

UBTECH

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

2025 INTERIM 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. Liu Ming (劉明先生)
(Employee Representative Director)
Mr. Deng Feng (鄧峰先生)
Mr. Xiong Youjun (熊友軍先生)

Non-executive Directors

Mr. Xia Zuoquan (夏佐全先生)
Mr. Zhou Zhifeng (周志峰先生)
Mr. Lu Kuan (陸寬先生)

Independent Non-executive Directors

Professor He Jia (何佳教授)
Mr. Yao Xin (姚新先生)
Ms. Dong Xiuqin (董秀琴女士)
Mr. Xiong Hui (熊輝先生)

JOINT COMPANY SECRETARIES

Mr. Zhang Ju (張鉅先生)
Ms. Jian Xuegen (簡雪艮女士)

AUDIT COMMITTEE

Ms. Dong Xiuqin (董秀琴女士) (Chairlady)
Professor He Jia (何佳教授)
Mr. Yao Xin (姚新先生)

ESG AND SUSTAINABILITY COMMITTEE

Mr. Liu Ming (劉明先生) (Chairman)
Mr. Deng Feng (鄧峰先生)
Ms. Dong Xiuqin (董秀琴女士)

REMUNERATION AND APPRAISAL COMMITTEE

Professor He Jia (何佳教授) (Chairman)
Mr. Zhou Jian (周劍先生)
Mr. Yao Xin (姚新先生)

NOMINATION COMMITTEE

Mr. Xiong Hui (熊輝先生) (Chairman)
Mr. Zhou Jian (周劍先生)
Ms. Dong Xiuqin (董秀琴女士)

STRATEGY COMMITTEE

Mr. Zhou Jian (周劍先生) (Chairman)
Professor He Jia (何佳教授)
Mr. Xiong Hui (熊輝先生)

AUTHORISED REPRESENTATIVES

Mr. Deng Feng (鄧峰先生)
Ms. Jian Xuegen (簡雪艮女士)

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STOCK CODE

9880

COMPANY'S WEBSITE

www.ubtrobot.com





DEFINITION

“Articles of Association”	the articles of association of our Company, as amended, modified or supplemented from time to time
“Audit Committee”	audit committee of our Board
“Board”	the board of Directors of the Company
“CASBE”	China Accounting Standards for Business Enterprises
“China” or “PRC”	the People’s Republic of China and, for the purpose of this report only, does not include Hong Kong, the Special Administrative Region of Macau and Taiwan
“Company”	UBTECH ROBOTICS CORP LTD (深圳市優必選科技股份有限公司) (formerly known as Shenzhen UBTECH Technology Co., Ltd.* (深圳市優必選科技有限公司)), a limited liability company established under the laws of the PRC on March 31, 2012 and converted into a joint stock company with limited liability on March 29, 2019, the H Shares of which are listed on the Stock Exchange (stock code: 9880) since December 29, 2023
“Director(s)”	the director(s) of our Company
“Domestic Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded on any stock exchange
“Global Offering”	the global offering and listing of our H Shares on the Main Board of the Stock Exchange
“Group”, “we”, “our”, “us” or “UBTECH”	our Company and our subsidiaries
“H Share(s)”	overseas-listed shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be traded in Hong Kong Dollars and are listed and traded on the Main Board of Stock Exchange
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC



DEFINITION

“Listing Date”	the date on which the H Shares are listed on the Stock Exchange and from which dealings in the H Shares are permitted to commence on the Stock Exchange, i.e. December 29, 2023
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Reporting Period”	the six months ended June 30, 2025
“RMB”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, including both the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of our Company who exists before the Supervisory Committee was abolished
“%”	percent

* For identification purpose only



FINANCIAL SUMMARY

	For the six months ended June 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	621,460	487,229
Gross profit	217,312	185,201
Operating loss	(439,067)	(530,386)
Loss for the period	(439,989)	(539,808)
Add:		
Share-based payments	72,205	176,273
Adjusted net loss for the period (non-GAAP measure)	(367,784)	(363,535)
Add:		
Interest expenses ^(Note 1)	2,130	17,055
– Interest expenses on lease liabilities	1,386	1,480
– Interest expenses on borrowings	37,590	49,049
– Interest expenses capitalised	(36,846)	(33,474)
Income tax expense	4,857	8,637
Depreciation of right-of-use assets	14,243	15,492
Depreciation of property, plant and equipment	25,338	20,717
Amortization of intangible assets	4,789	3,786
Asset impairment loss	470	738
Less:		
Interest income	7,187	11,492
Adjusted EBITDA (non-GAAP measure)	(323,144)	(308,602)

FINANCIAL SUMMARY

REVENUE BY TYPE OF PRODUCTS AND SERVICES

	For the six months ended June 30,			
	2025		2024	
	RMB'000	%	RMB'000	%
Education smart robotic products and services	239,819	38.6	161,176	33.1
Logistics smart robotic products and services	56,163	9.0	59,562	12.2
Other sector-tailored smart robotic products and services	63,800	10.3	90,879	18.7
Consumer-level robots and other hardware devices	260,051	41.8	174,685	35.8
Others ^(Note 2)	1,627	0.3	927	0.2
Total	621,460	100.0	487,229	100.0

Notes:

- (1) Interest expenses included interest expenses on borrowings, net of amount capitalised and lease liabilities.
- (2) "Others" primarily included sales of raw materials and spare parts.



BUSINESS OVERVIEW

PART I BUSINESS REVIEW

I. Embodied intelligent humanoid robots

In the first half of 2025, the global artificial intelligence sector has shown a trend of multi-point breakthroughs on core technologies. Key advancements, particularly in Large Language Models (LLMs), Generative AI, and Embodied Intelligence, are propelling the sector into a new era. Currently, AI technologies are transitioning from the digital realm to the physical world. As a pivotal technology in this shift, Embodied Intelligence deeply integrates AI into physical entities, such as embodied intelligent humanoid robots, endowing them with the ability to autonomously perceive, learn, and interact with their environment in real time. UBTECH continues to ramp up investment in embodied intelligent humanoid robot R&D, with a steadfast focus on industrial applications. We have successively launched the industrial versions of embodied intelligent humanoid robots, Walker S, Walker S1 and Walker S2 (as an embodied intelligence carrier, the Walker S series is designed and iterated 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. The integration of our BrainNet 2.0 with Co-Agent technology establishes an “AI dual-cycle” for industrial embodied intelligent humanoid robots, enabling a spiral evolution of individual robot autonomy and fleet collaboration. Our full-stack technological advancements enable embodied intelligent humanoid robots to achieve superior task planning, dexterous manipulation, navigation and mobility, and human-computer interaction capabilities. Additionally, UBTECH has pioneered an embodied intelligent humanoid robot application paradigm for multi-tasking environments, and conducted the world’s first field trial for the multi-robot, multi-scenario, and multi-task group intelligence. 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 Humanoid Robot Standards Working Group of the National Robotics Standardization Committee, and co-leader of the Embodied Intelligence Working Group of the National AI Standardization Subcommittee, UBTECH continued to guide the industry, including spearheading the development of key standards such as the Technical Requirements for Humanoid Robots – Part 5 Operational Tasks and Technical Requirements for Humanoid Robots – Part 6 Positioning and Navigation, and jointly leading the development of Technical Requirements for Humanoid Robots – Part 7 Human-Computer Interaction within the first batch of national standards for humanoid robots.

In the first half of 2025, UBTECH continued to focus on the large-scale deployment of our robots in industrial scenarios. The field trials for the Walker S series entered Phase 2.0, where multiple robots collaboratively executed production-line-level tasks, linking together a series of workstation tasks such as workbin handling, SPS sorting, parts assembly, process material handling, and quality inspection. We signed the world’s first small-batch purchase contract for industrial embodied intelligent humanoid robots with client, marking the official transition of embodied intelligent humanoid robots from field trial to commercial application.



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In the first half of 2025, UBTECH achieved breakthroughs in key technologies related to embodied intelligent humanoid robots, laying a solid technological foundation for embodied intelligent humanoid robot commercialization in industrial applications. We have made technological advancements in the following core areas:

A. *Robotic Technologies*

At the complete robot level, we developed the third-generation industrial embodied intelligent humanoid robot, Walker S2, which innovatively develops hot-swappable, autonomous battery-changing system. This system redefines the energy management paradigm for embodied intelligent humanoid robots with its 3-minute autonomous battery swap and 7x24 operational capabilities. Its 52-Degrees of Freedom (DoF) bionic body can handle a 15kg payload and perform flexible waist rotations of $\pm 162^\circ$ within a full 0-1.8 meter workspace. Through the composite application of rigid and flexible heterogeneous materials, we have crafted an ultimate industrial-grade body that is high-strength, lightweight, and anthropomorphic. On the dexterous hand level, we developed the fourth-generation dexterous hand, increasing fingertip payload capacity by 100% to 12.5N. The addition of an active thumb DoF enables the hand to perform both flattening and pinching gestures, significantly enhancing operational flexibility. We are also exploring the R&D of the fifth-generation dexterous hand, which will feature richer multi-modal sensing and more agile finger movements. Our self-developed ROSA v2 has been successfully adapted to the new Walker S2 model, enabling the rapid migration of Walker S1's operational skills to the new body. We are also developing and refining a series of software infrastructure platforms, including an embodied intelligent humanoid robot management cloud platform, a data management platform, and a simulation management platform, to support multi-robot collaboration and group intelligence evolution. Currently, in industrial applications, our embodied intelligent humanoid robots have upgraded from individual robot autonomy to group collaboration, forming the capability to execute production-line-level tasks, including collaborative handling, sorting, operation, and quality inspection.

B. *AI Technologies*

For embodied intelligent humanoid robot group collaboration scenarios, we have iterated and upgraded BrainNet 2.0. It is equipped with our proprietary Co-Agent, the collaborative intelligence agent specifically for industrial embodied intelligent humanoid robots, which establishes an "AI dual-cycle" for industrial embodied intelligent humanoid robots. The BrainNet architecture integrates reasoning nodes and skill nodes, flexibly connected via edge-cloud collaboration, and establishes a super brain and an intelligent cerebellum at the group level. The super brain, powered by a multimodal large reasoning model, is responsible for semantic understanding, reasoning, decision-making, and potential anomaly detection. The intelligent cerebellum, leveraging the Transformer model, translates large-model instructions into real-time, precise physical execution. We have iterated the multimodal large reasoning model in BrainNet 2.0, optimizing its on-device inference latency to under 1 second. We have also optimized the end-to-end architecture to achieve highly efficient collaboration between reasoning and skill nodes based on closed-loop feedback. Within BrainNet 2.0, each robot using Co-Agent technology acts as both an independent execution unit and a dynamic, joint node of the BrainNet, enabling self-organizing, flexible links between on-device reasoning nodes and multiple skill nodes. This transforms roles like "material handler" and "sorter" into "Handling Agents" and "Sorting Agents", driving the application of embodied intelligent humanoid robots in industrial scenarios towards more refined collaboration.





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C. *Integrated Robotic and AI Technologies*

1. *Integration of Positioning, Navigation, and AI*

We upgraded the embodied intelligent humanoid robot's binocular semantic VSLAM to a quad-ocular semantic VSLAM technology. This supports front binocular occlusion, which, combined with autonomous map updates and post-processing fusion for positioning, comprehensively enhances the stability and robustness of localization in complex and dynamic scenes while simplifying deployment. We introduced a hierarchical semantic mapping solution based on high-precision dense maps, which improves computational efficiency while significantly reducing CPU resource usage, providing spatial semantic memory for end-to-end semantic navigation. We optimized the embodied intelligent humanoid robot's omnidirectional navigation model, adding new capabilities such as efficient backward movement, narrow-passage lateral movement, and close-range obstacle stopping, thereby improving the efficiency, precision, and stability of autonomous navigation, as well as the safety of autonomous obstacle avoidance. We have also building an end-to-end navigation simulation and training system based on reinforcement learning.

Notably, the L4 autonomous logistics vehicles have been deployed in multiple industrial parks, with their operational mileage exceeding 13,000km. By leveraging vast amounts of data and improving perception models, and continuously optimizing online localization and mapping algorithms with semantic information, we have redesigned our multi-lane navigation framework. This framework introduces new task decision-making capabilities (multi-lane driving, parking, automatic trailer coupling), scenario-based decision-making capabilities (lane changing, U-turns, fault recovery), and behavioral intent decision-making capabilities (lane keeping, in-lane obstacle avoidance, various lane change/maneuver). This has strengthened the safety, stability, and operational efficiency of our L4 autonomous logistics vehicles in complex scenarios, laying the foundation for expansion of autonomous logistics from industrial parks to airports and open roads.

2. *Integration of Machine Vision and AI Technologies*

We have developed a proprietary purely vision-based binocular imaging and perception technology, enabling the embodied intelligent humanoid robot's binocular vision to achieve "human-eye-like" perception capabilities. This technological breakthrough not only reduces hardware costs but also endows the robot with more flexible, adaptive, precise, and scalable environmental perception. In terms of technical implementation, we have developed an industry-leading passive binocular vision system that uses a deep learning-based binocular depth estimation algorithm to generate high-precision, left-aligned dense depth maps in real time from dual RGB images, giving the embodied intelligent humanoid robot stereo vision perception comparable to human eyes. To meet the demands of navigation and manipulation scenarios, we have innovatively integrated lightweight model design, a high-precision knowledge distillation framework, and Gaussian-probability-based supervised training. Combined with our proprietary high-precision data acquisition equipment and multi-scene datasets, we have achieved industry-leading performance in computational power, precision (sub-millimeter level), and generalization, providing core support for the robot's precise perception and interaction.



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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. In dexterous manipulation, we continue to optimize our model-based grasp pose generation and selection mechanism, enabling continuous and stable grasping of items from workbin through coordinated dual-arm action. By combining data from model-based grasp generation with manually collected data, we use generative model technology to build a generalized dexterous hand grasping model at the object level. We continuously expand the object dataset using 3D object generation models to enhance the grasping model's generalization capabilities. Furthermore, we are exploring solutions to the most complex challenge in SPS sorting: grasping disordered items from stacked piles. For full-body motion control, we employ a data-driven hierarchical reinforcement learning framework. Combined with multi-source data collection and high-precision retargeting algorithms, we have achieved high-speed, human-like walking at 2 m/s through dynamic step frequency adjustment, significantly improving the robot's mobility in real-world environments. Additionally, we have applied reinforcement learning to achieve more stable and efficient workbin handling.

As of June 30, 2025, the number of patents granted to us reached 2,790, reflecting an increase of 4.1% compared to the end of 2024.

II. Education smart robotic products and services

In the first half of 2025, we continued to execute the core strategy in AI education, focusing on a dual-pronged approach: maturing and iterating existing solutions while promoting new products in the market. This strategy has driven deeper penetration into practical application scenarios, expanded product ecosystem, and enhanced brand influence. We achieved milestone breakthroughs in implementation effectiveness, international presence, and sustainable operational capabilities for education business, further solidifying our competitive edge in the industry.

In the K-12 education sector, we deepened the implementation of scenario-based solutions and expanded product and service offerings: The "Youth AI & Robotics Technology Innovation Education Base" solution has started its rollout and delivery simultaneously in four locations: Yixing, Longsheng, Suqian, and Yangquan. Upon completion, expected by the end of 2025, these bases will collectively serve tens of thousands of primary and secondary school students annually, providing a standardized platform to popularize regional AI education. Building on the existing B2B version of Xingzhi Yuanxiang (行知元项) platform, we launched a new direct-to-consumer (B2C) version, further broadening our product's service scope to meet diverse user needs. The UGOT product line underwent a core software function iteration, adding new modes for centralized control, FPV and competition. These enhancements significantly improve the product's out-of-the-box playability and user experience. We also optimized UGOT's creative application designs, providing standardized product display and sandbox solutions for both domestic and international markets to strengthen its scenario-based presentation and marketing capabilities. In the industry-education integration domain, we focused



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on empowering teaching practices with technology and commercializing our core products: The AI General Education Platform 1.0 was officially launched. It provides cutting-edge AIGC teaching and practical support for students and faculty across all disciplines, filling a gap in general-purpose AI educational tools and supporting institutions in building their AI education systems. Significant progress was made with the CreaBot multi-scenario service robot. The 1.0 version completed its elevator control demo verification, closing the loop on its technical feasibility. The first batch of domestic trial production orders was successfully delivered, advancing the product from the R&D phase to market application and completing the productization chain for our industry-education integration strategy.

In the first half of 2025, we strengthened our brand influence and industry voice through a dual-pathway approach of participating in industry events and operating our own competition ecosystem. We successfully exhibited at three national-level industry conferences: the 85th Educational Equipment Exhibition (Tianjin), the 63rd Higher Education Expo China (Changchun), and the World Robot Conference (WRC). These events served as platforms to showcase our integrated solutions for industry-education integration and technology innovation education, effectively increasing industry recognition and brand penetration. Our robotics competition strategy focused on three core directions: scaling up event organization, building an international brand, and escalating the participant experience. We introduced the “Starfall Tactics (星弈行動)” competition for the World Robot Conference (WRC), which is based on our open-source UDEAC ecosystem, enriching our portfolio of competitive events. As of the end of the first half of the year, we had registered for over 70 competitions (including white-listed events like Youchuang Weilai (優創未來) and WRC, as well as our ROBOG-branded competitions). Over 60 of these events have already been held, involving nearly 3,000 teams and close to 6,000 participants, and geographic reach has expanded to include Hong Kong, Macau, and international locations such as Malaysia and Russia, representing a significant boost on the internationalization of those competitions. Concurrently, we conducted 13 referee training sessions across 13 provinces, 2 municipalities, and 1 autonomous region in China, training approximately 370 individuals, with 286 passing the final assessment. These sessions have built a solid talent foundation for the professional and standardized operation of competitions.

Through deeper solution implementation, innovative product iterations, and an expanded competition ecosystem in the first half of 2025, we have made initial strides towards the goals of internationalizing education business and achieving sustainable operations. This has laid a strong foundation for our full-year strategic objectives and the construction of a comprehensive AI education ecosystem. We remain committed to leveraging our core strengths in technology and service to inject sustained momentum into the intelligent transformation of education.

Our revenue attributable to education smart robotic products and services increased by 48.8% from RMB161.2 million for the six months ended June 30, 2024 to RMB239.8 million for the six months ended June 30, 2025.



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III. Logistics smart robotic products and services

In the first half of 2025, our logistics smart robotic products and services continued to deepen their presence in five core industries: new energy vehicles, new energy battery production lines, tire manufacturing plants, 3C electronics factories, and e-commerce/3PL. Drawing on our self-developed ACU robot core controller and UPilot robot operating system, complemented by the information system on three cloud platforms: WMS, MES and CTS, we have further developed 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 automated vehicles and humanoid robots technologies in the foreseeable future”. As a result, we deepened the implementation of the industry’s first full-stack automated logistics solution. Our core products include the Wali Series U lifting mobile robots, Wali Series T latent towing robots, Wali Series F light- and heavy-load automated forklifts, Wali Series H heavy-load omnidirectional robots, Wali Series C stacker robots, 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 genuine closed-loop automated logistics system.

On the R&D front, in the first half of 2025, we focused our product optimization, upgrades, and new development efforts on meeting client demands for end-to-end logistics scenarios. Our R&D is concentrated on three main product categories: industrial mobile robots, L4-level automated logistics vehicles, and embodied intelligent humanoid logistics robots. We continued to refine our integrated delivery model of “Hardware + Software + Service + Operation”, collaborating with clients and industry chain partners to pioneer innovative automated logistics applications and create benchmark for automated logistics solutions. Through product innovation and upgrades, we delivered a qualitative leap in the efficiency of traditional logistics and warehousing, helping clients achieve new levels of operational performance and transitioning automated logistics from merely “usable” to “highly efficient”.

In terms of industrial mobile robots, we launched the new Wali C50L tote-stacking robot, which reaches a maximum speed of 5.0m/s, breaking the limits of traditional tote-stacking robots. It also flexibly adapts to various totes with dimensions up to 650mm x 450mm. To match the increased speed of our new tote-stacking robot, we introduced the Wali U50 high-speed tote AGV, also capable of a 5.0m/s maximum speed for seamless workflow synergy. We completed the product iteration of the Wali U600 and transitioned it to mass production. We initiated the project for the Wali U1500, completed the prototype trial, and simultaneously began the CE certification process to prepare for export. We successfully deployed the Wali T8000 in multiple real-world scenarios, earning high praise from users and securing orders for several hundred units. We launched the second generation of unmanned forklifts, the Wali F1200L (stacker) and F1200S (transporter), which feature comprehensive performance and intelligence upgrades, reaching top-tier industry standards and supporting future one-click AI deployment. Our Wali F3000 demonstrated core functionalities for outdoor loading/unloading scenarios, such as stacking material cages, and won the “Intelligent Architect Award” at the National Unmanned Forklift Competition. We introduced the Wali H3000 heavy-load omnidirectional logistics robot, capable of carrying a 3,000kg payload and moving in any direction. It delivers groundbreaking performance in adaptability, precision, stability, and safety, offering a new solution for clients in industries like automotive manufacturing and new energy batteries to build highly flexible and efficient logistics models, and boosting operational efficiency for clients in more industries.





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In terms of L4-level automated logistics vehicles, we completed trial run validations transitioning from closed-campus environments to open roads. The Chitu S, our next-generation automated logistics vehicle featuring lower costs and stronger performance, has been officially initiated. The chassis assembly development and validation have been completed, and it will be launched to the market soon.

In terms of humanoid robots for logistics, we have begun developing a new humanoid robot for core logistics scenarios. We have completed the design of its dual arms, with a payload capacity of 15kg – an industry-leading figure – to cover sorting and handling needs in logistics scenario. This marks our official entry into the field of humanoid robots for logistics.

In terms of sales and strategic collaboration in the first half of 2025, we secured multiple repeat purchases from leading clients in the new energy vehicle and new energy battery sectors. We also made progress in developing new key accounts within five core industries. We participated in the Inter Airport Southeast Asia exhibition in Singapore and the China Beijing International High-Tech Expo. Furthermore, we have begun establishing domestic and international dealership systems, including a dedicated network for our automated logistics vehicles. We also signed a strategic cooperation agreement with a smart logistics integrated solution provider headquartered in Singapore to establish a long-term, comprehensive partnership. The collaboration will focus on “Innovative Automated Logistics Applications for Airports”, leveraging our respective strengths to accelerate the deployment of automated logistics solutions in the aviation sector.

In terms of corporate qualifications in the first half of 2025, following a rigorous review process by the Ministry of Science and Technology, the Ministry of Finance, and the Jiangsu Provincial Department of Industry and Information Technology, our entity “UQI”, the believer in unmanned logistics, was recognized as both a “National High-Tech Enterprise” and a provincial-level “Specialized, Refined, Differentiated, and Innovative” enterprise. These accolades are a strong endorsement of our product innovation and technical capabilities, confirming our leading position and excellence in the industry.

In terms of industry competitions in the first half of 2025, the world’s first Unmanned Forklift Application Scenario Competition was held in Hefei, Anhui. The event was designed to test the ultimate capabilities of unmanned forklifts in complex, real-world scenarios, including high-precision positioning, heavy-load handling, and dynamic obstacle avoidance. Our Wali F3000 heavy-load unmanned forklift made a powerful debut at this event, and won the “Intelligent Stacking Architect” award for its robust performance and outstanding navigation control.

In the first half of 2025, our automated logistics solutions and business operations have expanded across over 60 cities and regions in 6 countries worldwide. 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.



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IV. Other sector-tailored smart robotic products and services

In the first half of 2025, we achieved significant milestones in both R&D and market penetration for our commercial service robots. On the R&D front, our commercial service robot products and solutions underwent a new round of iteration. We fully integrated Large Language Models, which has markedly improved the accuracy of speech recognition, semantic understanding, and knowledge-based Q&A. The system's stability in task execution and the human-robot interaction experience have also been further enhanced. At the World Robot Conference (WRC 2025), we unveiled the new Cruzr S2, a full-size, general-purpose wheeled humanoid robot, with significantly upgraded computing power and environmental adaptability, enabling broader applications in multi-task commercial scenarios such as sorting, handling, and reception. This launch enriches our product line and expands industry application boundaries. On the market front, we released the Walker C, a bipedal embodied intelligent humanoid robot, which was showcased at the China Pavilion of the Osaka World Expo. Based on "Smart Exhibition Solution", the Walker C has been successfully deployed in typical scenarios like exhibition halls, cultural tourism venues, and government/corporate reception centers, receiving positive market feedback. The synergy between our R&D and market efforts has allowed us to create a more comprehensive product layout in the humanoid and commercial service robot sectors, laying a solid foundation for future expansion into more industry scenarios.

In the first half of 2025, 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 upgraded the AI-driven service capabilities across multiple product lines, including wellness service management robots, smart home devices, and information management platforms. By integrating the management and service expertise of professional care institutions, we have launched integrated solutions for both residential and institutional settings, which have been successfully piloted and applied in a variety of institutional, community, and home service settings.

Through pilot collaborations with leading industry clients in China, we have continuously improved and optimized the AIS smart care product service platform. This platform leverages intelligent robots as a vehicle to deliver the service experience and capabilities of professional institutions directly to residents of senior living apartments and elderly individuals at home. It provides comprehensive care services and AI-powered companionship, laying a stronger business foundation for the future entry of humanoid robots into households.

V. Consumer-level robots and other hardware devices

In the first half of 2025, our R&D efforts yielded a range of new products for both outdoor and indoor home scenarios. For yard scenarios, we launched an upgraded version of PC10 intelligent pool cleaning robot and the new PC200 & PC200 Lite series. We developed the M20 and M30 series of smart lawnmowers and successfully launched the M10 series. Additionally, we initiated the in-house development of the PS100, a robotic pool surface skimmer. These efforts round out product matrix and strengthen technology base. For indoor home scenarios, we developed and launched the new T25 and T30 series of smart robot vacuums, continuously improving the user experience and price-performance competitiveness. In the smart pet hardware category, we developed the C30 and C40 series of smart cat litter boxes and the F20 series of smart refrigerated pet feeders. We also introduced new products such as pet dryer and cleaning brush, further expanding our product portfolio around fundamental pet care needs.





BUSINESS OVERVIEW

On the market front, in the first half of 2025, we continued to deepen presence in key domestic and international markets. We focused on the refined operation of online e-commerce platforms while actively developing offline channel resources. In major markets like Europe and Australia, we successfully secured partnerships with several well-known, large-scale brand channel clients, achieving leapfrog growth in channel sales. Our smart cat litter box series maintained its leading market share, with sales revenue showing strong growth momentum. On China's Tmall e-commerce platform, it ranked TOP 1 on the "Open-Top Cat Litter Box" Bestseller List and TOP 3 on the overall "Cat Litter Box" Bestseller List during the full 618 shopping festival period.

Our revenue attributable to consumer-level robots and other hardware devices increased by 48.9% from RMB174.7 million for the six months ended June 30, 2024 to RMB260.1 million for the six months ended June 30, 2025.

PART II FUTURE OUTLOOK

UBTECH has been adopting embodied intelligent humanoid robots and AI as the Company's core strategy, 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 embodied intelligent humanoid robot technology and AI technology, committed to expanding the reach of embodied intelligent humanoid robots from industrial and commercial applications to every household. Specifically, we will focus on the following areas:

1. Embodied Intelligent Humanoid Robots

We will continue to invest in the research and development of new models for the Walker S series of industrial embodied intelligent humanoid robots, deeply iterate the full-stack technology of humanoid robots, and make breakthroughs on such key embodied intelligence technologies as integrated joints, dexterous hands with five bionic fingers, BrainNet architecture, Co-Agent, learning-based motion control, spatial intelligence, and ROSA system. By further comprehensively enhancing the lightweight design, overall integration, system stability, collaboration capacity in groups and autonomous operation capabilities of single robot of the Walker S 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 iterate 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 Co-Agent and unleash the outburst of collective intelligence. 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, 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.



BUSINESS OVERVIEW

3. Embodied Intelligence Decision-Making Technologies

For the scenario of embodied intelligent humanoid robots collaborating in groups, we will continue our investment in the development of group intelligence technology for humanoid robots to iterate BrainNet architecture, strengthen the reasoning capabilities of the super cerebrum and the skill supply abilities of the intelligent cerebellum, and enhance the cloud-based AI system's multi-robot scheduling capabilities for production-line-level tasks for accumulating more industrial scenario datasets and multi-scale models. We will continuously iterate the industrial embodied intelligent humanoid robot Co-Agent, enhancing its "spontaneous behavior chain" capability. By improving the closed-loop system of "active perception – active reasoning – active action" for diverse tasks, we aim to advance embodied intelligent humanoid robots to a new level of "autonomous perception" from "passive execution".

4. End-to-End Motion Control Technology

Building on our end-to-end learning-based motion control technologies, we will continue to make breakthroughs in the research and development of task-oriented full-body motion control and dexterous manipulation technologies. We will integrate multimodal perception information and fully mobilize the robot's kinematic degrees of freedom to keep enhancing the efficiency and stability of robots in mobile manipulation tasks such as load handling and material sorting. Moreover, we will further iterate end-to-end dexterous manipulation technologies to meet generalized operational demands across complex real-world tasks such as stacking and sorting, screw fastening, precision assembly and human-robot collaboration.

5. Continuously Iterating and Optimizing the Autonomous Driving Technology for L4 Level Driverless Vehicles

Focusing on the multi-dimensional spatial intelligence upgrade, we will continue to advance cutting-edge autonomous driving technologies, including spatial memory, spatial perception, spatial cognition & interaction, multimodal fusion network architecture and multi-head BEV tasks. By integrating game decision-making control with end-to-end technologies, we will comprehensively enhance the autonomous driving safety, stability and operational efficiency of autonomous vehicles in complicated environments, so that the technology will be rolled out in more scenarios in the park to accelerate the expansion and implementation from parks to open roads.





MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

Our revenue for the six months ended June 30, 2025 was RMB621.5 million, representing an increase of 27.5% as compared with RMB487.2 million for the six months ended June 30, 2024. The increase was primarily due to the launch of new consumer-level products and the delivery of signed projects.

Our revenue attributable to education smart robotic products and services increased by 48.8% from RMB161.2 million for the six months ended June 30, 2024 to RMB239.8 million for the six months ended June 30, 2025, primarily due to the delivery of projects signed in the previous year and during the Reporting Period.

Our revenue attributable to logistics smart robotic products and services decreased by 5.7% from RMB59.6 million for the six months ended June 30, 2024 to RMB56.2 million for the six months ended June 30, 2025, which is basically the same as that of the previous year.

Our revenue attributable to other sector-tailored smart robotic products and services decreased by 29.8% from RMB90.9 million for the six months ended June 30, 2024 to RMB63.8 million for the six months ended June 30, 2025, primarily due to the Company's focus on developing products for new application scenarios in the first half of 2025. New products for these new application scenarios will be released in the second half of 2025, with revenue to be recognized in the second half of 2025.

Our revenue attributable to consumer-level robots and other hardware devices increased by 48.9% from RMB174.7 million for the six months ended June 30, 2024 to RMB260.1 million for the six months ended June 30, 2025, primarily due to an increase in our revenue as a result of the continuous launch of new products by the Company.

COST OF SALES

Our cost of sales for the six months ended June 30, 2025 was RMB404.1 million, representing an increase of 33.8% as compared with RMB302.0 million for the six months ended June 30, 2024, primarily due to the increase in revenue, which led to a corresponding increase in costs.

In terms of education smart robotic products and services, cost of sales for the six months ended June 30, 2025 was RMB137.1 million, representing an increase of 72.6% as compared with RMB79.5 million for the six months ended June 30, 2024, primarily due to the increase in revenue, which led to a corresponding increase in costs.

In terms of logistics smart robotic products and services, cost of sales for the six months ended June 30, 2025 was RMB49.7 million, representing a decrease of 11.1% as compared with RMB55.9 million for the six months ended June 30, 2024, primarily due to the decrease in revenue, which led to a corresponding decrease in costs.

In terms of other sector-tailored smart robotic products and services, cost of sales for the six months ended June 30, 2025 was RMB40.4 million, representing a decrease of 9.9% as compared with RMB44.8 million for the six months ended June 30, 2024, primarily due to the decrease in revenue, which led to a corresponding decrease in costs.

In terms of consumer-level robots and other hardware devices, cost of sales for the six months ended June 30, 2025 was RMB176.4 million, representing an increase of 44.8% as compared with RMB121.8 million for the six months ended June 30, 2024, primarily due to the increase in revenue, which led to a corresponding increase in costs.



MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT AND GROSS PROFIT MARGIN

As a result of foregoing, our overall gross profit for the six months ended June 30, 2025 was RMB217.3 million, representing an increase of 17.3% as compared with RMB185.2 million for the six months ended June 30, 2024. For the six months ended June 30, 2025, our overall gross profit margin was 35.0%, representing a decrease of 3.0% from 38.0% for the six months ended June 30, 2024, this was primarily attributable to the decrease in gross profit margin of education smart robotic products and services.

SELLING EXPENSES

Our selling expenses for the six months ended June 30, 2025 were RMB223.5 million, representing a decrease of RMB10.0 million as compared with RMB233.5 million for the six months ended June 30, 2024, primarily due to a decrease of RMB30.6 million in share-based payments, offset by increases of RMB10.2 million and RMB8.6 million in advertising and promotion expenses and sales commissions (primarily for consumer-level robots and other hardware devices), respectively.

Selling expenses as a percentage of revenue decreased from 47.9% for the six months ended June 30, 2024 to 36.0% for the six months ended June 30, 2025, as our revenue increased while our selling expenses remained stable.

ADMINISTRATIVE EXPENSES

Our administrative expenses for the six months ended June 30, 2025 were RMB185.1 million, representing a decrease of RMB29.9 million as compared with RMB215.0 million for the six months ended June 30, 2024. Our administrative expenses as a percentage of revenue decreased from 44.1% for the six months ended June 30, 2024 to 29.8% for the six months ended June 30, 2025, which was mainly due to a decrease of RMB38.0 million in share-based payments, partially offset by an increase of RMB9.8 million in employee benefit expenses.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses for the six months ended June 30, 2025 were RMB218.3 million, representing a decrease of RMB9.2 million as compared with RMB227.5 million for the six months ended June 30, 2024. And the research and development expenses as a percentage of revenue decreased from 46.7% for the six months ended June 30, 2024 to 35.1% for the six months ended June 30, 2025, which was mainly due to a decrease of RMB35.3 million in share-based payments, an increase of RMB19.9 million in employee benefits, and an increase of RMB7.2 million in consumption of materials and software tools.

CREDIT IMPAIRMENT LOSSES

We had a credit impairment losses of RMB1.3 million for the six months ended June 30, 2025 as compared to a credit impairment losses of RMB74.1 million for the six months ended June 30, 2024, primarily due to credit impairment losses having been fully provided for in the previous period, with no significant changes occurring during the Reporting Period.



MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INCOME

Other income consists primarily of government grants, valued-added tax and other tax refunds.

For the six months ended June 30, 2025, our other income was RMB4.6 million (for the six months ended June 30, 2024: RMB35.8 million).

OPERATING LOSS

As a result of the foregoing, we had an operating loss of RMB439.1 million for the six months ended June 30, 2025, representing a decrease of 17.2% from the operating loss of RMB530.4 million for the six months ended June 30, 2024.

FINANCE EXPENSES

Our finance expenses primarily comprised (i) interest expenses on our lease liabilities; (ii) interest expenses on borrowings; (iii) exchange gains and losses; (iv) interest income.

Our net finance income increased from RMB7.6 million for the six months ended June 30, 2024 to RMB10.2 million for the six months ended June 30, 2025, mainly due to a decrease in interest expenses and a decrease in exchange gains and losses.

LOSS FOR THE PERIOD

For the six months ended June 30, 2025, we reported a loss for the period of RMB440.0 million, representing a decrease of 18.5% from the loss of RMB539.8 million for the six months ended June 30, 2024.

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 period (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 period (non-GAAP measure)” as loss for the period adjusted by adding back share-based payments (being non-cash in nature). We define “adjusted EBITDA (non-GAAP measure)” as “adjusted net loss for the period (non-GAAP measure)” adjusted by adding back (i) interest expenses; (ii) income tax expense; (iii) depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets, which are non-cash in nature; and (iv) asset impairment loss, and deducting interest income from it.



MANAGEMENT DISCUSSION AND ANALYSIS

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reconciliation of loss for the period to “adjusted EBITDA (non-GAAP measure)” and “adjusted net loss for the period (non-GAAP measure)”		
Loss for the period	(439,989)	(539,808)
Add:		
Share-based payments	72,205	176,273
Adjusted net loss for the period (non-GAAP measure)	(367,784)	(363,535)
Add:		
Interest expenses ^(Note)	2,130	17,055
– Interest expenses on lease liabilities	1,386	1,480
– Interest expenses on borrowings	37,590	49,049
– Interest expenses capitalised	(36,846)	(33,474)
Income tax expense	4,857	8,637
Depreciation of right-of-use assets	14,243	15,492
Depreciation of property, plant and equipment	25,338	20,717
Amortization of intangible assets	4,789	3,786
Asset impairment loss	470	738
Less:		
Interest income	7,187	11,492
Adjusted EBITDA (non-GAAP measure)	(323,144)	(308,602)

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



MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

Cash at Bank and on Hand

As at June 30, 2025, our cash and cash equivalents were approximately RMB1,157.4 million, compared to approximately RMB1,191.0 million as at December 31, 2024. Most of our cash and cash equivalents were denominated in RMB.

Gearing Ratio

We monitor capital with reference to our gearing ratio, which is calculated as total interest-bearing borrowings and lease liabilities divided by total equity. As of June 30, 2025, our gearing ratio was 57.2% (defined as total interest-bearing borrowings and lease liabilities divided by total equity) (as at December 31, 2024: 71.6%). With the cash and bank balances in hand and the total net proceeds received from the several rounds of placing of new H shares of our Company (the **"H Shares"**) under the general mandate granted to our Directors to allot, issue and deal with additional H Shares pursuant to a resolution of the shareholders of our Company (the **"Shareholders"**) passed at the annual general meeting of our Company held on May 21, 2024 (the **"General Mandate"**) in our 2024 and early 2025, our liquidity position remain strong to meet our working capital requirements.

MATERIAL ACQUISITIONS AND DISPOSALS

We had no material acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended June 30, 2025.

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

As at June 30, 2025, we did not have material investments or future plans for other material investments or acquisition of capital assets.

FOREIGN EXCHANGE EXPOSURE

During the six months ended June 30, 2025, we mainly operated in China with most of the transactions settled in RMB. The functional currency of our Company and the subsidiaries is RMB. As of June 30, 2025, our balance of the cash and cash equivalents was mainly denominated in RMB. We continue to adopt a conservative approach in its foreign exchange exposure management. During the Reporting Period, we did not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. We review our foreign exchange risks periodically and use derivative financial instruments to hedge against such risks when necessary. As of June 30, 2025, our business is not exposed to any significant foreign exchange risk.



MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As of June 30, 2024, December 31, 2024 and June 30, 2025, 100% equity interest of Shenzhen UBTECH Technology Industrial Co., Ltd.* (深圳市優必選科技實業有限公司), a subsidiary of our Group, and the land use rights held by it, along with some of the patent rights owned by the Group, have been pledged to secure bank loans of our Group mainly for our construction of property, plant and equipment.

BORROWINGS

Our borrowings decreased from RMB1,537.6 million as of December 31, 2024 to RMB1,437.3 million as of June 30, 2025 mainly in respect of daily operations and the payments of the construction cost of our headquarter building located in Shenzhen.

CONTINGENT LIABILITIES

As of June 30, 2025, we did not have any material contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

On July 2, 2025, the third session of our Board held the first Board meeting which resolved (i) the election of chairman of our Board, general manager, deputy general managers, chief financial officer and secretary to the Board of our Company; and (ii) the change in composition of each of the five committees of our Board. For further details, please refer to the announcement of our Company dated July 2, 2025.

On July 22, 2025, the Company entered into a placing agreement (the “**Placing Agreement**”) with three placing agents for the placing (the “**July 2025 Placing**”) of a total of 30,155,450 new H Shares (the “**Placing Shares**”) at the placing price of HK\$82.00 per Placing Share (the “**Placing Price**”) under the general mandate granted to our Directors to allot, issue and deal with additional H Shares pursuant to a resolution of the Shareholders passed at the annual general meeting of our Company held on May 21, 2025 upon the terms and subject to the conditions set out in the Placing Agreement. As of July 22, 2025 (being the date of the placing agreement for the July 2025 Placing), the closing price of the H Shares was HK\$85.10 per H Share. The July 2025 Placing completed on July 28, 2025 and the Placing Shares were placed at the Placing Price to no less than six independent placees. The Company received total net proceeds from the July 2025 Placing (after deducting all related fees, costs and expenses to be borne or incurred by the Company) of approximately HK\$2,410.26 million. The Company intended to apply the net proceeds from the July 2025 Placing for the Group’s business operation and development and repayment of amounts due under credit facilities. For further details, please refer to the announcements of the Company dated July 22, 2025 and July 28, 2025.

As disclosed in the circular of the Company dated August 4, 2025, on August 4, 2025, the Board has resolved to propose, among other things, amendments to the articles of association of the Company and arrangement of bank credit to be applied by the Company. As disclosed in the poll results announcement dated August 19, 2025, all of the aforementioned resolutions were approved by the Shareholders at the 2025 fourth extraordinary general meeting of the Company held on August 19, 2025.

Save as disclosed above, there was no events causing significant impact on our Group subsequent to the Reporting Period and up to the date of this report.





CORPORATE GOVERNANCE AND OTHER MATTERS

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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We have adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as the basis of the Company’s corporate governance practice.

During the Reporting Period, except that Mr. Zhou Jian, an executive Director, has been performing the roles as the chairman of our Board and the chief executive officer of our Company, which deviates from Code Provision C.2.1 of the CG Code, our Company has complied with all applicable code provisions set out in the CG Code, and adopted most of the recommended best practices set out therein. 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 our 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 will continue to review the current structure from time to time and consider the appropriate move to take when appropriate. We are committed to the view that our Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND EMPLOYEES

We have adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by our Directors and Supervisors. Having made specific enquiries with all Directors and Supervisors by the Company, all Directors and Supervisors confirmed that they have been in compliance with the required standards set out in the Model Code during the Reporting Period.

AMENDMENTS IN CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the amendments for the Articles of Association were approved by the Shareholders at the 2025 second extraordinary general meeting of our Company held on June 3, 2025. The relevant amendments mainly reflected the abolishment of the Supervisory Committee, dismissal of the shareholder representative supervisors of our Company and repeal of the Rules of Procedure of the Supervisory Committee of our Company.

For the full text of the amended Articles of Association, please refer to the website of the Stock Exchange at www.hkexnews.hk and our website at www.ubtrobot.com.



CORPORATE GOVERNANCE AND OTHER MATTERS

CHANGES IN POSITIONS HELD BY AND INFORMATION OF DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

The changes in the positions held by and information of the Directors, Supervisors and senior management members which were required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

Name of Director	Details of changes
Ms. Wang Lin	Retired as an executive Director, ceased to be a member of the ESG and Sustainability Committee and an authorized representative of our Company with effect from June 27, 2025
Mr. Liu Ming	Elected as an employee representative Director of the third session of the Board at the employee representative meeting of the Company, and appointed as the chairman of the ESG and Sustainability Committee with effect from June 27, 2025
Mr. Deng Feng	Removed as a supervisor following the abolishment of the Supervisory Committee with effect from June 3, 2025, and appointed as an executive Director, member of the ESG and Sustainability Committee and an authorized representative of our Company with effect from June 27, 2025
Mr. Chen Qiang	Retired as a non-executive Director with effect from June 27, 2025
Mr. Lu Kuan	Appointed as a non-executive Director with effect from June 27, 2025
Mr. Zhao Jie	Retired as an independent non-executive Director and ceased to be the chairman of the Nomination Committee and a member of the Strategy Committee with effect from June 27, 2025
Mr. Xiong Chuxiong	Retired as an independent non-executive Director and ceased to be the chairman of the Audit Committee and a member of the ESG and Sustainability Committee and the Remuneration and Appraisal Committee with effect from June 27, 2025
Mr. Poon Fuk Chuen	Retired as an independent non-executive Director and ceased to be the chairman of the Remuneration and Appraisal Committee and a member of the Audit Committee with effect from June 27, 2025
Mr. Leung Wai Man, Roger	Retired as an independent non-executive Director and ceased to be a member of the Audit Committee and the Nomination Committee with effect from June 27, 2025



CORPORATE GOVERNANCE AND OTHER MATTERS

Name of Director	Details of changes
Professor He Jia	Appointed as an independent non-executive Director, the chairman of the Remuneration and Appraisal Committee and a member of the Audit Committee and the Strategy Committee with effect from June 27, 2025. Professor He Jia ceased to be an independent Director of Xinlong Holding (Group) Co., Ltd. (a company listed on the Shenzhen Stock Exchange under the stock code 000955) on July 31, 2025
Mr. Yao Xin	Appointed as an independent non-executive Director and a member of the Audit Committee and the Remuneration and Appraisal Committee with effect from June 27, 2025
Ms. Dong Xiuqin	Appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee and the ESG and Sustainability Committee with effect from June 27, 2025
Mr. Xiong Hui	Appointed as an independent non-executive Director, the chairman of the Nomination Committee and a member of the Strategy Committee with effect from June 27, 2025
Mr. Ben Cangsang	Removed as a supervisor following the abolishment of the Supervisory Committee with effect from June 3, 2025
Ms. Wang Xingru	Removed as a supervisor following the abolishment of the Supervisory Committee with effect from June 3, 2025

Save as disclosed above, there is no other information required to be disclosed herein pursuant to Rule 13.51B(1) of the Listing Rules.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2025, the Group had 2,272 employees. During the six months ended June 30, 2025, the employee benefit expenses of the Group amounted to approximately RMB420.8 million, as compared to approximately RMB503.5 million during the six months ended June 30, 2024. We care for the needs of our employees and offer a variety of employee benefits. We have developed the Payroll Calculation and Disbursement Process (《薪資核算及發放流程》) and UBTECH Payroll Adjustment Process (《優必選科技調薪流程》). We provide employees with five social insurances and housing provident fund, including pension insurance, unemployment insurance, medical insurance, work injury insurance, maternity insurance and housing provident fund, according to the regulations, and also employee's compensation which consists of base salary, performance-based salary, overtime pay, various types of subsidies, business commission, project bonuses and other items.



CORPORATE GOVERNANCE AND OTHER MATTERS

In addition, in order to, among other things, improve our incentive mechanism to attract, motivate and retain Directors, senior management and employees who have made outstanding contributions to our sustainable operation, development and long-term growth, our Board has proposed to adopt the 2024 H Share Incentive Scheme of our Company (the **"H Share Incentive Scheme"**), under which our Board may grant awards of H Shares to, among others, any employee of our Group in accordance with the rules of the H Share Incentive Scheme. The H Share Incentive Scheme has been adopted after approval by the Shareholders at the 2024 fifth extraordinary general meeting of our Company to be held on September 12, 2024. For further details, please refer to the announcement of our Company dated July 31, 2024 and the circular of our Company dated August 28, 2024.

EMPLOYEE TRAINING

In order to increase the competitiveness of our employees and to cope with the rapid development of robotics and intelligence, we provide our employees with various training programmes on a regular basis. We have developed the Professional Talents Promotion Process (《專業人才晉升流程》), Training Requirement Application Process (《培訓需求申請流程》), Human Resources Control Procedures (《人力資源控制程序》), UBTech Talent Development Framework (《優選人才發展框架》), and the UBT Employee Performance Management Handbook (《UBT員工績效管理手冊》) to regulate employee training and promotion matters. If necessary, we will allow our staff to attend training programmes organised by external training institutes or hire external trainers to conduct training for our staff.

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 of 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 June 30, 2025, 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).





CORPORATE GOVERNANCE AND OTHER MATTERS

Equity Incentive Schemes Platform

Shenzhen Evolution Investment Limited Partnership* (深圳市進化論投資合夥企業(有限合夥)) (“**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 6.33% of the issued Shares in our Company as at June 30, 2025. A number of other limited partnerships were established 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 June 30, 2025, Ms. Jiang Shuyuan was the general partner of Shenzhen Evolution, while Ms. Wang Lin was the general partner of 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 the 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.



CORPORATE GOVERNANCE AND OTHER MATTERS

(f) Details of Awards

As at June 30, 2025, (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 816 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 Reporting Period, see note 7 to the Financial Statements.

Movements of Awards under the Equity Incentive Schemes

The following table sets forth the amount of unvested Awards under the equity incentive schemes platform as at December 31, 2024 and June 30, 2025, which represents the total amount of unvested restricted shares and options under the Equity Incentive Schemes, and the movement of such amount during the Reporting Period:

Category of grantees	Unvested Awards as at December 31, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Forfeited during the Reporting Period	Unvested Awards as at June 30, 2025
Directors:						
Mr. Zhou Jian	20,000	–	–	–	–	20,000
Mr. Liu Ming	291,000	–	–	–	–	291,000
Mr. Deng Feng	180,000	–	–	–	–	180,000
Mr. Xiong Youjun	300,000	–	–	–	–	300,000
Mr. Xia Zuoquan	–	–	–	–	–	–
Mr. Zhou Zhifeng	–	–	–	–	–	–
Mr. Lu Kuan	–	–	–	–	–	–
Professor He Jia	–	–	–	–	–	–
Mr. Yao Xin	–	–	–	–	–	–
Ms. Dong Xiuqin	–	–	–	–	–	–
Mr. Xiong Hui	–	–	–	–	–	–
Five highest paid individuals (excluding Director Deng Feng)	1,492,000	–	–	–	–	1,492,000
Other grantees	5,340,450	–	30,500	–	218,000	5,091,950



CORPORATE GOVERNANCE AND OTHER MATTERS

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.



CORPORATE GOVERNANCE AND OTHER MATTERS

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 8.86% of the total number of issued shares of the Company as at the date of this interim 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 non-executive 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.



CORPORATE GOVERNANCE AND OTHER MATTERS

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 two 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 June 30, 2025, no Share has been granted or awarded to the Eligible Participants under the H Share Incentive Schemes.



CORPORATE GOVERNANCE AND OTHER MATTERS

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 of June 30, 2025, the Group had utilized approximately HK\$881.43 million of the Proceeds from the Initial Public Offering of H Shares, with the unused portion of the proceeds amounting to approximately HK\$49.78 million.

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 June 30, 2025 was as below:

Use of proceeds	Proposed use of proceeds according to the prospectus (HK\$ million)	Unutilized amount as of December 31, 2023 (HK\$ million)	Utilized amount		Unutilized amount as of December 31, 2024 (HK\$ million)	Utilized amount during the Reporting Period (HK\$ million)	Unutilized amount as of June 30, 2025 (HK\$ million)	Expected timeline of use of unutilized amount
			New reallocation of the net proceeds (HK\$ million)	during the year ended December 31, 2024 (HK\$ million)				
Further advance our R&D capabilities to enhance our core technologies and products and services offerings	425.76	425.76	425.76	213.10	212.66	162.88	49.78	By December 31, 2026
Repayment of bank loans	175.74	175.74	263.43	263.43	-	-	-	N/A
Enhance our R&D infrastructure to improve our R&D capabilities and efficiencies	71.56	71.56	71.56	25.15	46.41	46.41	-	By December 31, 2024 ^(Note)
Enhance brand awareness and market penetration	86.06	86.06	23.00	23.00	-	-	-	N/A
Further optimize our management and operational efficiency	56.16	56.16	-	-	-	-	-	Plan to utilize self-raised funds instead in accordance with the original plan, which will start in 2025
General working capital	115.93	115.93	147.46	147.46	-	-	-	N/A
Total	931.21	931.21	931.21	672.14	259.07	209.29	49.78	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 unutilized net proceeds as of December 31, 2024. The remaining net proceeds have been fully utilized by June 30, 2025.



CORPORATE GOVERNANCE AND OTHER MATTERS

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.



CORPORATE GOVERNANCE AND OTHER MATTERS

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, the net proceeds of which were utilized during the Reporting Period, namely (i) 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 **"October 2024 Placing"**); and (ii) 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 **"November 2024 Placing"**); and (iii) the placing of 10,155,099 new H Shares at the placing price of HK\$90.00 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 February 20, 2025 (the **"February 2025 Placing"**; collectively with the October 2024 Placing and the November 2024 Placing, the **"Placings"**). As of October 23, 2024, November 20, 2024 and February 20, 2025 (being the respective date of the placing agreement for the October 2024 Placing, the November 2024 Placing and the February 2025 Placing), the closing price of the H Shares was HK\$111.90, HK\$103.30 and HK\$94.70 per H Share, respectively. For further details, please refer to the announcements of the Company dated October 23, 2024, October 29, 2024, November 20, 2024, November 26, 2024, February 20, 2025, February 24, 2025 and February 27, 2025.

Reasons for and benefits of the Placings

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 Placings 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 (mainly embodied intelligent humanoid robots) while broadening its Shareholders and capital base.

The Directors are of the view that the Placings 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 respective placing agreement under each of the Placings (including the respective placing price) were fair and reasonable and in the interests of the Company and the Shareholders as a whole.





CORPORATE GOVERNANCE AND OTHER MATTERS

The net proceeds from the October 2024 Placing, the November 2024 Placing and the February 2025 Placing amounted to approximately HK\$407.73 million, HK\$551.88 million and HK\$876.32 million respectively. The utilization of the proceeds from the Placings up to June 30, 2025 was as below:

Use of proceeds	Net proceeds to be applied (HK\$' million)	Unutilized amount as of December 31, 2024 (HK\$' million)	Utilized amount during the Reporting Period (HK\$' million)	Unutilized net proceeds as of June 30, 2025 (HK\$' million)
October 2024 Placing				
Business operation and development	254.49	33.54	33.54	–
– Working capital and general corporate purposes	253.97	33.54	33.54	–
(a) Salaries, social insurance, housing fund, and other human resource expenses	56.74	9.40	9.40	–
(i) For R&D personnel	13.47	3.95	3.95	–
(ii) For selling and marketing personnel	16.12	2.57	2.57	–
(iii) For management personnel	21.72	1.38	1.38	–
(iv) For production personnel	5.43	1.50	1.50	–
(b) Payment to suppliers and service providers	179.33	22.76	22.76	–
(i) Procurement of materials for core business	132.76	16.94	16.94	–
(ii) Procurement of services for core business	13.01	1.58	1.58	–
(iii) Traveling and administrative services	7.99	0.11	0.11	–
(iv) Storage and logistics services	14.20	0.92	0.92	–
(v) Marketing and business development services	10.46	3.17	3.17	–
(vi) Human resources related services	0.91	0.04	0.04	–
(c) Other operating expenses	17.90	1.38	1.38	–
– Offshore and onshore investments ^(Note 1)	0.52	–	–	–
Repayment of amounts due under the credit facilities	153.24	–	–	–
	407.73	33.54	33.54	–



CORPORATE GOVERNANCE AND OTHER MATTERS

Use of proceeds	Net proceeds to be applied (HK\$' million)	Unutilized amount as of December 31, 2024 (HK\$' million)	Utilized amount during the Reporting Period (HK\$' million)	Unutilized net proceeds as of June 30, 2025 (HK\$' million)
November 2024 Placing				
Business operation and development	192.92	192.92	192.92	–
– Working capital and general corporate purposes	191.94	191.94	191.94	–
(a) Salaries, social insurance, housing fund, and other human resource expenses	46.72	46.72	46.72	–
(i) For R&D personnel	12.98	12.98	12.98	–
(ii) For selling and marketing personnel	13.99	13.99	13.99	–
(iii) For management personnel	14.34	14.34	14.34	–
(iv) For production personnel	5.41	5.41	5.41	–
(b) Payment to suppliers and service providers	117.45	117.45	117.45	–
(i) Procurement of materials for core business	75.75	75.75	75.75	–
(ii) Procurement of services for core business	15.10	15.10	15.10	–
(iii) Traveling and administrative services	8.82	8.82	8.82	–
(iv) Storage and logistics services	9.12	9.12	9.12	–
(v) Marketing and business development services	7.40	7.40	7.40	–
(vi) Human resources related services	1.26	1.26	1.26	–
(c) Other operating expenses	27.77	27.77	27.77	–
– Offshore and onshore investments ^(Note 1)	0.98	0.98	0.98	–
Repayment of amounts due under the credit facilities	358.96	358.96	358.96	–
	551.88	551.88	551.88	–



CORPORATE GOVERNANCE AND OTHER MATTERS

Use of proceeds	Net proceeds to be applied (HK\$' million)	Utilized amount during the Reporting Period (HK\$' million)	Unutilized net proceeds as of June 30, 2025 (HK\$' million)
February 2025 Placing			
Business operation and development	586.38	241.96	344.42
– Working capital and general corporate purposes	466.61	217.07	249.54
(a) Salaries, social insurance, housing fund, and other human resource expenses ^(Note 2)	103.26	47.36	55.90
(b) Payment to suppliers and service providers ^(Note 3)	335.78	156.44	179.34
(c) Other operating expenses	27.57	13.27	14.30
– Project construction and renovation	92.62	23.21	69.41
– Offshore and onshore investments ^(Note 1)	27.15	1.68	25.47
Repayment of amounts due under the credit facilities	289.94	170.73	119.21
	876.32	412.69	463.63

Notes:

- (1) The offshore and onshore investments mainly comprise the fees to be incurred for identification of potential target companies and relevant investment amount.
- (2) "Salaries, social insurance, housing fund, and other human resource expenses" mainly include the relevant expenses for R&D personnel, selling and marketing personnel, management personnel and production personnel. The exact allocation will be determined based on the actual situation.
- (3) "Payment to suppliers and service providers" mainly include the relevant payment for procurement of materials for core business, procurement of services for core business, traveling and administrative services, storage and logistics services, marketing and business development services, and human resources related services. The exact allocation will be determined based on the actual situation.

We expect to gradually utilize the Net Proceeds in accordance with the intended purposes as stated above. The expected timeline is based on the best estimation of future market conditions and business operations made by the Company currently, and will be subject to change based on future development of market conditions and actual business needs.



CORPORATE GOVERNANCE AND OTHER MATTERS

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

References are made to the Company's announcements 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 under the H share incentive scheme from the secondary market (the "**Share Purchase**"). On January 24, 2025 and March 31, 2025, Yunnan International Trust Co., Ltd.* (雲南國際信託有限公司), the trustee of the H share incentive scheme, purchased 419,200 H shares and 396,750 H shares, respectively, from the market in accordance with the terms and conditions of the H share incentive scheme, representing approximately 0.097% and 0.107% of the total issued shares of the Company on the respective dates. These shares are held in trust for the benefit of the eligible participants of the H share incentive scheme, with total considerations of approximately HK\$30.7 million and HK\$31.3 million, respectively. For the avoidance of doubt, the Company itself did not purchase, sell, or redeem any H shares under the Share Purchase.

Save as disclosed above, during the six months ended June 30, 2025, there was no purchase, sale and redemption by our Company or any of its subsidiaries of any listed securities of our Company (including any sale of treasury shares (as defined under the Listing Rules)). As of June 30, 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

ISSUED SHARE CAPITAL

As at June 30, 2025, the total share capital of the Company was RMB441,777,923, divided into 441,777,923 shares with a par value of RMB1.00 each. Details of the movement of the share capital of the Company during the Reporting Period are set out in Note 4(32) to the financial statements.



CORPORATE GOVERNANCE AND OTHER MATTERS

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2025 (for the six months ended June 30, 2024: Nil).

REVIEW BY AUDIT COMMITTEE

The members of the Audit Committee consist of Ms. Dong Xiuqin (Chairperson of the Committee), Professor He Jia and Mr. Yao Xin. The interim results announcement for the six months ended June 30, 2025 and this interim report, including the unaudited consolidated financial information and interim results for the six months ended June 30, 2025 which were prepared under the China Accounting Standards for Business Enterprises, have been reviewed and confirmed by the Audit Committee.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the six months ended June 30, 2025, our Board had complied with (1) the requirement that the board of directors of a listed issuer must include at least three independent non-executive directors under Rule 3.10(1) of the Listing Rules; (2) the requirement that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules; (3) the requirement that the number of independent non-executive Directors must represent at least one-third of the board of directors under Rule 3.10A of the Listing Rules; and (4) the requirements in respect of the composition of the audit committee of a listed issuer under Rule 3.21 of the Listing Rules.



CORPORATE GOVERNANCE AND OTHER MATTERS

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

As at June 30, 2025, the interests and short positions of the Directors or the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were otherwise 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 which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code are set out below:

(i) Interest in the Shares of the Company

Name of Director	Class of Shares	Nature of Interest	Number of Shares held/ interested ⁽¹⁾	Approximate percentage in the relevant class of Shares of the Company ⁽²⁾	Approximate percentage in the Company ⁽²⁾
Mr. Zhou Jian (周劍)	Domestic Shares	Beneficial owner	33,186,040 (L)	46.96%	7.51%
	Domestic Shares	Interest in controlled Incorporation ⁽³⁾	1,538,600 (L)	2.18%	0.35%
	H Shares	Beneficial owner	70,574,350 (L)	19.02%	15.98%
	H Shares	Interest in controlled Incorporation ⁽³⁾	13,000,000 (L)	3.50%	2.94%
Mr. Xia Zuoquan (夏佐全)	H Shares	Beneficial owner	19,903,300 (L)	5.36%	4.51%
Mr. Xiong Youjun (熊友軍)	Domestic Shares	Beneficial owner	2,630,743 (L)	3.72%	0.60%
	H Shares	Beneficial owner	5,681,300 (L)	1.53%	1.29%

Notes:

(1) (L) denotes long position.

(2) The calculation is based on a total of 441,777,923 Shares in issue as at June 30, 2025, which comprised 70,665,977 Domestic Shares and 371,111,946 H Shares.

(3) As at June 30, 2025, 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.



CORPORATE GOVERNANCE AND OTHER MATTERS

(ii) Interest in associated corporations of the Company

Name of Director	Name of associated corporation	Nature of Interest	Approximate shareholding percentage
Mr. Xia Zuoquan (夏佐全)	Wuxi Uqi Intelligent Technology Co., Ltd.* (無錫優奇智能科技有限公司) (“ Wuxi Uqi ”) ⁽¹⁾	Interest in controlled corporation ⁽²⁾	11.88%

Notes:

- (1) Wuxi Uqi is regarded as our subsidiary under the Listing Rules. As at June 30, 2025, 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, three shareholders of Wuxi Uqi holding approximately 16.38%, 6.53% and 5.34% interests in Wuxi Uqi 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. As a result of the aforementioned shareholders' undertakings, we have continued to hold more than 50% voting rights in Wuxi Uqi although our shareholding in Wuxi Uqi is below 50%. According to the articles of association of Wuxi Uqi, approval of Wuxi Uqi's shareholders resolutions generally requires more than 50% of shareholders' votes. As such, we have continued to maintain control of Wuxi Uqi and it has continued to be regarded as our subsidiary since its establishment up to June 30, 2026.
- (2) As at June 30, 2025, 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 June 30, 2025, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.



CORPORATE GOVERNANCE AND OTHER MATTERS

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

As at June 30, 2025, so far as 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 Shareholders	Class of Shares	Nature of Interest	Number of Shares held/ interested ⁽¹⁾	Approximate percentage in the relevant class of Shares of the Company ⁽²⁾	Approximate percentage in the Company ⁽²⁾
Mr. Zhou Jian (周劍)	Domestic Shares	Beneficial owner	33,186,040 (L)	46.96%	7.51%
	Domestic Shares	Interest in controlled Incorporation ⁽³⁾	1,538,600 (L)	2.18%	0.35%
	H Shares	Beneficial owner	70,574,350 (L)	19.02%	15.98%
	H Shares	Interest in controlled Incorporation ⁽³⁾	13,000,000 (L)	3.50%	2.94%
Mr. Xia Zuoquan (夏佐全)	H Shares	Beneficial owner	19,903,300 (L)	5.36%	4.51%
Ms. Yang Zhilian (楊志蓮)	H Shares	Interest of spouse ⁽⁴⁾	19,903,300 (L)	5.36%	4.51%
Mr. Xiong Youjun (熊友軍)	Domestic Shares	Beneficial owner	2,630,743 (L)	3.72%	0.60%
	H Shares	Beneficial owner	5,681,300 (L)	1.53%	1.29%
Ms. Wang Lin (王琳)	Domestic Shares	Beneficial owner	2,621,880 (L)	3.71%	0.59%
	Domestic Shares	Interest in controlled Incorporation ⁽⁵⁾	3,705,280 (L)	5.24%	0.84%
	H Shares	Beneficial owner	5,636,450 (L)	1.52%	1.28%
	H Shares	Interest in controlled Incorporation ⁽⁵⁾	24,243,300 (L)	6.53%	5.49%
Mr. Hou Zongfang (侯宗放)	Domestic Shares	Interest of spouse ⁽⁶⁾	6,327,160 (L)	8.95%	1.43%
	H Shares	Interest of spouse ⁽⁶⁾	29,879,750 (L)	8.05%	6.76%
Ms. Jiang Shuyuan (蔣舒媛)	Domestic Shares	Interest in controlled Incorporation ⁽⁷⁾	3,705,280 (L)	5.24%	0.84%
	H Shares	Interest in controlled Incorporation ⁽⁷⁾	24,243,300 (L)	6.53%	5.49%
Shenzhen Evolution	Domestic Shares	Beneficial owner	3,705,280 (L)	5.24%	0.84%
	H Shares	Beneficial owner	24,243,300 (L)	6.53%	5.49%
Liuzhou State-owned Assets Supervision and Administration Commission ("Liuzhou SASAC")	Domestic Shares	Interest in controlled Incorporation ⁽⁸⁾	15,212,982 (L)	21.53%	3.44%



CORPORATE GOVERNANCE AND OTHER MATTERS

Name of Substantial Shareholders	Class of Shares	Nature of Interest	Number of Shares held/ interested ⁽¹⁾	Approximate percentage in the relevant class of Shares of the Company ⁽²⁾	Approximate percentage in the Company ⁽²⁾
Liuzhou Industrial Guidance Fund Investment Management Company Limited (柳州市產業引導基金投資管理有限公司) ("Liuzhou Industrial Fund")	Domestic Shares	Beneficial owner ⁽³⁾	12,677,485 (L)	17.94%	2.87%
Mr. He Huojian (賀火箭)	Domestic Shares	Interest in controlled Incorporation ⁽⁴⁾	5,689,081 (L)	8.05%	1.29%
Haikun Shanghai	Domestic Shares	Beneficial owner ⁽⁵⁾	5,689,081 (L)	8.05%	1.29%

Notes:

- (1) The letter "L" denotes a long position.
- (2) The calculation is based on a total of 441,777,923 Shares in issue as at June 30, 2025, which comprised 70,665,977 Domestic Shares and 371,111,946 H Shares.
- (3) As at June 30, 2025, 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) 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 June 30, 2025, 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 3,705,280 Domestic Shares and 24,243,300 H Shares. Ms. Wang Lin is the general partner of all limited partners of Shenzhen Evolution and effectively holding 99.99% of the partnership interests in Shenzhen Evolution. By virtue of the SFO, Ms. Wang Lin is deemed to be interested in all of the Shares held by Shenzhen Evolution.
- (6) Mr. Hou Zongfang and Ms. Wang Lin are spouses of each other, and therefore Mr. Hou Zongfang is deemed to be interested in all of Ms. Wang Lin's interests in our Company by virtue of the SFO.



CORPORATE GOVERNANCE AND OTHER MATTERS

- (7) Ms. Jiang Shuyuan is the general partner of Shenzhen Evolution. By virtue of the SFO, Ms. Jiang Shuyuan is deemed to be interested in all of the Shares held by Shenzhen Evolution.
- (8) As of June 30, 2025, Liuzhou Industrial Fund and Liuzhou Government Investment Guidance Fund Management Company Limited (柳州市政府投資引導基金管理有限公司) directly held 12,677,485 and 2,535,497 Domestic Shares, 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.
- (9) As at June 30, 2025, 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 June 30, 2025, 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.



CONSOLIDATED AND COMPANY BALANCE SHEET

As at June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

Assets	Notes	June 30, 2025 Consolidated (Unaudited)	December 31, 2024 Consolidated (Audited)	June 30, 2025 Company (Unaudited)	December 31, 2024 Company (Audited)
Current assets					
Cash at bank and on hand	4(1)	1,181,133	1,223,715	779,826	904,968
Financial assets held for trading		–	15,008	–	15,008
Notes receivables	4(2)	27,308	36,819	–	5,760
Accounts receivables	4(3), 14(1)	874,781	913,498	623,570	557,197
Prepayments	4(4), 14(2)	100,203	117,801	157,318	191,327
Other receivables	4(5), 14(3)	29,481	26,435	720,426	672,714
Inventories	4(6)	438,854	460,500	189,528	288,482
Other current assets	4(7)	128,773	112,417	6,705	1,165
Total current assets		2,780,533	2,906,193	2,477,373	2,636,621
Non-current assets					
Long-term receivables	4(8)	189,865	140,351	103,253	53,130
Long-term equity investments	4(9), 14(4)	77,257	23,352	3,058,131	3,070,019
Investment in other equity instruments	4(10)	49,793	49,795	45,000	45,000
Fixed assets	4(11)	168,429	139,035	64,554	31,417
Construction in progress	4(12)	1,428,568	1,308,779	–	–
Right-of-use assets	4(13)	46,190	58,063	22,156	27,743
Intangible assets	4(14)	436,966	447,448	8,993	10,897
Goodwill	4(15)	10,351	10,351	–	–
Long-term prepaid expenses	4(16)	22,327	28,635	4,557	7,352
Other non-current assets	4(17)	48,103	21,523	2,487	2,894
Total non-current assets		2,477,849	2,227,332	3,309,131	3,248,452
Total assets		5,258,382	5,133,525	5,786,504	5,885,073



CONSOLIDATED AND COMPANY BALANCE SHEET

As at June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

Liabilities and Shareholders' equity	Notes	June 30, 2025 Consolidated (Unaudited)	December 31, 2024 Consolidated (Audited)	June 30, 2025 Company (Unaudited)	December 31, 2024 Company (Audited)
Current liabilities					
Short-term borrowings	4(19)	675,695	793,365	485,487	648,670
Notes payable	4(20)	2,670	–	100,000	50,000
Accounts payables	4(21)	447,385	547,808	767,205	849,620
Contract liabilities	4(22)	87,996	61,425	215,050	196,436
Employee benefits payable	4(23)	85,500	124,344	59,572	90,993
Taxes payable	4(24)	74,645	82,498	25,583	29,113
Other payables	4(25)	391,082	391,094	1,742,228	1,975,409
Non-current liabilities to be settled within one year	4(26)	81,954	70,982	8,111	10,174
Other current liabilities	4(27)	12,808	21,031	5,537	7,819
Total current liabilities		1,859,735	2,092,547	3,408,773	3,858,234
Non-current liabilities					
Long-term borrowings	4(28)	702,446	708,630	–	–
Lease liabilities	4(29)	35,162	36,553	13,464	18,234
Deferred income	4(30)	47,501	47,961	41,371	41,831
Deferred tax liabilities	4(31)	182	302	–	–
Total non-current liabilities		785,291	793,446	54,835	60,065
Total liabilities		2,645,026	2,885,993	3,463,608	3,918,299



CONSOLIDATED AND COMPANY BALANCE SHEET

As at June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

Liabilities and Shareholders' equity	Notes	June 30, 2025 Consolidated (Unaudited)	December 31, 2024 Consolidated (Audited)	June 30, 2025 Company (Unaudited)	December 31, 2024 Company (Audited)
Shareholders' equity					
Share capital	4(32)	441,778	431,623	441,778	431,623
Capital surplus	4(33), 14(5)	9,347,211	8,477,261	9,025,645	8,154,098
Treasury shares		(57,716)	–	(57,716)	–
Other comprehensive income/(loss)	4(34)	(5,058)	5,518	(8,000)	(8,000)
Accumulated losses		(7,216,445)	(6,802,797)	(7,078,811)	(6,610,947)
Total equity attributable to the shareholders of the Company		2,509,770	2,111,605	2,322,896	1,966,774
Minority interests		103,586	135,927	–	–
Total shareholders' equity		2,613,356	2,247,532	2,322,896	1,966,774
Total liabilities and shareholders' equity		5,258,382	5,133,525	5,786,504	5,885,073

The accompanying notes to the financial statements are an integral part of the 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 six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

Item	Notes	For the six months ended June 30, 2025 Consolidated (Unaudited)	For the six months ended June 30, 2024 Consolidated (Unaudited)	For the six months ended June 30, 2025 Company (Unaudited)	For the six months ended June 30, 2024 Company (Unaudited)
I. Revenue	4(35), 14(6)	621,460	487,229	476,487	289,849
Less: Cost of sales	4(35), 4(40), 14(6)	(404,148)	(302,028)	(436,700)	(266,370)
Taxes and surcharges	4(36)	(3,499)	(7,136)	(609)	(613)
Selling expenses	4(37), 4(40)	(223,534)	(233,526)	(108,278)	(123,329)
General and administrative expenses	4(38), 4(40)	(185,102)	(214,955)	(129,417)	(166,967)
Research and development expenses	4(39), 4(40)	(218,281)	(227,517)	(147,060)	(132,982)
Financial expenses	4(41)	10,229	7,556	5,564	(5,060)
Including: Interest expenses		(2,130)	(17,055)	(9,173)	(21,736)
Interest income		7,187	11,492	5,496	3,829
Add: Other income	4(42)	4,585	35,848	3,502	9,586
Investment (loss)/income	4(43), 14(7)	(39,102)	(1,119)	(67,721)	193
Including: Share of loss of an associate and a joint venture		(37,374)	(1,312)	-	-
Gains from fair value changes		-	57	-	57
Credit impairment losses	4(44)	(1,303)	(74,094)	2,371	(51,887)
Asset impairment losses	4(45)	(470)	(738)	(151,853)	(57,846)
Gains on disposals of assets		98	37	2,058	-
II. Operating loss		(439,067)	(530,386)	(551,656)	(505,369)
Add: Non-operating income		4,945	306	84,438	283
Less: Non-operating expenses		(1,010)	(1,091)	(646)	(326)
III. Total loss		(435,132)	(531,171)	(467,864)	(505,412)
Less: Income tax expenses	4(46)	(4,857)	(8,637)	-	-



CONSOLIDATED AND COMPANY INCOME STATEMENT

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

Item	Notes	For the six months ended June 30, 2025 Consolidated (Unaudited)	For the six months ended June 30, 2024 Consolidated (Unaudited)	For the six months ended June 30, 2025 Company (Unaudited)	For the six months ended June 30, 2024 Company (Unaudited)
IV. Net loss		(439,989)	(539,808)	(467,864)	(505,412)
Classified by continuity of operations					
Net loss from continuing operations		(439,989)	(539,808)	(467,864)	(505,412)
Classified by ownership of the equity					
Net loss attributable to shareholders of the Company		(413,648)	(516,354)		
Profit or loss attributable to minority interests		(26,341)	(23,454)		
V. Other comprehensive loss, net of tax		(10,576)	(247)	–	–
Other comprehensive income that will not be subsequently reclassified to profit or loss					
Change in fair value of investments in other equity instruments	4(34)	(2)	–	–	–
Translation difference on foreign currency financial statements	4(34)	(10,574)	(247)	–	–



CONSOLIDATED AND COMPANY INCOME STATEMENT

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

Item	Notes	For the six months ended June 30, 2025 Consolidated (Unaudited)	For the six months ended June 30, 2024 Consolidated (Unaudited)	For the six months ended June 30, 2025 Company (Unaudited)	For the six months ended June 30, 2024 Company (Unaudited)
VI. Total comprehensive loss		(450,565)	(540,055)	(467,864)	(505,412)
Total comprehensive loss attributable to shareholders of the Company		(424,224)	(516,601)		
Total comprehensive loss attributable to minority interests		(26,341)	(23,454)		
VII. Losses per share					
Basic and diluted losses per share (RMB)	4(47)	0.94	1.23		

The accompanying notes to the financial statements are an integral part of the 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 six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

Notes	For the six months ended June 30, 2025 Consolidated (Unaudited)	For the six months ended June 30, 2024 Consolidated (Unaudited)	For the six months ended June 30, 2025 Company (Unaudited)	For the six months ended June 30, 2024 Company (Unaudited)
I. Cash used in operating activities				
Cash received from sales of goods or rendering of services	632,173	408,512	410,604	131,420
Refund of taxes and surcharges	8,059	91,489	–	9,648
Cash received relating to other operating activities 4(49)	65,505	60,889	103,036	43,824
Sub-total of cash inflows from operating activities	705,737	560,890	513,640	184,892
Cash paid for purchase of goods and receipt of labor services	(525,181)	(422,905)	(440,845)	(222,630)
Cash paid to and on behalf of employees	(394,912)	(355,882)	(256,944)	(215,297)
Payments of various taxes	(37,149)	(48,599)	(609)	(2,282)
Cash paid relating to other operating activities 4(49)	(119,309)	(160,662)	(52,832)	(96,449)
Sub-total of cash outflow from operating activities	(1,076,551)	(988,048)	(751,230)	(536,658)
Net cash used in operating activities 4(49)	(370,814)	(427,158)	(237,590)	(351,766)
II. Cash used in investing activities				
Cash received from recovery of investments	15,000	130,000	15,000	130,000
Cash received from returns on investments	1,966	193	1,886	193
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,398	295	4,208	297
Sub-total of cash inflows from investing activities	19,364	130,488	21,094	130,490



CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

Notes	For the six months ended June 30, 2025 Consolidated (Unaudited)	For the six months ended June 30, 2024 Consolidated (Unaudited)	For the six months ended June 30, 2025 Company (Unaudited)	For the six months ended June 30, 2024 Company (Unaudited)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(179,082)	(157,720)	(42,686)	(11,904)
Cash paid to acquire investments	(83,000)	(260,000)	(44,098)	(260,000)
Net cash paid for acquisition of a subsidiary and other business units	(15,436)	–	(166,649)	(113,485)
Sub-total of cash outflows from investing activities	(277,518)	(417,720)	(253,433)	(385,389)
Net cash used in investing activities	(258,154)	(287,232)	(232,339)	(254,899)
III. Cash flows from financing activities	807,900	819,608	807,900	812,108
Cash received from capital contribution				
Including: Cash received from capital contributions by minority shareholders of subsidiaries	–	7,500	–	–
Cash received from borrowings	532,357	736,877	364,800	470,950
Cash received relating to other financing activities	–	–	–	61,107
Sub-total of cash inflows from financing activities	1,340,257	1,556,485	1,172,700	1,344,165



CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

Notes	For the six months ended June 30, 2025 Consolidated (Unaudited)	For the six months ended June 30, 2024 Consolidated (Unaudited)	For the six months ended June 30, 2025 Company (Unaudited)	For the six months ended June 30, 2024 Company (Unaudited)
Repayments of borrowings	(627,376)	(542,043)	(525,000)	(452,550)
Cash payments for dividends distribution, profits and interest expenses of borrowings	(39,458)	(49,070)	(11,516)	(23,311)
Cash payments relating to other financing activities	(75,361)	(17,688)	(284,383)	(8,242)
Sub-total of cash outflows from financing activities	(742,195)	(608,801)	(820,899)	(484,103)
Net cash flows from financing activities	598,062	947,684	351,801	860,062
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(2,624)	785	(1,668)	11,114
V. Net increase in cash and cash equivalents	(33,530)	234,079	(119,796)	264,511
Add: Cash and cash equivalents at the beginning of the period	1,190,960	520,902	886,419	204,058
VI. Cash and cash equivalents as at the end of the period	1,157,430	754,981	766,623	468,569

The accompanying notes to the financial statements are an integral part of the financial statements.

Legal representative:
Zhou Jian

Principal in charge of accounting:
Zhang Ju

Head of the accounting department:
Chen Daocheng



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

Item	Notes	Equity attributable to the shareholders of the parent company						Total shareholders' equity
		Share capital	Capital surplus	Less: Treasury shares	Other comprehensive income	Accumulated losses	Minority interests	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at January 1, 2024		417,851	7,212,784	–	8,985	(5,679,207)	128,470	2,088,883
Movements for the six months ended								
June 30, 2024								
Total comprehensive income								
Net loss		–	–	–	–	(516,354)	(23,454)	(539,808)
Other comprehensive loss	4(34)	–	–	–	(247)	–	–	(247)
Total comprehensive loss		–	–	–	(247)	(516,354)	(23,454)	(540,055)
Shareholders' investment and capital reduction								
Ordinary shares contributed by shareholders	4(32)	292	22,661	–	–	–	–	22,953
Share-based payments included in shareholders' equity	7	–	177,198	–	–	–	(925)	176,273
Transactions with minority interests	4(33)	–	–	–	–	–	7,500	7,500
Balance at June 30, 2024		418,143	7,412,643	–	8,738	(6,195,561)	111,591	1,755,554



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

Item	Notes	Equity attributable to the shareholders of the company						Total shareholders' equity (Unaudited)
		Share capital (Unaudited)	Capital surplus (Unaudited)	Less:		Other comprehensive income (Unaudited)	Accumulated losses (Unaudited)	Minority interests (Unaudited)
				Treasury shares (Unaudited)				
Balance at January 1, 2025		431,623	8,477,261	-		5,518	(6,802,797)	135,927
Movements for the six months ended June 30, 2025								
Total comprehensive income								
Net loss		-	-	-		-	(413,648)	(26,341)
Other comprehensive loss	4(34)	-	-	-		(10,576)	-	-
Total comprehensive loss		-	-	-		(10,576)	(413,648)	(26,341)
Shareholders' investment and capital reduction								
Ordinary shares contributed by shareholders	4(32)	10,155	797,745	-		-	-	-
Share-based payments included in shareholders' equity	7	-	72,205	-		-	-	-
Disposals of subsidiaries		-	-	-		-	-	(6,000)
Capital reduction by shareholders		-	-	(57,716)		-	-	-
Balance at June 30, 2025		441,778	9,347,211	(57,716)		(5,058)	(7,216,445)	103,586

The accompanying notes to the financial statements are an integral part of the financial statements.

Legal representative:

Zhou Jian

Principal in charge of accounting:

Zhang Ju

Head of the accounting department:

Chen Daocheng



COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

Item	Notes	Share capital (Unaudited)	Capital surplus (Unaudited)	Less: Treasury shares (Unaudited)	Other comprehensive income (Unaudited)	Accumulated losses (Unaudited)	Total shareholders' equity (Unaudited)
Balance at January 1, 2024		417,851	6,943,102	–	(6,722)	(5,388,665)	1,965,566
Movements for the six months ended							
June 30, 2024							
Total comprehensive loss							
Net loss		–	–	–	–	(505,412)	(505,412)
Total comprehensive income		–	–	–	–	(505,412)	(505,412)
Shareholders' investment and capital reduction							
Ordinary shares contributed by shareholders	14(5)	292	22,661	–	–	–	22,953
Share-based payments included in shareholders' equity	7	–	155,226	–	–	–	155,226
Balance at June 30, 2024		418,143	7,120,989	–	(6,722)	(5,894,077)	1,638,333



COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

Item	Notes	Share capital (Unaudited)	Capital surplus (Unaudited)	Less: Treasury shares (Unaudited)	Other comprehensive income (Unaudited)	Accumulated losses (Unaudited)	Total shareholders' equity (Unaudited)
Balance at January 1, 2025		431,623	8,154,098	-	(8,000)	(6,610,947)	1,966,774
Movements for the six months ended June 30, 2025							
Total comprehensive loss							
Net loss		-	-	-	-	(467,864)	(467,864)
Total comprehensive income		-	-	-	-	(467,864)	(467,864)
Shareholders' investment and capital reduction							
Ordinary shares contributed by shareholders	14(5)	10,155	797,745	-	-	-	807,900
Share-based payments included in shareholders' equity	7	-	73,802	-	-	-	73,802
Capital reduction by shareholders		-	-	(57,716)	-	-	(57,716)
Balance at June 30, 2025		441,778	9,025,645	(57,716)	(8,000)	(7,078,811)	2,322,896

The accompanying notes to the financial statements are an integral part of the 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 six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

1 GENERAL INFORMATION

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 June 30, 2025, the total share capital of the Company was RMB441,777,924, each with par value of RMB1. The major shareholder of the Company is Mr. Zhou Jian, who, as of June 30, 2025, directly and indirectly held an aggregate of 26.78% of the Company’s equity shares through certain partnership enterprises. The Company has 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 August 20, 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, 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**”). Certain matters relating to financial statements have been disclosed in accordance with disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements are prepared on a going concern basis.

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

The financial statements of the Company for the six months ended June 30, 2025 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the Consolidated and the Company’s financial position as at June 30, 2025 and their financial performance, cash flows and other information for the period then ended.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

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

(3) Accounting Year

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

(4) Functional Currency

Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

The functional currency of the Company and its subsidiaries domiciled in PRC are Renminbi. Certain subsidiaries established in Hong Kong use Hong Kong Dollars as their functional currencies. Certain subsidiaries established in the U.S. use US dollars as their functional currencies. Foreign currencies are defined as currency other than functional currency.

Consolidated financial statements of the Company are presented in Renminbi. For subsidiaries using currencies other than Renminbi as their functional currencies, the Company translates the financial statements of these subsidiaries into Renminbi in preparing the consolidated financial statements (see Note 2(8)).

(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.

For business combinations achieved by stages involving enterprises not under common control, previously-held equity in the acquiree is re-measured at its fair value at the acquisition dates in consolidated financial statement. Where the previously-held equity in the acquiree is accounted for using equity method, the difference between its fair value and carrying amount is included in investment income for the current period, and other comprehensive income under equity method, shareholders' equity changes other than those arising from the net profit or loss, other comprehensive income and profit distribution, the related other comprehensive income and other shareholders' equity changes are transferred into profit or loss for the current period to which the acquisition date belongs, excluding those arising from changes in the investee's re-measurement of net liability or net asset related to the defined benefit plan and from accumulative changes in fair value of investments in equity instrument not held for trading held by investees that are classified as fair value through other comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(5) Business Combinations (Continued)

Business combinations involving enterprises not under common control (Continued)

Where the acquiree's equity held prior to the acquisition date is classified as investment in equity instruments not for trading at fair value through other comprehensive income, the accumulated fair value changes originally included in other comprehensive income shall be transferred directly into retained earnings. Goodwill is the difference between the sum of the fair value of equity originally held on the acquisition date and the fair value of consideration paid, and the fair value share of the subsidiary's net identifiable assets acquired.

(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 and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted 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.

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 be made from the perspective of the Group.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

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

(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 directly recognised 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.

(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. When the Group becomes a party of the contract, relative financial assets, financial liabilities or equity instruments are recognised.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

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

(9) Financial Instruments *(Continued)*

(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 amortised 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 receivable arising from the sale of products or the provision of labor 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 receivable and accounts receivable and other 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 six months ended June 30, 2025

(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)*

Debt instruments (Continued)

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

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 related to these financial assets 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.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(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)*

For notes receivable and accounts receivable 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 receivable 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:

Accounts receivable portfolio 1	For governmental and state-owned corporate customers, the time point of overdue of ageing is the time point of expiry of the credit term
Accounts receivable portfolio 2	For non-governmental and non-state-owned corporate customers, 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 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 receivable portfolio 1	Commercial acceptance notes receivable
Notes receivable portfolio 2	Bank acceptance notes receivable
Long-term receivables portfolio 1	For governmental and state-owned corporate customers, the time point of overdue of ageing is the time point of expiry of the credit term
Long-term receivables portfolio 2	For non-governmental and non-state-owned corporate customers, 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.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(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)*

For accounts receivable, long-term receivables, and notes receivable arising from sales of goods and rendering of services in the ordinary course of operating activities that are assessed ECL on a group basis, the 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 ECL before the adjustment of forward-looking information based on the default risk exposure.

At each balance sheet 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.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

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

(9) Financial Instruments *(Continued)*

(a) Financial assets *(Continued)*

(iii) Derecognition

A financial asset is derecognised 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-recognised, 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 other financial assets are de-recognised, 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.

(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 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.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

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

(9) Financial Instruments *(Continued)*

(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.

(10) Inventories

(a) ***Classification***

Inventories include raw materials, products in progress, finished goods, goods in transit and contract fulfilment 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 realizable value is determined base of the estimated selling price, less the costs of completion, estimated contract fulfilment costs, and costs necessary to make the sale and related taxes.

(d) ***The 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.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

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

(11) Long-term Equity Investments *(Continued)*

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.

(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 six months ended June 30, 2025

(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 counter-current 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 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 investments

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 six months ended June 30, 2025
(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, office and other 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 value rate and the annual depreciation rate 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 rate of a fixed asset and the depreciation method applied to the asset 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 six months ended June 30, 2025

(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 office software and others, and 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) *Office software*

Office software are amortised on the straight-line basis over their approved useful period from 3 to 5 years.

(c) *Customer contracts*

Customer contracts acquired in business combinations are recognised at fair value at the acquisition date. Customer contracts are amortised on the straight-line basis over 3-6 years.

(d) *Trademarks*

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks are amortised on the straight-line basis over 10 years.

(e) *Periodical review of useful life and amortisation method*

For an intangible asset with a finite useful life, the expected useful life and amortisation method are reviewed at each year-end and adjusted as appropriate.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

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

(14) Intangible assets *(Continued)*

(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.

Expenditure in the research stage, such as the planned investigation, evaluation and selection phases of the production process research is recognised in profit or loss when it is incurred. Expenditure in the development stage, such as 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 six months ended June 30, 2025

(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, right-of-use assets, 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 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. 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 an asset group or a group of asset groups, 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 six months ended June 30, 2025
(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 commence 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 interests 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 estimated future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial 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 six months ended June 30, 2025

(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.

(19) Dividend Distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

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

(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 carrying 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 arising from the initial recognition of assets or liabilities due to a transaction other than a business combination which affects neither accounting profit nor taxable profit (or deductible loss) and in which the initial recognition of assets or liabilities does not result in equal 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.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(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 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 that the Company is entitled to due to transfer of goods to customers is likely to be recovered. If a contract previously signed between the Group and a customer upon the contract becoming effective does not meet these five conditions, 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 six months ended June 30, 2025
(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 fulfilment costs and contract acquisition costs. The costs are recognised as contract fulfilment costs on the condition that (1) the costs are incurred by the Group for the fulfilment 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 fulfilment 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 fulfilment costs is less than one year or more than one year as determined upon initial recognition, the amount of the Group's contract fulfilment 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 six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

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

(22) Revenue Recognition *(Continued)*

The Group considers that its contracts with customers do not contain significant financing components, as a consequence, the Group does not adjust the transaction prices for the time value of money.

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 a 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 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 at the time of sale 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.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(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 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 recognizes 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) Leases

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 six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(24) Leases (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 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.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

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

(24) Leases *(Continued)*

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 finance 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 the 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.

For the six months ended June 30, 2025, more than 90% of the Group's non-current assets, excluding financial instruments and deferred income tax assets, were situated in Mainland China.

(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.





NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

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

(26) Share-based Payments *(Continued)*

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 favourable to employees, the Group shall account for the payment according to the revised conditions; if the Group revises the conditions for exercisability in a manner unfavourable to employees, the Group shall not consider that in the accounting, unless the Group cancels part 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.

(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.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

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

(27) Critical Accounting Estimates and Judgements *(Continued)*

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:

(a) Critical judgements in applying the 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 six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

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

(27) Critical Accounting Estimates and Judgements *(Continued)*

(b) Critical accounting estimates and key assumptions *(Continued)*

(ii) Accounting estimate of provision for decline in the value of inventories

The inventories of the Group are measured at the lower of cost and net realisable 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 cost fulfilment 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 six months ended June 30, 2025, the weights of the 'baseline', 'adverse', and 'favorable' economic scenarios are 60%, 20% and 20% (for the six months ended June 30, 2024: 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 six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

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

(27) Critical Accounting Estimates and Judgements *(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 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 six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

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

(27) Critical Accounting Estimates and Judgements *(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.

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 in the future some subsidiaries fail to obtain re-certification after the expiration of the high-tech enterprise qualification, the income tax will be calculated at the statutory tax rate of 25%, which will affect the recognised deferred tax assets, deferred tax liabilities and income tax expenses.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

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

(27) Critical Accounting Estimates and Judgements *(Continued)*

(b) Critical accounting estimates and key assumptions *(Continued)*

(vii) Income tax and deferred income tax (Continued)

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.

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 in the future some subsidiaries fail to obtain re-certification after the expiration of the high-tech enterprise qualification, the income tax will be calculated at the statutory tax rate of 25%, which will affect the recognised deferred tax assets, deferred 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 six months ended June 30, 2025

(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%, 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%, 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 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 3 years. The enterprise income tax rate applicable to the Company, Shanghai UBJ Education Technology Co., Ltd., and UBTECH Software Technology (Shenzhen) Co., Ltd. for the six months ended June 30, 2025 is 15% (for the six months ended June 30, 2024: 15%). The enterprise income tax rate applicable to Wuxi Uqi Intelligent Technology Co., Ltd. for the six months ended June 30, 2025 is 15% (for the six months ended June 30, 2024: 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 (《財政部、稅務總局關於實施小微企業和個體工商戶所得稅優惠政策的公告》) (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 (《國家稅務總局關於落實支持小型微利企業和個體工商戶發展所得稅優惠政策有關事項的公告》) (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%.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

3 TAXATION (Continued)

- (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 the Group's sales of goods is 13% and to the service fees income is 6%.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash on hand	158	79
Bank deposits	1,139,524	1,192,369
Other cash balances	41,451	31,267
	1,181,133	1,223,715

As at June 30, 2025, the Group's restricted cash amounted to RMB23,703,000 (December 31, 2024: RMB32,755,000), which mainly consists of security deposits, term deposits, and regulated account funds. Other cash balances, except for restricted funds, are mainly funds deposited by the Group on third-party payment platforms.

(2) Notes Receivable

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade acceptance notes	—	9,018
Bank acceptance notes	27,308	27,801
	27,308	36,819

- (a) As at June 30, 2025, the Group did not have notes receivable pledged.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(2) Notes Receivable *(Continued)*

- (b) For the six months ended 30 June 2025, 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 June 30, 2025, notes endorsed or discounted but not due, presented as notes receivable of the Group are as follows:

	Derecognised	Not derecognised
Bank acceptance notes	–	24,731

(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 June 30, 2025 and December 31, 2024, the Group assessed that the expected credit loss of notes receivable were not significant.

(3) Accounts receivables

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Accounts receivables	1,273,776	1,311,563
Less: provision for bad debts	(398,995)	(398,065)
	874,781	913,498

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts receivable (Continued)

(a) The ageing analysis of accounts receivable by invoice date is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Within 6 months	322,239	613,709
6 months to 1 year	398,362	102,805
1 to 2 years	227,056	251,584
2 to 3 years	157,583	262,588
Over 3 years	168,536	80,877
	1,273,776	1,311,563

(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:

	June 30, 2025				December 31, 2024			
	Accounts balance		Provision for bad debts		Accounts balance		Provision for bad debts	
	Amount	% of total	Amount	% of provision	Amount	% of total	Amount	% of provision
	(Unaudited)		(Unaudited)		(Audited)		(Audited)	
Provision on an individual basis (i)	494,264	38.80%	(382,624)	77.41%	497,805	37.96%	(380,131)	76.36%
Provision on a collective basis (ii)	779,512	61.20%	(16,371)	2.10%	813,758	62.04%	(17,934)	2.20%
	1,273,776	100%	(398,995)	31.32%	1,311,563	100%	(398,065)	30.35%

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(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)

- (i) Provision for bad debts made on an individual basis for accounts receivable is analysed as follows:

For the six months ended June 30, 2025, the accounts receivable overdue over one year of the Group are approximately RMB423,921,000 (December 31 2024: RMB434,069,000). 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 RMB382,624,000 (December 31, 2024: RMB380,131,000), of which RMB2,493,000 (December 31, 2024: RMB163,602,000) 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.

- (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:

	June 30, 2025		
	Accounts balance	Provision for bad debts	
	Amount (Unaudited)	Lifetime ECL rates	Amount (Unaudited)
Not overdue	180,261	0.38%	(682)
Overdue within 1-90 days	33,839	1.49%	(504)
Overdue within 91-180 days	44,082	2.07%	(913)
Overdue within 181-360 days	2,447	3.27%	(80)
	260,629		(2,179)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(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)

	December 31, 2024		
	Accounts balance	Provision for bad debts Lifetime	
	Amount (Audited)	ECL rates	Amount (Audited)
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)

Portfolio 2: Non-government and non-state-owned enterprise customers:

	June 30, 2025		
	Accounts balance	Provision for bad debts Lifetime	
	Amount (Unaudited)	ECL rates	Amount (Unaudited)
Not overdue	203,431	1.37%	(2,795)
Overdue within 1-90 days	26,302	1.54%	(405)
Overdue within 91-180 days	82,103	3.05%	(2,502)
Overdue within 181-360 days	13,247	4.45%	(589)
	325,083		(6,291)



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(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)

	December 31, 2024		
	Accounts balance	Provision for bad debts Lifetime	
	Amount (Audited)	ECL rates	Amount (Audited)
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 within 181-360 days	19,733	4.59%	(906)
	388,142		(5,519)

Portfolio 3: External related parties of the Group:

	June 30, 2025		
	Accounts balance	Provision for bad debts Lifetime	
	Amount (Unaudited)	ECL rates	Amount (Unaudited)
Not overdue	193,800	4.08%	(7,901)

	December 31, 2024		
	Accounts balance	Provision for bad debts Lifetime	
	Amount (Audited)	ECL rates	Amount (Audited)
Not overdue	213,672	5.13%	(10,967)



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts receivable (Continued)

(b) Provision for bad debts (Continued)

(iii) During the period, the provision for bad debts amounted to RMB5,701,000. The change from group provision to specific provision for bad debts is RMB1,739,000, and its corresponding accounts balance is RMB7,683,000.

(c) During the period, no accounts receivable were written off.

(d) There were no accounts receivable pledged to banks as security as at June 30, 2025.

(4) Prepayments

	June 30, 2025		December 31, 2024	
	Amount (Unaudited)	% of total	Amount (Audited)	% of total
Within 1 year	67,127	66.99%	94,476	80.20%
1 to 2 years	25,953	25.90%	18,368	15.59%
2 to 3 years	4,344	4.34%	2,922	2.48%
Over 3 years	2,779	2.77%	2,035	1.73%
	100,203	100%	117,801	100%

As at June 30, 2025, prepayments aged over one year amounted to RMB33,076,000 (December 31, 2024: RMB23,325,000), 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 six months ended June 30, 2025

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Deposits and guarantees receivables (a)	17,168	8,859
Receivables relating to asset disposal	–	3,500
Advances to employees	2,225	2,298
Receivables for equity transfer (Note 4 (9))	10,738	10,783
Others	8,361	10,299
	38,492	35,739
Less: provision for bad debts	(9,011)	(9,304)
	29,481	26,435

- (a) As at June 30, 2025 and December 31, 2024, 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 receivables due to centralized fund management.

- (b) The aging analysis of other receivables is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Within 1 year	22,239	19,471
1 to 2 years	3,865	5,777
2 to 3 years	5,469	2,038
Over 3 years	6,919	8,453
	38,492	35,739

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

(c) Changes in loss allowance and its account balance

The analysis of provision for bad debts for other receivables by stage is as follows:

	June 30, 2025				December 31, 2024			
	Accounts balance		Provision for bad debts		Accounts balance		Provision for bad debts	
	% of total		% of		% of total		% of	
	Amount (Unaudited)	balance	Amount (Unaudited)	provision	Amount (Audited)	balance	Amount (Audited)	provision
Stage 1	29,856	77.56%	(375)	1.26%	26,786	74.95%	(351)	1.31%
Stage 3	8,636	22.44%	(8,636)	100.00%	8,953	25.05%	(8,953)	100%
	38,492	100.00%	(9,011)	23.41%	35,739	100.00%	(9,304)	26.03%

	Stage 1		Stage 3		Total
	Accounts balance (Unaudited)	Provision for bad debts (Unaudited)	Accounts balance (Unaudited)	Provision for bad debts (Unaudited)	Provision for bad debts (Unaudited)
December 31, 2024	26,786	(351)	8,953	(8,953)	(9,304)
Transfer to Stage 3 this period	(456)	9	456	(9)	—
Net changes this period	3,526	(33)	(773)	326	293
June 30, 2025	29,856	(375)	8,636	(8,636)	(9,011)

For the six months ended June 30, 2025 and the six months ended June 30, 2024, 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 six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

(c) Changes in loss allowance and its account balance (Continued)

As at June 30, 2025 and December 31, 2024, the Group had no other receivables at Stage 2. Other receivables at Stage 1 and Stage 3 are analysed as follows:

- (i) As at June 30, 2025, the analysis of other receivables for single provision for bad debts is as follows:

Stage 3	Accounts balance (Unaudited)	Lifetime ECL rates	Provision for bad debts (Unaudited)	Reasons
Deposits and guarantees receivable	3,943	100%	(3,943)	Due over one year
Others	4,693	100%	(4,693)	Due over one year
	8,636		(8,636)	

- (ii) As at December 31, 2024, the analysis of other receivables for single provision for bad debts is as follows:

Stage 3	Accounts balance (Audited)	Lifetime ECL rates	Provision for bad debts (Audited)	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)	



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

(c) Changes in loss allowance and its account balance (Continued)

- (iii) As at June 30, 2025 and December 31, 2024, other receivables that are assessed for provision for bad debts on a collective group basis were both in the Stage 1, analysis is as follows:

	June 30, 2025			December 31, 2024		
	Accounts balance	Loss allowance		Accounts balance	Loss allowance	
			% of			% of
	Amount (Unaudited)	Amount (Unaudited)	provision	Amount (Audited)	Amount (Audited)	provision
Deposits and guarantees receivable	7,654	(122)	1.59%	4,766	(108)	2.27%
Advances to employees	2,478	(26)	1.05%	2,298	(20)	0.87%
Others	19,724	(227)	1.15%	19,722	(223)	1.13%
	29,856	(375)	1.26%	26,786	(351)	1.31%

- (iv) During the period, the single and collective provisions for credit impairment loss amounted to RMB33,000, of which RMB326,000 of loss provision reversed.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Inventories

(a) Inventories are classified as follows:

	June 30, 2025			December 31, 2024		
	Provision for decline in the			Provision for decline in the		
	Accounts balance	value of inventories	Carrying amount	Accounts balance	value of inventories	Carrying amount
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Raw materials	75,975	(332)	75,643	57,049	(111)	56,938
Products in progress	36,977	(80)	36,897	70,090	(90)	70,000
Finished goods	200,855	(4,826)	196,029	247,877	(5,983)	241,894
Contract fulfilment costs (i)	45,332	–	45,332	28,133	–	28,133
Goods in transit (ii)	84,953	–	84,953	63,535	–	63,535
	444,092	(5,238)	438,854	466,684	(6,184)	460,500

- (i) The account balance of contract fulfilment costs is mainly the direct and indirect expenses incurred in fulfilling logistics project contracts by the Group, which have not been transferred to customers and have not been carried forward to operating costs. For the six months ended June 30, 2025, the total amortisation of contract fulfilment costs included in operating costs was RMB42,198,000 (for the six months ended June 30, 2024: RMB41,103,126).
- (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 six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Inventories (Continued)

(b) Provision for declines in value of inventories are analysed as follows:

	December 31, 2024 (Audited)	Increase in the current period Provision (Unaudited)	Decrease in the current period Written off with retirement (Unaudited)	Written off with sales (Unaudited)	June 30, 2025 (Unaudited)
Raw materials	111	289	(63)	(5)	332
Products in progress	90	–	(10)	–	80
Finished goods	5,983	181	(536)	(802)	4,826
	6,184	470	(609)	(807)	5,238

(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 the value of inventories in the period
Raw materials	Measured at the lower of cost and net realisable value	Retirement or sell
Products 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 fulfilment costs	Measured at the lower of cost and net realisable value	Not applicable
Goods in transit	Measured at the lower of cost and net realisable value	Not applicable

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Other current assets

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Input VAT to be deducted	110,780	91,330
Prepaid tax	13,700	16,101
Return cost receivable	4,293	4,986
	128,773	112,417

(8) Long-term receivables

	June 30, 2025	December 31, 2024
Sales of goods by installments	190,889	140,709
Less: the provision for bad debts	(1,024)	(358)
	189,865	140,351

The analysis of provision for bad debts for long-term receivables by category is as follows:

	June 30, 2025				December 31, 2024			
	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 a collective basis	190,889	100.00%	(1,024)	0.54%	140,709	100%	(358)	0.25%
	190,889	100.00%	(1,024)	0.54%	140,709	100%	(358)	0.25%

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(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 receivables is analysed as follows:

Portfolio 1: Government and state-owned enterprise customers:

	June 30, 2025		
	Accounts balance	Provision for bad debts Lifetime	
	Amount	ECL rates	Amount
Not overdue	173,950	0.11%	(190)

	December 31, 2024		
	Accounts balance	Provision for bad debts Lifetime	
	Amount	ECL rates	Amount
Not overdue	123,770	0.11%	(134)

Portfolio 2: Non-government and non-state-owned enterprise customers:

	June 30, 2025		
	Accounts balance	Provision for bad debts Lifetime	
	Amount	ECL rates	Amount
Not overdue	16,939	4.92%	(834)

	December 31, 2024		
	Accounts balance	Provision for bad debts Lifetime	
	Amount	ECL rates	Amount
Not overdue	16,939	1.32%	(224)

During the year, the provision for bad debts amounted to RMB666,000. There was no collecting or reversal of provision for bad debts.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Long-term equity investments

	June 30, 2025 (Unaudited)		December 31, 2024 (Audited)	
Associates-Investments in unlisted companies	135,701		81,796	
Less: Impairment losses	(58,444)		(58,444)	
	77,257		23,352	

	December 31, 2024 (Audited)	Increase in investment (Unaudited)	Share of net loss under equity method (Unaudited)	Others (Unaudited)	June 30, 2025 (Unaudited)	Provision for impairment (Unaudited)
Sichuan UBTECH City Sports Industry Development Co., Ltd.	52,222	-	-	-	52,222	(52,222)
Shenzhen Yiersan Technology Co., Ltd.	3,222	-	-	-	3,222	(3,222)
Sichuan Shanyuan Sports Industry Development Co., Ltd.	3,000	-	-	-	3,000	(3,000)
Beijing Humanoid Robot Innovation Center Co., Ltd. (a)	14,111	80,000	(28,506)	-	65,605	-
FUTRONICS (NA) CORPORATION	9,241	-	(8,504)	(737)	-	-
Suzhou Youmai Robot Co., Ltd. (蘇州優麥機器人有限責任公司) (a)	-	3,000	-	-	3,000	-
Yixing Yubixing Education Technology Co., Ltd. (b)	-	-	(364)	9,016	8,652	-
	81,796	83,000	(37,374)	8,279	135,701	(58,444)

The Group accounted for all the above-mentioned equity investments under the equity method, and the directors of the Company were of opinion that the above associates have no material impact on the Group's financial statements.

- (a) In June 2025, the Group increased its investment by RMB80 million and RMB3 million to Beijing Humanoid Robot Innovation Center Co., Ltd. and Suzhou Youmai Robot Co., Ltd., respectively.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Long-term equity investments (Continued)

- (b) In February 2025, due to amendments to the Articles of Association of Yixing Youbixing Education Technology Co., Ltd., all investors were granted a veto right, resulting in our Company losing control over the company. The 60% equity interest in the company was remeasured at fair value and reclassified as an investment in a joint venture. The gain arising from the transaction amounted to RMB16,000.

(10) Investments 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:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Opening balance	49,795	6,073
Increase in the current year	—	45,000
Changes in fair value recognized in other comprehensive income	(2)	(1,278)
Closing balance	49,793	49,795

For the six months ended June 30, 2025, fair value of investment in other equity instruments entirely made reference of recent transactions.

For the six months ended June 30, 2025, the Group's financial assets at fair value through other comprehensive income increased or decreased 10% with other factors remaining unchanged, there is no material impact on the Group's other comprehensive income.

During the six months ended June 30, 2025, the Group had no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy classification.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Fixed assets

	Houses and buildings	Machinery and equipment	Office equipment and motor vehicles	Total
Cost				
December 31, 2024	84,014	183,397	49,447	316,858
Increase in the current period	—	—	—	—
acquisition	—	10,884	34,565	45,449
Decrease in the current period	—	—	—	—
Disposal and other decrease	—	(4,710)	(669)	(5,379)
June 30, 2025	84,014	189,571	83,343	356,928
Accumulated depreciation				
December 31, 2024	3,215	132,324	42,284	177,823
Increase in the current period	—	—	—	—
Accruals (i)	807	8,558	4,390	13,755
Decrease in the current period	—	—	—	—
Disposal and other decrease	—	(2,449)	(630)	(3,079)
June 30, 2025	4,022	138,433	46,044	188,499
Carrying amount				
June 30, 2025 (Unaudited)	79,992	51,138	37,299	168,429
December 31, 2024 (Audited)	80,799	51,073	7,163	139,035

- (i) For the six months ended June 30, 2025, depreciation of fixed assets recognised amounted to RMB13,755,000 (for the six months ended June 30, 2024: RMB13,020,000), of which RMB6,096,000, RMB701,000, RMB4,525,000 and RMB2,433,000 (for the six months ended June 30, 2024: RMB6,345,000, RMB467,000, RMB4,525,000 and RMB1,683,000) has been charged in cost of sales, selling expenses, general and administrative expenses, and research and development expenses, respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Construction in progress

Names of projects	December 31, 2024 (Audited)	Increase in the current period	June 30, 2025 (Unaudited)	Accumulative capitalized borrowing	Including: Capitalized borrowing costs this period	Borrowing cost capitalizing rate this period	Source of funds
Shenzhen headquarters building	1,022,628	57,798	1,080,426	145,766	30,145	5.72%	Borrowings/self-funding
Hangzhou 2nd headquarters building	145,121	3,390	148,511	12,621	2,802	5.72%	Borrowings/self-funding
Kunming industrial park	46,226	7,349	53,575	5,818	1,117	5.72%	Borrowings/self-funding
Hangzhou Lin'an infrastructure project	62,359	5,073	67,432	2,720	1,337	5.72%	Borrowings/self-funding
Others	32,445	46,179	78,624	5,206	1,445	5.72%	Borrowings/self-funding
	1,308,779	119,789	1,428,568	172,131	36,846		



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Right-of-use assets

	Houses and buildings
Cost	
December 31, 2024	182,978
Increase in the current period	
New lease contracts	3,514
Decrease in the current period	
Early termination of leases	(1,424)
June 30, 2025	185,068
Accumulated depreciation	
December 31, 2024	124,915
Increase in the current period	
Accruals	14,243
Decrease in the current period	
Early termination of leases	(280)
June 30, 2025	138,878
Carrying amount	
June 30, 2025 (Unaudited)	46,190
December 31, 2024 (Audited)	58,063



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Intangible assets

	Land use rights	Customer contracts	Office software	Trademarks	Total
Cost					
December 31, 2024	523,568	8,654	30,513	1,474	564,209
Increase in the current period	—	—	—	—	—
Acquisition	—	—	1,593	—	1,593
Translation difference on foreign currency financial statements	—	—	—	—	—
Decrease in the current period	—	—	—	—	—
Disposal	—	—	—	—	—
June 30, 2025	523,568	8,654	32,106	1,474	565,802
Accumulated amortisation					
December 31, 2024	91,972	5,814	18,191	784	116,761
Increase in the current period	—	—	—	—	—
Accruals	7,286	801	3,914	74	12,075
Translation difference on foreign currency financial statements	—	—	—	—	—
Decrease in the current period	—	—	—	—	—
Disposal	—	—	—	—	—
June 30, 2025	99,258	6,615	22,105	858	128,836
Net carrying amount					
June 30, 2025 (Unaudited)	424,310	2,039	10,001	616	436,966
December 31, 2024 (Audited)	431,596	2,840	12,322	690	447,448

During the current period, the amortisation of intangible assets included in construction in progress, selling expenses, general and administrative expenses and research and development expenses amounted to RMB7,286,000, RMB1,069,000, RMB3,538,000 and RMB182,000 respectively (for the six months ended June 30, 2024: RMB7,379,000, RMB801,000, RMB2,854,000 and RMB131,000).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Intangible assets (Continued)

On June 30, 2025, land use rights with carrying amount of RMB285,922,254 (cost: RMB357,410,000) (December 31, 2024: carrying amount of RMB279,965,000 (cost: RMB357,410,000)) were pledged as collateral for a short-term loan of RMB100,179,000 (December 31, 2024: RMB138,188,000) (note 4 (19)) and a long-term loan of RMB761,560,000 (December 31, 2024: RMB744,273,000) (note 4 (28)).

(15) Goodwill

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
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 Co., Ltd. (江蘇天慧科技開發有限公司) (“Jiangsu Tianhui”)	60,965	60,965
	75,587	75,587
Less: Impairment provision –		
Shanghai UBJ	(11,272)	(11,272)
Jiangsu Tianhui	(53,964)	(53,964)
	10,351	10,351

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 will be performed at the level of Shanghai UBJ and Jiangsu Tianhui.

The Group normally performs impairment testing on goodwill at the end of each year and there is no indication that goodwill as of June 30, 2025 is impaired. For details of the goodwill impairment assessment for the year ended December 31, 2024, please refer to the 2024 Annual Report.

(16) Long-term prepaid expenses

	December 31, 2024 (Audited)	Increase in the current period	Amortisation in the current period	June 30, 2025 (Unaudited)
Improvement of the right-of-use assets	28,635	5,275	(11,583)	22,327

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Other non-current assets

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Prepayment for construction in progress and other fixed assets	28,117	7,136
Input VAT to be deducted	19,986	14,387
	48,103	21,523

(18) Provision for asset impairment and losses

	December 31, 2024 (Audited)	Increase in the current period	Decrease in the current period		June 30, 2025 (Unaudited)
			Reversal	Written off	
Provision for bad debts of accounts receivables	(398,065)	(5,701)	4,771	–	(398,995)
Provision for bad debts on an individual basis	(380,131)	(3,704)	1,211	–	(382,624)
Provision on a collective basis	(17,934)	(1,997)	3,560	–	(16,371)
Provision for bad debts of other receivables	(9,304)	(33)	326	–	(9,011)
Provision for bad debts of long- term receivables	(358)	(666)	–	–	(1,024)
Provision for decline in the value of inventories	(6,184)	(470)	–	1,416	(5,238)
Impairment of long-term equity investments	(58,444)	–	–	–	(58,444)
Provision for impairment of goodwill	(65,236)	–	–	–	(65,236)
	(537,591)	(6,870)	5,097	1,416	(537,948)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(19) Short-term borrowings

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Secured, pledged and guaranteed borrowings (a)	100,179	138,188
Secured borrowings (b)	10,261	25,083
Guaranteed borrowings (c)	463,015	580,094
Unsecured credit borrowings	102,240	50,000
	675,695	793,365

(a) As at June 30, 2025, the secured, pledged and guaranteed bank borrowings of RMB100,179,000 (December 31, 2024: RMB138,188,000) 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.

(b) As at June 30, 2025, the pledged bank borrowings of RMB10,261,000 (December 31, 2024: RMB25,083,000) were the short-term borrowings obtained by the patent rights independently developed by the Group as pledges.

(c) As at June 30, 2025, the guaranteed bank borrowings of RMB463,015,000 (December 31, 2024: RMB580,094,000) were obtained by a company of the Group which were guaranteed by the Company or other subsidiaries.

(20) Notes Payable

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Bank acceptance notes	2,670	—

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(21) Accounts payable

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Payables for purchase of raw materials	407,044	408,405
Payables for outsourcing labour costs	40,262	138,396
Others	79	1,007
	447,385	547,808

The aging analysis of accounts payable based on invoice dates of recognition is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Within 6 months	334,461	424,338
6 months to 1 year	37,030	46,310
1 to 2 years	68,118	62,814
Over 2 years	7,776	14,346
	447,385	547,808

As at June 30, 2025, accounts payable over one year amounted to RMB75,894,000 (December 31, 2024: RMB77,160,000), which were mainly the payables for outsourced projects, part of which will be settled upon inspection and acceptance due to their long construction period.

(22) Contract liabilities

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Advance for goods and labour services	87,996	61,425

Contract liabilities of RMB43,766,000 that was included in carrying amount on December 31, 2024 had been transferred to revenue during the six months ended June 30, 2025.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(23) Employee benefits payable

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Accrued short-term employee benefits (a)	71,272	112,652
Defined contribution plans payable (b)	14,093	11,600
Termination benefits payable (c)	135	92
	85,500	124,344

(a) Short-term employee benefits

	December 31, 2024 (Audited)	Increase in the current period	Decrease in the current period	June 30, 2025 (Unaudited)
Wages or salaries, bonus, allowances and subsidies	98,965	262,546	(301,454)	60,057
Staff welfare	–	5,386	(5,386)	–
Social security contributions	5,870	14,094	(16,627)	3,337
Including: Medical insurance	5,312	12,114	(14,414)	3,012
Work injury insurance	141	901	(899)	143
Maternity insurance	417	1,079	(1,314)	182
Housing provident fund	7,817	18,594	(18,533)	7,878
Labour union funds and employee education funds	–	397	(397)	–
	112,652	301,017	(342,397)	71,272



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(23) Employee benefits payable (Continued)

(b) Defined contribution plans

	December 31, 2024 (Audited)	Increase in the current period	Decrease in the current period	June 30, 2025 (Unaudited)
Basic pension insurance	11,490	35,051	(32,792)	13,749
Unemployment insurance premium	110	1,655	(1,421)	344
	11,600	36,706	(34,213)	14,093

The Group paid basic pensions and unemployment insurance to relevant institutions monthly according to the payment base and proportion which specified by the local labour and social security department, and the payment cannot be used to offset the amount that the Group should pay for employees in the future.

(c) Termination benefits payable

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Other termination benefits (i)	135	92

(i) For the six months ended June 30, 2025, the Group provided other termination benefits of RMB10,825,000 (for the six months ended June 30, 2024: RMB11,263,000) due to termination of employment relationship.

(24) Taxes payable

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Enterprise income tax payable	33,204	39,825
VAT payable	40,475	34,046
Individual income tax payable	741	8,261
Other taxes payable	225	366
	74,645	82,498

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(25) Other payables

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Accrued expenses (a)	66,362	98,163
Payables for the following:		
– Government grants received (b)	118,523	118,523
– Payables for engineering material purchases	124,680	154,212
– Acquisition of land use rights	3,800	3,800
– Payables for investment funds	50,000	–
Others	27,717	16,396
	391,082	391,094

- (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 June 30, 2025, other payables aging over a year amounted to RMB55,501,000 (December 31, 2024: RMB36,374,000), which are mainly renovation payables and unsettled due to long renovation duration.

(26) Non-current liabilities to be settled within one year

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Long-term borrowings to be settled within one year (Note 4 (28))	59,114	35,643
Lease liabilities to be settled due within one year (Note 4 (29))	22,840	35,339
	81,954	70,982

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(27) Other current liabilities

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Refunds payable	6,594	7,996
Quality assurance fund – provision for repair service	6,214	13,035
	12,808	21,031

(28) Long-term borrowings

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Secured, pledged and guaranteed borrowings	761,560	744,273
Less: long-term borrowings to be settled within one year (Note 4 (26))	(59,114)	(35,643)
	702,446	708,630

As at June 30, 2025, the secured, pledged and guaranteed bank borrowings of RMB761,560,000 (December 31, 2024: RMB744,273,000) were secured by certain land use rights of the Group 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. All the principal shall be repaid before June 18, 2031.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(29) Lease liabilities

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Lease liabilities	58,002	71,892
Less: Lease liabilities to be settled within one year	(22,840)	(35,339)
	35,162	36,553

As at June 30, 2025, 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 RMB670,000 (December 31, 2024: RMB208,000), both payable within one year.

As at June 30, 2025, there were no lease contracts that the Group had signed but not yet executed.

(30) Deferred income

	December 31, 2024 (Audited)	Increase in the current period	Included in other income in the current period	June 30, 2025 (Unaudited)
Government grants related to assets	10,180	163	(1,098)	9,245
Government grants related to income	37,781	475	—	38,256
	47,961	638	(1,098)	47,501

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(31) Deferred income tax assets and liabilities

- (a) The analysis of deductible temporary differences and deductible losses of the Group's unrecognized deferred income tax assets is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Deductible temporary differences	1,037,351	1,009,176
Deductible losses	7,346,816	6,235,353
	8,384,167	7,244,529

- (b) Deductible losses that are not recognized as deferred tax assets will expire in the following years:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
2025	30,466	30,545
2026	192,794	192,801
2027	390,485	395,396
2028	383,181	392,400
2029 and after	6,349,890	5,224,211
	7,346,816	6,235,353

- (c) As at June 30, 2025 and December 31, 2024, the Group's recognised deferred income tax liabilities arose from the evaluation increment from business combination.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(32) Share capital

	December 31, 2024 (Audited)	Issuance of new shares in the current period	June 30, 2025 (Unaudited)
Share capital (a)	431,623	10,155	441,778

	December 31, 2023 (Audited)	Issuance of new shares in the current period	June 30, 2024 (Unaudited)
Share capital (a)	417,851	292	418,143

- (a) In February 2025, the Company issued a total of 10,155,099 shares to placees through private placing at the price of HK\$90.00 per share, raising a total of RMB807,900,000, of which RMB10,155,000 was included in share capital and RMB797,745,000 was included in share premium.
- (b) In January 2024, the Company issued a total of 292,150 shares to investors through private placing at the 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.
- (c) In January 2025, the Board of Directors of the Company issued an announcement titled Entrustment of Trustee to Purchase the Company's H Shares from the Secondary Market Pursuant to the H Share Incentive Plan. On January 24, 2025, the Trustee purchased 419,200 shares of the Company from the market, representing 0.097% of the Company's total issued shares, for a total consideration of HK\$30,746,000. On March 31, 2025, the Trustee purchased 396,750 shares of the Company from the market, representing 0.107% of the Company's total issued shares, for a total consideration of HK\$31,286,000.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(33) Capital surplus

	December 31, 2024 (Audited)	Increase in the current period	Decrease in the current period	June 30, 2025 (Unaudited)
Share premium (Note 4 (32))	7,063,233	797,745	—	7,860,978
Share-based payments	1,164,271	72,205	—	1,236,476
Others	38,877	—	—	38,877
Contributions by non- controlling interests	210,880	—	—	210,880
	8,477,261	869,950	—	9,347,211

	December 31, 2023 (Audited)	Increase in the current period	Decrease in the current period	June 30, 2024 (Unaudited)
Share premium (Note 4 (32))	6,254,962	22,661	—	6,277,623
Share-based payments	918,945	177,198	—	1,096,143
Others	38,877	—	—	38,877
	7,212,784	199,859	—	7,412,643



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(34) Other comprehensive income

	Other comprehensive income in balance sheet			Other comprehensive income in the income statement for the six months ended June 30, 2025		
	December 31, 2024 (Audited)	Attributable to the parent, after tax	June 30, 2025 (Unaudited)	Incurred amount before income tax (Unaudited)	Attributable to the parent, after tax (Unaudited)	Attributable to minority shareholders, after tax (Unaudited)
<i>Other comprehensive income that will not be subsequently reclassified to profit or loss</i>						
Changes in fair value of other equity investments	(6,205)	(2)	(6,207)	(2)	(2)	-
<i>Items that may be reclassified subsequently to profit or loss</i>						
Translation difference of foreign currency statements	11,723	(10,574)	1,149	(10,574)	(10,574)	-
Total other comprehensive income	5,518	(10,576)	(5,058)	(10,576)	(10,576)	-



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(34) Other comprehensive income (Continued)

	Other comprehensive income in balance sheet			Other comprehensive income in the income statement for the six months ended June 30, 2024		
	December 31, 2023 (Audited)	Attributable to the parent, after tax	June 30, 2024 (Unaudited)	Incurred amount before income tax (Unaudited)	Attributable to the parent, after tax (Unaudited)	Attributable to minority shareholders, after tax (Unaudited)
<i>Other comprehensive income that will not be subsequently reclassified to profit or loss</i>						
Changes in fair value of other equity investments	(4,927)	-	(4,927)	-	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>						
Translation difference of foreign currency statements	13,912	(247)	13,665	(247)	(247)	-
Total other comprehensive income	8,985	(247)	8,738	(247)	(247)	-

(35) Revenue and cost of sales

	For the six months ended June 30, 2025		For the six months ended June 30, 2024	
	Revenue (Unaudited)	Cost of sales (Unaudited)	Revenue (Unaudited)	Cost of sales (Unaudited)
Sales of goods	595,588	393,575	454,104	295,004
Provision of services	25,872	10,573	33,125	7,024
	621,460	404,148	487,229	302,028



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(35) 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:

	For the six months ended June 30, 2025		
	Mainland China (Unaudited)	Hong Kong and overseas (Unaudited)	Total (Unaudited)
Revenue			
Including: Recognised at a point in time	386,698	208,890	595,588
Recognised over time	25,872	–	25,872
	412,570	208,890	621,460

	For the six months ended June 30, 2024		
	Mainland China (Unaudited)	Hong Kong and overseas (Unaudited)	Total (Unaudited)
Revenue			
Including: Recognised at a point in time	291,822	162,282	454,104
Recognised over time	33,125	–	33,125
	324,947	162,282	487,229

For the six months ended June 30, 2025, no single customer contributed more than 10% of the total revenue of the Group.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Taxes and surcharges

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
City maintenance and construction tax	469	2,192
Stamp tax	1,807	1,853
Education surcharges	206	1,119
Local education surcharges	134	502
Land use tax	332	747
Others	551	723
	3,499	7,136

(37) Selling expenses

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Employee benefit expenses	82,466	83,658
Advertising and promotion expenses	54,989	44,770
Share-based payments	9,840	40,414
Sales commission	24,304	15,705
Travelling expenses	13,331	11,436
Outsourcing labour costs	3,277	8,575
Office expenses	5,979	7,960
Depreciation and amortization	13,317	6,909
Entertainment expenses	5,558	6,360
Provision for repair and maintenance expenses	5,030	4,365
Others	5,443	3,374
	223,534	233,526



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(38) General and administrative expenses

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Share-based payments	51,631	89,575
Employee benefit expenses	72,695	62,865
Depreciation and amortization	15,932	19,417
Professional service fees	6,519	6,909
Office expenses	5,166	4,888
Inventory retirement	10,524	4,760
Entertainment expenses	2,403	4,431
Outsourcing labour costs	3,305	3,877
Travelling expenses	3,465	3,620
Auditors' remuneration	64	348
– Audit services	64	73
– Non-audit services	–	275
Others	13,398	14,265
	185,102	214,955

(39) Research and development expenses

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Employee benefits	173,871	153,980
Share-based payments	9,998	45,283
Software tools and consumer goods	3,221	9,202
Outsourcing labour costs	3,246	4,967
Depreciation and amortization	4,649	4,006
Travelling expenses	3,458	3,748
Materials consumed	15,731	2,490
Office expenses	1,188	528
Others	2,919	3,313
	218,281	227,517



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(40) Expenses by nature

The cost of sales, selling expenses, general and administrative expenses, research and development expenses presented in consolidated income statement classified by nature are set out below:

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Employee benefit expenses	348,548	327,181
Raw materials and consumables used	355,513	256,782
Share-based payments	72,205	176,273
Changes in finished goods, work in progress, delivered goods and contract fulfillment costs	(40,350)	(58,442)
Advertising and promotion expenses	54,989	44,770
Depreciation and amortisation	44,370	39,995
Transportation expenses	36,318	25,791
Subcontracting expenses	16,758	22,517
Outsourcing labour costs	14,615	20,448
Travelling expenses	20,512	19,433
Sales commission	24,304	15,705
Office expenses	13,039	14,373
Warehousing and storage expenses	14,817	11,597
Entertainment expenses	8,018	10,791
Software tools and consumables	3,221	9,202
Professional service fees	6,519	6,909
Scrap of inventories	10,524	4,760
Provision of repair and maintenance expenses	5,030	4,365
Auditors' remuneration	64	348
– Audit services	64	73
– Non-audit services	–	275
Others	22,051	25,228
	1,031,065	978,026



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(41) Finance costs

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Interest expenses on borrowings	37,590	49,049
Add: Interest expense on lease liabilities	1,386	1,480
Less: Capitalised interest	(36,846)	(33,474)
Interest expenses	2,130	17,055
Less: Interest income	(7,187)	(11,492)
Exchange gain or loss	(7,363)	(14,721)
Others	2,191	1,602
	(10,229)	(7,556)

(42) Other income

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Government grants (a)		
– Asset related	1,098	2,058
– Government grants related to income	3,487	20,373
VAT and other tax refund	–	13,417
	4,585	35,848

- (a) Government grants include grants relating to assets and grants relating to income. The government grants relating to income mainly included government funding for patent of invention and several government-sponsored projects focusing on the research and development of advanced technologies, and government refund for social security costs.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(43) Investment losses

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Long-term equity investments accounted for using the equity method (Note 4 (9))	(37,374)	(1,312)
Investment income from disposals of long-term equity investments	(3,686)	–
Changes of gains and losses from holding of financial assets held for trading	1,958	193
	(39,102)	(1,119)

There is no significant restriction on the repatriation of investment income of the Group.

(44) Credit Impairment Losses

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Losses on bad debts of accounts receivable	930	81,667
Reversal on bad debts of other receivables	(293)	(7,573)
Losses on bad debts of long-term receivables	666	–
	1,303	74,094

(45) Asset impairment losses

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Decline in value of inventories and impairment of contract fulfilment costs	470	738

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(46) Income tax expenses

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Current income tax calculated based on tax law and related regulations	4,857	8,637

The reconciliation from income tax calculated based on the applicable tax rates and loss presented in the consolidated income statements to the income tax credit is listed below:

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Total loss	(435,132)	(531,171)
Tax calculated at the tax rate of 25%	(108,783)	(132,793)
Effects of different tax rates within a group entity	47,896	42,496
Additional deduction for research and development expenses	(27,990)	(28,851)
Investment loss accounted for using the equity method	800	33
Cost, expenses and losses not deductible for tax purposes	1,018	1,134
Share-based payments	10,686	27,460
Unrecognized deferred tax assets for deductible temporary differences in prior period	(28,632)	(8,459)
Unrecognized deferred tax assets for deductible losses in prior period	(3,006)	(10,073)
Unrecognized deferred tax assets for deductible temporary differences in the current period	457	21,239
Unrecognized deferred tax assets for deductible losses in the current period	112,411	96,451
	4,857	8,637

NOTES TO THE FINANCIAL STATEMENTS

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(47) 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:

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Consolidated net loss attributable to ordinary shareholders of the Company (RMB)	413,648	516,354
Weighted average number of outstanding ordinary shares of the Company (share)	438,524	418,112
Basic losses per share (RMB)	0.94	1.23

As there were no dilutive potential ordinary shares for the six months ended June 30, 2025 and 2024, diluted losses per share equal to basic losses per share.

(48) Dividends

On June 30, 2025, the Board of Directors of the Company did not recommend the distribution of dividends for interim.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(49) Notes to consolidated cash flow statement

(a) Reconciliation from net loss to cash flows from operating activities

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Net loss	(439,989)	(539,808)
Add: Assets impairment loss	470	738
Credit Impairment Losses	1,303	74,094
Depreciation of fixed assets	13,755	13,020
Depreciation of right-of-use assets	14,243	15,492
Amortization of intangible assets	4,789	3,786
Amortisation of long-term prepaid expenses	11,583	7,697
Amortisation of deferred income	(1,098)	(11,160)
Gains on disposal of assets	(98)	(37)
Finance costs	(8,730)	2,334
Investment losses	39,102	1,119
Gains arising from changes in fair value	—	(57)
Share-based payment (note 7)	72,205	176,273
Decrease/(increase) in inventories	22,592	(61,162)
Decrease in deferred tax liabilities	(120)	—
Decrease in operating receivables	4,239	21,772
Decrease in operating payables	(105,060)	(131,259)
Net cash flows from operating activities	(370,814)	(427,158)

(b) Net change in cash and cash equivalents

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Closing balance of monetary funds	1,181,133	774,529
Less: Restricted funds	(23,703)	(19,548)
Closing balance of cash and cash equivalents	1,157,430	754,981
Less: Opening balance of cash and cash equivalents	(1,190,960)	(520,902)
Increase/(decrease) in cash and cash equivalents	(33,530)	234,079

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(49) Notes to consolidated cash flow statement (Continued)

(c) Cash received relating to other operating activities

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Deposits and guarantees	34,000	22,390
Bank interest income	7,187	11,492
Government grants	4,125	22,700
Others	20,193	4,307
	65,505	60,889

(d) Cash paid relating to other operating activities

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Advertising and promotion expenses	54,989	44,770
Travelling expenses and entertainment expenses	20,512	11,990
Sales commission	24,304	15,705
listing expenses	—	34,082
Outsourcing labour costs	14,615	17,419
software tools and consumer goods	3,221	9,202
Others	1,668	27,494
	119,309	160,662

- (e) For the six months ended June 30, 2025, the total cash outflows related to the lease paid by the Group amounted to RMB19,476,000 (for the six months ended June 30, 2024: RMB17,278,000), including the amount paid for the repayment of the lease liabilities for the financing activities amounted to RMB18,332,000 (for the six months ended June 30, 2024: RMB14,081,000), the remaining cash outflows were included in operating activities.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(50) Foreign currency items

	Foreign currency balance (Unaudited)	June 30, 2025	
		Exchange rate	RMB balance (Unaudited)
Cash at bank and on hand –			
USD	35,437	7.1586	253,679
EUR	1,766	8.4024	14,839
HKD	242,837	0.9120	221,455
SGD	104	5.6179	584
FRF	1	8.9700	9
CAD	75	5.2358	393
GBP	267	9.8300	2,625
JPY	30,084	0.0496	1,492
			495,076
Accounts receivable –			
USD	3,746	7.1586	26,816
EURO	1,248	8.4024	10,486
HKD	11	0.9120	10
CAD	15	5.2358	79
GBP	18	9.8300	177
JPY	69,270	0.0496	3,435
			41,003
Other receivables –			
USD	2	7.1586	14
EURO	23	8.4024	193
HKD	463	0.9120	422
JPY	500	0.0496	25
			654

Foreign currencies of the above-mentioned foreign currency items refer to all currencies other than RMB.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

5 CHANGE OF CONSOLIDATED SCOPE

For the six months ended June 30, 2025, there was no material change of consolidated scope of the Group other than those described in note 6.

6 EQUITY IN OTHER ENTITIES

(1) Equity in Subsidiaries

(a) The structure of the Group

Names of subsidiaries	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 Robots	100%	–	Establishment
UBTECH Education (Shenzhen) Co., Ltd.	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 Robots	100%	–	Establishment
Shanghai Youbije Education Technology Co., Ltd. (ii) ("Shanghai UBJ")	Shanghai, PRC	Shanghai, PRC	RMB7,243,502	Provision of robotic ancillary services	87.53%	–	Business combinations involving enterprises not under common control
Kunming UBTECH Technology Investment Co., Ltd.	Kunming, PRC	Kunming, PRC	RMB36,500,000	Production robots	–	100%	Establishment
UBTECH Technology (Kunming) Co., Ltd.	Kunming, PRC	Kunming, PRC	RMB10,000,000	Sales Robots	100%	–	Establishment
Shenzhen UBTECH Technology Industrial Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	RMB393,000,000	Dormant	100%	–	Establishment
UBTECH Software Technology (Shenzhen) Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	RMB5,000,000	Development and sales of robot software	100%	–	Establishment
Sichuan UBTECH Holding Co., Ltd.	Chengdu, PRC	Chengdu, PRC	RMB100,000,000	Sales Robots	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 robotic products	100%	–	Establishment
Chengdu Youxuan Ruizhi Equity Investment Fund Management Co., Ltd.	Chengdu, PRC	Chengdu, PRC	RMB10,000,000	Dormant	–	51%	Establishment
Jiangsu Tianhui Science and Technology Development Co., Ltd. (i) ("Jiangsu Tianhui")	Wuxi, PRC	Wuxi, PRC	RMB10,000,000	Provision of robotic ancillary services	–	42.60%	Business combinations involving enterprises not under common control
Hangzhou UBTECH Industrial Co., Ltd.	Hangzhou, PRC	Hangzhou, PRC	RMB20,000,000	Sales Robots	100%	–	Establishment
UBTECH (Hangzhou) Technology Co., Ltd.	Hangzhou, PRC	Hangzhou, PRC	RMB20,000,000	Sales Robots	100%	–	Establishment
Guizhou UBTECH Technology Co., Ltd.	Guiyang, PRC	Guiyang, PRC	RMB20,000,000	Manufacturing and sales of robots	100%	–	Establishment
UBTECH (Fujian) Technology Co., Ltd.	Fuzhou, PRC	Fuzhou, PRC	RMB30,000,000	Dormant	100%	–	Establishment
UBTECH (Jiangsu) Intelligent Robot Co., Ltd.	Nanjing, PRC	Nanjing, PRC	RMB200,000,000	Sales Robots	100%	–	Establishment
Shandong UBTECH Technology Co., Ltd.	Weifang, PRC	Weifang, PRC	RMB100,000,000	Sales Robots	100%	–	Establishment
UBTECH (Suzhou) Technology Co., Ltd.	Suzhou, PRC	Suzhou, PRC	RMB30,000,000	Sales Robots	100%	–	Establishment
UBTECH (Shenzhen) Technology Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	RMB10,000,000	Production robots	100%	–	Establishment
UBTECH (Xiamen) Intelligent Technology Limited	Xiamen, PRC	Xiamen, PRC	RMB50,000,000	Development, design, production and sales of robotic products	100%	–	Establishment

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6 EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in Subsidiaries (Continued)

(a) The structure of the Group (Continued)

Names of subsidiaries	Principal place of operation	Place of registration	Registered capital	Business Nature	Shareholding proportion		Way of acquisition
					Direct	Indirect	
UBJ (Hangzhou) Technology Service Co., Ltd.	Hangzhou, PRC	Hangzhou, PRC	RMB1,000,000	Provision of robotic ancillary services	–	87.53%	Business combinations involving enterprises not under common control
UBTECH (Hangzhou) Intelligent Robot Co., Ltd.	Hangzhou, PRC	Hangzhou, PRC	RMB100,000,000	Sales Robots	100%	–	Establishment
UBTECH Enze (Hangzhou) Technology Co., Ltd.	Hangzhou, PRC	Hangzhou, PRC	RMB30,000,000	Dormant	51%	–	Establishment
UBJ (Xiamen) Education Technology Co., Ltd.	Xiamen, PRC	Xiamen, PRC	RMB5,000,000	Provision of robotic ancillary services	–	87.53%	Business combinations involving enterprises 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 Robots	100%	–	Establishment
Wuxi Uqi Intelligent Technology Co., Ltd. (無錫優奇智能科技有限公司) (i) (Wuxi Uqi)	Wuxi, PRC	Wuxi, PRC	RMB30,519,825	production, production and sales of smart logistics	42.60%	–	Establishment
UBTECH (Huzhou) Technology Co., Ltd.	Huzhou, PRC	Huzhou, PRC	RMB20,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
UBTECH (Weihai) Technology Co., Ltd.	Weihai, PRC	Weihai, PRC	RMB25,000,000	Sales Robots	100%	–	Establishment
Futronics (Hong Kong) Limited	Hong Kong, PRC	Hong Kong, PRC	USD15,000,000	investment holding companies	–	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 Robots	100%	–	Establishment
UBTECH (Taiyuan) Intelligent Robot Co., Ltd.	Taiyuan, PRC	Taiyuan, PRC	RMB1,000,000	Sales Robots	100%	–	Establishment
UBTECH Logistic (Kunming) Co., Ltd.	Kunming, PRC	Kunming, PRC	RMB10,000,000	Dormant	–	100%	Establishment
UBTECH Shanhu (Hangzhou) Technology Co., Ltd.	Hangzhou, PRC	Hangzhou, PRC	RMB20,000,000	Sales Robots	100%	–	Establishment
UBTECH Shanhu (Hangzhou) Industrial Co., Ltd.	Hangzhou, PRC	Hangzhou, PRC	RMB20,000,000	Production robots	–	75%	Establishment
Shenzhen Youbixing Technology Co., Ltd.	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 Robots	100%	–	Establishment
UBTECH (Huzhou) Industrial Co., Ltd.	Huzhou, PRC	Huzhou, PRC	RMB20,000,000	Sales Robots	–	100%	Establishment
U&ME Innovation Technology Company Limited (優覓創新科技有限公司)	Hong Kong, PRC	Hong Kong, PRC	HKD38,915,500	Research and development services	–	100%	Establishment
Shanghai UBTECH Intelligent Health Technology Development Co., Ltd.	Shanghai, PRC	Shanghai, PRC	RMB20,000,000	Sales Robots	–	80%	Establishment
Shanghai Youjiajie Education Technology Co., Ltd.	Shanghai, PRC	Shanghai, PRC	RMB1,000,000	Provision of robotic ancillary services	–	87.53%	Business combinations involving enterprises not under common control



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6 EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in Subsidiaries (Continued)

(a) The structure of the Group (Continued)

Names of subsidiaries	Principal place of operation	Place of registration	Registered capital	Business Nature	Shareholding proportion		
					Direct	Indirect	Way of acquisition
UBTECH (Hebei) Technology Co., Ltd.	Shijiazhuang, PRC	Shijiazhuang, PRC	RMB20,000,000	Manufacturing and sales of robots	100%	–	Establishment
UBTECH (Hubei) Technology Co., Ltd.	Wuhan, PRC	Wuhan, PRC	RMB70,000,000	Sales Robots	100%	–	Establishment
Kunming Uqi Intelligent Technology Co., Ltd. (i) ("Kunming Uqi")	Kunming, PRC	Kunming, PRC	RMB10,000,000	Production robots	–	42.60%	Establishment
Shenzhen Youzhixue Education Technology Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	RMB10,000,000	Provision of robotic ancillary services	100%	–	Establishment
Shaoyang UBTECH Technology Co., Ltd.	Shaoyang, PRC	Shaoyang, PRC	RMB30,000,000	Sales Robots	100%	–	Establishment
Shenzhen Uqi Zhixing Technology Co., Ltd. (j) (深圳優奇智行科技有限公司) ("Shenzhen Uqi")	Shenzhen, PRC	Shenzhen, PRC	RMB20,000,000	Development robots	–	42.60%	Establishment
Sichuan UBTECH Intelligent Technology Development Co., Ltd.	Chengdu, PRC	Chengdu, PRC	RMB10,000,000	Sales Robots	100%	–	Establishment
Jiujiang Youbixing Technology Co., Ltd.	Jiujiang, PRC	Jiujiang, PRC	RMB210,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
Liuzhou UBTECH Intelligent Technology Co., Ltd.	Liuzhou, PRC	Liuzhou, PRC	RMB200,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
Shenzhen Youshijie Robot Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	RMB6,660,000	Dormant	100%	–	Establishment
Youbikang (Qingdao) Technology Co., Ltd.	Qingdao, PRC	Qingdao, PRC	RMB62,500,000	Sales Robots	80%	–	establishment
UBTECH (Puyang) Technology Co., Ltd.	Puyang, PRC	Puyang, PRC	RMB176,000,000	Sales Robots	100%	–	Establishment
UBTECH (Shenyang) Technology Co., Ltd.	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) (ii) (Chaozhou UBTECH)	Chaozhou, PRC	Chaozhou, PRC	RMB16,800,000	Development, design, production and sales of robotic products	–	44.64%	Establishment
Liuzhou Youxue Technology Co., Ltd.	Liuzhou, PRC	Liuzhou, PRC	RMB200,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
Liuzhou UBTECH Technology Industry Co., Ltd.	Liuzhou, PRC	Liuzhou, PRC	RMB200,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
Liuzhou UBTECH Intelligent Industrial Co., Ltd.	Liuzhou, PRC	Liuzhou, PRC	RMB600,000,000	Development, design, production and sales of robotic products	–	100%	Establishment
Shenzhen Youxuan Zhiyi Elderly Carina Service Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	RMB20,000,000	Dormant	–	80%	Establishment

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6 EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in Subsidiaries (Continued)

(a) The structure of the Group (Continued)

Names of subsidiaries	Principal place of operation	Place of registration	Registered capital	Business Nature	Shareholding proportion		Way of acquisition
					Direct	Indirect	
Shenzhen Youlingjing Technology Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	RMB5,000,000	Dormant	51%	–	Establishment
Youdi Health Technology (Shenzhen) Co., Ltd. (i) (Youdi Health)	Shenzhen, PRC	Shenzhen, PRC	RMB10,000,000	Development, design and sales of robotic products	41.00%	–	Establishment
Shenzhen Xuanyou Technology Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	RMB20,000,000	Dormant	100%	–	Establishment
Shenzhen Youbifu Technology Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	RMB20,000,000	Dormant	100%	–	Establishment
Ganzhou UBTECH Intelligent Technology Co., Ltd.	Ganzhou, PRC	Ganzhou, PRC	RMB20,000,000	Sales Robots	100%	–	Establishment
Shenzhen UBTECH Medical Robot Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	RMB5,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
UBTECH Beijing Intelligent Robot Co., Ltd. (北京行者天工机器人有限公司)	Beijing, PRC	Beijing, PRC	RMB50,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
Guangzhou UBTECH Intelligent Health Industry Co., Ltd.	Guangzhou, PRC	Guangzhou, PRC	RMB20,000,000	Sales Robots	–	80%	Establishment
UBTECH (Hejin) Technology Co., Ltd.	Yuncheng, PRC	Yuncheng, PRC	RMB50,000,000	Dormant	100%	–	Establishment
Hebei UBTECH Intelligent Technology Co., Ltd.	Tangshan, PRC	Tangshan, PRC	RMB20,000,000	Sales Robots	100%	–	Establishment
UBTECH (Suzhou) Technology Co., Ltd.	Suzhou, PRC	Suzhou, PRC	RMB20,000,000	Sales Robots	100%	–	Establishment
UBTECH (Hebi) Technology Co., Ltd.	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 Limited	Xiamen, PRC	Xiamen, PRC	RMB20,000,000	Dormant	100%	–	Establishment
UBHOME TECHNOLOGY COMPANY LIMITED	Hong Kong, PRC	Hong Kong, PRC	HKD100,000	Sales Robots	100%	–	Establishment
Tongren UBTECH Intelligent Health Development Co., Ltd.	Tongren, PRC	Tongren, PRC	RMB20,000,000	Sales Robots	–	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 Robots	100%	–	Establishment
UBTECH (Shenyang) Innovation Technology Co., Ltd.	Shenyang, PRC	Shenyang, PRC	RMB100,000,000	Sales Robots	100%	–	Establishment
Shanghai Youxuan Huiji Elderly Caring Service Co., Ltd.	Shanghai, PRC	Shanghai, PRC	RMB1,000,000	Dormant	–	80%	Establishment
Hangzhou UBTECH Intelligent Technology Industry Co., Ltd.	Hangzhou, PRC	Hangzhou, PRC	RMB100,000,000	Dormant	100%	–	Establishment
Wuhan UBTECH Intelligent Technology Development Co., Ltd.	Wuhan, PRC	Wuhan, PRC	RMB2,000,000	Dormant	–	80%	Establishment
Liuzhou Youchuang Intelligent Technology Co., Ltd.	Liuzhou, PRC	Liuzhou, PRC	RMB10,000,000	Dormant	–	51%	Establishment
UBTECH (Zhengzhou) Intelligent Technology Co., Ltd.	Zhengzhou, PRC	Zhengzhou, PRC	RMB50,000,000	Sales Robots	90%	–	Establishment
Chengdu UBTECH Health Technology Co., Ltd.	Chengdu, PRC	Chengdu, PRC	RMB10,000,000	Dormant	–	80%	Establishment

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6 EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in Subsidiaries (Continued)

(a) The structure of the Group (Continued)

Names of subsidiaries	Principal place of operation	Place of registration	Registered capital	Business Nature	Shareholding proportion		
					Direct	Indirect	Way of acquisition
Nanjiang Youxuan Intelligent Technology Co., Ltd.	Nanjiang, PRC	Nanjiang, PRC	RMB20,000,000	Dormant	100%	–	Establishment
UBTRAVEL (Jiyuan) Technology Co., Ltd.	Jiyuan, PRC	Jiyuan, PRC	RMB20,000,000	Dormant	100%	–	Establishment
UBTECH (Nanchong) Robotics 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.	Qingdao, PRC	Qingdao, PRC	RMB5,000,000	Dormant	100%	–	Establishment
Zigong UBTECH Intelligent Technology Co., Ltd.	Zigong, PRC	Zigong, PRC	RMB50,000,000	Dormant	100%	–	Establishment
Huizhou UBTECH Intelligent Technology Co., Ltd.	Huizhou, PRC	Huizhou, PRC	RMB30,000,000	Sales of Robots	100%	–	Establishment
UBTECH (Baoding) Technology Co., Ltd.	Baoding, PRC	Baoding, PRC	RMB20,000,000	Dormant	100%	–	Establishment
Longsheng Xingzhi Youxue Education Technology Co., Ltd.	Longsheng, PRC	Longsheng, PRC	RMB3,000,000	Sales of Robots	100%	–	Establishment
UBTECH (Tianjin) Technology Co., Ltd.	China, Tianjin	China, Tianjin	RMB20,000,000	Dormant	100%	–	Establishment
Beijing Tiangong Robot Co., Ltd. (北京天工機器人有限公司)	Beijing, PRC	Beijing, PRC	RMB20,000,000	Dormant	100%	–	Establishment
UBTECH (Zhumadian) Technology Co., Ltd. (優必選(駐馬店)科技有限公司)	PRC, Zhumadian	PRC, Zhumadian	RMB20,000,000	Dormant	100%	–	Establishment
UBTECH (Shiyan) Robotics Technology Co., Ltd. (優必選(十堰)機器人科技有限公司)	Shiyan, PRC	Shiyan, PRC	RMB50,000,000	Dormant	100%	–	Establishment
UBTECH (Xiongan) Intelligent Robot Co., Ltd.	Xiong'an, PRC	Xiong'an, PRC	RMB60,000,000	Dormant	–	51%	Establishment
Zigong Youlong Intelligent Technology Co., Ltd.	Zigong, PRC	Zigong, PRC	RMB10,000,000	Dormant	–	90%	Establishment
Shenzhen Quanxun Technology Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	RMB10,000	Dormant	100%	–	Establishment
Shenzhen Shili Technology Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	RMB10,000	Dormant	100%	–	Establishment
Wuxi Uqi Robotics Technology Co., Ltd. (無錫優奇機器人科技有限公司)	Wuxi, PRC	Wuxi, PRC	RMB100,000,000	Sales Robots	100%	–	Establishment

(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.



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

7 SHARE-BASED COMPENSATION

(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 partnerships controlled by Mr. Zhou Jian ("**RSU Platform**") on the grant date. These platforms held 39,599,280 ordinary shares of the Company as at June 30, 2025.

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 the RSU platform, one share of the RSU platform is equivalent to approximately 1.3743 shares of the Company. As such, the fair value of 1 unit of the equity interest in the holding platform ranged 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

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

7 SHARE-BASED COMPENSATION (Continued)

(1) Equity Incentive Scheme (Continued)

Movement of restricted shares in the year

	To be vested at the following time			Vested within two years after the closing of IPO	Total
	2022	2023	2024		
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)
RSUs in RSU platform not yet vested at year-end	–	–	–	7,432,450	7,432,450
2025					
Unvested RSUs in RSU platform at the beginning of the year	–	–	–	7,432,450	7,432,450
Restricted shares granted in the year	–	–	–	–	–
RSUs in RSU platform forfeited in the year	–	–	–	(218,000)	(218,000)
Restricted shares vested in the year	–	–	–	(6,000)	(6,000)
Equity interests in RSU platform not yet vested at year-end	–	–	–	7,208,450	7,208,450

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For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

7 SHARE-BASED COMPENSATION (Continued)

(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, Mr. Zhou Jian, the actual controller of the Company implemented share option incentive scheme to qualified employees and granted total 2,132,900 share options to grantees. 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.

The granted share options can be exercised on different dates 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 2025

	To be vested at the following time				Total
	2022	2023	2024	2025	
Outstanding share options at the beginning of the year	-	812,700	886,300	191,000	1,890,000
Share options granted in the year	-	-	-	-	-
Share options forfeited in the year	-	-	-	-	-
Outstanding share options at year-end	-	812,700	886,300	191,000	1,890,000
Among which: share options that met the exercisable conditions at year-end	-	812,700	886,300	24,500	1,723,500

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

7 SHARE-BASED COMPENSATION (Continued)

(2) Share Option Scheme (Continued)

Movement of share options in 2024

	To be vested at the following 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
Among which: share options that met the exercisable conditions at year-end	–	812,700	886,300	–	1,699,000

- (a) Exercise price of outstanding share options at the end of the period is RMB1 per option.
- (b) There were no exercised share options during the current period.
- (c) There were no newly granted share options during the current period.
- (3) The Group recognised the total share-based payment expenses for the six months ended June 30, 2025 of RMB72,205,000 (for the six months ended June 30, 2024: RMB176,273,000).

8 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 6(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.	Associate
Sichuan UBTECH City Sports Industry Development Co., Ltd.	Associate
Beijing Humanoid Robot Innovation Center Co., Ltd.	Associate
Yixing Youbixing Education Technology Co., Ltd.	Joint Venture
BYD Company Limited (“BYD”) and its subsidiaries	A company of which a non-executive director of the Company is the director

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

8 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS *(Continued)*

(4) Significant related party transactions

(a) Pricing policy

The prices of purchase of goods from related parties and acceptance of service from related parties and provision of services to related parties are determined based on market price, and rental arrangement with related parties are determined with reference to market price and based on mutual negotiations.

(b) Purchase of goods and acceptance of service

		For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Beijing Humanoid Robot Innovation Center Co., Ltd.	Purchase of goods	3,497	—
MAE and its subsidiaries	Acceptance of service	—	283
BYD and its subsidiaries	Purchase of goods	491	—
		3,988	283

(c) Sales of goods

		For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
MAE and its subsidiaries	Sales of goods or services	44,407	67,472
Beijing Humanoid Robot Innovation Center Co., Ltd.	Sales of goods	—	2,212
Yixing Youbixing Education Technology Co., Ltd.	Sales of goods	8,985	—
BYD and its subsidiaries	Sales of goods	7,600	—
		60,992	69,684

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

8 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (Continued)

(4) Significant related party transactions (Continued)

(d) Directors' and supervisor's emoluments

Directors' and supervisor's emoluments for the six months ended June 30, 2025 are as follows:

	Directors or supervisors' emoluments	Remuneration paid for management of the Company Salaries, housing benefits, other bonuses and Pension Scheme				
Name	Remuneration	benefits in kind	contributions	Discretionary bonuses	Share-based payment	Total
Executive Directors						
Zhou Jian	-	824	72	-	98	994
Wang Lin	-	247	62	-	3,275	3,584
Xiong Youjun	-	545	28	-	2,932	3,505
Liu Ming	-	499	28	50	3,159	3,736
Non-executive Directors						
Xia Zuoquan	-	-	-	-	-	-
Zhou Zhifeng	-	-	-	-	-	-
Chen Qiang	-	-	-	-	-	-
Independent Non-executive Directors						
Zhao Jie	52	-	-	-	-	52
Xiong Chuxiong	52	-	-	-	-	52
Poon Fuk Chuen	52	-	-	-	-	52
Leung Wai Man, Roger	52	-	-	-	-	52
Dong Xiuqin	1	-	-	-	-	1
Xiong Hui	1	-	-	-	-	1
Yao Xin (姚新)	1	-	-	-	-	1
He Jia	1	-	-	-	-	1
Supervisors						
Deng Feng	15	1,753	35	1,030	3,450	6,283
Ben Cangsang	15	308	26	-	-	349
Wang Xingru	15	211	-	-	97	323
	257	4,387	251	1,080	13,011	18,986

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

8 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (Continued)

(4) Significant related party transactions (Continued)

(d) Directors' and supervisor's emoluments (Continued)

Directors' and supervisor's emoluments for the six months ended June 30, 2024 are as follows:

Name	Directors or supervisors' emoluments	Remuneration paid for management of the Company		Discretionary bonuses	Share-based payment	Total
	Remuneration	salaries, housing benefits, other bonuses and benefits in kind	Pension Scheme contributions			
Executive Directors						
Zhou Jian	–	402	58	–	182	642
Wang Lin	–	277	58	–	6,078	6,413
Xiong Youjun	–	542	25	–	5,442	6,009
Lau Ming	–	449	25	–	5,071	5,545
Non-executive Directors						
Xia Zuoquan	–	–	–	–	–	–
Zhou Zhifeng	–	–	–	–	–	–
Chen Qiang	–	–	–	–	–	–
Independent Non-executive Directors						
Zhao Jie	–	53	–	–	–	53
Xiong Chuxiong	–	53	–	–	–	53
Poon Fuk Chuen	–	53	–	–	–	53
Leung Wai Man, Roger	–	53	–	–	–	53
Chen Danxia	–	–	–	–	–	–
Supervisors						
Deng Feng	18	435	25	–	3,953	4,431
Ben Cangsang	18	341	23	–	145	527
Wang Xingru	18	210	–	–	121	349
	54	2,868	214	–	20,992	24,128

For the year ended June 30, 2025, 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 (for the six months ended June 30, 2024: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

8 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS *(Continued)*

(4) Significant related party transactions *(Continued)*

(e) Key management personnel compensation

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Key management personnel compensation	44,038	43,535

Key management includes Executive Directors, Non-executive Directors, Independent Non-executive Directors and senior management of the Company.

(f) Five highest paid individuals

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Salary and allowance	5,206	2,318
Bonus	1,830	–
Pension scheme contributions	129	156
Other social security costs, housing benefits and other employee benefits	148	196
Share-based compensation	24,023	39,138
Total	31,336	41,808

For the six months ended June 30, 2025, the five highest paid individuals include one director (for the six months ended June 30, 2024: three directors), and their emoluments were reflected in the above table.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

8 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS *(Continued)*

(5) Significant balances with related parties

(a) Accounts receivable

	June 30, 2025		December 31, 2024	
	Accounts balance	Provision for bad debts	Accounts balance	Provision for bad debts
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Shenzhen Yiersan Technology Co., Ltd.	8,376	(8,376)	8,376	(8,376)
MAE and its subsidiaries	281,844	(7,402)	218,757	(17,251)
Beijing Humanoid Robot Innovation Center Co., Ltd.	–	–	1,200	(1)
Yixing Youbixing Education Technology Co., Ltd.	2,799	(1)	–	–
BYD and its subsidiaries	6,819	(3)	–	–
	299,838	(15,782)	228,333	(25,628)

(b) Accounts payable

	June 30, 2025	December 31, 2024
	Accounts balance	Accounts balance
MAE and its subsidiaries	3,227	3,394
Beijing Humanoid Robot Innovation Center Co., Ltd.*	–	479
	3,227	3,873

(c) Contract liabilities

	June 30, 2025	December 31, 2024
	Accounts balance	Accounts balance
	(Unaudited)	(Audited)
MAE and its subsidiaries	–	196
BYD and its subsidiaries	35,968	–
	35,968	196

9 COMMITMENTS

Capital expenditure commitments

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Construction in progress	881,994	956,647

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

10 EVENTS AFTER BALANCE SHEET DATE

On July 28, 2025, the Company completed the placing of a total of 30,155,450 shares at a price of HK\$82 per share, and received net proceeds of approximately HK\$2,410,260,000 after deducting all related fees, costs or expenses to be borne or incurred by the Company.

11 FINANCIAL INSTRUMENT 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) Market risk

Interest rate risk

The Group's interest rate risk 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 June 30, 2025, the Group's interest-bearing borrowings with floating rates mainly represented floating rate borrowing contracts denominated in RMB, with the amounts of RMB761,560,000 (December 31, 2024: floating rate borrowing contracts with the amounts of RMB744,273,000) (note 4 (28)).

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. For the six months ended June 30, 2025 and for the six months ended June 30, 2024, the Group did not enter into any interest rate swap agreements. As at June 30, 2025, 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 RMB4,654,000 (December 31, 2024: approximately RMB3,447,000).

Other price risk

The Group's other price risk mainly arises from investments in other equity instruments. As at June 30, 2025, The Group's other price risk is insignificant.

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, accounts receivable, notes receivable 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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

11 FINANCIAL INSTRUMENT AND RELATED RISKS (Continued)

(2) Credit risk (Continued)

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 non-performance by these banks.

The Group has policies to limit the credit exposure on notes receivable, accounts receivable and other receivables. 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 June 30, 2025, the Group didn't hold any significant collateral or other credit enhancements pledged by debtors (December 31, 2024: Nil).

(3) 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:

	June 30, 2025				Total (Unaudited)
	Within 1 year (Unaudited)	1 to 2 years (Unaudited)	2 to 5 years (Unaudited)	Above 5 years (Unaudited)	
Short-term borrowings	696,797	—	—	—	696,797
Accounts payable	447,385	—	—	—	447,385
Other payables	391,082	—	—	—	391,082
Long-term borrowings	50,425	167,632	526,507	125,939	870,503
Lease liabilities	—	13,536	17,166	5,342	36,044
Non-current liabilities to be settled within one year	86,887	—	—	—	86,887
	1,672,576	181,168	543,673	131,281	2,528,698

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

11 FINANCIAL INSTRUMENT AND RELATED RISKS (Continued)

(3) 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, 2024				Total
	Within 1 year	1 to 2 years	2 to 5 years	Above 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

- (b) As at the balance sheet date, there were no lease contracts that the Group had signed but not yet executed.

- (c) Bank borrowings are analysed by repayment terms as follows:

	June 30, 2025 Bank borrowings (Unaudited)	December 31, 2024 Bank borrowings (Audited)
Within 1 year	734,809	829,007
1 to 2 years	124,227	92,900
2 to 5 years	456,251	421,289
Above 5 years	121,968	194,441
	1,437,255	1,537,637



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

12 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 June 30, 2025, 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.

13 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).

As at June 30, 2025 and December 31, 2024, the Group's gearing ratio was calculated as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Total assets	5,258,382	5,133,525
Total liabilities	2,645,026	2,885,993
Gearing ratio	50%	56%



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Accounts receivable

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Accounts receivable due from third parties	444,848	384,483
Accounts receivable due from subsidiaries	394,814	389,496
	839,662	773,979
Less: the provision for bad debts	(216,092)	(216,782)
	623,570	557,197

(a) The ageing of accounts receivable is analysed as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Within 6 months	342,274	380,524
6 months to 1 year	115,661	83,517
1 to 2 years	151,376	109,060
2 to 3 years	76,087	98,374
Above 3 years	154,264	102,504
	839,662	773,979

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(1) Accounts receivable (Continued)

(b) Provision for bad debts (Continued)

The analysis of provision for bad debts for accounts receivable by category is as follows:

	June 30, 2025				December 31, 2024			
	Accounts balance		Provision for bad debts		Accounts balance		Provision for bad debts	
	Amount (Unaudited)	% of total	Amount (Unaudited)	% of provision	Amount (Audited)	% of total	Amount (Audited)	% of provision
Provision on an individual basis (i)	242,982	28.94%	(208,912)	85.98%	243,004	31.40%	(208,813)	85.93%
Provision on a collective basis (ii)	596,680	71.06%	(7,180)	1.20%	530,975	68.60%	(7,969)	1.5%
	839,662	100.00%	(216,092)	25.74%	773,979	100.00%	(216,782)	28.01%

- (i) Provision for bad debts made on an individual basis for accounts receivable is analysed as follows:

For the six months ended June 30, 2025, the Company's accounts receivable overdue over one year was RMB217,927,000 (December 31, 2024: RMB232,887,000). The Company provided individual provision for such accounts receivable. The Company evaluated the cash flows that might be collected under different scenarios and recognised the difference of RMB208,912,000 (December 31, 2024: RMB208,813,000) 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 RMB99,000 (for the six months ended June 30, 2024: RMB58,915,000) was included in profit or loss for the current period.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

14 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:

	June 30, 2025		
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Not overdue	91,317	0.50%	(456)
Overdue within 1-90 days	31,198	1.60%	(500)
Overdue within 91-180 days	37,356	2.38%	(889)
Overdue within 181-360 days	1,840	4.02%	(74)
	161,711		(1,919)

	December 31, 2024		
	Accounts balance	Provision for bad debts	
	Amount	Lifetime ECL rates	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)



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

14 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:

	June 30, 2025		
	Accounts balance	Provision for bad debts Lifetime	
	Amount (Unaudited)	ECL rates	Amount (Unaudited)
Not overdue	36,289	1.25%	(453)
Overdue within 1-90 days	1,551	1.81%	(28)
Overdue within 91-180 days	1,050	3.52%	(37)
Overdue within 181-360 days	1,265	4.27%	(54)
	40,155		(572)

	December 31, 2024		
	Accounts balance	Provision for bad debts Lifetime	
	Amount	ECL rates	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)



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

14 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:

	June 30, 2025		
	Accounts balance	Provision for bad debts	
	Amount (Unaudited)	Lifetime ECL rates	Amount (Unaudited)
Not overdue	394,814	1.19%	(4,689)

	December 31, 2024		
	Accounts balance	Provision for bad debts	
	Amount (Audited)	Lifetime ECL rates	Amount (Audited)
Not overdue	389,496	1.60%	(6,238)

(2) Prepayments

	June 30, 2025		December 31, 2024	
	Amount (Unaudited)	% of total prepayments	Amount (Audited)	% of total prepayments
Within 1 year	150,191	95.47%	185,562	96.99%
1 to 2 years	4,142	2.63%	2,335	1.22%
2 to 3 years	1,663	1.06%	1,864	0.97%
Above 3 years	1,322	0.84%	1,566	0.82%
	157,318	100%	191,327	100%

As at June 30, 2025, prepayments aged over a year amounted to RMB7,127,000 (December 31, 2024: RMB5,765,000), which were primarily 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 six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Other receivables

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Receivables from the internal related parties of the Group	719,038	676,301
Deposits and guarantees receivable	4,636	2,145
Petty cash for employees receivable	1,840	1,828
Others	5,946	5,209
	731,460	685,483
Less: the provision for bad debts	(11,034)	(12,769)
	720,426	672,714

(a) The aging analysis of other receivables is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Within 1 year	724,896	678,499
1 to 2 years	1,532	3,297
2 to 3 years	2,282	375
Above 3 years	2,750	3,312
	731,460	685,483

(b) Changes in loss allowance and its account balance

The analysis of provision for bad debts for other receivables by stages is as follows:

	June 30, 2025				December 31, 2024			
	Accounts balance		Provision for bad debts		Accounts balance		Provision for bad debts	
	Amount (Unaudited)	% of total balance	Amount (Unaudited)	% of provision	Amount (Audited)	% of total balance	Amount (Audited)	% of provision
Stage 1	726,554	99.33%	(6,128)	0.84%	680,431	99.26%	(7,717)	1.13%
Stage 3	4,906	0.67%	(4,906)	100%	5,052	0.74%	(5,052)	100%
	731,460	100%	(11,034)	1.51%	685,483	100%	(12,769)	1.86%

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Other receivables (Continued)

(b) Changes in loss allowance and its account balance (Continued)

	Stage 1		Stage 3		Total
	Accounts balance	Provision for bad debts	Accounts balance	Provision for bad debts	Provision for bad debts
December 31, 2024 (Audited)	680,431	(7,717)	5,052	(5,052)	(12,769)
Transfer to Stage 3 this period	(392)	6	392	(6)	–
Net changes this period	46,515	1,583	(538)	152	1,735
June 30, 2025 (Unaudited)	726,554	(6,128)	4,906	(4,906)	(11,034)

For the six months ended June 30, 2025 and the six months ended June 30, 2024, 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.

As at June 30, 2025 and December 31, 2024, the Group did not have other receivables at Stage 2. Other receivables at Stage 1 and Stage 3 are analysed as follows:

- (i) As at June 30, 2025, the analysis of other receivables in the Stage 3 and provision for bad debts is as follows:

Stage 3	Accounts balance (Unaudited)	Lifetime ECL rates	Provision for bad debts (Unaudited)	Reasons
Deposits and guarantees receivable	420	100%	(420)	Due for over one year
Others	4,486	100%	(4,486)	Due for over one year
	4,906		(4,906)	

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Other receivables (Continued)

(b) Changes in loss allowance and its account balance (Continued)

- (ii) As at December 31, 2024, the analysis of other receivables for provision for bad debts in the Stage 3 is as follows:

Stage 3	Accounts balance (Audited)	Lifetime ECL rates	Provision for bad debts (Audited)	Reasons
Deposits and guarantees receivable	566	100%	(566)	Due for over one year
Others	4,486	100%	(4,486)	Due for over one year
	5,052		(5,052)	

- (iii) As at June 30, 2025 and December 31, 2024, the analysis of other receivables for provision for bad debts in the Stage 1 is as follows:

	June 30, 2025			December 31, 2024		
	Accounts balance	provision for bad debts		Accounts balance	Provision for bad debts	
			% of			% of
	Amount (Unaudited)	Amount (Unaudited)	provision	Amount (Audited)	Amount (Audited)	provision
Deposits and guarantees receivable	4,214	(64)	1.52%	1,579	(35)	2.22%
Advances to employees	1,674	(23)	1.37%	1,828	(16)	0.88%
Receivables from the internal related parties of the Group	719,037	(6,027)	0.84%	676,301	(7,653)	1.13%
Others	1,629	(14)	0.86%	723	(13)	1.80%
	726,554	(6,128)	0.84%	680,431	(7,717)	1.13%

- (c) During the period, the reversal of provision for bad debts amounted to RMB1,735,000, the collection and reversal of provision for bad debts is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025
(All amounts in RMB'000 unless otherwise stated)

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(4) Long-term equity investments

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Subsidiaries	4,038,304	3,997,829
Associates	61,444	58,444
	4,099,748	4,056,273
Less: Provision for impairment of long-term equity investments		
– Subsidiaries (a)	(983,173)	(927,810)
– Associates	(58,444)	(58,444)
	3,058,131	3,070,019

(a) Please refer to note 6 about the Company's subsidiaries list, the Company recognised asset impairment provision for some subsidiaries due to bad operation performance.

(5) Capital surplus

	December 31, 2024 (Audited)	Increase in the current period	June 30, 2025 (Unaudited)
Share premium (note 4 (33))	7,072,898	797,745	7,870,643
Share-based payments	250,431	73,802	324,233
Others	830,769	–	830,769
	8,154,098	871,547	9,025,645

	December 31, 2023 (Audited)	Increase in the current year	June 30, 2024 (Unaudited)
Share premium (note 4 (33))	6,073,456	22,661	6,096,117
Share-based payments	830,769	155,226	985,995
Others	38,777	–	38,777
	6,943,002	177,887	7,120,889



NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2025

(All amounts in RMB'000 unless otherwise stated)

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

(6) Revenue and Cost of sales

	For the six months ended June 30, 2025		For the six months ended June 30, 2024	
	Revenue (Unaudited)	Cost of sales (Unaudited)	Revenue (Unaudited)	Cost of sales (Unaudited)
Sales of goods	475,221	436,275	278,581	263,133
Provision of services	1,266	425	11,268	3,237
	476,487	436,700	289,849	266,370

(7) Investment (loss)/income

	For the six months ended June 30, 2025 (Unaudited)	For the six months ended June 30, 2024 (Unaudited)
Investment income from disposals of long-term equity investments	(69,599)	—
Changes of gains and losses from holding of financial assets held for trading	1,878	193
	(67,721)	193

