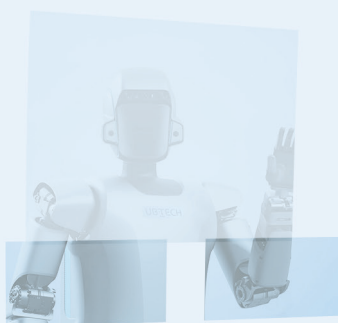
(b) Provision for bad debts (Continued)

- (ii) The analysis of accounts receivable for which bad debt provision has been collectively assessed is as follows (Continued):

Portfolio 2: Non-government and non-state-owned enterprise customers:

	December 31, 2024		
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	353,252	1.19%	(4,210)
Overdue within 1-90 days	4,319	1.46%	(63)
Overdue within 91-180 days	10,838	3.14%	(340)
Overdue 181-360 days	19,733	4.59%	(906)
	388,142		(5,519)

	December 31, 2023		
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	185,295	1.01%	(1,865)
Overdue within 1-90 days	1,755	2.85%	(50)
Overdue within 91-180 days	12,960	6.77%	(877)
Overdue within 181-360 days	2,330	10.90%	(254)
	202,340		(3,046)



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(3) Accounts receivable** *(Continued)***(b) Provision for bad debts** *(Continued)*

- (ii) *Provision for bad debts made on a collective basis for accounts receivable is analysed as follows: (Continued)*

Portfolio 3: External related parties of the Group:

December 31, 2024			
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	213,672	5.13%	(10,967)

December 31, 2023			
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	265,559	4.98%	13,226

- (iii) *The provision for bad debts for the year amounted to RMB176,199,000, of which the amount of provision for bad debts recovered or reversed was RMB13,195,000, and the balance of the corresponding accounts was RMB46,396,000.*

- (c) There were no write-offs of receivables during the year.
- (d) There were no accounts receivable pledged to banks as security as at December 31, 2024.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

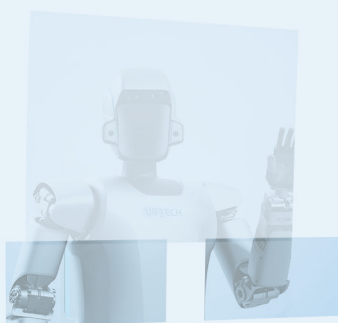
(4) Prepayments

	December 31, 2024		December 31, 2023	
	Amount	% of total prepayments	Amount	% of total prepayments
Within one year	94,476	80.20%	114,954	95.47%
1-2 years	18,368	15.59%	2,423	2.01%
2 to 3 years	2,922	2.48%	2,531	2.10%
Over 3 years	2,035	1.73%	500	0.42%
	117,801	100%	120,408	100%

As at December 31, 2024, prepayments aged over one year amounted to RMB23,325,000 (December 31, 2023: RMB5,454,000), mainly prepayments to suppliers, which have not been settled because the suppliers have not yet delivered the goods and the customers have not yet completed the acceptance inspection.

(5) Other receivables

	December 31, 2024	December 31, 2023
Receivables in respect of listing proceeds (a)	—	828,142
Deposits and guarantees receivables (b)	8,859	36,134
Receivables relating to asset disposal	3,500	7,000
Advances to employees	2,298	2,696
Receivable for equity transfer (note 4 (9))	10,783	—
Others	10,299	12,136
	35,739	886,108
Less: provision for bad debts	(9,304)	(16,652)
	26,435	869,456



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(5) Other receivables** *(Continued)*

- (a) On December 29, 2023, the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited. On the listing date, the proceeds raised from the international placing tranche amounted to HK\$913,842,000 (equivalent to approximately RMB828,142,000). Such proceeds were transferred to the Company's fundraising account in Hong Kong by our underwriters on January 3, 2024, after deducting relevant fees payable to the underwriters by the Company.
- (b) As at December 31, 2024 and December 31, 2023, the Group's deposits and guarantees receivable mainly include deposits paid for guarantees of product quality, construction in progress and rental deposits.

There is no situation in the Group where funds were classified as other accounts receivable due to centralized fund management.

- (c) The ageing analysis of other receivables is as follows:

	December 31, 2024	December 31, 2023
Within 1 year	19,471	848,571
1-2 years	5,777	4,203
2 to 3 years	2,038	24,054
Over 3 years	8,453	9,280
	35,739	886,108



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

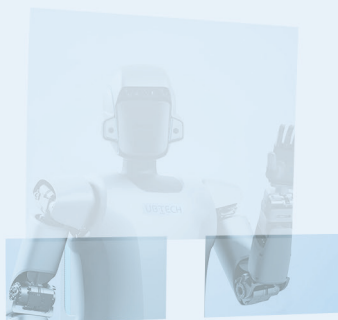
(d) Changes in loss allowance and its account balance

The analysis of provision for bad debts for other receivables by stage is as follows:

	December 31, 2024				December 31, 2023			
	Accounts balance		Provision for bad debts		Accounts balance		Provision for bad debts	
	% of total		% of		% of total		% of	
	Amount	balance	Amount	provision	Amount	balance	Amount	provision
Stage 1	26,786	74.95%	(351)	1.31%	875,122	98.76%	(5,666)	0.65%
Stage 3	8,953	25.05%	(8,953)	100%	10,986	1.24%	(10,986)	100%
	35,739	100%	(9,304)	26.03%	886,108	100%	(16,652)	1.88%

	Stage 1		Stage 3		Total
	Accounts balance	Provision for bad debts	Accounts balance	Provision for bad debts	Provision for bad debts
December 31, 2023	875,122	(5,666)	10,986	(10,986)	(16,652)
Transfer to Stage 3 this year	(427)	8	427	(8)	—
Net changes this year	(847,909)	5,307	(2,460)	2,041	7,348
December 31, 2024	26,786	(351)	8,953	(8,953)	(9,304)

In 2024 and 2023, the changes in provision for bad debts caused by the conversion between the Stage 1 and Stage 3 are not significant, and the changes in provision for bad debts caused by changes in the parameter data used for expected credit loss are also not significant.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(5) Other receivables** *(Continued)***(d) Changes in loss allowance and its account balance** *(Continued)*

As at December 31, 2024 and December 31, 2023, the Group had no other receivables in the Stage 2. Other receivables in the Stage 1 and Stage 3 are analysed as follows:

(i) *As at December 31, 2024, the analysis of other receivables for single provision for bad debts is as follows:*

Stage 3	Accounts balance	Lifetime ECL rate	Provision for bad debts	Reasons
Deposits and guarantees receivable	4,093	100%	(4,093)	Due over one year
Others	4,860	100%	(4,860)	Due over one year
	8,953		(8,953)	

(ii) *As at December 31, 2023, the analysis of other receivables for single provision for bad debts is as follows:*

Stage 3	Accounts balance	Lifetime ECL rate	Provision for bad debts	Reasons
Deposits and guarantees receivable	6,366	100%	(6,366)	Due over one year
Others	4,620	100%	(4,620)	Due over one year
	10,986		(10,986)	



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

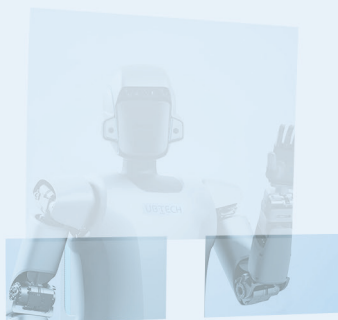
(5) Other receivables (Continued)

(d) Changes in loss allowance and its account balance (Continued)

(iii) As at December 31, 2024 and December 31, 2023, other receivables that are assessed for provision for bad debts on a collective group basis were both in Stage 1, analysis is as follows:

	December 31, 2024			December 31, 2023		
	Accounts balance	Loss allowance	Provision ratio	Accounts balance	Loss allowance	Provision rate
	Amount	Amount		Amount	Amount	
Deposits and guarantees receivable	4,766	(108)	2.27%	29,768	(660)	2.22%
Advances to employees	2,298	(20)	0.87%	2,696	(21)	0.78%
Receivables in respect of listing proceeds	—	—	—	828,142	(4,728)	0.57%
Others	19,722	(223)	1.13%	14,516	(257)	1.77%
	26,786	(351)	1.31%	875,122	(5,666)	0.65%

During the year, the single and collective provisions for credit impairment loss amounted to RMB692,000. The amount of provisions for credit impairment loss reversed was RMB8,040,000, of which the amount of provisions for loss reversed due to the payments recovered in the third stage was RMB2,501,000, with a corresponding accounts balance of RMB2,501,000. The payments recovered mainly refer to multiple batches of deposits and guarantees that our Group has made full provision for loss allowance in previous years.



NOTES TO THE FINANCIAL STATEMENTSFor the year 2024
(All amounts in RMB'000 unless otherwise stated)**4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)***(6) Inventories****(a) Inventories are classified as follows:**

	December 31, 2024			December 31, 2023		
	Accounts balance	Provision for declines in the value of inventories	Carrying amount	Accounts balance	Provision for declines in the value of inventories	Carrying amount
Raw materials	57,049	(111)	56,938	68,577	(1,239)	67,338
Work in progress	70,090	(90)	70,000	39,144	(196)	38,948
Finished goods	247,877	(5,983)	241,894	178,293	(10,026)	168,267
Contract fulfillment costs (i)	28,133	–	28,133	35,093	–	35,093
Goods in transit (ii)	63,535	–	63,535	106,378	–	106,378
	466,684	(6,184)	460,500	427,485	(11,461)	416,024

- (i) The accounts balance of contract fulfillment costs is mainly the direct and indirect expenses incurred by our Group in fulfilling logistics project contracts, which have not been transferred to customers and have not been carried forward to cost of sales. In 2024, the total amount of amortized contract fulfillment costs included in operating costs was RMB222,414,000 (2023: RMB374,779,000).
- (ii) The main purpose of goods in transit is for the Group to sign contracts with business partners in order to obtain business opportunities related to the project, and then to send certain of the goods to the local business partner's warehouse in advance. As the control of this part has not yet been transferred to the end customer, it is presented as goods in transit for accounting.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

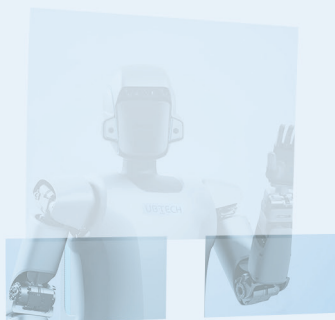
(6) Inventories (Continued)

(b) Provision for declines in the value of inventories are analysed as follows:

	December 31, 2023	Increase in the current year Provision	Decrease in the current year Written off with retirement	Written off with sales	December 31, 2024
Raw materials	1,239	4	(1,121)	(11)	111
Work in progress	196	28	(132)	(2)	90
Finished goods	10,026	1,317	(2,485)	(2,875)	5,983
	11,461	1,349	(3,738)	(2,888)	6,184

(c) The provision for decline in value of inventories is as follows:

	Specific basis for determining net realisable value	Reason for reversal or write- off of provision for decline in value of inventories in the year
Raw materials	Measured at the lower of cost and net realisable value	Retirement
Work in progress	Measured at the lower of cost and net realisable value	Retirement
Finished goods	Measured at the lower of cost and net realisable value	Retirement or sell
Contract fulfillment costs	Measured at the lower of cost and net realisable value	N/A
Goods in transit	Measured at the lower of cost and net realisable value	N/A



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(7) Other current assets**

	December 31, 2024	December 31, 2023
Input VAT to be deducted	91,330	107,427
Prepaid tax	16,101	12,005
Right to returned goods	4,986	10,201
	112,417	129,633

(8) Long-term receivables

	December 31, 2024	December 31, 2023
Goods sold on hire purchase	140,709	—
Less: provision for bad debts	(358)	—
	140,351	—

The analysis of provision for bad debts for long-term receivables by category is as follows:

	December 31, 2024				December 31, 2023			
	Accounts balance		Provision for bad debts		Accounts balance		Provision for bad debts	
	Amount	% of total	Amount	Provision ratio	Amount	% of total	Amount	Provision ratio
Provision on a collective basis	140,709	100%	(358)	0.25%	—	—	—	—
	140,709	100%	(358)	0.25%	—	—	—	—



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Long-term receivables (Continued)

Provision for bad debts made on a collective basis for accounts receivable is analysed as follows:

Portfolio 1: Government and state-owned enterprise customers:

	December 31, 2024		
	Accounts balance	Provision for bad debts Lifetime ECL	
	Amount	rates	Amount
Not overdue	123,770	0.11%	(134)

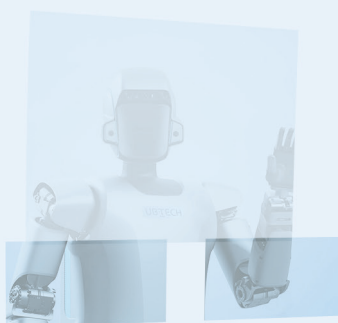
Group 2: Non-government and non-state-owned enterprise customers:

	December 31, 2024		
	Accounts balance	Provision for bad debts Lifetime ECL	
	Amount	rates	Amount
Not overdue	16,939	1.32%	(224)

The provision for bad debts for the year amounted to RMB358,000, with no collection or reversal of provision for bad debts.

(9) Long-term equity investments

	December 31, 2024	December 31, 2023
Associates – Investments in unlisted companies	81,796	78,373
Less: Provision for impairment	(58,444)	(58,444)
	23,352	19,929



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Long-term equity investments (Continued)

	December 31, 2023	Adjusted net loss under equity method	Others	December 31, 2024	Provision for impairment
Sichuan UBTECH City Sports Industry Development Co., Ltd. (四川優必選城市體育產業發展有 限責任公司)	52,222	–	–	52,222	(52,222)
Shenzhen Yiersan Technology Co., Ltd. (深圳市易二三科技有限公司)	3,222	–	–	3,222	(3,222)
Sichuan Shanyuan Sports Industry Development Co., Ltd. (四川山原 體育產業發展有限公司)	3,000	–	–	3,000	(3,000)
Beijing Humanoid Robot Innovation Center Co., Ltd. (北京人形機器人 創新中心有限公司)	19,929	(5,818)	–	14,111	–
FUTRONICS (NA) CORPORATION (a)	–	–	9,241	9,241	–
	78,373	(5,818)	9,241	81,796	(58,444)

The equity investments above are accounted for using the equity method. The Directors of the Company were of opinion that the above associates have no material impact on the Group's financial statements.

- (a) In December 2024, the Group transferred its 53.85% equity interest in the wholly-owned subsidiary, FUTRONICS (NA) CORPORATION, to a natural person for a consideration of USD1.5 million (approximately RMB10,783,000). As a result, the Company lost control over this company, and the remaining 46.15% equity interest in the company was remeasured at fair value and stated as an investment in an associate. The investment income generated from this transaction was RMB18,991,000.

(10) Investment in other equity instruments

Investments in other equity instruments is the Group's investment in unlisted equity at fair value through other comprehensive income whose fair value measurement is classified under Level 3, and the table below sets out its fair value change:

	December 31, 2024	December 31, 2023
Opening balance for the year	6,073	5,573
Increase in the year (a)	45,000	–
Changes in fair value through other comprehensive income	(1,278)	500
Closing balance for the year	49,795	6,073

NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Investment in other equity instruments (Continued)

As at December 31, 2024, the fair value of all other investments in equity instruments is determined by reference to recent transactions.

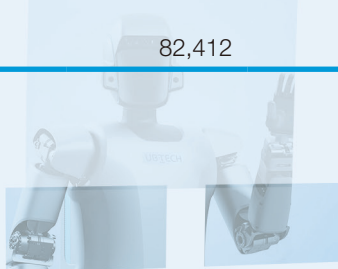
In 2024, even if the Group's financial assets at fair value through other comprehensive income increased or decreased 10% with other factors remaining unchanged, there was no material impact on the Group's other comprehensive income.

In 2024, the Group had no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy classification.

- (a) The Group has made new investments in other equity instruments of Shenzhen UHi Robotics Technology Co., Ltd. * (深圳優海機器人科技有限公司), with a shareholding percentage of 15%. The Group does not have any Directors on the board of directors of this company and is not involved in its business decisions.

(11) Fixed assets

	Houses and buildings	Machinery and equipment	Office equipment and motor vehicles	Total
Cost				
December 31, 2023	84,014	173,144	47,946	305,104
Increase in the current year				
Purchases	–	29,359	4,942	34,301
Decrease in the current year				
Disposal and other decrease	–	(19,106)	(3,441)	(22,547)
December 31, 2024	84,014	183,397	49,447	316,858
Accumulated depreciation				
December 31, 2023	1,602	123,334	38,338	163,274
Increase in the current year				
Accruals	1,613	19,588	6,350	27,551
Decrease in the current year				
Disposal and other decrease	–	(10,598)	(2,404)	(13,002)
December 31, 2024	3,215	132,324	42,284	177,823
Carrying amount				
December 31, 2024	80,799	51,073	7,163	139,035
December 31, 2023	82,412	49,810	9,608	141,830



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Fixed assets (Continued)

In 2024, depreciation of fixed assets recognised amounted to RMB27,551,000 (2023: RMB30,835,000), of which RMB9,334,000, RMB1,305,000, RMB10,319,000 and RMB6,593,000 (2023: RMB14,333,000, RMB1,184,000, RMB8,796,000 and RMB6,522,000) have been charged in cost of sales, selling expenses, administrative expenses, and research and development expenses, respectively.

(12) Construction in progress

Names of projects	December 31, 2023	Increase in the current year	December 31, 2024	Accumulated capitalized borrowing costs	Including: Capitalized borrowing costs for the year	Capitalizing rate of borrowing costs for the year	Source of funds
Shenzhen headquarters building	824,650	197,978	1,022,628	115,623	55,601	5.90%	Borrowings/self- funding
Hangzhou 2nd headquarters building	115,509	29,612	145,121	9,819	6,029	5.90%	Borrowings/self- funding
Kunming industrial park	29,116	17,110	46,226	4,701	3,283	5.90%	Borrowings/self- funding
Hangzhou Lin'an infrastructure project	39,550	22,809	62,359	1,383	142	5.90%	Borrowings/self- funding
Others	2,174	30,271	32,445	3,761	3,656	5.90%	Borrowings/self- funding
	1,010,999	297,780	1,308,779	135,287	68,711		



NOTES TO THE FINANCIAL STATEMENTS

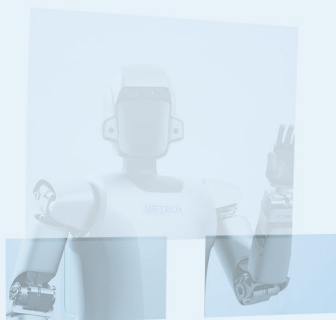
For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Right-of-use assets

	Buildings
Cost	
December 31, 2023	160,337
Increase in the current year	
New lease contracts	24,459
Early termination of leases	(1,818)
December 31, 2024	182,978
Accumulated depreciation	
December 31, 2023	94,618
Accruals	30,802
Early termination of leases	(505)
December 31, 2024	124,915
Carrying amount	
December 31, 2024	58,063
December 31, 2023	65,719



NOTES TO THE FINANCIAL STATEMENTSFor the year 2024
(All amounts in RMB'000 unless otherwise stated)**4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)**(14) Intangible assets**

	Land use rights	Customer contract	Office software	Trademark	Total
Cost					
December 31, 2023	500,091	8,654	22,092	1,474	532,311
Increase in the current year					
Purchases	23,477	–	8,421	–	31,898
December 31, 2024	523,568	8,654	30,513	1,474	564,209
Accumulated amortisation					
December 31, 2023	76,605	4,212	11,612	637	93,066
Increase in the current year					
Accruals	15,367	1,602	6,590	147	23,706
Others	–	–	(11)	–	(11)
December 31, 2024	91,972	5,814	18,191	784	116,761
Net carrying amount					
December 31, 2024	431,596	2,840	12,322	690	447,448
December 31, 2023	423,486	4,442	10,480	837	439,245

During the year, the amortisation of intangible assets included in construction in progress, selling expenses, administrative expenses and research and development expenses amounted to approximately RMB15,367,000, RMB3,163,000, RMB4,841,000 and RMB335,000, respectively, (2023: RMB13,320,000, RMB3,463,000, RMB3,365,000 and RMB174,000, respectively).

On December 31, 2024, land use rights with carrying amount of RMB279,965,000 (cost: RMB357,410,000) (December 31, 2023: carrying amount of RMB291,879,000 (cost: RMB357,410,000)) were pledged as collateral for a short-term loan of RMB138,188,000 (December 31, 2023: RMB72,146,000) (note 4 (19)) and a long-term loan of RMB744,273,000 (December 31, 2023: RMB676,311,000) (note 4 (27)).



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

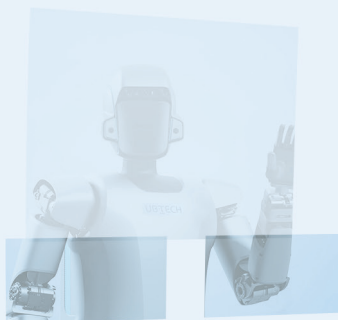
(15) Goodwill

	December 31, 2024	December 31, 2023
Goodwill –		
Shanghai UBJ Education Technology Co., Ltd. (上海優必傑 教育科技有限公司) (“Shanghai UBJ”)	14,622	14,622
Jiangsu Tianhui Science and Technology Development Company Limited (江蘇天慧科技開發有限公司) (“Jiangsu Tianhui”)	60,965	60,965
	75,587	75,587
Less: Provision for impairment –		
Shanghai UBJ	(11,272)	(6,956)
Jiangsu Tianhui	(53,964)	(16,410)
	10,351	52,221

The goodwill mainly arose from the acquisition of subsidiaries in 2022. The Group monitors goodwill at the level of Shanghai UBJ and Jiangsu Tianhui, therefore, impairment testing on goodwill is performed at the level of Shanghai UBJ and Jiangsu Tianhui. Management determines the recoverable amounts of cash generating units of Shanghai UBJ and Jiangsu Tianhui based on value in use calculations.

When performing impairment testing on goodwill, the Group compares the carrying amounts of related assets or groups of assets (including goodwill) to their recoverable amounts. If the recoverable amounts are lower than the carrying amounts, the difference is included in asset impairment losses for the current period. The recoverable amount of asset groups or combinations of asset groups containing goodwill is the higher of the net amount after deducting disposal expenses from the fair value of asset groups or combinations of asset groups and the present value of its expected future cash flows.

The Group determines the revenue growth rate and gross profit margin based on historical experience and its expectations of market development. The growth rate for the forecast period is based on the approved five-year budget. The growth rate for the stable period is the growth rate adopted after the forecast period, which is consistent with the forecast data in authoritative industry reports and does not exceed the long-term average growth rate of each product. The discount rate is the pre-tax discount rate that reflects the specific risks of the relevant asset group or portfolio of asset groups.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(15) Goodwill** *(Continued)*

The main assumptions applied in calculating discounted future cash flows are as follows:

	2024		2023	
	Shanghai UBJ	Jiangsu Tianhui	Shanghai UBJ	Jiangsu Tianhui
Forecast period growth rates	5.0%-14.8%	0.0%-5.7%	2.2%-20.0%	3.7%-228.0%
Terminal growth rates	2.0%	2.0%	2.2%	2.2%
Forecast period gross margins	44.5%-44.6%	16.9%-20.4%	46.5%	15.2%-23.4%
Pre-tax discount rates	18.1%	26.3%	15.7%	21.9%

As at December 31, 2024, the Company's management assessed and collectively provided impairment of goodwill of RMB41,870,000 because Shanghai UBJ and Jiangsu Tianhui did not meet the performance targets after the acquisitions.

(16) Long-term prepaid expenses

	December 31, 2023	Increase in the current year	Amortisation in the current year	December 31, 2024
Improvement to right-of-use assets	26,741	20,349	(18,455)	28,635

(17) Other non-current assets

	December 31, 2024	December 31, 2023
Prepayment for construction in progress and other fixed assets	7,136	16,810
Credit tax available for deduction	14,387	68,831
	21,523	85,641



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Provision for asset impairment and losses

	December 31, 2023	Increase in the current year	Decrease in the current year Reversal	Write-off	December 31, 2024
Provision for bad debts of accounts receivable	(235,061)	(176,199)	13,195	–	(398,065)
Including: Provision for bad debts on an individual basis	(216,529)	(170,121)	6,519	–	(380,131)
Provision for bad debts on a collective basis	(18,532)	(6,078)	6,676	–	(17,934)
Provision for bad debts of other receivables	(16,652)	(692)	8,040	–	(9,304)
Provision for bad debts of long-term receivables	–	(358)	–	–	(358)
Provision for declines in the value of inventories	(11,461)	(1,349)	–	6,626	(6,184)
Impairment of long-term equity investment	(58,444)	–	–	–	(58,444)
Provision for impairment of goodwill	(23,366)	(41,870)	–	–	(65,236)
	(344,984)	(220,468)	21,235	6,626	(537,591)

(19) Short-term borrowings

	December 31, 2024	December 31, 2023
Secured and guaranteed borrowings (a)	138,188	72,146
Secured borrowings (b)	25,083	2,000
Guaranteed borrowings (c)	580,094	643,063
Unsecured credit borrowings	50,000	60,014
	793,365	777,223

- (a) As at December 31, 2024, the secured, pledged and guaranteed bank borrowings of the Group of RMB138,188,000 (December 31, 2023: RMB72,146,000) were secured by certain land use rights of the Group (note 4 (14)) as collateral, and pledged by 100% equity interest of a subsidiary Shenzhen UBTECH Technology Industrial Co., Ltd. and 16 patent rights independently developed by the Group as pledges, and guaranteed by the Company and Mr. Zhou Jian. On February 6, 2024, Mr. Zhou Jian released the guarantee.

NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(19) Short-term borrowings** *(Continued)*

- (b) As at December 31, 2024, the pledged bank borrowings of RMB25,083,000 (December 31, 2023: RMB2,000,000) were the short-term borrowings that were secured by the pledge of the patent rights independently developed by the Group.
- (c) As at December 31, 2024, the guaranteed bank borrowings of RMB580,094,000 (December 31, 2023: RMB643,063,000) were obtained by a subsidiary of the Group which were guaranteed by the Company and other subsidiaries.

As at December 31, 2024, the Group had no overdue short-term borrowings bearing interest ranging from 3.25% to 5.96% (December 31, 2023: 4.00% to 5.66%).

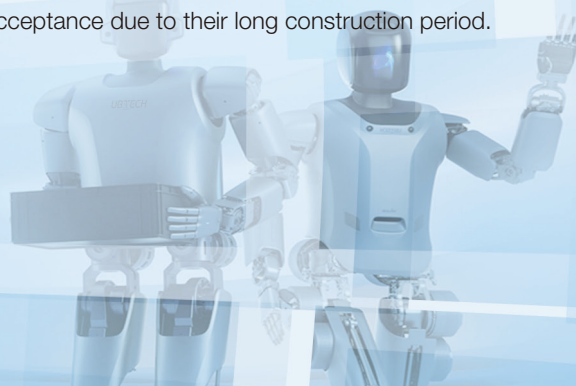
(20) Accounts payable

	December 31, 2024	December 31, 2023
Payables for purchase of raw materials	408,405	260,408
Payables for outsourcing labour costs	138,396	148,351
Others	1,007	3,775
	547,808	412,534

The ageing analysis of accounts payable based on invoice dates of recognition is as follows:

	December 31, 2024	December 31, 2023
Within 6 months	424,338	323,456
6 months to 1 year	46,310	24,766
1 to 2 years	62,814	37,616
Over 2 years	14,346	26,696
	547,808	412,534

As at December 31, 2024, accounts payable aged over one year amounted to RMB77,160,000 (December 31, 2023: RMB64,312,000), which were mainly the payables for outsourced projects, part of which will be settled upon inspection and acceptance due to their long construction period.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(21) Contract liabilities

	December 31, 2024	December 31, 2023
Advance for goods and labour services	61,425	58,945

Contract liabilities of RMB38,713,000 included in the carrying amount as at December 31, 2023 were transferred to revenue in 2024.

(22) Employee benefits payable

	December 31, 2024	December 31, 2023
Short-term employee benefits payable (a)	112,652	140,351
Defined contribution plans payable (b)	11,600	11,742
Termination benefits payable (c)	92	226
	124,344	152,319

(a) Short-term employee benefits

	December 31, 2023	Increase in the current year	Decrease in the current year	December 31, 2024
Wages and salaries, bonus, allowances and subsidies	126,490	537,548	(565,073)	98,965
Staff welfare	–	10,314	(10,314)	–
Social security contributions	6,022	27,238	(27,390)	5,870
Including: Medical insurance	5,461	23,015	(23,164)	5,312
Work injury insurance	144	1,377	(1,380)	141
Maternity insurance	417	2,846	(2,846)	417
Housing funds	7,839	35,042	(35,064)	7,817
Labour union funds and employee education funds	–	635	(635)	–
	140,351	610,777	(638,476)	112,652

NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(22) Employee benefits payable** *(Continued)***(b) Defined contribution plans payable**

	December 31, 2023	Increase in the current year	Decrease in the current year	December 31, 2024
Basic pension insurance	11,628	60,416	(60,554)	11,490
Unemployment insurance	114	3,095	(3,099)	110
	11,742	63,511	(63,653)	11,600

The Group paid pension insurance and unemployment insurance to relevant institutions monthly according to the payment base and proportion specified by the local labour and social security department, and the payment cannot be used to offset the amount that the Group shall pay for employees in the future.

(c) Termination benefits payable

	December 31, 2024	December 31, 2023
Other termination benefits (i)	92	226

(i) In 2024, the Group provided other termination benefits of RMB19,385,000 (2023: RMB8,885,000) for the termination of employment relationships.

(23) Taxes payable

	December 31, 2024	December 31, 2023
Enterprise income tax payable	39,825	38,053
VAT payable	34,046	32,362
Individual income tax payable	8,261	3,116
Other taxes payable	366	89
	82,498	73,620



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(24) Other payables

	December 31, 2024	December 31, 2023
Accrued expenses (a)	98,163	152,513
Payables for the following:		
– Government grants received (b)	118,523	118,523
– Purchase of fixed assets	154,212	91,191
– Acquisition of land use rights	3,800	3,800
Others	16,396	16,802
	391,094	382,829

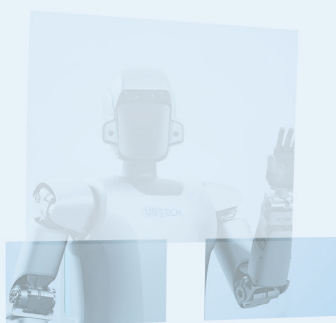
(a) This amount mainly refers to the withholding of professional service fees, advertising and promotional expenses, etc.

(b) The amount represents government grants received by the Group for which the conditions attached have not yet been met and are therefore accounted for as other payables.

(c) As at December 31, 2024, other payables with an age of over one year amounted to RMB36,374,000 (December 31, 2023: RMB16,007,000), which are mainly renovation payables and unsettled due to long renovation duration.

(25) Non-current liabilities to be settled within one year

	December 31, 2024	December 31, 2023
Long-term borrowings to be settled within one year (note 4 (27))	35,643	27,322
Lease liabilities to be settled within one year (note 4 (28))	35,339	35,449
	70,982	62,771



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(26) Other current liabilities**

	December 31, 2024	December 31, 2023
Payables for returned goods	7,996	14,697
Quality assurance fund – provision for repair service	13,035	13,203
	21,031	27,900

(27) Long-term borrowings

	December 31, 2024	December 31, 2023
Secured and guaranteed borrowings	744,273	676,311
Less: long-term borrowings to be settled within one year (note 4 (25))	(35,643)	(27,322)
	708,630	648,989

As at December 31, 2024, the secured, pledged and guaranteed bank borrowings of RMB744,273,000 (December 31, 2023: RMB676,311,000) were secured by certain land use rights of the Group (note 4 (14)) as collateral, and pledged by 100% equity interest of a subsidiary Shenzhen UBTECH Technology Industrial Co., Ltd. and 16 patent rights independently developed by the Group as pledges, and guaranteed by the Company and Mr. Zhou Jian. The principal of these borrowings shall be payable every three months, and the remaining principal shall be paid in full by June 18, 2031. On February 6, 2024, Mr. Zhou Jian released the guarantee.

(28) Lease liabilities

	December 31, 2024	December 31, 2023
Lease liabilities	71,892	76,963
Less: Lease liabilities to be settled within one year	(35,339)	(35,449)
	36,553	41,514



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Lease liabilities (Continued)

As at December 31, 2024, the Group did not include lease liabilities, as a result, the minimum rental payable in the future for contracts of short-term leases and low-value asset leases that will lead to future cash outflow amounted to RMB208,000 (December 31, 2023: RMB339,000), both payable within one year.

As at December 31, 2024, there were no lease contracts that the Group had signed but not yet executed.

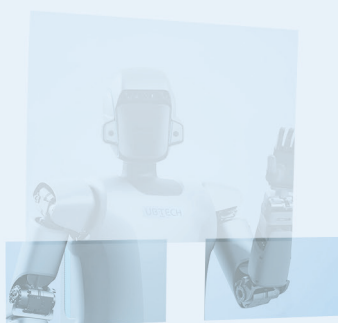
(29) Deferred income

	December 31, 2023	Increase in the current year	Included in other income in the current year	December 31, 2024
Assets-related government grants	10,963	3,187	(3,970)	10,180
Income-related government grants	21,926	16,162	(307)	37,781
	32,889	19,349	(4,277)	47,961

(30) Deferred income tax assets and liabilities

(a) *The analysis of deductible temporary differences and deductible losses of the Group's unrecognised deferred income tax assets is as follows:*

	December 31, 2024	December 31, 2023
Deductible temporary differences	1,009,176	942,276
Deductible losses	6,235,353	5,141,252
	7,244,529	6,083,528



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(30) Deferred income tax assets and liabilities (Continued)

(b) *Deductible losses that are not recognised as deferred tax assets will expire in the following years:*

	December 31, 2024	December 31, 2023
2024	–	32,418
2025	30,545	100,233
2026	192,801	194,817
2027	395,396	395,849
2028	392,400	405,714
2029 and thereafter	5,224,211	4,012,221
	6,235,353	5,141,252

(c) As at December 31, 2024 and December 31, 2023, the Group's recognised deferred income tax liabilities arose from the evaluation increment from business combination.

(31) Share capital

	December 31, 2023	Issuance of new shares in the current year	December 31, 2024
Share capital (a)	417,851	13,772	431,623

	December 31, 2022	Issuance of new shares in the current year	December 31, 2023
Share capital (b)	396,173	21,678	417,851



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(31) Share capital *(Continued)*

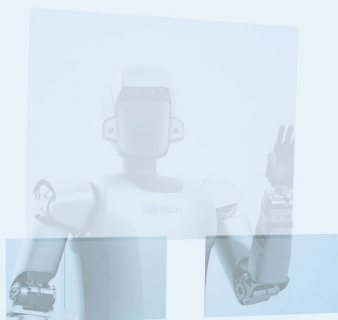
- (a) In January 2024, the Company issued an aggregate of 292,150 shares to investors through private placing at a price of HK\$90.00 per share, raising a total of RMB22,953,000, of which RMB292,000 was included in share capital and RMB22,661,000 was included in share premium.

In August 2024, the Company placed a total of 1,420,000 shares to placees at a price of HK\$92.00 per share, raising a total of RMB112,094,000, of which RMB1,420,000 was included in share capital and RMB110,674,000 was included in share premium.

In October 2024, the Company issued a total of 5,060,000 shares to placees through private placing at the price of HK\$86.18 per share, raising funds totaling RMB373,215,000, of which RMB5,060,000 was included in share capital and RMB368,155,000 was included in share premium.

In November 2024, the Company issued a total of 7,000,000 shares to placees through private placing at the price of HK\$83.88 per share and funded totally RMB504,952,000, of which RMB7,000,000 was included in share capital and RMB497,952,000 was included in share premium.

- (b) In February 2023, the Company issued a total of 10,395,538 shares to investors through private placing at a price of RMB78.88 per share, raising a total of RMB820,000,000, of which RMB10,396,000 was included in share capital and RMB809,604,000 was included in share premium. On December 29, 2023, the shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange, and a total of 11,282,000 shares were publicly issued at a price of HK\$90.00 per share, raising a total of HK\$1,015,380,000 (equivalent to RMB920,508,000). After deducting the capitalized issuance expense of RMB43,074,000, the amount of RMB11,282,000 was included in the share capital, and the amount of RMB866,152,000 was included in share premium. The proceeds from the international placing of the Company of HK\$913,842,000 (as stated in note 4 (5), RMB828,142,000 in aggregate) was temporarily deposited in the account of the Company's underwriters on December 31, 2023, and transferred to the account of the Company's fundraising account in Hong Kong on January 3, 2024.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(32) Capital surplus

	December 31, 2023	Increase in the current year	Decrease in the current year	December 31, 2024
Share premium (note 4 (31))	6,063,791	999,442	—	7,063,233
Share-based payment	918,945	245,326	—	1,164,271
Others	38,877	—	—	38,877
Capital contribution from minority shareholder (a)	191,171	19,709	—	210,880
	7,212,784	1,264,477	—	8,477,261

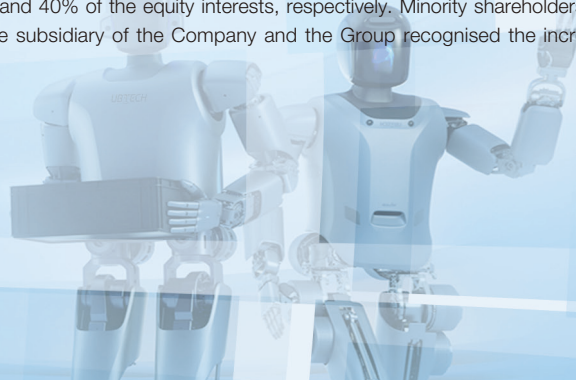
	December 31, 2022	Increase in the current year	Decrease in the current year	December 31, 2023
Share premium (note 4 (31), (b))	4,397,700	1,675,756	(9,665)	6,063,791
Share-based payments	537,238	381,707	—	918,945
Others	38,877	—	—	38,877
Capital contribution from minority shareholder	41,061	150,110	—	191,171
	5,014,876	2,207,573	(9,665)	7,212,784

- (a) From January to June 2024, minority shareholders made capital contribution of RMB2,500,000 to Youdi Health Technology (Shenzhen) Co., Ltd. (優邸健康科技(深圳)有限公司), a subsidiary of the Company, and the Group recognised the increase of minority interests of RMB2,500,000.

In June 2024, UBTECH (Zhengzhou) Intelligent Technology Limited (優必選(鄭州)智能科技有限公司) was incorporated by the Company and Zhengzhou Zhongyuan Industrial Development Investment Company Limited (鄭州中原產業發展投資有限公司), which owned 90% and 10% of the equity interests, respectively, and minority shareholders made capital contribution of RMB5,000,000 to the subsidiary of the Company and the Group recognised the increase of minority interests of RMB5,000,000.

In July 2024, Wuxi Jingkai Shangxian Emerging Industry Equity Investment Fund (Limited Partnership) (無錫經開尚賢新興產業股權投資基金(有限合夥)), a minority shareholder of the Company, made capital contribution of RMB50,000,000 to Wuxi Uqi Intelligent Technology Co., Ltd. (無錫優奇智能科技有限公司), a subsidiary of the Company, and the Group recognized the increase of capital surplus of RMB19,709,000 and the increase of minority interests of RMB30,291,000.

In December 2024, Yixing UBxing Education Technology Limited (宜興市優必興教育科技有限公司) was incorporated by UBTECH Education (Shenzhen) Limited (優必選教育(深圳)有限公司) and Yixing Big Data Development Limited (宜興市大數據發展有限公司), which owned 60% and 40% of the equity interests, respectively. Minority shareholders made capital contribution of RMB6,000,000 to the subsidiary of the Company and the Group recognised the increase of minority interests of RMB6,000,000.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(32) Capital surplus (Continued)

- (b) In March 2023, minority shareholders made capital contribution of RMB3,000,000 to Chaozhou UBTECH Education Technology Co., Ltd. (潮州市優必選教育科技有限公司), a subsidiary of the Company, and the Group recognised the increase of minority interests of RMB3,000,000.

From January to March 2023, the Company made capital contribution of RMB20,000,000 to Wuxi Uqi Intelligent Technology Co., Ltd. (無錫優奇智能科技有限公司), a subsidiary of the Company, to acquire its 1.56% equity interests, and our Group recognised the decrease of capital surplus of RMB9,623,000 and the increase of minority interests of RMB9,623,000.

From July to November 2023, a third party made capital contribution of RMB1,500,000 to Youdi Health Technology (Shenzhen) Co., Ltd. (優邸健康科技(深圳)有限公司), a subsidiary of the Company, and the Group recognised the increase of minority interests of RMB1,500,000.

From April to December 2023, the Company and a third party made capital contribution of RMB1,350,000 and RMB180,000 to Shenzhen Youshijie Robot Co., Ltd. (深圳市優世界機器人有限公司), respectively, and the Group recognised the increase of capital surplus of RMB67,000 and the increase of minority interests of RMB113,000.

From May to September 2023, a third party made a capital contribution of RMB200,000,000 to UBKang (Qingdao) Technology Co., Ltd. (優必康(青島)科技有限公司), a subsidiary of the Company, to acquire 20% equity. The Group's shareholding ratio decreased from 100% to 80%, and the Group recognised the increase of capital surplus of RMB150,001,000 and the increase of minority interests of RMB49,999,000.

(33) Other comprehensive income

	Other comprehensive income in balance sheet			Other comprehensive income in 2024 income statement		
	December 31, 2023	Attributable to the parent, after tax	December 31, 2024	Incurred amount Before income tax	Attributable to the parent, after tax	Attributable to minority shareholders, after tax
Other comprehensive income that will not be subsequently reclassified to profit or loss						
Change in fair value of investments in other equity instruments	(4,927)	(1,278)	(6,205)	(1,278)	(1,278)	-
Other comprehensive income that will be reclassified to profit or loss						
Exchange difference from translation of foreign currency financial statements	13,912	(2,189)	11,723	(2,189)	(2,189)	-
Total other comprehensive income	8,985	(3,467)	5,518	(3,467)	(3,467)	-



NOTES TO THE FINANCIAL STATEMENTSFor the year 2024
(All amounts in RMB'000 unless otherwise stated)**4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)***(33) Other comprehensive income** *(Continued)*

	Other comprehensive income in balance sheet			Other comprehensive income in 2024 income statement		
	December 31, 2022	Attributable to the parent, after tax	December 31, 2023	Incurred amount Before income tax	Attributable to the parent, after tax	Attributable to minority shareholders, after tax
Other comprehensive income that will not be subsequently reclassified to profit or loss						
Changes in fair value of investments in other equity instruments						
Change	(5,427)	500	(4,927)	500	500	–
Other comprehensive income that will be subsequently reclassified to profit or loss						
Exchange difference from translation of foreign currency financial statements	816	13,096	13,912	13,096	13,096	–
Total other comprehensive income	(4,611)	13,596	8,985	13,596	13,596	–

(34) Revenue and cost of sales

	2024		2023	
	Revenue	Cost of sales	Revenue	Cost of sales
Sales of goods	1,247,606	890,994	964,273	691,439
Provision of services	57,755	40,358	91,425	31,441
	1,305,361	931,352	1,055,698	722,880



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(34) Revenue and cost of sales (Continued)

The Group's revenue and cost of sales breakdown based on the geographical regions and the timing of delivery of goods and provision of services are as follows:

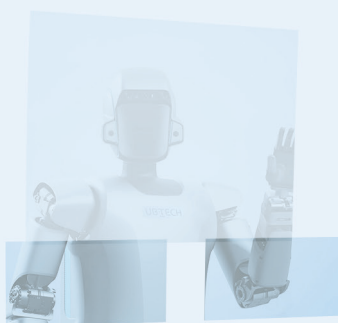
	2024	2024	2024
	Mainland China	Hong Kong and overseas	Total
Revenue			
Including: Recognised at a point in time	820,442	427,164	1,247,606
Recognised over time	57,033	722	57,755
	877,475	427,886	1,305,361

	2023	2023	2023
	Mainland China	Hong Kong and overseas	Total
Revenue			
Including: Recognised at a point in time	735,481	228,792	964,273
Recognised over time	89,540	1,885	91,425
	825,021	230,677	1,055,698

The amount of estimated revenue corresponding to performance obligations of the Group that have been contracted for but have not yet been performed as at December 31, 2024 was RMB546,213,000 (December 31, 2023: RMB750,970,000), of which RMB511,210,000 is expected to be recognised as revenue in 2025, and RMB35,003,000 is expected to be recognised as revenue in 2026 and beyond.

In 2024, the revenue contributed by two customers of the Group which individually contributed more than 10% of the total revenue of the Group, amounted to RMB436,945,000 in total, representing 33% of the Group's revenue.

In 2023, the revenue contributed by two customers of the Group, each accounting for more than 10% of the Group's revenue, amounted to RMB422,822,000 in total, representing 40% of the Group's revenue.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(35) Taxes and surcharges**

	2024	2023
City maintenance and construction tax	2,466	2,828
Stamp tax	3,806	2,506
Education surcharges	1,237	1,273
Others	2,382	1,986
	9,891	8,593

(36) Selling expenses

	2024	2023
Employee benefit expenses	181,773	165,823
Advertising and promotion expenses	135,445	90,932
Share-based payments	55,759	135,592
Sales commission	42,572	26,305
Travelling expenses	27,091	21,315
Depreciation and amortisation	20,656	18,123
Entertainment expenses	14,889	17,401
Office expenses	14,694	7,215
Outsourcing labour costs	12,313	11,031
Repair and maintenance expenses	10,588	6,633
Others	8,150	5,743
	523,930	506,113



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

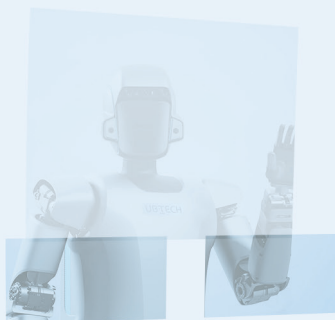
4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(37) General and administrative expenses

	2024	2023
Employee benefit expenses	137,546	122,544
Share-based payments	116,761	124,143
Depreciation and amortisation	35,007	30,867
Office expenses	11,838	8,338
Entertainment expenses	11,330	7,876
Professional service fees	10,728	6,278
Travelling expenses	6,418	5,244
Inventory retirement	5,813	4,760
Outsourcing labour costs	5,241	3,814
Listing expenses	–	63,749
Auditors' remuneration	5,933	7,470
– Audit services	5,520	6,100
– Non-audit services	413	1,370
Others	23,391	14,623
	370,006	399,706

(38) Research and development expenses

	2024	2023
Employee benefit expenses	334,627	286,919
Share-based payments	71,700	120,615
Materials consumed	23,409	29,048
Software tools and consumables	15,262	18,885
Depreciation and amortisation	11,462	14,035
Outsourcing labour costs	11,324	6,494
Travelling expenses	7,686	7,008
Office expenses	1,313	1,889
Others	1,325	5,609
	478,108	490,502



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(39) Expenses by nature**

The cost of sales, selling expenses, general and administrative expenses, research and development expenses presented in the consolidated income statement classified by nature are sets out below:

	2024	2023
Raw materials and consumables used	791,903	654,352
Employee benefit expenses	695,335	622,970
Share-based payments	245,326	383,839
Advertising and promotion expenses	135,445	90,932
Depreciation and amortisation	85,147	85,945
Transportation expenses	67,192	35,321
Changes in finished goods, work in progress, delivered goods and contract fulfillment costs	(54,566)	(71,611)
Sales commission	42,572	26,305
Travelling expenses	41,976	37,867
Subcontracting expenses	37,390	22,010
Outsourcing labour costs	34,309	23,839
Warehousing and storage expenses	32,978	17,932
Office expenses	29,622	19,215
Entertainment expenses	26,219	25,277
Software tools and consumables	15,262	18,885
Professional service fees	10,728	6,278
Repair and maintenance expenses	10,588	6,633
Installation costs	7,752	10,259
Scrap of inventories	5,813	4,760
Listing expenses	–	63,749
Auditors' remuneration	5,933	7,470
– Audit services	5,520	6,100
– Non-audit services	413	1,370
Others	36,472	26,974
	2,303,396	2,119,201



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

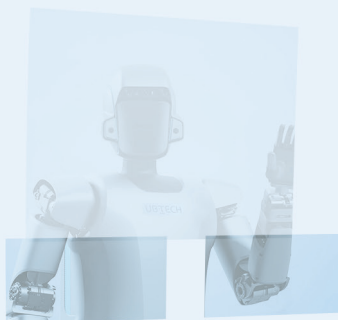
(40) Finance expenses

	2024	2023
Interest expenses on borrowings	92,605	59,408
Add: Interest expense on lease liabilities	3,082	2,847
Less: Capitalised interest	(68,711)	(47,306)
Interest expenses	26,976	14,949
Less: Interest income	(15,946)	(8,078)
Exchange gains and losses	(22,248)	(696)
Others	5,235	2,836
	(5,983)	9,011

(41) Other income

	2024	2023
Government grants (a)		
– Assets related	3,970	10,559
– Income related	19,609	10,286
VAT and other tax refund	14,056	6,375
	37,635	27,220

- (a) Government grants included grants relating to assets and grants relating to income. The government grants relating to income mainly included government funding for patents of invention and several government-sponsored projects focusing on the research and development of advanced technologies, as well as government refunds for social security costs.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(42) Investment income**

	2024	2023
Long-term equity investment under equity method (note 4 (9))	(5,818)	(71)
Changes of gains and losses from holding of financial assets held for trading	1,688	–
Investment income from the disposal of long-term equity investments (note 4 (9))	24,511	–
	20,381	(71)

There is no significant restriction on the repatriation of investment income of the Group.

(43) Credit impairment losses

	2024	2023
Losses on bad debts of accounts receivable	163,004	145,432
Reversal of bad debts of other receivables	(7,348)	(437)
Losses on bad debts of long-term receivables	358	–
	156,014	144,995

(44) Asset impairment losses

	2024	2023
Decline in value of inventories	1,349	3,010
Impairment losses of goodwill	41,870	23,366
	43,219	26,376



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

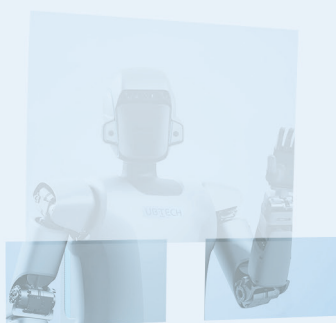
4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(45) Income tax expenses

	2024	2023
Current income tax calculated based on tax law and related regulations	11,618	37,361
Deferred income tax	(953)	—
	10,665	37,361

The reconciliation from income tax calculated based on the applicable tax rates and loss presented in the consolidated income statements to the income tax expenses is listed below:

	2024	2023
Total loss	(1,149,259)	(1,227,229)
Tax calculated at the tax rate of 25%	(287,315)	(306,807)
Effect of different tax rates applicable within a group entity	157,944	102,096
Additional deduction for research and development expenses	(47,770)	(45,815)
Investment loss accounted for using the equity method	291	2
Expenses not deductible for tax purpose	3,135	4,113
Share-based payments	38,001	66,129
Utilization of temporary differences not previously recognized	(28,624)	(20,948)
Utilization of tax losses not previously recognized	(13,316)	(6,135)
Temporary differences for which no deferred income tax assets were recognized	23,244	87,970
Tax losses for which no deferred income tax assets were recognized	165,075	156,756
	10,665	37,361



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(46) Losses per share**

Basic losses per share is calculated by dividing the consolidated net loss attributable to ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares of the Company:

	2024	2023
Consolidated net loss attributable to ordinary shareholders of the Company (RMB)	1,123,590	1,234,048
Weighted average number of outstanding ordinary shares of the Company (share)	421,322	405,149
Basic losses per share (RMB)	2.67	3.05

As there were no dilutive potential ordinary shares in 2024 and 2023, diluted losses per share equal to basic losses per share.

(47) Dividends

On March 30, 2025, the Board of Directors of the Company did not recommend the distribution of dividends for 2024.

(48) Supplementary information to the cash flow statement**(a) Reconciliation from net loss to cash flows from operating activities**

	2024	2023
Net loss	(1,159,924)	(1,264,590)
Add: Assets impairment loss	43,219	26,376
Credit impairment loss	156,014	144,995
Depreciation of fixed assets	27,551	30,835
Depreciation of right-of-use assets	30,802	32,039
Amortisation of intangible assets	8,339	7,002
Amortisation of long-term prepaid expenses	18,455	16,069
Amortisation of deferred income	(4,277)	(20,845)
Income/(loss) on disposals of assets	(40)	2,307
Finance expenses	4,728	14,253
Investment (income)/loss	(20,381)	71
Share-based payment (note 6)	245,326	383,839
Increase in inventories	(39,199)	(28,548)
Decrease in deferred tax liabilities	(953)	–
(Increase)/decrease in operating receivables	(383,924)	82,635
Increase/(decrease) in operating payables	190,628	(426,740)
Net cash flow used in operating activities	(883,636)	(1,000,302)

NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(48) Notes to consolidated cash flow statement (Continued)

(b) Net increase in cash and cash equivalents

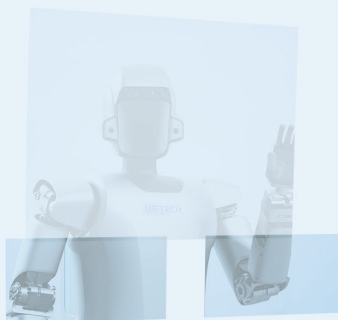
	2024	2023
Closing balance of monetary funds	1,223,715	541,402
Less: Restricted funds	(32,755)	(20,500)
Closing balance of cash and cash equivalents	1,190,960	520,902
Less: Opening balance of cash and cash equivalents	(520,902)	(145,398)
Increase in cash and cash equivalents	670,058	375,504

(c) Cash received relating to other operating activities

	2024	2023
Deposits and guarantees	22,227	9,564
Bank interest income	15,946	8,078
Government grants	38,651	12,570
Others	2,297	20,218
	79,121	50,430

(d) Cash paid for other operating activities

	2024	2023
Advertising and promotion expenses	93,681	66,469
Travelling expenses and entertainment expenses	69,657	47,179
Sales commission	42,572	26,305
Listing expenses	29,850	24,098
Outsourcing labour costs	28,878	21,339
Software tools and consumables	15,262	18,885
Others	75,137	83,299
	355,037	287,574



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(48) Notes to consolidated cash flow statement** *(Continued)*

- (e) In 2024, the total cash outflows related to the lease paid by the Group amounted to RMB31,508,000 (2023: RMB34,907,000), including the amount paid for the repayment of the lease liabilities for the financing activities amounted to RMB31,300,000 (2023: RMB34,568,000), and the remaining cash outflows were included in operating activities.

(49) Foreign currency items

	December 31, 2024		
	Foreign currency balance	Exchange rate	RMB balance
Cash at bank and on hand –			
USD	8,461	7.1884	60,821
EUR	179	7.5257	1,347
HKD	180,516	0.9260	167,158
SGD	19	5.3214	101
GBP	24	9.0765	218
JPY	9,059	0.0462	419
			230,064
Accounts receivable –			
HKD	30,044	0.9260	27,821
			27,821
Other receivables –			
HKD	12,162	0.9260	11,262
			11,262

Foreign currencies of the above-mentioned foreign currency items refer to all currencies other than RMB.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

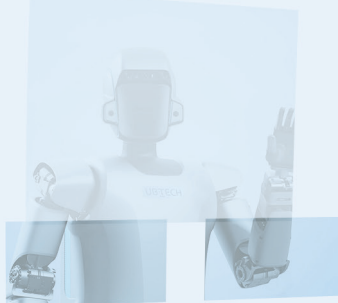
(All amounts in RMB'000 unless otherwise stated)

5 EQUITY IN OTHER ENTITIES

(1) Equity in Subsidiaries

(a) The structure of the Group

Name of subsidiary	Principal place of operation	Place of registration	Registered capital	Business nature	Shareholding proportion		Way of acquisition
					Direct	Indirect	
UBTECH ROBOTICS LIMITED	Hong Kong, PRC	Hong Kong, PRC	HKD31,058.4	Sales of robotic products	100%	–	Establishment
UBTECH Education (Shenzhen) Co., Ltd. (優必選教育(深圳)有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB1,000,000	Provision of robotic ancillary services	100%	–	Establishment
UBTECH Entertainment (Shenzhen) Co., Ltd. (優必選娛樂(深圳)有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB71,000,000	Sales of robotic products	100%	–	Establishment
Shanghai UBJ Education Technology Co., Ltd. (上海優必傑教育科技有限公司) ("Shanghai UBJ") (ii)	Shanghai, PRC	Shanghai, PRC	RMB7,243,502	Provision of robotic ancillary services	87.53%	–	Business combination not under common control
Kunming UBTECH Technology Investment Co., Ltd. (昆明市優必選科技投資有限公司)	Kunming, PRC	Kunming, PRC	RMB36,500,000	Production of robotics	–	100%	Establishment
UBTECH Technology (Kunming) Co., Ltd. (優必選科技(昆明)有限公司)	Kunming, PRC	Kunming, PRC	RMB10,000,000	Sales of robotic products	100%	–	Establishment
Shenzhen UBTECH Technology Industrial Co., Ltd. (深圳市優必選科技實業有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB393,000,000	Dormant	100%	–	Establishment
UBTECH Software Technology (Shenzhen) Co., Ltd. (優必選軟件技術(深圳)有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB5,000,000	Development and sales of robot software	100%	–	Establishment
Sichuan UBTECH Holding Co., Ltd. (四川優必選控股有限責任公司)	Chengdu, PRC	Chengdu, PRC	RMB100,000,000	Sales of robotic products	100%	–	Establishment
UBTECH (Chongqing) Technology Co., Ltd. (優必選(重慶)科技有限公司)	Chongqing, PRC	Chongqing, PRC	RMB20,000,000	Development, design and sales of robotics	100%	–	Establishment
Chengdu Youxuan Ruizhi Equity Investment Fund Management Co., Ltd. (成都優選睿智股權投資基金管理有限責任公司)	Chengdu, PRC	Chengdu, PRC	RMB10,000,000	Dormant	–	100%	Establishment



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

5 EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in Subsidiaries (Continued)

(a) The structure of the Group (Continued)

Name of subsidiary	Principal place of operation	Place of registration	Registered capital	Business nature	Shareholding proportion		Way of acquisition
					Direct	Indirect	
UBTECH North America Research and Development Center Corp	United States	United States	USD10,000,000	Research and development services	100%	–	Establishment
Jiangsu Tianhui Technology Development Co., Ltd. (江蘇天慧科技開發有限公司) ("Jiangsu Tianhui") (i)	Wuxi, PRC	Wuxi, PRC	RMB10,000,000	Provision of robotic ancillary services	–	42.60%	Business combination not under common control
Hangzhou UBTECH Industrial Co., Ltd. (杭州優必選實業有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB20,000,000	Sales of robotic products	100%	–	Establishment
UBTECH (Hangzhou) Technology Co., Ltd. (優必選(杭州)科技有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB20,000,000	Sales of robotic products	100%	–	Establishment
Guizhou UBTECH Technology Co., Ltd. (貴州優必選科技有限公司)	Guiyang, PRC	Guiyang, PRC	RMB20,000,000	Production and sales of robotic products	100%	–	Establishment
UBTECH (Fujian) Technology Co., Ltd. (優必選(福建)科技有限公司)	Fuzhou, PRC	Fuzhou, PRC	RMB30,000,000	Dormant	100%	–	Establishment
UBTECH (Jiangsu) Intelligent Robot Co., Ltd. (優必選(江蘇)智能機器人有限公司)	Nanjing, PRC	Nanjing, PRC	RMB200,000,000	Sales of robotic products	100%	–	Establishment
Shandong UBTECH Technology Co., Ltd. (山東優必泰克科技有限公司)	Weifang, PRC	Weifang, PRC	RMB100,000,000	Sales of robotic products	100%	–	Establishment
UBTECH (Suzhou) Technology Co., Ltd. (優必選(蘇州)科技有限公司)	Suzhou, PRC	Suzhou, PRC	RMB30,000,000	Sales of robotic products	100%	–	Establishment
UBTECH (Shenzhen) Technology Co., Ltd. (優必選(深圳)科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB10,000,000	Production of robotics	100%	–	Establishment
UBTECH (Xiamen) Intelligent Technology Limited (廈門)智能科技有限公司)	Xiamen, PRC	Xiamen, PRC	RMB50,000,000	Development, design, production and sales of robotic products	100%	–	Establishment

NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

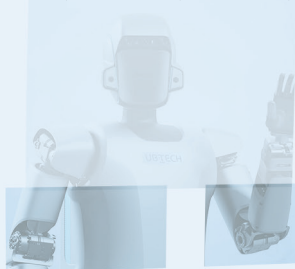
(All amounts in RMB'000 unless otherwise stated)

5 EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in Subsidiaries (Continued)

(a) The structure of the Group (Continued)

Name of subsidiary	Principal place of operation	Place of registration	Registered capital	Business nature	Shareholding proportion		Way of acquisition
					Direct	Indirect	
UBJ (Hangzhou) Technology Service Co., Ltd. (優必傑(杭州)科技服務有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB1,000,000	Provision of robotic ancillary services	–	87.53%	Business combination not under common control
UBTECH (Hangzhou) Intelligent Robot Co., Ltd. (優必選(杭州)智能機器人有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB100,000,000	Sales of robotic products	100%	–	Establishment
UBTECH Enze (Hangzhou) Technology Co., Ltd. (優必選恩澤(杭州)科技有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB30,000,000	Dormant	51%	–	Establishment
UBJ (Xiamen) Education Technology Co., Ltd. (優必傑(廈門)教育科技有限公司)	Xiamen, PRC	Xiamen, PRC	RMB5,000,000	Provision of robotic ancillary services	–	87.53%	Business combination not under common control
Ezhou UBTECH Technology Co., Ltd. (鄂州優必選科技有限公司)	Ezhou, PRC	Ezhou, PRC	RMB20,000,000	Sales of robotic products	100%	–	Establishment
Wuxi Uqi Intelligent Technology Co., Ltd. (無錫優奇智能科技有限公司) ("Wuxi Uqi") (i)	Wuxi, PRC	Wuxi, PRC	RMB30,519,825	Production and sales of smart logistics	42.60%	–	Establishment
UBTECH (Huzhou) Technology Co., Ltd. (優必選(湖州)科技有限公司)	Huzhou, PRC	Huzhou, PRC	RMB20,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
UBTECH (Weihai) Technology Co., Ltd. (優必選(威海)科技有限公司)	Weihai, PRC	Weihai, PRC	RMB25,000,000	Sales of robotic products	100%	–	Establishment
Futronics (Hong Kong) Limited	Hong Kong, PRC	Hong Kong, PRC	USD15,000,000	Investment holding	–	100%	Establishment
UBTECH (Shantou) Technology Co., Ltd. (優必選(汕頭)科技有限公司)	Shantou, PRC	Shantou, PRC	RMB26,000,000	Sales of robotic products	100%	–	Establishment



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For the year 2024

(All amounts in RMB'000 unless otherwise stated)

5 EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in Subsidiaries (Continued)

(a) The structure of the Group (Continued)

Name of subsidiary	Principal place of operation	Place of registration	Registered capital	Business nature	Shareholding proportion		Way of acquisition
					Direct	Indirect	
UBTECH (Taiyuan) Intelligent Robot Co., Ltd. (優必選(太原)智能機器人有限公司)	Taiyuan, PRC	Taiyuan, PRC	RMB1,000,000	Sales of robotic products	100%	–	Establishment
UBTECH Logistic (Kunming) Co., Ltd. (優必選物流(昆明)有限公司)	Kunming, PRC	Kunming, PRC	RMB10,000,000	Dormant	–	100%	Establishment
UBTECH Shanhu (Hangzhou) Technology Co., Ltd. (優必選山湖(杭州)科技有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB20,000,000	Sales of robotic products	100%	–	Establishment
UBTECH Shanhu (Hangzhou) Industrial Co., Ltd. (優必選山湖(杭州)實業有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB20,000,000	Production of robotic products	–	75%	Establishment
Shenzhen Youbixing Technology Co., Ltd. (深圳市優必行科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB50,000,000	Development, design and sales of robotic products	100%	–	Establishment
Best Epoch Technology Co. LTD (深圳市優紀元科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB50,000,000	Sales of intelligent hardware	100%	–	Establishment
UBTECH (Yangzhou) Technology Co., Ltd. (優必選(揚州)科技有限公司)	Yangzhou, PRC	Yangzhou, PRC	RMB20,000,000	Sales of robotic products	100%	–	Establishment
UBTECH (Huzhou) Industrial Co., Ltd. (優必選(湖州)實業有限公司)	Huzhou, PRC	Huzhou, PRC	RMB20,000,000	Sales of robotic products	–	100%	Establishment
U&ME Innovation Technology Company Limited	Hong Kong, PRC	Hong Kong, PRC	HKD38,915,500	Research and development services	–	100%	Establishment
Shanghai UBTECH Intelligent Health Technology Development Co., Ltd. (上海優必選智慧健康科技發展有限公司)	Shanghai, PRC	Shanghai, PRC	RMB20,000,000	Sales of robots	–	80%	Establishment



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For the year 2024

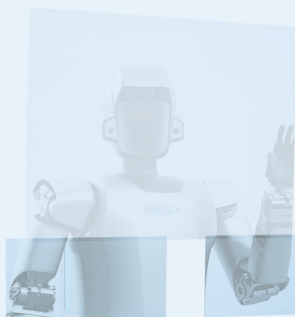
(All amounts in RMB'000 unless otherwise stated)

5 EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in Subsidiaries (Continued)

(a) The structure of the Group (Continued)

Name of subsidiary	Principal place of operation	Place of registration	Registered capital	Business nature	Shareholding proportion		Way of acquisition
					Direct	Indirect	
Shanghai Youjiajie Education Technology Co., Ltd. (上海優嘉傑教育科技有限公司)	Shanghai, PRC	Shanghai, PRC	RMB1,000,000	Provision of robotic ancillary services	–	87.53%	Business combination not under common control
UBTECH (Hebei) Technology Co., Ltd. (優必選(河北)科技有限公司)	Shijiazhuang, PRC	Shijiazhuang, PRC	RMB20,000,000	Production and sales of robotic products	100%	–	Establishment
UBTECH (Hubei) Technology Co., Ltd. (優必選(湖北)科技有限公司)	Wuhan, PRC	Wuhan, PRC	RMB70,000,000	Sales of robotic products	100%	–	Establishment
Kunming Uqi Intelligent Technology Co., Ltd. (昆明優奇智能科技有限公司) ("Kunming Uqi") (i)	Kunming, PRC	Kunming, PRC	RMB10,000,000	Production of robotics	–	42.60%	Establishment
Shenzhen Youzhixue Education Technology Co., Ltd. (深圳市優智學教育科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB10,000,000	Provision of robotic ancillary services	100%	–	Establishment
Shaoyang UBTECH Technology Co., Ltd. (邵陽優必選科技有限公司)	Shaoyang, PRC	Shaoyang, PRC	RMB30,000,000	Sales of robotic products	100%	–	Establishment
Shenzhen Uqi Zhixing Technology Co., Ltd. (深圳優奇智行科技有限公司) ("Shenzhen Uqi") (i)	Shenzhen, PRC	Shenzhen, PRC	RMB20,000,000	Development of robotic products	–	42.60%	Establishment
Sichuan UBTECH Intelligent Technology Development Co., Ltd. (四川優必選智慧科技有限公司)	Chengdu, PRC	Chengdu, PRC	RMB10,000,000	Sales of robotic products	100%	–	Establishment
Jiujiang Youbixing Technology Co., Ltd. (九江優必行科技有限公司)	Jiujiang, PRC	Jiujiang, PRC	RMB210,000,000	Development, design, production and sales of robotic products	100%	–	Establishment



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5 EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in Subsidiaries (Continued)

(a) The structure of the Group (Continued)

Name of subsidiary	Principal place of operation	Place of registration	Registered capital	Business nature	Shareholding proportion		Way of acquisition
					Direct	Indirect	
Liuzhou UBTECH Intelligent Technology Co., Ltd. (柳州優必選智能科技有限公司)	Liuzhou, PRC	Liuzhou, PRC	RMB200,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
Shenzhen Youshijie Robot Co., Ltd. (深圳市優世界機器人有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB6,660,000	Dormant	95.69%	–	Establishment
UBKang (Qingdao) Technology Co., Ltd. (優必康(青島)科技有限公司)	Qingdao, PRC	Qingdao, PRC	RMB62,500,000	Sales of robotic products	80%	–	Establishment
UBTECH (Puyang) Technology Co., Ltd. (優必選(濮陽)科技有限公司)	Puyang, PRC	Puyang, PRC	RMB176,000,000	Sales of robotic products	100%	–	Establishment
UBTECH (Shenyang) Technology Co., Ltd. (優必選(瀋陽)科技有限公司)	Shenyang, PRC	Shenyang, PRC	RMB100,000,000	Dormant	100%	–	Establishment
Jiujiang Youye Technology Co., Ltd. (九江優耶科技有限公司)	Jiujiang, PRC	Jiujiang, PRC	RMB20,000,000	Dormant	–	100%	Establishment
UBot Innovation Technology Limited	Hong Kong, PRC	Hong Kong, PRC	HKD10,000	Dormant	–	100%	Establishment
Chaozhou UBTECH Education Technology Co., Ltd. (潮州市優必選教育科技有限公司) ("Chaozhou UBTECH") (ii)	Chaozhou, PRC	Chaozhou, PRC	RMB16,800,000	Development, design, production and sales of robotic products	–	44.64%	Establishment
Liuzhou Youxue Technology Co., Ltd. (柳州優學科技有限公司)	Liuzhou, PRC	Liuzhou, PRC	RMB200,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
Liuzhou UBTECH Technology Industry Co., Ltd. (柳州優必選科技產業有限公司)	Liuzhou, PRC	Liuzhou, PRC	RMB200,000,000	Development, design, production and sales of robotic products	100%	–	Establishment

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For the year 2024

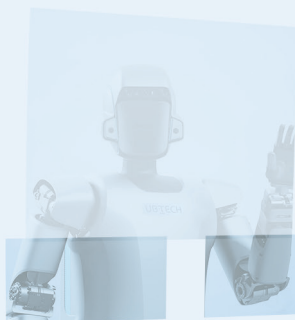
(All amounts in RMB'000 unless otherwise stated)

5 EQUITY IN OTHER ENTITIES *(Continued)*

(1) Equity in Subsidiaries *(Continued)*

(a) The structure of the Group *(Continued)*

Name of subsidiary	Principal place of operation	Place of registration	Registered capital	Business nature	Shareholding proportion		Way of acquisition
					Direct	Indirect	
Liuzhou Ubiquitous Intelligent Industry Co. (柳州優必選智能實業有限公司)	Liuzhou, PRC	Liuzhou, PRC	RMB600,000,000	Development, design, production and sales of robotic products	–	100%	Establishment
Shenzhen Youxuan Zhiyi Elderly Caring Service Co., Ltd. (深圳市優選智頤養老服務有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB20,000,000	Dormant	–	80%	Establishment
Shenzhen Youlingjiong Technology Co., Ltd. (深圳市優靈境科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB5,000,000	Dormant	51%	–	Establishment
Youdi Health Technology (Shenzhen) Co., Ltd. (優邸健康科技(深圳)有限公司) ("Youdi Health")	Shenzhen, PRC	Shenzhen, PRC	RMB10,000,000	Development, design and sales of robotic products	50.62%	–	Establishment
Shenzhen Xuanyou Technology Co., Ltd. (深圳市選優科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB20,000,000	Dormant	100%	–	Establishment
Shenzhen Youbifu Technology Co., Ltd. (深圳市優必服科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB20,000,000	Dormant	100%	–	Establishment
Ganzhou UBTECH Intelligent Technology Co., Ltd. (贛州優必選智能科技有限公司)	Ganzhou, PRC	Ganzhou, PRC	RMB20,000,000	Sales of robotic products	100%	–	Establishment
Shenzhen UBTECH Medical Robot Co., Ltd. (深圳市優必選醫療機器人有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB5,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
Beijing UBTECH Intelligent Robot Co., Ltd. (北京優必選智能機器人有限公司)	Beijing, PRC	Beijing, PRC	RMB50,000,000	Development, design, production and sales of robotic products	100%	–	Establishment



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

5 EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in Subsidiaries (Continued)

(a) The structure of the Group (Continued)

Name of subsidiary	Principal place of operation	Place of registration	Registered capital	Business nature	Shareholding proportion		Way of acquisition
					Direct	Indirect	
Guangzhou UBTECH Intelligent Health Industry Co., Ltd. (廣州優必選智慧健康產業有限公司)	Guangzhou, PRC	Guangzhou, PRC	RMB20,000,000	Sales of robotic products	–	80%	Establishment
UBTECH (Hejin) Technology Co., Ltd. (優必選(河津)科技有限公司)	Yuncheng, PRC	Yuncheng, PRC	RMB50,000,000	Dormant	100%	–	Establishment
Hebei UBTECH Intelligent Technology Co., Ltd. (河北優必選智能科技有限公司)	Tangshan, PRC	Tangshan, PRC	RMB20,000,000	Sales of robotic products	100%	–	Establishment
UBTECH (Suzhou) Technology Co., Ltd. (優必選(宿州)科技有限公司)	Suzhou, PRC	Suzhou, PRC	RMB20,000,000	Sales of robotic products	100%	–	Establishment
UBTECH (Hebi) Technology Co., Ltd. (優必選(鶴壁)科技有限公司)	Hebi, PRC	Hebi, PRC	RMB20,000,000	Dormant	100%	–	Establishment
UBTECH (Zhengzhou) Intelligent Agriculture Technology Co., Ltd. (優必選(鄭州)智慧農業科技有限公司)	Zhengzhou, PRC	Zhengzhou, PRC	RMB80,000,000	Dormant	100%	–	Establishment
UBTECH (Xiamen) Software Technology Co., Ltd. (優必選(廈門)軟件技術有限公司)	Xiamen, PRC	Xiamen, PRC	RMB20,000,000	Dormant	100%	–	Establishment
UBHOME TECHNOLOGY COMPANY LIMITED	Hong Kong, PRC	Hong Kong, PRC	HKD100,000	Sales of robotic products	100%	–	Establishment
Tongren UBTECH Intelligent Health Development Co., Ltd. (銅仁優必選智慧健康發展有限公司)	Tongren, PRC	Tongren, PRC	RMB20,000,000	Sales of robotic products	–	80%	Establishment
UBTECH (Yancheng) Technology Co., Ltd. (優必選(鹽城)科技有限公司)	Yancheng, PRC	Yancheng, PRC	RMB20,000,000	Sales of robotic products	100%	–	Establishment
UBTECH (Shenyang) Innovation Technology Co., Ltd. (優必選(瀋陽)創新科技有限公司)	Shenyang, PRC	Shenyang, PRC	RMB100,000,000	Sales of robotic products	100%	–	Establishment

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For the year 2024

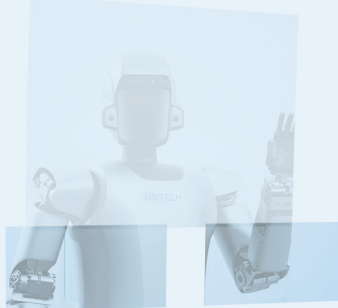
(All amounts in RMB'000 unless otherwise stated)

5 EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in Subsidiaries (Continued)

(a) The structure of the Group (Continued)

Name of subsidiary	Principal place of operation	Place of registration	Registered capital	Business nature	Shareholding proportion		Way of acquisition
					Direct	Indirect	
Shanghai Youxuan Huiyi Elderly Care Service Co., Ltd. (上海優選慧頤養老服務有限公司)	Shanghai, PRC	Shanghai, PRC	RMB1,000,000	Dormant	–	80%	Establishment
Hangzhou UBTECH Intelligent Technology Industry Co., Ltd. (杭州優必選智能科技產業有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB100,000,000	Dormant	100%	–	Establishment
Wuhan UBTECH Intelligent Technology Co., Ltd. (武漢優必選智慧科技有限公司)	Wuhan, PRC	Wuhan, PRC	RMB2,000,000	Dormant	–	80%	Establishment
Liuzhou Youchuang Intelligent Technology Co., Ltd. (柳州優創智能科技有限公司)	Liuzhou, PRC	Liuzhou, PRC	RMB10,000,000	Dormant	–	100%	Establishment
UBTECH (Zhengzhou) Intelligent Technology Limited (優必選(鄭州)智能科技有限公司)	Zhengzhou, PRC	Zhengzhou, PRC	RMB50,000,000	Sales of robotic products	90%	–	Establishment
Chengdu UBTECH Health Technology Co., Ltd. (成都市優選健康科技有限公司)	Chengdu, PRC	Chengdu, PRC	RMB10,000,000	Dormant	–	80%	Establishment
Nanjiang Youxuan Intelligent Technology Co., Ltd. (南江優選智能科技有限公司)	Nanjiang, PRC	Nanjiang, PRC	RMB20,000,000	Dormant	100%	–	Establishment
Youbixing (Jiyuan) Technology Co., Ltd. (優必行(濟源)科技有限公司)	Jiyuan, PRC	Jiyuan, PRC	RMB20,000,000	Dormant	100%	–	Establishment
UBTECH (Nanchong) Robot Technology Co., Ltd. (優必選(南充)機器人科技有限公司)	Nanchong, PRC	Nanchong, PRC	RMB50,000,000	Dormant	100%	–	Establishment
Ubit Intelligent (Qingdao) Software Co., Ltd. (優必智行(青島)軟件有限公司)	Qingdao, PRC	Qingdao, PRC	RMB5,000,000	Dormant	100%	–	Establishment
Zigong UBTECH Intelligent Technology Co., Ltd. (自貢市優必智能科技有限公司)	Zigong, PRC	Zigong, PRC	RMB50,000,000	Dormant	100%	–	Establishment



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(All amounts in RMB'000 unless otherwise stated)

5 EQUITY IN OTHER ENTITIES *(Continued)***(1) Equity in Subsidiaries** *(Continued)***(a) The structure of the Group** *(Continued)*

Name of subsidiary	Principal place of operation	Place of registration	Registered capital	Business nature	Shareholding proportion		Way of acquisition
					Direct	Indirect	
Yixing UBTECH Education Technology Co., Ltd. (宜興市優必興教育科技有限公司)	Yixing, PRC	Yixing, PRC	RMB30,000,000	Dormant	-	60%	Establishment
Huizhou UBTECH Intelligent Technology Co., Ltd. (惠州市優必選智能科技有限公司)	Huizhou, PRC	Huizhou, PRC	RMB30,000,000	Sales of robotic products	100%	-	Establishment
UBTECH (Baoding) Technology Co., Ltd. (優必選(保定)科技有限公司)	Baoding, PRC	Baoding, PRC	RMB20,000,000	Dormant	-	100%	Establishment

All subsidiaries of the Group established in the PRC are registered as limited liability companies in accordance with the laws of the PRC.

- (i) Jiangsu Tianhui, Kunming Uqi, and Shenzhen Uqi are wholly-owned subsidiaries of Wuxi Uqi. As certain shareholders in Wuxi Uqi and Youdi Health, holding 28.73% and 19% voting rights, respectively, agreed to follow the voting decision of the Company, the Company could thus have over 50% voting rights of Wuxi Uqi and its subsidiaries, and Youdi Health, and control over these subsidiaries.
- (ii) Shanghai UBJ held 51% voting rights in Chaozhou UBTECH and the Group thus indirectly controlled Chaozhou UBTECH.



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For the year 2024

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6 SHARE-BASED PAYMENTS

(1) Equity Incentive Scheme

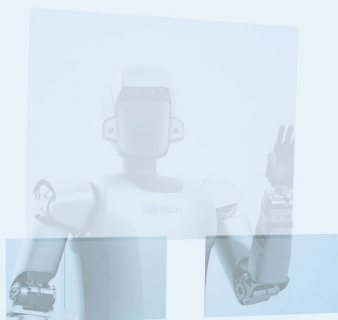
Since 2015, share incentive plans were established by Mr. Zhou Jian to grant RSUs to employees of the Group and other designated persons through a RSU platform under his control ("Equity Incentive Scheme") for the purpose of attracting and retaining suitable personnel to enhance the development of the Group.

According to the Equity Incentive Scheme, the grantees became limited partners of certain established limited liability partnerships under Mr. Zhou Jian's control ("RSU platform") on the grant date. These platforms held 103,586,040 ordinary shares of the Company as at December 31, 2024.

Mr. Zhou Jian has the sole discretion to invite any eligible persons to participate in the Equity Incentive Scheme by obtaining partnership interests of a RSU platform at a price determined by Mr. Zhou Jian either through subscription to the shares of the RSU platform or transfer of interest from Mr. Zhou Jian (or his designated persons). If a grantee ceases to be employed by the Group within the vesting period, the granted RSUs should be repurchased by Mr. Zhou Jian (or his designated persons) (such designee will not be the Company or any of the Company's subsidiaries) at the original subscription/or realization of the agreed transfer price.

The granted RSUs will vest at various dates. Based on the current ownership structure of RSU platform, 1 unit of RSU is equivalent to approximately 1.3743 shares of the Company upon vesting. Therefore, the fair value of 1 unit of RSU ranges from RMB108.41 to RMB113.18.

The fair value of the RSUs granted to employees on the grant date was mainly determined with interpolation method, considering the pricing of recent rounds of financing of the Company by the independent valuer. As Mr. Zhou Jian, the Company's actual controller indirectly granted the shares controlled by him to the Company's employees, which constituted equity-settled share-based payment and was regarded as a contribution from a shareholder while recognizing share-based payment expenses and was credited to the capital surplus.



NOTES TO THE FINANCIAL STATEMENTS

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(All amounts in RMB'000 unless otherwise stated)

6 SHARE-BASED PAYMENTS *(Continued)***(1) Equity Incentive Scheme** *(Continued)****Movement of restricted shares in the year***

	Vesting time				
	2022	2023	2024	Vested within two years after the closing of IPO	Total
2023					
Unvested RSUs in RSU platform at the beginning of the year	–	931,095	16,400	8,066,750	9,014,245
RSUs in RSU platform forfeited in the year	–	(119,350)	(4,400)	(155,000)	(278,750)
Unvested RSUs in RSU platform forfeited at the end of the year	–	811,745	12,000	7,911,750	8,735,495
2024					
Unvested RSUs in RSU platform at the beginning of the year	–	811,745	12,000	7,911,750	8,735,495
Restricted shares granted in the year	–	–	62,500	–	62,500
RSUs in RSU platform forfeited in the year	–	–	–	(479,300)	(479,300)
Restricted shares vested in the year	–	(811,745)	(74,500)	–	(886,245)
Unvested RSUs in RSU platform forfeited at the end of the year	–	–	–	7,432,450	7,432,450

(2) Share Option Scheme

According to the resolution concerning preparation and implement of the 2022 share option incentive scheme of UBTECH ROBOTICS CORP LTD (draft) considered and approved on the fourth extraordinary general meeting held on December 27, 2022, the Company implemented share option incentive scheme to grantees and granted total 2,132,900 share options to qualified employees. Upon maturity of the share option to satisfy the exercise conditions, such grantees will have the right to subscribe for shares of a RSUs platform controlled by Mr. Zhou Jian at a price of RMB1 per equity share, therefore indirectly becoming entitled to 1.3743 shares of the Company.

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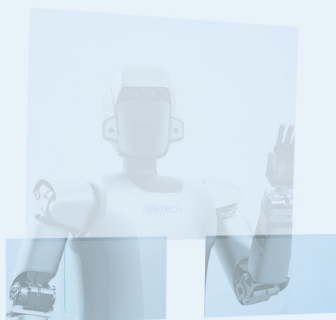
6 SHARE-BASED COMPENSATION *(Continued)*

(2) Share Option Scheme *(Continued)*

The granted share options can be exercised on different date based on the share option incentive scheme signed by employees. The validity period of share option incentive scheme starts from the grant date of share options and ends on the date when all share options are exercised, lapsed or cancelled by grantees and the RSU platform completes liquidation and allotment.

Movement of share options in 2024

	Vesting time				Total
	2022	2023	2024	2025	
Outstanding share options at the beginning of the year	–	812,700	1,005,200	196,500	2,014,400
Share options granted in the year	–	–	–	–	–
Share options forfeited in the year	–	–	(118,900)	(5,500)	(124,400)
Outstanding share options at the end of the year	–	812,700	886,300	191,000	1,890,000
Including: share options satisfied the exercisable conditions at the end of the year	–	812,700	886,300		1,699,000



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

6 SHARE-BASED COMPENSATION *(Continued)***(2) Share Option Scheme** *(Continued)****Movement of share options in 2023***

	Vesting time				
	2022	2023	2024	2025	Total
Outstanding share options at the beginning of the year	—	—	—	—	—
Share options granted in the year	—	860,450	1,064,450	208,000	2,132,900
Share options forfeited in the year	—	(47,750)	(59,250)	(11,500)	(118,500)
Outstanding share options at the end of the year	—	812,700	1,005,200	196,500	2,014,400
Including: share options satisfied the exercisable conditions at the end of the year	—	812,700			812,700



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

6 SHARE-BASED PAYMENTS (Continued)

(2) Share Option Scheme (Continued)

Movement of share options in 2023 (Continued)

- (a) Exercise price of outstanding share options at the end of the year is RMB1 per option.
- (b) There were no exercised share options in the year.
- (3) The Group recognised the total share-based payment expenses in 2024 of RMB245,326,000 (2023: RMB383,839,000).

7 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS

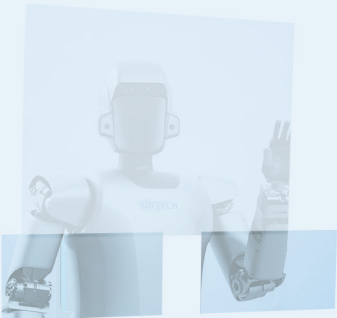
- (1) As mentioned in Note 1, the Company has no ultimate controlling shareholder.
- (2) For basic and related information of subsidiaries, please refer to note 5 (1)(a).
- (3) Information about other major related parties

	Relationship with the Group
Miracle Automation Engineering Co., Ltd. (天奇自動化工程股份有限公司) ("MAE") and its subsidiaries	Minority shareholders of a material subsidiary
Shenzhen Yiersan Technology Co., Ltd. (深圳市易二三科技有限公司)	Associate
Sichuan UBTECH City Sports Industry Development Co., Ltd. (四川優必選城市體育產業發展有限責任公司)	Associate
Beijing Humanoid Robot Innovation Center Co., Ltd. (北京人形機器人創新中心有限公司)	Associate

(4) Significant related party transactions

(a) Pricing policy

The prices of goods purchased from related parties and services accepted from or provided to related parties by our Group are determined based on market price.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

7 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (Continued)

(4) Significant related party transactions (Continued)

(b) Purchase of goods or acceptance of service

		2024	2023
MAE and its subsidiaries	Purchase of goods or acceptance of service	915	1,156
Beijing Humanoid Robot Innovation Center Co., Ltd. (北京人形机器人创新中心有限公司)	Purchase goods	1,836	—
		2,751	1,156

(c) Sales of goods

		2024	2023
MAE and its subsidiaries	Sales of goods or services	187,614	293,606
Beijing Humanoid Robot Innovation Center Co., Ltd. (北京人形机器人创新中心有限公司)	Sales of goods	2,507	—
		190,121	293,606

(d) Acceptance of guarantee

		2024	2023
Mr. Zhou Jian	Loan guarantee	—	758,458

As at February 6, 2024, the guarantee from Mr. Zhou Jian was released.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

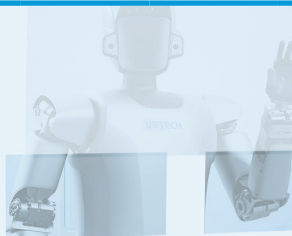
7 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (Continued)

(4) Significant related party transactions (Continued)

(e) Directors' and supervisors' emoluments

Directors' and supervisors' emoluments in 2024 are as follows:

Name	Remuneration of directors or supervisors	Remuneration paid for management of the Company Salary, housing allowance, other allowances and benefits				Contributions to pension scheme	Discretionary bonuses	Share-based payments	Total
	Remuneration	in kind							
Executive Directors									
Zhou Jian	-	863	119	-	194		1,176		
Wang Lin	-	553	117	-	6,490		7,160		
Xiong Youjun	-	1,088	50	-	5,811		6,949		
Liu Ming	-	897	50	-	5,710		6,657		
Non-executive Directors									
Xia Zuoquan	-	-	-	-	-		-		
Zhou Zhifeng	-	-	-	-	-		-		
Chen Qiang	-	-	-	-	-		-		
Independent Non-executive Directors									
Zhao Jie	106	-	-	-	-		106		
Xiong Chuxiong	106	-	-	-	-		106		
Poon Fuk Chuen	106	-	-	-	-		106		
Leung Wai Man, Roger	106	-	-	-	-		106		
Supervisors									
Deng Feng	36	2,311	50	-	4,136		6,533		
Ben Cangsang	36	649	47	-	285		1,017		
Wang Xingru	36	421	-	-	135		592		
	532	6,782	433	-	22,761		30,508		



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

7 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (Continued)**(4) Significant related party transactions** (Continued)**(e) Directors' and supervisors' emoluments** (Continued)

Directors' and supervisors' emoluments in 2023 are as follows:

Name	Remuneration of directors or supervisors	Remuneration paid for management of the Company Salary, housing allowance, other allowances and benefits in kind	Contributions to pension scheme	Discretionary bonuses	Share-based payments	Total
	Remuneration					
Executive Directors						
Zhou Jian	–	815	111	–	21,644	22,570
Wang Lin	–	566	113	–	5,439	6,118
Xiong Youjun	–	1,097	46	–	4,870	6,013
Liu Ming	–	906	46	69	7,154	8,175
Non-executive Directors						
Xia Zuoquan	–	–	–	–	–	–
Zhou Zhifeng	–	–	–	–	–	–
Chen Qiang	–	–	–	–	–	–
Independent Non-executive Directors						
Zhao Jie	106	–	–	–	–	106
Xiong Chuxiong	106	–	–	–	–	106
Poon Fuk Chuen	106	–	–	–	–	106
Leung Wai Man, Roger	91	–	–	–	–	91
Chen Danxia	3	–	–	–	–	3
Supervisors						
Deng Feng	36	842	46	500	6,202	7,626
Ben Cangsang	36	619	43	–	1,401	2,099
Wang Xingru	36	427	–	–	369	832
	520	5,272	405	569	47,079	53,845

For the year ended December 31, 2024, no emoluments were paid by the Company to the directors and supervisors as an inducement to join the Company or as compensation for loss of office (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

7 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (Continued)

(4) Significant related party transactions (Continued)

(f) Key management personnel compensation

	2024	2023
Key management personnel compensation	89,751	73,769

Key management includes Executive Directors, Non-executive Directors, Independent Nonexecutive Directors and senior management of the Company.

(g) Five highest paid individuals

	2024	2023
Salaries and allowance	4,140	5,396
Bonuses	—	16,111
Contributions to pension scheme	117	136
Other social security costs and housing benefits and other employee benefits	139	269
Share-based compensation	54,849	85,086
Total	59,245	106,998

In 2024, the five highest paid individuals include zero director (2023: one director), whose emoluments were reflected in the above table.

(5) Significant balances with related parties

(a) Accounts receivable

	December 31, 2024		December 31, 2023	
	Accounts balance	Provision for bad debts	Accounts balance	Provision for bad debts
Shenzhen Yiersan Technology Co., Ltd. (深圳市易二三科技有限公司)	8,376	(8,376)	8,376	(8,376)
MAE and its subsidiaries	218,757	(17,251)	272,367	(20,034)
Beijing Humanoid Robot Innovation Center Limited (北京人形机器人创新中心有限公司)	1,200	(1)	—	—
	228,333	(25,628)	280,743	(28,410)



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

7 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS *(Continued)***(5) Significant balances with related parties** *(Continued)***(b) Accounts payable**

	December 31, 2024 Accounts balance	December 31, 2023 Accounts balance
MAE and its subsidiaries	3,394	13,774
Beijing Humanoid Robot Innovation Center Limited (北京人形机器人创新中心有限公司)	479	—
	3,873	13,774

(c) Contract liabilities

	December 31, 2024 Accounts balance	December 31, 2023 Accounts balance
MAE and its subsidiaries	196	4,229

8 COMMITMENTS**Capital expenditure commitments**

	December 31, 2024	December 31, 2023
Construction in progress	956,647	859,731

9 EVENTS AFTER BALANCE SHEET DATE

On February 27, 2025, the Company completed the placing of a total of 10,155,099 shares at a price of HK\$90 per share, and received net proceeds of HK\$876,320,000 after deducting all related fees, costs or expenses to be borne or incurred by the Company.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

10 FINANCIAL INSTRUMENTS AND RELATED RISKS

The Group's operating activities expose it to a variety of financial risks: market risk (primarily interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(1) Interest rate risk

The Group's interest rate risk mainly arises from long-term interest-bearing borrowings including long-term borrowings and lease liabilities. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at December 31, 2024, the Group's interest-bearing borrowings with floating rates mainly represented floating rate long-term borrowing contracts denominated in RMB, with the amounts of RMB744,273,000 (December 31, 2023: floating rate long-term borrowing contracts with the amounts of RMB676,311,000) (note 4 (27)).

The Group's finance department continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new interest-bearing borrowings and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. Management makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. In 2024 and 2023, the Group did not enter into any interest rate swap agreements. As at December 31, 2024, if interest rates on the floating rate borrowings had risen or fallen by 50 basis points while all other variables had been held constant, the Group's net loss would have increased or decreased by approximately RMB3,447,000 (December 31, 2023: approximately RMB2,659,000).

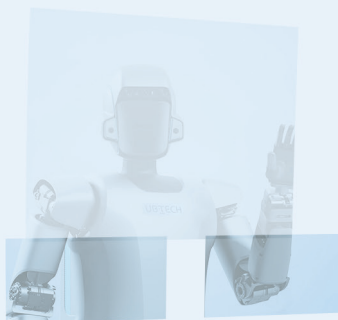
(2) Other price risk

The Group's other price risk mainly arises from investments in other equity instruments. As at December 31, 2024, the Group's other price risk is insignificant.

(3) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, accounts receivable, notes receivable, long-term receivables and other receivables. As at the balance sheet date, the carrying amount of the Group's financial assets represented the maximum credit exposure of the Group.

The Group expects that there is no significant credit risk associated with cash at bank and on hand since they are deposited at well-known state-owned banks and other medium or large size listed banks with high credit ratings. The Group does not expect that there will be any significant loss from nonperformance by these banks.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

10 FINANCIAL INSTRUMENTS AND RELATED RISKS *(Continued)***(3) Credit risk** *(Continued)*

The Group has policies to limit the credit exposure on notes receivable, accounts receivable, other receivables, long-term receivables, etc. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent. As at December 31, 2024, the Group did not hold any significant collateral or other credit enhancements pledged by debtors (December 31, 2023: nil).

(4) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash reserve, while maintaining sufficient headroom on its undrawn committed borrowings facilities from major financial institutions to meet the short-term and long-term liquidity requirements based on the provisions in a borrowing agreement.

(a) As at the balance sheet date, the undiscounted contractual cash flows of the Group's financial liabilities, analysed by their maturity dates, are as below:

	December 31, 2024				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	805,013	–	–	–	805,013
Accounts payable	547,808	–	–	–	547,808
Other payables	391,094	–	–	–	391,094
Long-term borrowings	50,333	139,969	510,538	204,519	905,359
Lease liabilities	–	15,394	17,992	7,184	40,570
Non-current liabilities to be settled within one year	74,977	–	–	–	74,977
	1,869,225	155,363	528,530	211,703	2,764,821



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

10 FINANCIAL INSTRUMENTS AND RELATED RISKS (Continued)

(4) Liquidity risk (Continued)

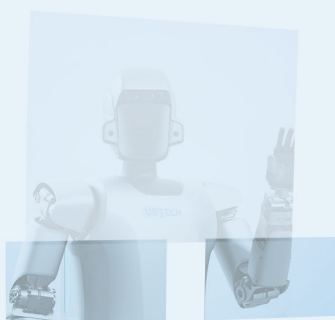
- (a) *As at the balance sheet date, the undiscounted contractual cash flows of the Group's financial liabilities, analysed by their maturity dates, are as below: (Continued)*

	December 31, 2023				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	797,063	–	–	–	797,063
Accounts payable	412,534	–	–	–	412,534
Other payables	382,829	–	–	–	382,829
Long-term borrowings	46,185	62,870	392,232	321,929	823,216
Lease liabilities	–	22,263	22,111	–	44,374
Non-current liabilities to be settled within one year	66,658	–	–	–	66,658
	1,705,269	85,133	414,343	321,929	2,526,674

- (b) *As at the balance sheet date, the Group had no lease contracts signed but not yet commenced.*

- (c) *The analysis of bank borrowings by repayment terms is as follows:*

	December 31, 2024 Bank borrowings	December 31, 2023 Bank borrowings
Within 1 year	829,007	804,545
1-2 years	92,900	30,186
2-5 years	421,289	316,948
Over 5 years	194,441	301,855
	1,537,637	1,453,534



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

11 FAIR VALUE ESTIMATES

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

As at December 31, 2024, the Group's assets measured at fair value are only the investments in other equity instruments (note 4 (10)) that are categorised in level 3.

12 CAPITAL MANAGEMENT

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may refund capital to shareholders, issue new shares or sell assets to reduce debts.

Total capital of the Group is shareholders' equity shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio (total liabilities divided by total assets).

The Group's gearing ratios as at December 31, 2024 and December 31, 2023 are calculated as follows:

	December 31, 2024	December 31, 2023
Total assets	5,133,525	4,765,635
Total liabilities	2,885,993	2,676,752
Gearing ratio	56%	56%



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

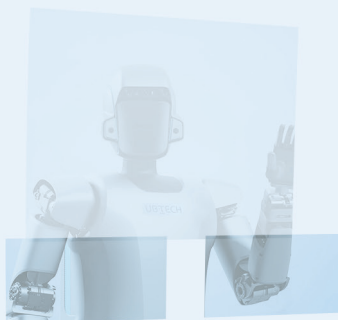
13 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable due from third parties	384,483	186,875
Accounts receivable due from subsidiaries	389,496	310,232
	773,979	497,107
Less: provision for bad debts	(216,782)	(108,008)
	557,197	389,099

(a) The ageing analysis of accounts receivable is as follows:

	December 31, 2024	December 31, 2023
Within 6 months	380,524	227,554
6 months to 1 year	83,517	33,111
1-2 years	109,060	113,012
2 to 3 years	98,374	79,800
Over 3 years	102,504	43,630
	773,979	497,107



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

13 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)***(1) Accounts receivable** *(Continued)***(b) Provision for bad debts**

For the accounts receivable, regardless of whether there is a significant financing component, the Company calculates loss provisions in accordance with the expected credit loss throughout the lifetime.

The analysis of provision for bad debts for accounts receivable by category is as follows:

	December 31, 2024				December 31, 2023			
	Accounts balance		Provision for bad debts		Accounts balance		Provision for bad debts	
	% of total		% of		% of total		% of	
	Amount	balance	Amount	provision	Amount	balance	Amount	provision
Provision on an individual basis (i)	243,004	31.40%	(208,813)	85.93%	161,930	32.57%	(100,726)	62.20%
Provision on a collective basis (ii)	530,975	68.60%	(7,969)	1.50%	335,177	67.43%	(7,282)	2.17%
	773,979	100%	(216,782)	28.01%	497,107	100%	(108,008)	21.73%

(i) *Provision for bad debts made on an individual basis for accounts receivable is analysed as follows:*

As at December 31, 2024, the Company's accounts receivables overdue over one year was approximately RMB232,887,000 (December 31, 2023: RMB124,419,000). The Company provided individual provision for such accounts receivables. The Company evaluated the cash flows that might be collected under different scenarios and recognised the difference of RMB208,813,000 (December 31, 2023: RMB100,726,000) between the present value of the cash flows that might be collected and the cash flows receivable according to the contract as provision for bad debts, of which RMB108,087,000 (2023: RMB50,906,000) was included in profit or loss for the current period.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

13 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(1) Accounts receivable (Continued)

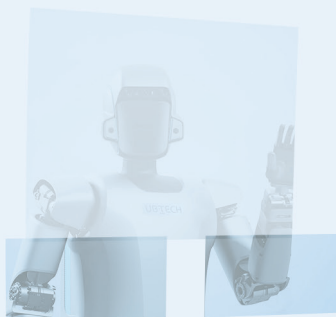
(b) Provision for bad debts (Continued)

- (ii) Provision for bad debts made on a collective basis for accounts receivable is analysed as follows:

Portfolio 1: Government and state-owned enterprise customers:

	December 31, 2024		
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	94,352	0.56%	(525)
Overdue within 1-90 days	13,421	1.90%	(255)
Overdue within 91-180 days	19,657	2.31%	(455)
Overdue within 181-360 days	3,017	4.54%	(137)
	130,447		(1,372)

	December 31, 2023		
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	1,726	0.29%	(5)



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

13 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)***(1) Accounts receivable** *(Continued)***(b) Provision for bad debts** *(Continued)*

(ii) *Provision for bad debts made on a collective basis for accounts receivable is analysed as follows: (Continued)*

Portfolio 2: Non-government and non-state-owned enterprise customers:

	December 31, 2024		
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	3,656	1.67%	(61)
Overdue within 1-90 days	151	1.99%	(3)
Overdue within 91-180 days	1,321	3.18%	(42)
Overdue within 181-360 days	5,904	4.29%	(253)
	11,032		(359)

	December 31, 2023		
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	9,118	8.94%	(815)
Overdue within 1-90 days	932	3.22%	(30)
Overdue within 91-180 days	10,860	11.35%	(1,233)
Overdue within 181-360 days	2,309	13.17%	(304)
	23,219		(2,382)



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

13 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(1) Accounts receivable (Continued)

(b) Provision for bad debts (Continued)

- (ii) Provision for bad debts made on a collective basis for accounts receivable is analysed as follows (Continued):

Portfolio 4 Internal related parties of the Group:

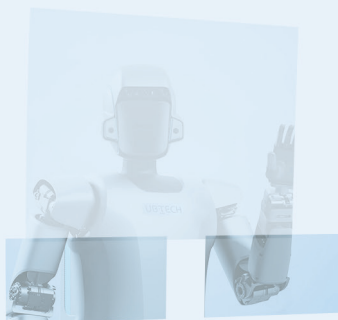
December 31, 2024			
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	389,496	1.60%	(6,238)

December 31, 2023			
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Not overdue	310,232	1.58%	(4,895)

(2) Prepayments

	December 31, 2024		December 31, 2023	
	Amount	% of total	Amount	% of total
Within 1 year	185,562	96.99%	151,753	94.63%
1-2 years	2,335	1.22%	6,086	3.80%
2 to 3 years	1,864	0.97%	2,118	1.32%
Over 3 years	1,566	0.82%	394	0.25%
	191,327	100%	160,351	100%

As at December 31, 2024, prepayments aged over a year amounted to RMB5,765,000 (2023: RMB8,598,000), which were prepayments to suppliers. Since the suppliers have not yet fulfilled their delivery and service obligations, the payment has not been settled.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

13 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)***(3) Other receivables**

	December 31, 2024	December 31, 2023
Receivables in respect of listing proceeds (note 4 (5))	–	828,142
Receivables from the internal related parties of the Group	676,301	799,899
Deposits and guarantees receivable	2,145	24,891
Advances to employees	1,828	1,795
Others	5,209	6,181
	685,483	1,660,908
Less: provision for bad debts	(12,769)	(23,361)
	672,714	1,637,547

(a) The ageing analysis of other receivables is as follows:

	December 31, 2024	December 31, 2023
Within 1 year	678,499	1,634,716
1 to 2 years	3,297	459
2 to 3 years	375	22,502
Over 3 years	3,312	3,231
	685,483	1,660,908



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

13 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Other receivables (Continued)

(b) Changes in loss allowance and its accounts balance

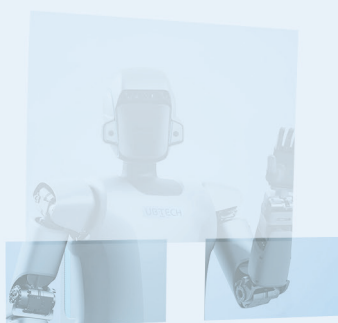
The analysis of provision for bad debts for other receivables by stage is as follows:

	December 31, 2024				December 31, 2023			
	Accounts balance		Provision for bad debts		Accounts balance		Provision for bad debts	
	Amount	% of total balance	Amount	% of provision	Amount	% of total balance	Amount	% of provision
Stage 1	680,431	99.26%	(7,717)	1.13%	1,655,540	99.68%	(17,993)	1.09%
Stage 3	5,052	0.74%	(5,052)	100%	5,368	0.32%	(5,368)	100%
	685,483	100%	(12,769)	1.86%	1,660,908	100%	(23,361)	1.41%

	Stage 1		Stage 3		Total
	Accounts balance	Provision for bad debts	Accounts balance	Provision for bad debts	Provision for bad debts
December 31, 2023	1,655,540	(17,993)	5,368	(5,368)	(23,361)
Transfer to Stage 3 in the year	(392)	6	392	(6)	—
Net changes in the year	(974,717)	10,270	(708)	322	10,592
December 31, 2024	680,431	(7,717)	5,052	(5,052)	(12,769)

In 2024 and 2023, the changes in provision for bad debts caused by the conversion between Stage 1 and Stage 3 are not significant, and the changes in provision for bad debts caused by changes in the parameter data used for expected credit loss are also not significant.

As at December 31, 2024 and December 31, 2023, the Group had no other receivables in Stage 2. Other receivables in Stage 1 and Stage 3 are analysed as follows:



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

13 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)***(3) Other receivables** *(Continued)***(b) Changes in loss allowance and its accounts balance** *(Continued)*

- (i) As at December 31, 2024, the analysis of other receivables for provision for bad debts in Stage 3 is as follows:

Stage 3	Accounts balance	Lifetime ECL rate	Provision for bad debts	Reasons
Deposits and guarantees receivable	566	100%	(566)	Due over one year
Others	4,486	100%	(4,486)	Due over one year
	5,052		(5,052)	

- (ii) As at December 31, 2023, the analysis of other receivables for provision for bad debts in Stage 3 is as follows:

Stage 3	Accounts balance	Lifetime ECL rate	Provision for bad debts	Reasons
Deposits and guarantees receivable	1,157	100%	(1,157)	Due over one year
Others	4,211	100%	(4,211)	Due over one year
	5,368		(5,368)	



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

13 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

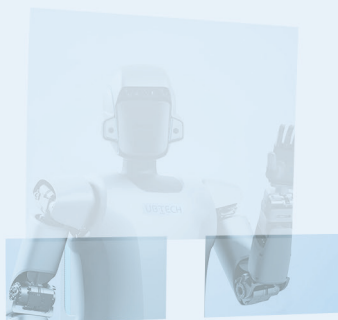
(3) Other receivables (Continued)

(b) Changes in loss allowance and its accounts balance (Continued)

(iii) As at December 31, 2024 and December 31, 2023, the analysis of other receivables for provision for bad debts in Stage 1 is as follows:

	December 31, 2024			December 31, 2023		
	Accounts		Provision	Accounts		Provision
	balance	Provision for bad debts		balance	Provision for bad debts	
	Amount	Amount	ratio	Amount	Amount	ratio
Deposits and guarantees receivable	1,579	(35)	2.22%	23,735	(496)	2.09%
Advances to employees	1,828	(16)	0.88%	1,795	(14)	0.78%
Receivables in respect of listing proceeds	—	—	0.00%	828,142	(4,728)	0.57%
Receivables from the internal related parties of the Group	676,301	(7,653)	1.13%	799,899	(12,713)	1.59%
Others	723	(13)	1.80%	1,969	(42)	2.13%
	680,431	(7,717)	1.13%	1,655,540	(17,993)	1.09%

(c) In the year, the provision for bad debts amounted to RMB779,000, and the collection and reversal of provision for bad debts was RMB11,371,000.



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024
(All amounts in RMB'000 unless otherwise stated)

13 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)***(4) Long-term equity investments**

	December 31, 2024	December 31, 2023
Subsidiaries	3,997,829	4,037,102
Associates	58,444	58,444
	4,056,273	4,095,546
Less: Provision for impairment of long-term equity investments		
– Subsidiary (a)	(927,810)	(898,193)
– Associates	(58,444)	(58,444)
	3,070,019	3,138,909

(a) Please refer to note 5 about the list of the subsidiaries of the Company. The Company recognised provision for asset impairment for some subsidiaries due to bad operation performance.

(5) Capital surplus

	December 31, 2023	Increase in the current year	December 31, 2024
Share premium (note 4 (31))	6,073,456	999,442	7,072,898
Share-based payments	38,877	211,554	250,431
Others	830,769	–	830,769
	6,943,102	1,210,996	8,154,098



NOTES TO THE FINANCIAL STATEMENTS

For the year 2024

(All amounts in RMB'000 unless otherwise stated)

13 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(5) Capital surplus (Continued)

	December 31, 2022	Increase in the current year	December 31, 2023
Share premium (note 4 (31))	4,397,700	1,675,756	6,073,456
Share-based payments	38,877	—	38,877
Others	537,238	293,531	830,769
	4,973,815	1,969,287	6,943,102

(6) Revenue and cost of sales

	2024		2023	
	Revenue	Cost of sales	Revenue	Cost of sales
Sales of goods	648,672	614,368	592,363	555,517
Provision of services	36,978	5,305	10,563	6,637
	685,650	619,673	602,926	562,154

(7) Investment income

	2024	2023
Investment income from the disposal of long-term equity investments	(6,205)	—
Investment income from holding of financial assets held for trading	1,676	—
	(4,529)	—

