

# UBTECH

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

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

Stock Code: 9880



# 2024

## INTERIM REPORT

# CONTENTS

Corporate Information	2	Consolidated and Company Income Statement	37
Definition	4	Consolidated and Company Cash Flow Statement	40
Financial Summary	6	Consolidated Statement of Changes in Shareholders' Equity	43
Business Overview	8	Company Statement of Changes in Shareholders' Equity	45
Management Discussion and Analysis	13	Notes to the Financial Statements	47
Corporate Governance and Other Matters	19		
Changes in Share Capital and Information of Shareholders	27		
Consolidated and Company Balance Sheet	34		



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

### Non-executive Directors

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

### Independent Non-executive Directors

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

## SUPERVISORS

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

## JOINT COMPANY SECRETARIES

Mr. Zhang Ju (張鉅先生)  
Ms. Ng Wai Kam (伍偉琴女士)

## AUDIT COMMITTEE

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

## ESG AND SUSTAINABILITY COMMITTEE

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

## REMUNERATION AND APPRAISAL COMMITTEE

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

## NOMINATION COMMITTEE

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

## STRATEGY COMMITTEE

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

## AUTHORISED REPRESENTATIVES

Ms. Wang Lin (王琳女士)  
Ms. Ng Wai Kam (伍偉琴女士)

## AUDITORS

PricewaterhouseCoopers Zhong Tian LLP  
*Recognised Public Interest Entity Auditor*  
11/F PricewaterhouseCoopers Center  
Link Square 2, 202 Hu Bin Road  
Huangpu District  
Shanghai  
PRC

## CORPORATE INFORMATION

### LEGAL ADVISORS

King & Wood Mallesons  
13/F Gloucester Tower, The Landmark  
15 Queen's Road Central  
Central,  
Hong Kong

Bird & Bird  
6/F, The Annex  
Central Plaza, 18 Harbour Road  
Hong Kong

### COMPLIANCE ADVISER

Guotai Junan Capital Limited  
26/F-28/F Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

### REGISTERED OFFICE AND HEADQUARTERS IN THE PRC

Room 2201, Building C1  
Nanshan Smart Park  
No. 1001 Xueyuan Avenue  
Changyuan Community  
Taoyuan Street  
Nanshan District  
Shenzhen  
PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon  
Hong Kong

### HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### PRINCIPAL BANKERS

China CITIC Bank Corporation Limited  
Shenzhen Branch  
1/F and 5-10/F  
Excellence Times Square Phase II  
No. 8 Zhong Xin San Road  
Futian District  
Shenzhen

Shanghai Pudong Development Bank Co., Limited  
Shenzhen Branch  
Pufa Mansion, 88 Pucheng Road  
Tianxin Community, Sungang Street  
Luohu District  
Shenzhen

Bank of Beijing Co., Ltd.  
Shenzhen Branch  
Bank of Beijing Tower, T5, China Resources  
Vientiane Place  
No. 9668 Shennan Avenue  
Nanshan District  
Shenzhen

Industrial Bank Co., Limited  
Shenzhen Branch  
Industrial Bank Building  
No.4013 Shennan Avenue  
Futian District  
Shenzhen

Industrial and Commercial Bank of China Limited  
Shenzhen Hailrun Sub-branch  
202, 203, 205, 206, 207, 208, 209 and 301B  
Building A, Hailrun Complex  
No. 6021 Shennan Avenue  
Tianan Community  
Shatou Street  
Futian District  
Shenzhen

### STOCK CODE

9880

### COMPANY'S WEBSITE

[www.ubtrobot.com](http://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
“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 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
“PRC GAAP”	the accounting principles generally accepted in the PRC
“Reporting Period”	the six months ended June 30, 2024
“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
“%”	percent

## FINANCIAL SUMMARY

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	487,229	261,139
Gross profit	185,201	59,020
Operating loss	(530,386)	(547,316)
Loss for the period	(539,808)	(547,917)
Add:		
Share-based payments	176,273	179,466
Listing expenses	–	1,549
<b>Adjusted net loss for the period (non-GAAP measure)</b>	<b>(363,535)</b>	<b>(366,902)</b>
Add:		
Interest expenses <sup>(Note 1)</sup>	17,055	8,823
– Interest expenses on lease liabilities	1,480	1,405
– Interest expenses on borrowings	49,049	25,311
– Interest expenses capitalised	(33,474)	(17,893)
Income tax expense	8,637	292
Depreciation of right-of-use assets	15,492	18,452
Depreciation of property, plant and equipment	20,717	22,136
Amortisation of intangible assets	3,786	2,334
Credit impairment loss	74,094	8,653
Asset impairment loss	738	1,999
Less:		
Interest income	11,492	3,369
<b>Adjusted EBITDA (non-GAAP measure)</b>	<b>(234,508)</b>	<b>(307,582)</b>

**FINANCIAL SUMMARY****REVENUE BY TYPE OF PRODUCTS AND SERVICES**

	For the six months ended June 30,			
	2024		2023	
	RMB'000	%	RMB'000	%
Education smart robotic products and services	<b>161,176</b>	<b>33.1</b>	75,668	29.0
Logistics smart robotic products and services	<b>59,562</b>	<b>12.2</b>	76,801	29.4
Other sector-tailored smart robotic products and services	<b>90,879</b>	<b>18.7</b>	22,246	8.5
Consumer-level robots and other hardware devices	<b>174,685</b>	<b>35.8</b>	85,028	32.6
Others <sup>(Note 2)</sup>	<b>927</b>	<b>0.2</b>	1,396	0.5
<b>Total</b>	<b>487,229</b>	<b>100.0</b>	261,139	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

In the first half of 2024, under the pressure of the global economy, UBTECH continued to increase its investment in R&D and focus on the industrial humanoid robot Walker series, the epitome of embodied intelligence. To resolve the needs of real-world applications in the industrial sector, UBTECH continued to invest in and make breakthroughs in “brain”, “cerebellum”, “limbs” and other key technology challenges, including technologies related to high-performance servo actuators, large model, semantic Vslam, learning-based motion control, visual perception, multimodal interaction and other core AI technologies. Our in-house full-stack technologies are capable of supporting the humanoid robots to be equipped with more outstanding task planning skills, dexterous operation skills, navigation and mobility skills and human-robot interaction skills, enabling the delivery of safer, more stable, reliable and practical services in industrial scenarios.

In the first half of 2024, UBTECH focused on automobile manufacturing sector and have been the first-mover to conduct practical training of humanoid robots in facilities of renowned automobile manufacturers and jointly build humanoid robot demonstration factories, realizing the in-depth application in typical industrial scenarios. We also cooperated with multiple 3C enterprises to construct a humanoid robot application ecosystem, and showcased “a humanoid robot industrial scenario solution” for the first time at World Robot Conference 2024. Meanwhile, our subsidiary, Wuxi Uqi Intelligent Technology Co., Ltd.\* (無錫優奇智能科技有限公司), introduced the Wuxi Economic Development Zone Industrial Fund (無錫經開區產業基金), which will assist the Company in building the “UQI PARK Industrial Robot Ecological Industrial Park”, implementing and constructing the industrial humanoid robot production application center and the headquarters of Uqi Intelligent (優奇智能).

In terms of honors and awards, UBTECH was selected as the only humanoid robotics company on the inaugural Fortune China Tech 50 list; UBTECH was selected as one of the “Top 500 Brands” of China in the 18th China Brand Festival, with a brand value of RMB15.472 billion and UBTECH’s panda robot, Youyou, assisted in the conference, and was awarded the “Golden Spectrum Award”.

UBTECH’s industrial humanoid robot products and applications were well recognised by the industry, for example, UBTECH was awarded “AI Partner • 2024 AI Application Benchmark Cases” by 36 Kr; UBTECH won the 10th Capek Annual Demonstration Application Scenarios Award; UBTECH won the Leaderobot 2024 Award for Application Benchmarking in Humanoid Robotics; UBTECH was honored with “2024 China Humanoid Robotics Innovation Pioneer” by Gao Gong Mobile Robotics.

In terms of design, UBTECH’s products won a number of international design awards, for example, UGOT robot, a multi-mimetic AI educational robot, won the Gold Award at the German iF Design Award and the German Red Dot Design Award-Best of the Best; Smart Wellness and Elderly Care Solution won the Service Design Award at the German iF Design Award; and Cadebot, a smart delivery robot, won the Product Design Award at the German iF Design Award.

## BUSINESS OVERVIEW

We have also made important breakthroughs in humanoid robot technologies, the details of which are set out as below:

### A. Robotic Technologies

We have iterated a new generation of the entire machine of humanoid robot, updated the design of the linear servo actuator, and simultaneously designed the third generation of dexterous hands with pressure detection function. We also released the ROSA v2, which features the basic communication capabilities between algorithm modules and the ROS middleware and will be applied in the next-generation humanoid project. In terms of humanoid robot vision, we have specially developed detection and recognition function for handling and grasping industrial objects as well as precise positioning and dexterous operations in industrial scenarios. In terms of the gait of humanoid robots, we continued to improve the algorithm stability of our robots. Currently, our humanoid robots are able to perform object picking, quality inspection, SPS sorting, chemical handling, and assembly tasks in industrial scenarios.

### B. AI Technologies

Leveraging upon years of accumulation from our Walker series of large humanoid robots, we have built our own large model fine-tuning dataset containing multiple types of task scenarios, trained our task planning large model for humanoid robots application in industrial manufacturing and adopted a large model + small model architectural solution, where large models, as the “brain”, process multi-modal information, understand the context and tasks and calculate the planning, while small models are responsible for specific execution. Meanwhile, we have built multi-agent systems based on VLM to increase the model’s generalization and ability to perform tasks of different jobs. This architectural solution not only gives full play to the advantages of large models in understanding and generalization capabilities, but also leverages the low energy consumption and good performance in specific tasks of small models, ultimately catering to the various task requirements of humanoid robots. In terms of industrial application and interaction of humanoid robots, the architecture solution has outperformed some general large models.

### C. Integrated Robotic and AI Technologies

#### 1. *Integration of Pure Visual Semantic SLAM Positioning Navigation and AI Technologies*

For the inability of traditional positioning navigation to understand spatial scenes, we have built 3D SenceGraph using close-coupled AI for information perception on objects and text and Vslam technologies to establish spatial topology relationships among buildings, rooms, areas, objects, pedestrians and other elements in spatial scenes. Meanwhile, with 3D SenceGraph, we have developed visual semantic navigation function based on object or text information. On top of 3D SenceGraph and semantic navigation function, our large model can obtain environment semantic information and location information of the space, so as to make decisions and ultimately solve the essential problems such as “where am I”, “what is around me”, and “where do I want to go”.

## BUSINESS OVERVIEW

Among them, L4 level driverless logistics vehicles have begun to be delivered and deployed. Chitu driverless logistics vehicles have reached the advanced L4 level driverless technology in China, which eliminates the design of the driver's compartment and steering wheel, achieving the complete control of the vehicle's operation and monitoring of the driving environment in a specific area in a purely driverless state. Chitu achieves localization and perception by means of the high accuracy perception technology of multi-sensor fusion, the positioning technology independent of satellite differential RTK, the semantic dynamic update technology of lightweight semantic map of multimodal integration, and introduces multi-modal large models to achieve human-vehicle interaction and intelligent decision-making control of the driverless vehicle, and uses high-precision systems and actuators to control the driverless vehicle. The driverless logistics vehicle can realise safe and stable operation within 25km/h in large industrial parks where people and vehicles mix and where there are no obvious traffic signals. A small batch of driverless vehicle has been delivered to the user for actual operation.

### **2. *Integration of Machine Vision and AI Technologies***

In response to the growing demand for smarter robots, our visual R&D efforts have been focusing on enhancing the scope and accuracy of algorithmic perception, have built recognition capabilities for humans, objects, and environments based on deep learning, and enabled fine-grained image segmentation, general object tracking and millimeter position estimation in the physical world. To increase the efficiency of machine learning of visual big data, we combined the unlabeled self-supervised training tasks with weakly-supervised/half-supervised learning paradigms to leverage the complementary effect of physical real data and AIGC/simulation-generated data. Our diversified visual models have solidly supported the implementation of downstream tasks and businesses, such as human-like intelligent perception and interaction, inference and understanding from a single object to entire scene, objects grasping and dexterous operation, etc.

### **3. *Integration of Motion Control and AI Technologies***

In response to the demand for two-armed dexterous operation and high-performance bipedal motion, we have developed humanoid motion control technology based on imitation learning and reinforcement learning. By integrating human motion capture data, teleoperation coaching data and model control data, we have formed a dataset of motion skills of humanoid robots. We have developed an imitation learning framework based on Transformer architecture and Diffusion strategy to realise the general and dexterous operation for different action sequences and objects. Meanwhile, we have also developed a motion control framework based on deep reinforcement learning to perform delicate force-based operation tasks and robust spatial motion tasks. In summary, the Company has always been committed to the development direction of combining core technologies with application scenarios, thus creating the world's first general-purpose humanoid robot solution for multi-tasking industrial scenarios.

## BUSINESS OVERVIEW

This solution integrates UBTECH's self-developed humanoid robot full-stack technologies, including industry-advanced robot ontology structure design, high-performance integrated joints, computer visual perception, semantic VSLAM navigation, learning full-body motion control, multimodal human-robot interaction and other core technologies. Based on these core technologies, Walker S series, UBTECH's industrial humanoid robots, can perform a wide range of tasks, and can collaborate with smart manufacturing equipment such as workers, AGVs, and driverless logistics vehicles, and connect to the smart manufacturing management system through 5G networks to provide stable, reliable, safe, and practical services for industrial scenarios, enhancing the level of intelligence and flexibility in industrial manufacturing.

We have continued to strengthen the moat of our patents related to humanoid robots, and our investment in R&D has paid off. As at June 30, 2024, the number of patents granted to the Company had reached 2,450, representing an increase of over 12% compared to the end of 2023.

### PART II FUTURE OUTLOOK

Against the background of the national policy of vigorously promoting the construction of Digital China and boosting new industrialization, we firmly believe that humanoid robots and AI are the main line of development for industrial upgrading with high certainty and high prospects. We have always regarded humanoid robots and AI as our core strategy, centered on the research and development of embodied intelligence technology and its practical application as the main line, and taken the landing of humanoid robots and AI technology as the breakthrough direction, and are committed to promoting humanoid robots to every household. Specifically, we will focus on the following areas:

#### 1. Humanoid Robots

We continue to invest in the research and development of new models of the Walker series of industrial humanoid robots, deeply iterate the full-stack technology of humanoid robots, realise the software and hardware iteration of the new generation of humanoid robots, enhance the stability and reliability of the humanoid robot system, and tackle the key technologies for the next-generation high-energy-density integrated joints and embodied intelligence of the brain and cerebellum. We will further comprehensively improve the motion capabilities, intelligence and operation capabilities of Walker series products, and synergize with workers, AGVs, driverless logistics vehicles and intelligent manufacturing management systems to provide stable, reliable, safe and practical services for industrial scenarios, so as to enhance the level of intelligence and flexibility in industrial manufacturing.

#### 2. Multi-modal Perception and Large Model Technology

Our humanoid robot Walker S has realised deep integration with Large Model ERNIE technology of Baidu, forming advanced intent understanding and fine-grained planning capabilities. At Create 2024 Baidu AI Developer Conference, we jointly demonstrated the innovative application of China's AI large model + humanoid robot, which belongs to the first tier level of the industry in terms of its innovative application and the difficulty of realization in the global context. We will continue to take multi-modal perception and large model technology as an important strategic direction in the future.

## BUSINESS OVERVIEW

### 3. Embodied Intelligence Decision-Making Technologies

We will build a universal multi-modal large model towards interaction, semantic understanding, scene perception, task planning and execution for general robots at the “brain” level. We will conduct real-time reconstruction based on realistic perception information and map it to the simulation environment, where we perform action derivation on the large model, and then map the action sequences generated by the large model to the real scenario, and finally train the humanoid robots large model’s continuous self-optimization learning capabilities. At the level of “cerebellum”, we will face the demand for long sequence, precise and generalized complex operation of humanoid robots in real scenarios, break through the technological bottleneck of loose coupling of sensors and controls, and develop a dexterous operation skill library based on the integration of sensors and controls as well as on-line learning, so as to enhance the generalized, autonomous, and fine task execution capabilities of humanoid robots.

### 4. End-to-End Motion Control Technology

Based on the end-to-end learning model, UBTECH will continue to make breakthroughs in developing gait control algorithms and dexterous operation technologies with high motion characteristics. Through the actual field data accumulated from the POC at automotive factories completed in the previous period, UBTECH will continue to iteratively optimize the bipedal motion capability of the robot and improve the walking efficiency of the Walker, and further iterative end-to-end dexterous operation technology to meet the demands of complex tasks such as screwing, sorting and assembly in actual scenarios.

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

Introducing the latest autonomous driving technologies such as OOC and BEV, we will optimize the reliability and stability of the Chitu driverless vehicle in actual park scenarios. On this basis, we will continue to research and develop end-to-end automatic control and decision-making technologies, and initially develop the driverless driving technology under the open road environment.

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVENUE

Our revenue for the six months ended June 30, 2024 was RMB487.2 million, representing an increase of 86.6% as compared with RMB261.1 million for the six months ended June 30, 2023. The increase was primarily caused by the Company's efforts to expand its business, launch new products and deliver contracted projects.

Our revenue attributable to education smart robotic products and services increased by 112.9% from RMB75.7 million for the six months ended June 30, 2023 to RMB161.2 million for the six months ended June 30, 2024, primarily due to the projects contracted in the previous year have been delivered during the Reporting Period.

Our revenue attributable to logistics smart robotic products and services decreased by 22.4% from RMB76.8 million for the six months ended June 30, 2023 to RMB59.6 million for the six months ended June 30, 2024, primarily due to the delivery and acceptance of certain projects in the second half of 2024.

Our revenue attributable to other sector-tailored smart robotic products and services increased by 309.5% from RMB22.2 million for the six months ended June 30, 2023 to RMB90.9 million for the six months ended June 30, 2024, primarily due to the growth in revenue from other industries as a result of the industry expansion strengthened by the Company.

Our revenue attributable to consumer-level robots and other hardware devices increased by 105.5% from RMB85.0 million for the six months ended June 30, 2023 to RMB174.7 million for the six months ended June 30, 2024, primarily due to the growth in revenue driven by the continuous introduction of new products of the Company.

## COST OF SALES

Our cost of sales for the six months ended June 30, 2024 was RMB302.0 million, representing an increase of 49.4% as compared with RMB202.1 million for the six months ended June 30, 2023, primarily due to the corresponding increase in costs caused by the increase in revenue.

In terms of education smart robotic products and services, cost of sales for the six months ended June 30, 2024 was RMB79.5 million, representing an increase of 63.6% as compared with RMB48.6 million for the six months ended June 30, 2023, primarily due to the corresponding increase in costs caused by the increase in revenue.

In terms of logistics smart robotic products and services, cost of sales for the six months ended June 30, 2024 was RMB55.9 million, representing a decrease of 16.9% as compared with RMB67.3 million for the six months ended June 30, 2023, primarily due to the corresponding decrease in costs caused by the decrease in revenue.

In terms of other sector-tailored smart robotic products and services, cost of sales for the six months ended June 30, 2024 was RMB44.8 million, representing an increase of 234.3% as compared with RMB13.4 million for the six months ended June 30, 2023, primarily due to the corresponding increase in costs caused by the increase in revenue.

## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of consumer-level robots and other hardware devices, cost of sales for the six months ended June 30, 2024 was RMB121.8 million, representing an increase of 71.5% as compared with RMB71.0 million for the six months ended June 30, 2023, primarily due to the corresponding increase in costs caused by the increase in revenue.

### GROSS PROFIT AND GROSS PROFIT MARGIN

As a result of foregoing, our overall gross profit for the six months ended June 30, 2024 was RMB185.2 million, representing an increase of 213.9% as compared with RMB59.0 million for the six months ended June 30, 2023. For the six months ended June 30, 2024, our overall gross margin was 38.0%, representing an increase of 15.4% from 22.6% for the six months ended June 30, 2023. This was primarily attributable to the increase in gross profit margin from education smart robotic products and services, consumer-level robots and other hardware devices, other sector-tailored smart robotic products and services.

### SELLING EXPENSES

Our selling expenses for the six months ended June 30, 2024 were RMB233.5 million, representing an increase of 25.9% as compared with RMB185.4 million for the six months ended June 30, 2023, primarily due to the increase in marketing expansion by the Company.

Selling expenses as a percentage of revenue decreased from 71% for the six months ended June 30, 2023 to 47.9% for the six months ended June 30, 2024, due to increase in revenue.

### ADMINISTRATIVE EXPENSES

Our administrative expenses for the six months ended June 30, 2024 were RMB215.0 million, representing an increase of 17.5% as compared with RMB183.0 million for the six months ended June 30, 2023, primarily due to the increase in headcount of the Company and the increase in expenses incurred from the disposal of old products for product renewal.

Administrative expenses as a percentage of revenue decreased from 70.1% for the six months ended June 30, 2023 to 44.1% for the six months ended June 30, 2024, due to increase in revenue.

### RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses for the six months ended June 30, 2024 were RMB227.5 million, representing an increase of 1.4% as compared with RMB224.3 million for the six months ended June 30, 2023, primarily due to the increase in the number of R&D staff of the Company.

Research and development expenses as a percentage of revenue decreased from 85.9% for the six months ended June 30, 2023 to 46.7% for the six months ended June 30, 2024, due to increase in revenue.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CREDIT IMPAIRMENT LOSSES

We had a credit impairment loss of RMB74.1 million for the six months ended June 30, 2024, as compared to a net impairment loss of RMB8.7 million for the six months ended June 30, 2023, primarily due to certain government-related customers deferring their payment of receivables and, for prudence sake, a corresponding amount of impairment has been provided for.

### OTHER INCOME

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

For the six months ended June 30, 2024, our other income was RMB35.8 million.

### OPERATING LOSS

As a result of the foregoing, we had an operating loss of RMB530.4 million for the six months ended June 30, 2024, representing a decrease of 3.1% from the operating loss of RMB547.3 million for the six months ended June 30, 2023.

### FINANCE EXPENSES

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

Our financial income increased from RMB2.6 million for the six months ended June 30, 2023 to RMB7.6 million for the six months ended June 30, 2024, mainly due to the increase in exchange gains and losses.

### LOSS FOR THE PERIOD

For the six months ended June 30, 2024, we reported a loss for the period of RMB539.8 million, representing a decrease of 1.5% from the loss of RMB547.9 million for the six months ended June 30, 2023.

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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) and listing expenses. 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 amortisation of intangible assets, which are non-cash in nature; and (iv) credit impairment loss and asset impairment loss, and deducting interest income from it.

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Reconciliation of loss for the period to “adjusted EBITDA (non-GAAP measure)” and “adjusted net loss for the period (non-GAAP measure)”		
<b>Loss for the period</b>	<b>(539,808)</b>	(547,917)
Add:		
Share-based payments	<b>176,273</b>	179,466
Listing expenses	<b>–</b>	1,549
<b>Adjusted net loss for the period (non-GAAP measure)</b>	<b>(363,535)</b>	(366,902)
Add:		
Interest expenses <sup>(Note)</sup>	<b>17,055</b>	8,823
– Interest expenses on lease liabilities	<b>1,480</b>	1,405
– Interest expenses on borrowings	<b>49,049</b>	25,311
– Interest expenses capitalised	<b>(33,474)</b>	(17,893)
Income tax expense	<b>8,637</b>	292
Depreciation of right-of-use assets	<b>15,492</b>	18,452
Depreciation of property, plant and equipment	<b>20,717</b>	22,136
Amortisation of intangible assets	<b>3,786</b>	2,334
Credit impairment loss	<b>74,094</b>	8,653
Asset impairment loss	<b>738</b>	1,999
Less:		
Interest income	<b>11,492</b>	3,369
<b>Adjusted EBITDA (non-GAAP measure)</b>	<b>(234,508)</b>	(307,582)

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, 2024, our cash and cash equivalents were approximately RMB755.0 million, compared to approximately RMB520.9 million as at December 31, 2023. The change was mainly from the receipt of proceeds from the listing. 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 at June 30, 2024, our gearing ratio was 97.8%. With the cash and bank balances in hand and the total net proceeds received from the Global Offering of approximately HK\$931.2 million in early 2024, the Group's liquidity position remains strong to meet its working capital requirements.

### MATERIAL ACQUISITIONS AND DISPOSALS

We had no material acquisitions or disposals for the six months ended June 30, 2024.

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

As at June 30, 2024, 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, 2024, 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 at June 30, 2024, our balance of the cash and cash equivalents was mainly denominated in RMB. We continue to adopt a conservative approach in our 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 at June 30, 2024, our business is not exposed to any significant foreign exchange risk.

### PLEDGE OF ASSETS

As at June 30, 2023 and 2024, 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, has been pledged to secure bank loans of our Group mainly for our construction of property, plant and equipment.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BORROWINGS

Borrowings of our Group increased from RMB1,453.5 million as at December 31, 2023 to RMB1,648.3 million as at June 30, 2024 mainly in respect of daily operations and the payments of the construction cost of the headquarter building of the Group located in Shenzhen.

### CONTINGENT LIABILITIES

As at June 30, 2024, we did not have any material contingent liabilities.

### EVENTS AFTER THE REPORTING PERIOD

On August 1, 2024, the Company entered into the placing agreement (the “**Placing Agreement**”) with two placing agents for the placing (the “**Placing**”) of a total of 1,420,000 new H Shares (the “**Placing Shares**”) at the placing price of HK\$92.00 per Placing Share (the “**Placing Price**”) under the general mandate granted to the Directors to allot, issue and deal with additional H Shares pursuant to a resolution of the Shareholders passed at the annual general meeting of the Company held on May 21, 2024 upon the terms and subject to the conditions set out in the Placing Agreement. The Placing completed on August 8, 2024 and the Placing Shares were placed at the Placing Price to no less than six placees. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, all of the placees together with their respective ultimate beneficial owners are third parties independent of, and not connected with, the Company and the connected persons of the Company. The Company received total net proceeds from the Placing (after deducting all related fees, costs and expenses to be borne or incurred by the Company) of approximately HK\$121.85 million. The Company intends to apply the net proceeds from the Placing for the Group’s business operation and development and repayment of amounts due under the credit facilities granted by the relevant financial institutions to the Group companies. For further details, please refer to the announcements of the Company dated August 1, 2024 and August 8, 2024.

Save as disclosed above, there was no events causing significant impact on the 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 judgement.

### 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 2024 first extraordinary general meeting of our Company held on February 8, 2024. The relevant amendments mainly reflected (i) the change in the total issued Shares and registered capital of our Company resulting from the partial exercise of the over-allotment option; and (ii) the adoption of the CASBE to prepare our Company’s financial statements.

For the full text of the amended Articles of Association, please refer to the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.ubtrobot.com](http://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 members of senior manager which were required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

Ms. Wang Lin has been appointed as the following positions in the subsidiaries of the Company respectively:

Subsidiary	Position	Date of Appointment
Shanghai Youxuan Huiyi Elderly Care Service Co., Ltd.* (上海優選慧頤養老服務有限公司)	legal representative and executive director	April 8, 2024
Wuhan UBTECH Intelligent Technology Co., Ltd.* (武漢優必選智慧科技有限公司)	legal representative and executive director	May 17, 2024
Chengdu UBTECH Health Technology Co., Ltd.* (成都市優必選健康科技有限公司)	legal representative and executive director	June 13, 2024
Nanjiang Youxuan Intelligent Technology Co., Ltd.* (南京優選智能科技有限公司)	executive director	June 27, 2024
UBTECH (Nanchong) Robot Technology Co., Ltd.* (優必選(南充)機器人科技有限公司)	legal representative and director	August 9, 2024
UBTECH (Zhengzhou) Intelligent Agricultural Technology Co., Ltd.* (優必選(鄭州)智慧農業科技有限公司)	legal representative and chairman of the board of directors	June 3, 2024

Mr. Zhou Zhifeng has been served as a managing partner of Qiming Venture Partners (啟明創投), an institution principally engaged in providing venture capital and asset management services, since May 2024.

Mr. Deng Feng has been promoted as the vice-president of our Group since July 2024.

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, 2024, the Group had 2,057 employees. During the six months ended June 30, 2024, the employee benefit expenses of the Group amounted to approximately RMB503.5 million, as compared to approximately RMB466.3 million during the six months ended June 30, 2023. 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, Supervisors, 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 will be adopted upon obtaining 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 (《優必選人才發展框架》), 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 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, 2024, all the Shares underlying the Equity Incentive Schemes have been issued and granted, and to the extent that there is any change to the grants under the Equity Incentive Schemes after the Listing, the Company will comply with the applicable Listing Rules (including the requirements under Chapter 14A of the Listing Rules applicable to grants to connected persons, if any).

## 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 9.47% of the issued Shares in our Company as at June 30, 2024. A number of other limited partnerships was 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, 2024, Ms. Wang Lin was the sole general partner of Shenzhen Evolution and all of the indirect level incentive shareholding platforms. The above arrangement of the equity incentive schemes could offer incentives to the participants through granting them indirect interest in our Shares while allowing our core management team to retain control on the voting rights of the incentive shareholding platforms in respect of our Shares.

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

#### (a) *Purpose*

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

#### (b) *Participants*

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

#### (c) *Grant of Awards*

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

#### (d) *Administration of the equity incentive schemes*

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

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

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

## CORPORATE GOVERNANCE AND OTHER MATTERS

### (f) Details of Awards

As at June 30, 2024, (i) 41 indirect level incentive shareholding platforms have been established for the purpose of the equity incentive schemes; (ii) there is an aggregate number of 689 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 Track Record 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, 2023 and June 30, 2024, 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, 2023	Unvested Awards as at June 30, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Forfeited during the Reporting Period
<b>Directors:</b>						
Mr. Zhou Jian	20,000	20,000	-	-	-	-
Mr. Xiong Youjun	300,000	300,000	-	-	-	-
Ms. Wang Lin	370,000	370,000	-	-	-	-
Mr. Liu Ming	291,000	291,000	-	-	-	-
Mr. Xia Zuoquan	-	-	-	-	-	-
Mr. Zhou Zhifeng	-	-	-	-	-	-
Mr. Chen Qiang	-	-	-	-	-	-
Mr. Zhao Jie	-	-	-	-	-	-
Mr. Xiong Chuxiong	-	-	-	-	-	-
Mr. Poon Fuk Chuen	-	-	-	-	-	-
Mr. Leung Wai Man, Roger	-	-	-	-	-	-
<b>Five highest paid individuals (excluding Director Zhou Jian)</b>						
<b>Zhou Jian</b>	1,300,000	1,290,000	-	10,000	-	-
<b>Other grantees</b>	7,656,195	6,447,900	-	757,196	-	451,100

## CORPORATE GOVERNANCE AND OTHER MATTERS

### USE OF PROCEEDS FROM THE GLOBAL OFFERING

The H Shares were listed on the Main Board of the Stock Exchange on December 29, 2023 with net proceeds (the “**Net Proceeds**”) received by our Company from the Global Offering in the amount of approximately HK\$931.21 million, including the net proceeds of approximately HK\$25.34 million (the “**Over-allotment Net Proceeds**”) from the partial exercise of the over-allotment option (the “**Over-allotment Option**”) as described in the prospectus of our Company dated December 19, 2023 (the “**Prospectus**”), in each case after deducting underwriting commissions and all related expenses.

As disclosed in the announcement of our Company dated January 22, 2024 in relation to the partial exercise of the Over-allotment Option (the “**January 22 Announcement**”), the Over-allotment Net Proceeds would be used for working capital and other general corporate purposes (the “**Change in Use of Over-allotment Proceeds**”). Please refer to the January 22 Announcement for the reasons and benefits of the Change in Use of Over-allotment Proceeds.

Subsequently, as disclosed in the announcement of our Company dated May 15, 2024 (the “**May 15 Announcement**”), our Board resolved to make adjustments to certain intended use of the Net Proceeds as disclosed in the Prospectus to improve the efficiency of the use of raised funds, reduce financial costs, and accelerate the integration of various business resources (the “**Change in Use of Proceeds**”). Please refer to the May 15 Announcement for details of the adjustments made, as well as reasons and benefits of the Change in Use of Proceeds.

## CORPORATE GOVERNANCE AND OTHER MATTERS

Set forth below are details of the use of the Net Proceeds up to June 30, 2024:

Intended use of proceeds <sup>(Note 1)</sup>	Before Change in Use of Proceeds		Immediately after the Change in Use of Proceeds		During the Reporting Period	As at June 30, 2024		Expected time to utilize the remaining Net Proceeds in full
	Unused amount as at April 30, 2024		Total amount (HK\$ million)	Unused amount (HK\$ million)	Utilized amount (HK\$ million)	Unused amount (HK\$ million)		
	Total amount (HK\$ million)	(HK\$ million)						
Further advance our R&D capabilities to enhance our core technologies and products and services offerings	425.76	394.80	425.76	394.80	73.38	352.38	By the end of 2026	
Repayment of bank loans	175.74	141.60	263.43	229.29	245.82	17.61	By the end of 2024	
Enhance our R&D infrastructure to improve our R&D capabilities and efficiencies	71.56	70.16	71.56	70.16	2.58	68.98	By the end of 2024	
Enhance brand awareness and market penetration	86.06	78.39	23.00	15.33	14.21	8.79	By the end of 2025	
Further optimize our management and operational efficiency	56.16	56.16	–	–	–	–	N/A (see May 15 Announcement for details)	
General working capital <sup>(Note 2)</sup>	115.93	34.32	147.46	65.85	147.46	–	By the end of 2024	
<b>Total<sup>(Note 3)</sup></b>	<b>931.21</b>	<b>775.43</b>	<b>931.21</b>	<b>775.43</b>	<b>483.45</b>	<b>447.76</b>		

Notes:

- The Proceeds from the Initial Public Offering of H Shares would be used by the Company and its subsidiaries.
- Please refer to the January 22 Announcement regarding the Change in Use of Over-allotment Proceeds. Save as disclosed in the January 22 Announcement and May 15 Announcement, there is no other change in the intended use of the Net Proceeds.
- Any discrepancies in the above table between total and sum of amounts listed therein are due to rounding.

## CORPORATE GOVERNANCE AND OTHER MATTERS

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.

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

During the six months ended June 30, 2024, there was no purchase, sale and redemption by our Company or any of its subsidiaries of any listed securities (including sale of treasury shares) of our Company.

As at June 30, 2024, our Company did not hold any treasury shares.

### **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, 2024, the total share capital of the Company was RMB418,142,824, divided into 418,142,824 shares of RMB1.00 per 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.

### **DIVIDEND**

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

### **REVIEW BY AUDIT COMMITTEE**

The members of the Audit Committee consist of Mr. Xiong Chuxiong (Chairman of the Committee), Mr. Leung Wai Man, Roger and Mr. Poon Fuk Chuen. The interim results announcement for the six months ended June 30, 2024 and this interim report, including the unaudited consolidated financial information and interim results for the six months ended June 30, 2024 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, 2024, 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.

## CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

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

As at June 30, 2024, the interests and short positions of the Directors, Supervisors 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	Approximate percentage in the relevant class of Shares of the Company <sup>(2)</sup>	Approximate percentage in the Company <sup>(2)</sup>
Mr. Zhou Jian	Domestic Shares	Beneficial owner	103,586,040 (L)	34.53%	24.77%
	Domestic Shares	Interest in controlled Incorporation <sup>(3)</sup>	14,538,600 (L)	4.85%	3.48%
	Domestic Shares	Persons acting in Concert <sup>(4)</sup>	90,020,103 (L)	30.01%	21.53%
	H Shares		5,689,857 (L)	4.81%	1.36%
Mr. Xia Zuoquan	Domestic Shares	Beneficial owner	22,888,800 (L)	7.63%	5.47%
	Domestic Shares	Persons acting in concert <sup>(4)</sup>	185,255,943 (L)	61.76%	44.30%
	H Shares		5,689,857 (L)	4.81%	1.36%
Mr. Xiong Youjun	Domestic Shares	Beneficial owner	8,290,743 (L)	2.76%	1.98%
	Domestic Shares	Persons acting in concert <sup>(4)</sup>	199,854,000 (L)	66.63%	47.80%
	H Shares		5,689,857 (L)	4.81%	1.36%
Ms. Wang Lin	Domestic Shares	Beneficial owner	8,201,880 (L)	2.73%	1.96%
	Domestic Shares	Interest in controlled incorporation <sup>(5)</sup>	39,599,280 (L)	13.20%	9.47%
	Domestic Shares	Persons acting in concert <sup>(4)</sup>	160,343,583 (L)	53.45%	38.35%
	H Shares		5,689,857 (L)	4.81%	1.36%

Notes:

- (1) (L) denotes long position.
- (2) The calculation is based on a total of 418,142,824 Shares in issue as at June 30, 2024, which comprised 299,967,325 Domestic Shares and 118,175,499 H Shares.
- (3) As at June 30, 2024, Shenzhen Sanciyuan Enterprise Management Consulting Limited Partnership\* (深圳三次元企業管理諮詢合夥企業(有限合夥)) (“**Shenzhen Sanciyuan**”) directly held 14,538,600 Domestic Shares. Mr. Zhou Jian is the general partner of Shenzhen Sanciyuan. By virtue of the SFO, Mr. Zhou Jian is deemed to be interested in all the Shares held by Shenzhen Sanciyuan.

## CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

- (4) Each of Mr. Zhao Guoqun, Mr. Xia Yongjun, Ms. Wang Lin, Mr. Xiong Youjun, Mr. Xia Zuoquan and Shenzhen Zhineng Youxuan Investment Limited Partner\* (深圳市智能優選投資合夥企業(有限合夥)) (“**Shenzhen Zhineng Youxuan**”) has entered into a concert party agreement with Mr. Zhou Jian. By virtue of the SFO, each of Mr. Zhou Jian, Mr. Zhao Guoqun, Mr. Xia Yongjun, Ms. Wang Lin, Mr. Xiong Youjun, Mr. Xia Zuoquan and Shenzhen Zhineng Youxuan is deemed to be interested in all the Shares which each other is interested in.
- (5) Ms. Wang Lin is the general partner of Shenzhen Evolution Investment Limited Partnership\* (深圳市進化論投資合夥企業(有限合夥)) (“**Shenzhen Evolution**”). By virtue of the SFO, Ms. Wang Lin is deemed to be interested in all of the Shares held by Shenzhen Evolution.

### (ii) Interest in associated corporations of the Company

Name of Director	Name of associated corporation	Nature of Interest	Approximate shareholding percentage
Mr. Xia Zuoquan	Wuxi Uqi Intelligent Technology Co., Ltd.* (無錫優奇智能科技有限公司) (“ <b>Wuxi Uqi</b> ”) <sup>(Note 1)</sup>	Interest in controlled corporation <sup>(Note 2)</sup>	12.07%

#### Notes:

- (1) Wuxi Uqi is regarded as our subsidiary under the Listing Rules. As at June 30, 2024, we held approximately 36.22% shareholding interests in Wuxi Uqi. In addition, pursuant to the shareholders agreement dated February 2022 (the “**Feb-2022 Shareholders Agreement**”), (i) two shareholders holding approximately 16.66% and 0.83% interests respectively agreed that for the period they were holding equity interest in Wuxi Uqi; and (ii) two shareholders holding approximately 6.64% and 5.43% interests respectively agreed that for the period of six years since the date they started holding equity interest in Wuxi Uqi, being December 31, 2021, they would act consistently with our Company in respect of matters of the shareholders meeting. In December 2022, the shareholders of Wuxi Uqi entered into a shareholders agreement which replaced the Feb-2022 Shareholders Agreement, pursuant to which three of the aforementioned shareholders holding approximately 16.6%, 6.64% and 5.43% interests in Wuxi Uqi respectively continued to agree to act consistently with our Company under the same terms as the Feb-2022 Shareholders Agreement. As a result of the aforementioned shareholders’ undertakings, we have continued to hold more than 50% voting rights in Wuxi Uqi despite that our shareholding in Wuxi Uqi is below 50%. According to the articles of association of Wuxi Uqi, approval of Wuxi Uqi’s shareholders resolutions generally requires more than 50% of shareholders’ votes. As such, we had continued to obtain control of Wuxi Uqi and it had continued to be regarded as our subsidiary since its establishment up to June 30, 2024.
- (2) As at June 30, 2024, Suzhou Zhengxuan Qianzhan Zhihe Venture Capital (Limited Partnership)\* (蘇州市正軒前瞻志合創業投資合夥企業(有限合夥)) (“**Suzhou Zhengxuan**”) and Guangzhou Zhengxuan Qianzhan Ruiyuan Venture Capital Limited Partnership\* (廣州市正軒前瞻睿遠創業投資合夥企業(有限合夥)) (formerly known as Shenzhen Zhengxuan Qianzhan Ruiyuan Venture Capital Limited Partnership\* (深圳市正軒前瞻睿遠創業投資合夥企業(有限合夥))) (“**Guangzhou Zhengxuan**”) directly held approximately 6.64% and 5.43% 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.

## CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

Save as disclosed above, as at June 30, 2024, none of the Directors, Supervisors or the chief executives 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 taken or 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) are otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

As at June 30, 2024, 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 recorded in the register maintained under Section 336 of the SFO or be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage in the relevant class of Shares of the Company <sup>(2)</sup>	Approximate percentage in the Company <sup>(2)</sup>
Mr. Zhou Jian	Domestic Shares	Beneficial owner	103,586,040 (L)	34.53%	24.77%
	Domestic Shares	Interest in controlled Incorporation <sup>(3)</sup>	14,538,600 (L)	4.85%	3.48%
	Domestic Shares	Persons acting in Concert <sup>(4)</sup>	90,020,103 (L)	30.01%	21.53%
	H Shares		5,689,857 (L)	4.81%	1.36%
Mr. Xia Zuoquan	Domestic Shares	Beneficial owner	22,888,800 (L)	7.63%	5.47%
	Domestic Shares	Persons acting in concert <sup>(4)</sup>	185,255,943 (L)	61.76%	44.30%
	H Shares		5,689,857 (L)	4.81%	1.36%
Ms. Yang Zhilian (楊志蓮)	Domestic Shares	Interest of spouse <sup>(5)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		5,689,857 (L)	4.81%	1.36%
Mr. Xia Yongjun	Domestic Shares	Beneficial owner	11,039,400 (L)	3.68%	2.64%
	Domestic Shares	Persons acting in concert <sup>(4)</sup>	197,105,343 (L)	65.71%	47.14%
	H Shares		5,689,857 (L)	4.81%	1.36%
Ms. Chen Chunmei (陳春梅)	Domestic Shares	Interest of spouse <sup>(6)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		5,689,857 (L)	4.81%	1.36%
Mr. Xiong Youjun	Domestic Shares	Beneficial owner	8,290,743 (L)	2.76%	1.98%
	Domestic Shares	Persons acting in concert <sup>(4)</sup>	199,854,000 (L)	66.63%	47.80%
	H Shares		5,689,857 (L)	4.81%	1.36%
Ms. Gao Yan (高豔)	Domestic Shares	Interest of spouse <sup>(7)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		5,689,857 (L)	4.81%	1.36%

## CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage in the relevant class of Shares of the Company <sup>(2)</sup>	Approximate percentage in the Company <sup>(2)</sup>
Ms. Wang Lin	Domestic Shares	Beneficial owner	8,201,880 (L)	2.73%	1.96%
	Domestic Shares	Interest in controlled incorporation <sup>(6)</sup>	39,599,280 (L)	13.20%	9.47%
	Domestic Shares	Persons acting in concert <sup>(4)</sup>	160,343,583 (L)	53.45%	38.35%
	H Shares		5,689,857 (L)	4.81%	1.36%
Mr. Hou Zongfang (侯宗放)	Domestic Shares	Interest of spouse <sup>(9)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		5,689,857 (L)	4.81%	1.36%
Shenzhen Zhineng Youxuan	H Shares	Beneficial owner	3,220,200 (L)	2.73%	0.77%
	Domestic Shares	Persons acting in concert <sup>(4)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		2,469,657 (L)	2.09%	0.59%
Qianhai Honghao Asset Management Limited Company* (深圳市前海鴻灝資產管理有限公司) ("Qianhai Honghao")	Domestic Shares	Interest in controlled Incorporation <sup>(10)(11)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		11,069,697 (L)	9.39%	2.65%
Ms. Hao Ting (郝婷)	Domestic Shares	Interest in controlled Incorporation <sup>(12)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		11,069,697 (L)	9.37%	2.65%
Shenzhen Sunda Investment Management Co., Ltd.* (深圳市前海星達投資管理有限公司) ("Shenzhen Sunda")	Domestic Shares	Interest in controlled Incorporation <sup>(10)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		5,689,857 (L)	4.81%	1.36%
Mr. Chen Jiehuai (陳捷淮)	Domestic Shares	Interest in controlled Incorporation <sup>(13)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		5,689,857 (L)	4.81%	1.36%
Golden Kapok Investment Management Ltd.* (深圳市金色木棉投資管理有限公司) ("Golden Kapok")	Domestic Shares	Interest in controlled Incorporation <sup>(10)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		5,689,857 (L)	4.81%	1.36%
Shenzhen Jinan Holding Company Limited* (深圳市錦安控股有限公司) ("Shenzhen Jinan")	Domestic Shares	Interest in controlled Incorporation <sup>(14)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		5,689,857 (L)	4.81%	1.36%

## CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage in the relevant class of Shares of the Company <sup>(2)</sup>	Approximate percentage in the Company <sup>(2)</sup>
Shenzhen Fangchen Shiye Investment Company Limited* (深圳市方辰實業投資有限公司) (“Fangchen Shiye”)	Domestic Shares	Interest in controlled Incorporation <sup>(15)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		5,689,857 (L)	4.81%	1.36%
Ms. Gao Hui (高輝)	Domestic Shares	Interest in controlled Incorporation <sup>(16)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		5,689,857 (L)	4.81%	1.36%
Mr. Zhao Guoqun	H Shares	Beneficial owner	2,469,657 (L)	2.09%	0.59%
	Domestic Shares	Persons acting in concert <sup>(4)</sup>	208,144,743 (L)	69.39%	49.78%
	H Shares		3,220,200 (L)	2.72%	0.77%
Shenzhen Evolution	Domestic Shares	Beneficial owner	39,599,280 (L)	13.20%	9.47%
Tencent Holdings Limited	H Shares	Interest in controlled incorporations <sup>(17)</sup>	25,661,160 (L)	21.71%	6.14%
Image Frame	H Shares	Beneficial owner	22,128,840 (L)	18.73%	5.29%
QM25 Limited	Domestic Shares	Beneficial owner <sup>(18)</sup>	11,840,580 (L)	3.95%	2.83%
	H Shares		11,840,580 (L)	10.02%	2.83%
Qiming Venture Partners IV, L.P.	Domestic Shares	Interest in controlled Incorporation <sup>(18)</sup>	11,840,580 (L)	3.95%	2.83%
	H Shares		11,840,580 (L)	10.02%	2.83%
Qiming GP IV, L.P.	Domestic Shares	Interest in controlled Incorporation <sup>(18)</sup>	11,840,580 (L)	3.95%	2.83%
	H Shares		11,840,580 (L)	10.02%	2.83%
Qiming Corporate GP IV, Ltd.	Domestic Shares	Interest in controlled Incorporation <sup>(18)</sup>	11,840,580 (L)	3.95%	2.83%
	H Shares		11,840,580 (L)	10.02%	2.83%
Liuzhou State-owned Assets Supervision and Administration Commission (“Liuzhou SASAC”)	Domestic Shares	Interest in controlled Incorporations <sup>(19)</sup>	15,212,982 (L)	5.07%	3.64%
ICBC (Shenzhen) Equity Investment Fund (Limited Partnership)	H Shares	Beneficial owner	6,861,960 (L)	5.81%	1.64%

## CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage in the relevant class of Shares of the Company <sup>(2)</sup>	Approximate percentage in the Company <sup>(2)</sup>
E-Town International Holding (Hong Kong) Co., Limited ("Hong Kong E-Town")	H Shares	Beneficial owner <sup>(20)</sup>	5,999,800 (L)	5.08%	1.43%
Beijing Yizhuang International Investment Development Co., Ltd. ("Beijing Yizhuang")	H Shares	Interest in controlled Incorporation <sup>(20)</sup>	5,999,800 (L)	5.08%	1.43%
Finance Audit Bureau of Beijing Economic and Technological Development Zone ("Beijing Finance Audit Bureau")	H Shares	Interest in controlled Incorporation <sup>(20)</sup>	5,999,800 (L)	5.08%	1.43%

### Notes:

- (1) (L) denotes long position.
- (2) The calculation is based on a total of 418,142,824 Shares in issue as at June 30, 2024, which consists of 299,967,325 Domestic Shares and 118,175,499 H Shares.
- (3) As at June 30, 2024, Shenzhen Sanciyuan directly held 14,538,600 Domestic Shares. Mr. Zhou Jian is the general partner of Shenzhen Sanciyuan. By virtue of the SFO, Mr. Zhou Jian is deemed to be interested in all the Shares held by Shenzhen Sanciyuan.
- (4) Each of Mr. Zhao Guoqun, Mr. Xia Yongjun, Ms. Wang Lin, Mr. Xiong Youjun, Mr. Xia Zuoquan and Shenzhen Zhineng Youxuan has entered into a concert party agreement with Mr. Zhou Jian. By virtue of the SFO, each of Mr. Zhou Jian, Mr. Zhao Guoqun, Mr. Xia Yongjun, Ms. Wang Lin, Mr. Xiong Youjun, Mr. Xia Zuoquan and Shenzhen Zhineng Youxuan is deemed to be interested in all the Shares which each other is interested in.
- (5) 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.
- (6) Ms. Chen Chunmei and Mr. Xia Yongjun are spouses, and therefore Ms. Chen Chunmei is deemed to be interested in all of Mr. Xia Yongjun's interests in our Company by virtue of the SFO.
- (7) Ms. Gao Yan and Mr. Xiong Youjun are spouses, and therefore Ms. Gao Yan is deemed to be interested in all of Mr. Xiong Youjun's interests in our Company by virtue of the SFO.
- (8) Ms. Wang Lin is the general partner of Shenzhen Evolution. By virtue of the SFO, Ms. Wang Lin is deemed to be interested in all of the Shares held by Shenzhen Evolution.
- (9) Mr. Hou Zongfang and Ms. Wang Lin are spouses, and therefore Mr. Hou Zongfang is deemed to be interested in all of Ms. Wang Lin's interests in our Company by virtue of the SFO.
- (10) As at June 30, 2024, Qianhai Honghao and Shenzhen Sunda were general partners of Shenzhen Zhineng Youxuan, and Golden Kapok owned approximately 62.47% of the partnership interest in Shenzhen Zhineng Youxuan. By virtue of the SFO, each of Qianhai Honghao, Shenzhen Sunda and Golden Kapok is deemed to be interested in all of the interest of Shenzhen Zhineng Youxuan in our Company.

## CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

- (11) As at June 30, 2024, Shenzhen Zhineng Jiaxuan Investment Limited Partnership\* (深圳市智能佳選投資合夥企業(有限合夥)) (“**Shenzhen Zhineng Jiaxuan**”) directly held 5,379,840 Domestic Shares. Qianhai Honghao is the sole general partner of Shenzhen Zhineng Jiaxuan. By virtue of the SFO, Qianhai Honghao is deemed to be interested in all the Shares held by Shenzhen Zhineng Jiaxuan. Accordingly, Qianhai Honghao is deemed to be interested in an aggregate number of 219,214,440 Domestic Shares held by Shenzhen Zhineng Youxuan and Shenzhen Zhineng Jiaxuan.
- (12) As at June 30, 2024, Qianhai Honghao was owned as to 79% by Ms. Hao Ting. By virtue of the SFO, Ms. Hao Ting is deemed to be interested in the Shares which Qianhai Honghao is interested in.
- (13) As at June 30, 2024, Shenzhen Sunda was owned as to 73% by Mr. Chen Jiehuai. By virtue of the SFO, Mr. Chen Jiehuai is deemed to be interested in the Shares which Shenzhen Sunda is interested in.
- (14) As at June 30, 2024, Golden Kapok was directly owned as to 90% by Shenzhen Jinan. By virtue of the SFO, Shenzhen Jinan is deemed to be interested in the Shares which Golden Kapok is interested in.
- (15) As at June 30, 2024, Shenzhen Jinan was directly owned as to 53.5% by Fangchen Shiye. By virtue of the SFO, Fangchen Shiye is deemed to be interested in the Shares which Shenzhen Jinan is interested in.
- (16) As at June 30, 2024, Fangchen Shiye was owned as to 90% by Ms. Gao Hui. By virtue of the SFO, Ms. Gao Hui is deemed to be interested in the Shares which Fangchen Shiye is interested in.
- (17) As at June 30, 2024, IMAGE FRAME INVESTMENT (HK) LIMITED (“**Image Frame**”) directly held 22,128,840 Shares and was wholly owned by Tencent Holdings Limited. As at June 30, 2024, Tencent Technology (Shenzhen) Co., Ltd.\* (騰訊科技(深圳)有限公司) (“**Tencent SZ**”) directly held 3,532,320 Domestic Shares. Tencent SZ is wholly owned by Oriental Power Holdings Limited, which is in turn wholly owned by Tencent Holdings Limited. By virtue of the SFO, Tencent Holdings Limited is deemed to be interested in an aggregate number of 25,661,160 Domestic Shares held by Image Frame and Tencent SZ.
- (18) As at June 30, 2024, QM25 Limited directly held 23,681,160 Shares and was owned by Qiming Venture Partners IV, L.P. and Qiming Managing Directors Fund IV, L.P. as to 96.94% and 3.06% respectively. Qiming GP IV, L.P. is the general partner of Qiming Venture Partners IV, L.P., whereas Qiming Corporate GP IV, Ltd. is the general partner of Qiming GP IV, L.P. and Qiming Managing Directors Fund IV, L.P. Therefore, for the purpose of the SFO, Qiming Venture Partners IV, L.P., Qiming GP IV, L.P., and Qiming Corporate GP IV, Ltd. are deemed to be interested in the Shares held by QM25 Limited.
- (19) As at June 30, 2024, Liuzhou Industrial Fund and Liuzhou Government Investment Fund directly held 12,677,485 Shares and 2,535,497 Shares respectively, and were 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.
- (20) As at June 30, 2024, Hong Kong E-Town directly held 5,999,800 Shares, and was wholly owned by Beijing Yizhuang, which was in turn wholly owned by Beijing Finance Audit Bureau. Therefore, for the purpose of the SFO, Beijing Yizhuang and Beijing Finance Audit Bureau are deemed to be interested in the Shares held by Hong Kong E-Town.

Save as disclosed above, as at June 30, 2024, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## CONSOLIDATED AND COMPANY BALANCE SHEET

As at June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

Assets	Note	June 30, 2024 Consolidated (Unaudited)	December 31, 2023 Consolidated (Audited)	June 30, 2024 Company (Unaudited)	December 31, 2023 Company (Audited)
<b>Current assets</b>					
Cash at bank and on hand	4(1)	774,529	541,402	477,159	212,648
Financial assets held for trading	4(2)	130,057	–	130,057	–
Notes receivables	4(3)	21,618	6,641	63	–
Accounts receivables	4(4), 14(1)	816,890	833,673	476,763	389,099
Prepayments	4(5), 14(2)	22,787	120,408	137,491	160,351
Other receivables	4(6), 14(3)	26,497	869,456	731,313	1,637,547
Inventories	4(7)	478,689	416,024	264,502	245,066
Other current assets	4(8)	148,963	129,633	19,519	18,456
<b>Total current assets</b>		<b>2,420,030</b>	2,917,237	<b>2,236,867</b>	2,663,167
<b>Non-current assets</b>					
Long-term equity investments	4(9), 14(4)	18,617	19,929	3,215,807	3,138,909
Investment in other equity instruments	4(10)	6,073	6,073	1,278	1,278
Fixed assets	4(11)	141,156	141,830	33,654	33,014
Construction in progress	4(12)	1,187,971	1,010,999	–	–
Right-of-use assets	4(13)	54,224	65,719	14,422	18,757
Intangible assets	4(14)	431,756	439,245	9,923	8,733
Goodwill	4(15)	52,221	52,221	–	–
Long-term prepaid expenses	4(16)	32,066	26,741	7,318	7,427
Other non-current assets	4(17)	40,761	85,641	3,959	4,378
<b>Total non-current assets</b>		<b>1,964,845</b>	1,848,398	<b>3,286,361</b>	3,212,496
<b>Total assets</b>		<b>4,384,875</b>	4,765,635	<b>5,523,228</b>	5,875,663

## CONSOLIDATED AND COMPANY BALANCE SHEET

As at June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

Liabilities and Shareholders' equity	Note	June 30, 2024 Consolidated (Unaudited)	December 31, 2023 Consolidated (Audited)	June 30, 2024 Company (Unaudited)	December 31, 2023 Company (Audited)
<b>Current liabilities</b>					
Short-term borrowings	4(19)	892,347	777,223	701,608	682,199
Notes payable	4(20)	6,964	3,964	78,000	50,000
Accounts payables	4(21)	293,602	412,534	753,691	701,733
Contract liabilities	4(22)	56,657	58,945	135,335	134,321
Employee benefits payable	4(23)	124,619	152,319	73,323	94,990
Taxes payable	4(24)	45,968	73,620	16,123	18,097
Other payables	4(25)	321,933	382,829	2,075,211	2,172,709
Non-current liabilities to be settled within one year	4(26)	73,217	62,771	8,768	8,633
Other current liabilities	4(27)	28,459	27,900	8,703	9,262
<b>Total current liabilities</b>		<b>1,843,766</b>	1,952,105	<b>3,850,762</b>	3,871,944
<b>Non-current liabilities</b>					
Long-term borrowings	4(28)	720,435	648,989	-	-
Lease liabilities	4(29)	30,707	41,514	6,208	10,597
Deferred income	4(30)	33,158	32,889	27,925	27,556
Deferred tax liabilities	4(31)	1,255	1,255	-	-
<b>Total non-current liabilities</b>		<b>785,555</b>	724,647	<b>34,133</b>	38,153
<b>Total liabilities</b>		<b>2,629,321</b>	2,676,752	<b>3,884,895</b>	3,910,097

## CONSOLIDATED AND COMPANY BALANCE SHEET

As at June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

Liabilities and Shareholders' equity	Note	June 30, 2024 Consolidated (Unaudited)	December 31, 2023 Consolidated (Audited)	June 30, 2024 Company (Unaudited)	December 31, 2023 Company (Audited)
<b>Shareholders' equity</b>					
Share capital	4(32)	418,143	417,851	418,143	417,851
Capital surplus	4(33), 14(5)	7,412,643	7,212,784	7,120,989	6,943,102
Other comprehensive income/(loss)	4(34)	8,738	8,985	(6,722)	(6,722)
Accumulated losses		(6,195,561)	(5,679,207)	(5,894,077)	(5,388,665)
<b>Total equity attributable to the shareholders of the Company</b>		<b>1,643,963</b>	1,960,413		
<b>Minority interests</b>		<b>111,591</b>	128,470		
<b>Total shareholders' equity</b>		<b>1,755,554</b>	2,088,883	<b>1,638,333</b>	1,965,566
<b>Total liabilities and shareholders' equity</b>		<b>4,384,875</b>	4,765,635	<b>5,523,228</b>	5,875,663

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

*Legal representative:*

**Zhou Jian**

*Principal in charge of accounting:*

**Zhang Ju**

*Head of the accounting department:*

**Chen Daocheng**

# CONSOLIDATED AND COMPANY INCOME STATEMENT

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

	Note	For the six months ended June 30, 2024 Consolidated (Unaudited)	For the six months ended June 30, 2023 Consolidated (Unaudited)	For the six months ended June 30, 2024 Company (Unaudited)	For the six months ended June 30, 2023 Company (Unaudited)
<b>I. Revenue</b>	4(35), 14(6)	<b>487,229</b>	261,139	<b>289,849</b>	160,746
Less: Cost of sales	4(35), 4(40), 14(6)	<b>(302,028)</b>	(202,119)	<b>(266,370)</b>	(151,512)
Taxes and surcharges	4(36)	<b>(7,136)</b>	(3,013)	<b>(613)</b>	(573)
Selling expenses	4(37), 4(40)	<b>(233,526)</b>	(185,411)	<b>(123,329)</b>	(112,217)
General and administrative expenses	4(38), 4(40)	<b>(214,955)</b>	(182,952)	<b>(166,967)</b>	(153,623)
Research and development expenses	4(39), 4(40)	<b>(227,517)</b>	(224,337)	<b>(132,982)</b>	(141,802)
Financial expenses	4(41)	<b>7,556</b>	2,557	<b>(5,060)</b>	(1,340)
Including: Interest expenses		<b>(17,055)</b>	(8,823)	<b>(21,736)</b>	(20,550)
Interest income		<b>11,492</b>	3,369	<b>3,829</b>	1,992
Add: Other income	4(42)	<b>35,848</b>	12,931	<b>9,586</b>	10,116
Investment losses	4(43), 14(7)	<b>(1,119)</b>	–	<b>193</b>	–
Including: Share of loss of an associate and a joint venture		<b>(1,312)</b>	–	<b>–</b>	–
Gains from fair value changes		<b>57</b>	–	<b>57</b>	–
Credit impairment losses	4(44)	<b>(74,094)</b>	(8,653)	<b>(51,887)</b>	(6,404)
Asset impairment losses	4(45)	<b>(738)</b>	(1,999)	<b>(57,846)</b>	(184,659)
Income/(loss) on disposals of assets		<b>37</b>	(15,459)	<b>–</b>	(1,757)
<b>II. Operating loss</b>		<b>(530,386)</b>	(547,316)	<b>(505,369)</b>	(583,025)
Add: Non-operating income		<b>306</b>	160	<b>283</b>	138
Less: Non-operating expenses		<b>(1,091)</b>	(469)	<b>(326)</b>	(423)
<b>III. Total loss</b>		<b>(531,171)</b>	(547,625)	<b>(505,412)</b>	(583,310)
Less: Income tax expenses	4(46)	<b>(8,637)</b>	(292)	<b>–</b>	–

## CONSOLIDATED AND COMPANY INCOME STATEMENT

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

	Note	For the six months ended June 30, 2024 Consolidated (Unaudited)	For the six months ended June 30, 2023 Consolidated (Unaudited)	For the six months ended June 30, 2024 Company (Unaudited)	For the six months ended June 30, 2023 Company (Unaudited)
<b>IV. Net loss</b>		<b>(539,808)</b>	(547,917)	<b>(505,412)</b>	(583,310)
Classified by continuity of operations					
Net loss from continuing operations		<b>(539,808)</b>	(547,917)	<b>(505,412)</b>	(583,310)
Classified by ownership of the equity					
Net loss attributable to shareholders of the Company		<b>(516,354)</b>	(532,793)		
Loss attributable to minority interests		<b>(23,454)</b>	(15,124)		
<b>V. Other comprehensive loss, net of tax</b>		<b>(247)</b>	(4,135)	-	(132)
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)	-	(132)	-	(132)
Other comprehensive income that will be reclassified to profit or loss					
Translation difference on foreign currency financial statements	4(34)	<b>(247)</b>	(4,003)	-	-

**CONSOLIDATED AND COMPANY INCOME STATEMENT**For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

	Note	For the six months ended June 30, 2024 Consolidated (Unaudited)	For the six months ended June 30, 2023 Consolidated (Unaudited)	For the six months ended June 30, 2024 Company (Unaudited)	For the six months ended June 30, 2023 Company (Unaudited)
<b>VI. Total comprehensive loss</b>		<b>(540,055)</b>	(552,052)	<b>(505,412)</b>	(583,442)
Total comprehensive loss attributable to shareholders of the Company		<b>(516,601)</b>	(536,928)		
Total comprehensive loss attributable to minority interests		<b>(23,454)</b>	(15,124)		
<b>VII. Losses per share</b>					
Basic and diluted losses per share (RMB)	4(47)	<b>1.23</b>	1.32		

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

*Legal representative:*  
**Zhou Jian**

*Principal in charge of accounting:*  
**Zhang Ju**

*Head of the accounting department:*  
**Chen Daocheng**

## CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

	Note	For the six months ended June 30, 2024 Consolidated (Unaudited)	For the six months ended June 30, 2023 Consolidated (Unaudited)	For the six months ended June 30, 2024 Company (Unaudited)	For the six months ended June 30, 2023 Company (Unaudited)
<b>I. Cash flows used in operating activities</b>					
Cash received from sales of goods or rendering of services		408,512	310,731	131,420	223,008
Refund of taxes and surcharges		91,489	5,780	9,648	37
Cash received relating to other operating activities	4(49)	60,889	7,757	43,824	2,694
<b>Sub-total of cash inflows from operating activities</b>		<b>560,890</b>	324,268	<b>184,892</b>	225,739
Cash paid for purchase of goods and receipt of labour services		(422,905)	(339,617)	(222,630)	(323,588)
Cash paid to and on behalf of employees		(355,882)	(335,138)	(215,297)	(210,589)
Payments of various taxes		(48,599)	(12,162)	(2,282)	(572)
Cash paid relating to other operating activities	4(49)	(160,662)	(160,530)	(96,449)	(80,776)
<b>Sub-total of cash outflow from operating activities</b>		<b>(988,048)</b>	(847,447)	<b>(536,658)</b>	(615,525)
<b>Net cash used in operating activities</b>	4(49)	<b>(427,158)</b>	(523,179)	<b>(351,766)</b>	(389,786)
<b>II. Cash used in investing activities</b>					
Cash received from recovery of investments		130,000	–	130,000	–
Cash received from returns on investments		193	–	193	–
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		295	22,796	297	5,448
<b>Sub-total of cash inflows from investing activities</b>		<b>130,488</b>	22,796	<b>130,490</b>	5,448

## CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

Note	For the six months ended June 30, 2024 Consolidated (Unaudited)	For the six months ended June 30, 2023 Consolidated (Unaudited)	For the six months ended June 30, 2024 Company (Unaudited)	For the six months ended June 30, 2023 Company (Unaudited)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(157,720)	(244,934)	(11,904)	(7,177)
Cash paid to acquire investments	(260,000)	-	(260,000)	-
Net cash paid for acquisition of a subsidiary and other business units	-	-	(113,485)	(657,752)
<b>Sub-total of cash outflows from investing activities</b>	<b>(417,720)</b>	<b>(244,934)</b>	<b>(385,389)</b>	<b>(664,929)</b>
<b>Net cash used in investing activities</b>	<b>(287,232)</b>	<b>(222,138)</b>	<b>(254,899)</b>	<b>(659,481)</b>
<b>III. Cash flows from financing activities</b>				
Cash received from capital contribution	819,608	923,100	812,108	820,000
Including: Cash received from capital contributions by minority shareholders of subsidiaries	7,500	103,100	-	-
Cash received from borrowings	736,877	523,687	470,950	256,300
Cash received relating to other financing activities	-	43,793	61,107	232,149
<b>Sub-total of cash inflows from financing activities</b>	<b>1,556,485</b>	<b>1,490,580</b>	<b>1,344,165</b>	<b>1,308,449</b>

## CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

	Note	For the six months ended June 30, 2024 Consolidated (Unaudited)	For the six months ended June 30, 2023 Consolidated (Unaudited)	For the six months ended June 30, 2024 Company (Unaudited)	For the six months ended June 30, 2023 Company (Unaudited)
Repayments of borrowings		(542,043)	(212,797)	(452,550)	(150,500)
Cash payments for dividends distribution, profits and interest expenses of borrowings		(49,070)	(24,457)	(23,311)	(8,079)
Cash payments relating to other financing activities		(17,688)	(35,045)	(8,242)	(23,388)
<b>Sub-total of cash outflows from financing activities</b>		<b>(608,801)</b>	<b>(272,299)</b>	<b>(484,103)</b>	<b>(181,967)</b>
<b>Net cash flows from financing activities</b>		<b>947,684</b>	<b>1,218,281</b>	<b>860,062</b>	<b>1,126,482</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>785</b>	<b>786</b>	<b>11,114</b>	<b>786</b>
<b>V. Net increase in cash and cash equivalents</b>	4(49)	<b>234,079</b>	473,750	<b>264,511</b>	78,001
Add: Cash and cash equivalents at the beginning of the period		<b>520,902</b>	145,398	<b>204,058</b>	53,093
<b>VI. Cash and cash equivalents as at the end of the period</b>	4(49)	<b>754,981</b>	619,148	<b>468,569</b>	131,094

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

Legal representative:  
**Zhou Jian**

Principal in charge of accounting:  
**Zhang Ju**

Head of the accounting department:  
**Chen Daocheng**

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

Item	Note	Equity attributable to shareholders of the Company					Minority interests (Unaudited)	Total shareholders' equity (Unaudited)
		Share capital (Unaudited)	Capital surplus (Unaudited)	Other comprehensive income (Unaudited)	Accumulated losses (Unaudited)			
<b>Balance at January 1, 2023</b>		396,173	5,014,876	(4,611)	(4,445,159)	92,645	1,053,924	
<b>Movements for the six months ended</b>								
<b>June 30, 2023</b>								
Total comprehensive income								
Net loss		-	-	-	(532,793)	(15,124)	(547,917)	
Other comprehensive loss	4(34)	-	-	(4,135)	-	-	(4,135)	
Total comprehensive loss for the period		-	-	(4,135)	(532,793)	(15,124)	(552,052)	
Shareholders' investment and capital reduction								
Ordinary shares contributed by shareholders	4(32)	10,396	809,604	-	-	-	820,000	
Share-based payments included in shareholders' equity	7	-	178,220	-	-	1,246	179,466	
Transactions with minority interests	4(33)	-	40,433	-	-	62,667	103,100	
<b>Balance at ended June 30, 2023</b>		406,569	6,043,133	(8,746)	(4,977,952)	141,434	1,604,438	

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

Item	Note	Equity attributable to shareholders of the Company					Minority interests (Unaudited)	Total shareholders' equity (Unaudited)
		Share capital (Unaudited)	Capital surplus (Unaudited)	Other comprehensive income (Unaudited)	Accumulated losses (Unaudited)			
<b>Balance at January 1, 2024</b>		417,851	7,212,784	8,985	(5,679,207)	128,470	2,088,883	
<b>Movements for the six months ended June 30, 2024</b>								
Total comprehensive income								
Net loss		-	-	-	(516,354)	(23,454)	(539,808)	
Other comprehensive loss	4(34)	-	-	(247)	-	-	(247)	
Total comprehensive loss for the period		-	-	(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	
<b>Balance at ended June 30, 2024</b>		418,143	7,412,643	8,738	(6,195,561)	111,591	1,755,554	

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

Legal representative:  
**Zhou Jian**

Principal in charge of accounting:  
**Zhang Ju**

Head of the accounting department:  
**Chen Daocheng**

## COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

Item	Note	Share capital (Unaudited)	Capital surplus (Unaudited)	Other comprehensive income (Unaudited)	Accumulated losses (Unaudited)	Total shareholders' equity (Unaudited)
<b>Balance at January 1, 2023</b>		396,173	4,973,815	(6,798)	(4,262,705)	1,100,485
<b>Movements for the six months ended</b>						
<b>June 30, 2023</b>						
Total comprehensive loss						
Net loss		-	-	-	(583,310)	(583,310)
Other comprehensive income		-	-	(132)	-	(132)
Total comprehensive income for the period						
		-	-	(132)	(583,310)	(583,442)
Shareholders' investment and capital reduction						
Ordinary shares contributed by shareholders	14(5)	10,396	809,604	-	-	820,000
Share-based payments included in shareholders' equity	7	-	179,466	-	-	179,466
<b>Balance at ended June 30, 2023</b>		406,569	5,962,885	(6,930)	(4,846,015)	1,516,509

## COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

Item	Note	Share capital (Unaudited)	Capital surplus (Unaudited)	Other comprehensive income (Unaudited)	Accumulated losses (Unaudited)	Total shareholders' equity (Unaudited)
<b>Balance at January 1, 2024</b>		<b>417,851</b>	<b>6,943,102</b>	<b>(6,722)</b>	<b>(5,388,665)</b>	<b>1,965,566</b>
<b>Movements for the six months ended June 30, 2024</b>						
Total comprehensive loss						
Net loss		-	-	-	(505,412)	(505,412)
Total comprehensive income for the period		-	-	-	(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
<b>Balance at ended June 30, 2024</b>		<b>418,143</b>	<b>7,120,989</b>	<b>(6,722)</b>	<b>(5,894,077)</b>	<b>1,638,333</b>

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

Legal representative:  
**Zhou Jian**

Principal in charge of accounting:  
**Zhang Ju**

Head of the accounting department:  
**Chen Daocheng**

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(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 incorporated in the People’s Republic of China (the “**PRC**”) with limited liability 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, 2024, the total share capital of the Company was RMB418,142,824, each with par value of RMB1. The major shareholder of the Company is Mr. Zhou Jian, and as at June 30, 2024, he directly held 24.77% of the equity interest. In view of Mr. Zhou Jian’s indirect interest in the Company through certain partnerships, and given that Mr. Zhou Jian has entered into agreements with certain shareholders of the Company whereby such shareholders have agreed to entrust Mr. Zhou Jian or to follow his decision in exercising the voting rights of such shareholders, as at June 30, 2024, Mr. Zhou Jian beneficially controlled approximately 51.14% of the voting rights of the Company. Hence, Mr. Zhou Jian is regarded as the ultimate controlling shareholder of the Company.

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 28, 2024.

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

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

### (1) Preparation basis of financial statements

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

The Group applied the accounting policies and accounting estimates based on its business operations characteristics, including measurement of expected credit loss of receivables, measurement method of inventories, depreciation of fixed assets, amortisation of intangible assets and right-of-use assets, revenue recognition and measurement, etc.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

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

The financial statements of the Company for the six months ended June 30, 2024 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, 2024 and their financial performance, cash flows and other information for the six months ended June 30, 2024.

#### (3) Accounting period

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 is 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(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)*

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 dates belong, 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

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

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

If the accounting treatment of a transaction in the financial statements at the Group level is inconsistent with that at the Company or its subsidiary level, adjustment is made from the perspective of the Group.

#### (7) Cash and Cash Equivalents

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

#### (8) Foreign currency translation

##### (a) *Foreign currency transactions*

Foreign currency transactions are translated into functional currency using the approximate exchange rate of the spot exchange rate at the dates of the transactions.

The spot exchange rate is the foreign exchange rate quoted by the People's Bank of China. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, which is the weighted average exchange rate that approximates the spot exchange rate at the date of the transaction.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (8) Foreign currency translation *(Continued)*

##### (a) Foreign currency transactions *(Continued)*

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 during the capitalization period. 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.

##### (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 receivables or notes receivables arising from the sale of products or the provision of labour services that do not contain or consider the significant financing components, the Group determines the amount of the consideration expected to be entitled to be received as the initial recognition amount.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (9) Financial instruments *(Continued)*

##### (a) Financial assets *(Continued)*

###### (i) Classification and measurement *(Continued)*

###### *Debt instruments*

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

Measured at amortised cost:

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

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

Debt instruments held by the Group that are measured neither at amortised cost nor at FVOCI, are measured at FVTPL. The Group lists those expired for more than one year from the balance sheet date and expected to be held for more than one year as other non-current financial assets and listed others 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (9) Financial instruments *(Continued)*

##### (a) Financial assets *(Continued)*

###### (i) Classification and measurement *(Continued)*

###### Equity instruments *(Continued)*

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (9) Financial instruments *(Continued)*

##### (a) Financial assets *(Continued)*

##### (ii) Impairment *(Continued)*

For accounts receivables that are assessed ECL on an individual basis, the ECL before the adjustment of forward-looking information is calculated based on the difference between the carrying amount of the individual account receivable and the present value of all cash flows expected to collect.

For accounts receivables and notes receivables 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 statement of financial position date, the ECL of financial instruments other than aforesaid notes receivables and accounts 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 statement of financial position 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 of gross carrying amount (net of expected credit loss provision).

Impairment losses (and reversal of impairment losses) is recognised in the statement of profit or loss. For debt instruments 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, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (9) Financial instruments *(Continued)*

##### (a) Financial assets *(Continued)*

###### (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 payables, other payables and borrowings which are initially recognised at fair value deducting transaction costs, and subsequently measured by 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, 2024

(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 realisable value is determined based on the estimated selling price of inventories, less the costs of completion and 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 is 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, 2024  
(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, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (11) Long-term equity investments *(Continued)*

##### **(b) Subsequent measurement and recognition of related profit and loss** *(Continued)*

The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses of Company financial statements are recognised. In preparing the consolidated financial statements, for the portion of unrealised internal transaction gains or losses attributable to the Group arising from downstream transactions in which the Group invests or sells assets to the investee, the Group offsets the portion of unrealised revenues and costs or gains or losses on disposal of assets attributable to the Group on the basis of the offset in the company financial statements, and adjusts investment income accordingly. For the portion of unrealised internal transaction gains or losses attributable to the Group arising from 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, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (12) Fixed assets

Fixed assets comprise 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 cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values rate and the annual depreciation rates for fixed assets are as follows:

	Estimated useful lives	Estimated net residual value rate	Annual depreciation rate
Houses and buildings	50 years	5%	1.9%
Machinery and equipment	2–10 years	5%	9.50%–47.50%
Motor vehicles	3–10 years	5%	9.50%–31.67%
Office and other equipment	3–5 years	5%	19.00%–31.67%

The estimated useful life, the estimated net residual value of a fixed asset and the depreciation method applied to the fixed 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, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (13) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount shall be reduced to the recoverable amount when the recoverable amount of construction in progress is less than the carrying amount (Note 2(16)).

#### (14) Intangible assets

Intangible assets are land use rights, customer contracts, trademarks and office software and others, and are measured at cost method.

##### (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 is amortised using 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, review of its expected useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

##### (f) *Research and development*

The Group's research and development expenditures mainly include expenditures on materials consumed for the implementation of the Group's research and development activities, remuneration of staff in the research and development department, depreciation and amortisation of assets such as equipment and software used in research and development, research and development testing, research and development technical service fees and licensing fees.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (14) Intangible assets *(Continued)*

##### (f) **Research and development** *(Continued)*

Expenditure 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;
- It can be demonstrated that the products due to product process have potential market from previous marketing investigation;
- 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)).

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (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 with indefinite useful lives not ready for intended use yet, are tested at least annually for impairment, irrespective of whether there are any indications of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related group of assets or group of asset combinations which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of the group of assets or group of asset combinations, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the group of assets or group of asset combinations, and then deducted from the carrying amounts of other assets within the group of assets or group of asset combinations in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

#### (17) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commences to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction of an asset is resumed.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (17) Borrowing costs *(Continued)*

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalization, the amount of borrowing costs eligible for capitalization is determined by the actual interest expenses incurred on that borrowings for the period less any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings.

For the general borrowings obtained for the acquisition or construction of an asset qualifying for capitalization, the amount of borrowing costs eligible for capitalization is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial recognition amount of the borrowings.

#### (18) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits, etc.

##### (a) *Short-term employee benefits*

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs and short-term paid absence, etc. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (18) Employee benefits *(Continued)*

##### (b) *Post-employment benefits (Continued)*

###### *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 basic 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.

#### (20) Provisions

The quality of the Group's products is guaranteed for within 1 year, provisions for product quality warranty are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (20) Provisions *(Continued)*

The carrying amount of provisions is reviewed and adjusted as appropriate at each balance sheet date to reflect the current best estimate.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

#### (21) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss) and in which the initially recognised assets and liabilities do not result in equal amounts of taxable temporary differences and deductible temporary differences. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in joint ventures and subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the deductible temporary differences arising from investments in joint ventures and subsidiaries will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the deductible temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when meeting all the conditions below:

The deferred tax assets and liabilities are related to income tax levied by the same taxation authority on the same tax payer within the Group; and that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (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 recognise revenue when the customer acquires control of relevant goods after the contracts between the Group and the customer meeting the following conditions: (1) the contracted parties have approved such contract and committed that they would perform their respective obligations; (2) the contract specified the rights and obligations of all parties related to the goods transferred or the services provided; (3) the contract has clear payment terms on the goods transferred; (4) the contract is of commercial nature, namely that the performance of the contract will change the risks, time or amount of future cash flows of the enterprise; (5) the consideration entitled to the enterprise from the transfer of goods to the customer is likely to be withdrawn. If a contract previously signed between the Group and a customer does not meet the five conditions, upon the contract is in effective, the Group assesses the contract on an ongoing basis and recognises revenue in accordance with the revenue criterion when the five conditions are simultaneously met.

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 asset created or enhanced during the Group's performance.
- (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.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (22) Revenue recognition *(Continued)*

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.

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 an expected 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, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (22) Revenue recognition *(Continued)*

##### ***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 receivables 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.

#### (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 in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

Government grants related to assets are those obtained for forming long-term assets by purchase, construction or acquisition in other ways. Government grants related to income represent those government grants other than related to assets.

The Group recognises government grants related to assets as deferred income and apportions to profit or loss in a reasonable and systemic manner over the useful lives of the relevant assets.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (23) Government grants *(Continued)*

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred in the subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in the current profit or loss.

The Group presents similar types of government grants consistently in the financial statements. Government grants that are related to daily activities are included in the operating profit, otherwise, they are recorded in non-operating income or expenses.

#### (24) Lease

Lease is a contract in which the lessor transfers the use rights of assets to the lessee to obtain consideration for a certain period.

##### ***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 of our Group 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, whose lease period is no more than 12 months, and low-value asset leases, which the value of brand-new individual asset is low, the Group chooses not to recognise the right-of-use assets or lease liabilities and to recognise the related rental expenses in profit or loss or costs of the related assets on a straight-line basis over each period of the lease term.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (24) Lease *(Continued)*

##### ***The Group as the lessee*** *(Continued)*

When the lease 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.

##### ***The Group as the lessor***

A financial lease is a lease that substantially transfers almost all the risks and rewards related to the ownership of an asset. An operating lease is a lease other than a financial lease. Where the Group leases out self-owned buildings, rental income of operating lease is recognised on a straight-line basis over the lease term.

#### (25) Segment information

The Group determines operating segments on the basis of the internal organisational structure, management requirements and internal report system, and determines reporting segments on the basis of operation segments, and discloses information of the segments.

An operating segment is a component of 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 the Group's management to make decisions about resource to be allocated to the segment and assess its performance; (3) the 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, 2024, more than 90% of the Group's non-current assets, excluding financial instruments and deferred income tax assets, were situated in Mainland China.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (26) Share-based payments

Share-based payments are classified as equity-settled share-based payments and cash-settled share-based payments. The restricted share scheme and share option scheme implemented by the Group is accounted for as equity-settled share-based payments.

The equity-settled share-based payments in exchange for employee services shall be measured at the fair value of the equity instruments granted to the employees. Where the equity-settled share-based payments are exercisable immediately after the grant is completed, the payments shall be recognised in profit or loss for the current period at the fair value of the equity instruments at the grant date, with capital surplus increased accordingly; where the equity-settled share-based payments are exercisable after the service in the waiting period is completed or specified performance conditions are met, the service obtained in the current period shall be recognised in profit or loss for the current period at the fair value of the equity instruments at the grant date based on the best estimate on the quantity of exercisable equity instruments made by the Group in accordance with the latest changes in the number of exercisable employees, satisfaction of specified performance conditions and other subsequent information at each balance sheet date within the waiting period.

Where the 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 exercisable conditions in a manner favourable to employees, the Group shall account for the payment according to the revised exercisable conditions; if the Group revises the exercisable conditions 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (27) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 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.

###### (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 realizable value. The management of the Group makes significant estimates to determine the net realizable value of inventory. In determining the net realizable value of inventories, the Group evaluates signed sales contracts and orders, selling prices of the same or similar type of products recently sold, cost to be incurred from inventory to completion and contract 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (27) Critical accounting estimates and judgements *(Continued)*

##### (a) Critical accounting estimates and key assumptions *(Continued)*

###### (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, 2024, the weights of the three economic scenarios (being base, downside, upside) are 60%, 20% and 20% (for the six months ended June 30, 2023: 60%, 20% and 20%). The Group regularly monitors and reviews important macroeconomic assumptions and parameters related to the calculation of expected credit loss, including the risk of economic downturn, external market environment, technological environment, changes in customer conditions, gross domestic product and consumer price index.

###### (v) Accounting estimates on impairment of long-term equity investments and fixed assets

The Group conducted impairment test on long-term equity investments and fixed assets with impairment indicators. If the result of the impairment test indicates that the recoverable amount of such assets are less than its carrying amount, a provision for asset impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of the fair value less the cost of disposal and the present value of the future cash flows expected to be derived from the asset. These determinations require the use of accounting estimates.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (27) Critical accounting estimates and judgements *(Continued)*

##### (a) **Critical accounting estimates and key assumptions** *(Continued)*

##### (v) *Accounting estimates on impairment of long-term equity investments and fixed assets* *(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 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, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (27) Critical accounting estimates and judgements *(Continued)*

##### (a) Critical accounting estimates and key assumptions *(Continued)*

###### (vi) Goodwill impairment *(Continued)*

When the present value of expected future cash flows is used 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 some subsidiaries cannot obtain the qualification for high-tech enterprise upon expiration, then the subsidiaries are subject to a statutory tax rate of 25% for the calculation of the deferred income tax, which further influences the recognised deferred tax assets, deferred tax liabilities and income tax expenses.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (27) Critical accounting estimates and judgements *(Continued)*

##### (a) Critical accounting estimates and key assumptions *(Continued)*

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

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 the Notice on Issuing the No. 16 Interpretation of Accounting Standards for Business Enterprises (《關於印發〈企業會計準則解釋第16號〉的通知》) (“**No. 16 Interpretation**”) in 2022. No. 16 Interpretation regarding the deferred income tax related to assets and liabilities arising from a single transaction not applicable to the initial recognition exemption have not had a significant impact on the financial statements of the Group and the Company.

### 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

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

### 3 TAXATION (Continued)

- (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 2021, the Company and Shanghai UBJ Education 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. According to the Enterprise Income Tax Law of the People's Republic of China, the enterprise income tax rate applicable to the Company and Shanghai UBJ Education Technology Co., Ltd. for the six months ended June 30, 2024 is 15% (for the six months ended June 30, 2023: 15%), and the enterprise income tax rate applicable to UBTECH Software Technology (Shenzhen) Co., Ltd. for the six months ended June 30, 2024 is 15% (for the six months ended June 30, 2023: 15%).

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 (SAT Announcement [2021] No. 8), a 5% income tax rate is applicable to these subsidiaries.

The subsidiaries of the Company established in Hong Kong is subject to a 16.5% income tax rate.

The subsidiaries of the Company established in North America is subject to a federal income tax rate of 21% and a state income tax rate of 8.84%, totaling 29.84%.

- (b) According to the Announcement on Deepening the Relevant Policies of VAT Reform (《關於深化增值稅改革有關政策的公告》) issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (Announcement [2019] No. 39 of Ministry of Finance, the State Taxation Administration and the General Administration of Customs) and the relevant provisions, 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%.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### (1) Cash at bank and on hand

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on hand	77	77
Bank deposits	718,071	509,034
Other cash balances	56,381	32,291
	<b>774,529</b>	541,402

As at June 30, 2024, the Group's restricted cash amounted to RMB19,548,000 (December 31, 2023: RMB20,500,000), 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) Financial assets held for trading

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Structured deposits	130,057	-
	<b>130,057</b>	-

#### (3) Notes receivables

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade acceptance notes	5,530	494
Bank acceptance notes	16,088	6,147
	<b>21,618</b>	6,641

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (3) Notes receivables (Continued)

- (a) As at June 30, 2024, the Group did not have notes receivables pledged.
- (b) For the six months ended June 30, 2024, the Group's endorsed and discounted bank acceptance notes and substantially all risks and rewards of their ownership have not been transferred to other parties.

As at June 30, 2024, notes endorsed or discounted but not due, presented as notes receivables of the Group was as follows:

	Derecognised	Not Derecognised
Bank acceptance notes	–	14,814

#### (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, 2024 and December 31, 2023, the Group assessed that the expected credit loss of notes receivable were not significant.

#### (4) Accounts receivables

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts receivables	1,133,618	1,068,734
Less: provision for bad debts	(316,728)	(235,061)
	<b>816,890</b>	833,673

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (4) Accounts receivables (Continued)

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within 6 months	321,207	618,188
6 months to 1 year	368,188	67,318
1 to 2 years	258,089	291,208
2 to 3 years	121,686	59,991
Over 3 years	64,448	32,029
	<b>1,133,618</b>	1,068,734

#### (b) Provision for bad debts

For the accounts receivables, 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 receivables by category is as follows:

	June 30, 2024				December 31, 2023				
	Accounts balance		Provision for bad debts		Accounts balance		Provision for bad debts		
	Amount	% of total	Amount	% of provision	Amount	% of total	Amount	% of provision	
	(Unaudited)		(Unaudited)		(Unaudited)	(Audited)	(Audited)		(Audited)
Provision on an individual basis (i)	554,448	48.91%	302,562	54.57%	445,303	41.67%	216,529	48.63%	
Provision on a collective basis (ii)	579,170	51.09%	14,166	2.45%	623,431	58.33%	18,532	2.97%	
	<b>1,133,618</b>	<b>100.00%</b>	<b>316,728</b>	<b>27.94%</b>	1,068,734	100.00%	235,061	21.99%	

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (4) Accounts receivables (Continued)

##### (b) Provision for bad debts (Continued)

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

For the six months ended June 30, 2024, the accounts receivables overdue over one year of the Group are approximately RMB331,673,000 (December 31, 2023: RMB187,627,000). The Group provided estimated credit loss on an individual basis as its credit risk characteristics were significantly different. The Group has evaluated the cash flows that might be collected under different scenarios and recognised the difference of RMB302,562,000 (December 31, 2023: RMB216,529,000), of which RMB86,033,000 (for the six months ended June 30, 2023: RMB7,979,000) 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 receivables is analysed as follows:

Portfolio 1: Government and state-owned enterprise clients:

	June 30, 2024		
	Accounts balance	Provision for bad debts	
	Amount (Unaudited)	Lifetime ECL rates	Amount (Unaudited)
Not overdue	201,477	1.05%	2,121
Overdue within 1-90 days	17,675	3.36%	594
Overdue within 91-180 days	13,416	3.37%	452
Overdue within 181-360 days	50	4.00%	2
	<b>232,618</b>		<b>3,169</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (4) Accounts receivables *(Continued)*

##### (b) Provision for bad debts *(Continued)*

- (ii) Provision for bad debts made on a collective basis for accounts receivables is analysed as follows: *(Continued)*

	December 31, 2023		
	Accounts balance	Provision for bad debts Lifetime	
	Amount (Audited)	ECL rates	Amount (Audited)
Not overdue	155,035	1.45%	2,244
Overdue within 1-90 days	298	3.02%	9
Overdue within 91-180 days	54	3.70%	2
Overdue within 181-360 days	145	3.45%	5
	155,532		2,260

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

	June 30, 2024		
	Accounts balance	Provision for bad debts Lifetime	
	Amount (Unaudited)	ECL rates	Amount (Unaudited)
Not overdue	165,352	1.64%	2,708
Overdue within 1-90 days	19,861	1.89%	375
Overdue within 91-180 days	11,937	1.58%	189
Overdue within 181-360 days	12,564	4.77%	599
	209,714		3,871

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

## (4) Accounts receivables (Continued)

## (b) Provision for bad debts (Continued)

- (ii) Provision for bad debts made on a collective basis for accounts receivables is analysed as follows: (Continued)

	December 31, 2023		
	Accounts balance	Provision for bad debts Lifetime	
	Amount (Audited)	ECL rates	Amount (Audited)
Not overdue	185,295	1.01%	1,865
Overdue within 1-90 days	1,755	2.85%	50
Overdue within 91-180 days	12,960	6.77%	877
Overdue within 181-360 days	2,330	10.90%	254
	202,340		3,046

Portfolio 3: External related parties of the Group:

	June 30, 2024		
	Accounts balance	Provision for bad debts Lifetime	
	Amount (Unaudited)	ECL rates	Amount (Unaudited)
Not overdue	136,838	5.21%	7,126

	December 31, 2023		
	Accounts balance	Provision for bad debts Lifetime	
	Amount (Audited)	ECL rates	Amount (Audited)
Not overdue	265,559	4.98%	13,226

- (iii) During the period, the provision for bad debts amounted to RMB81,667,000, of which the provision for bad debts made on individual basis transferred from collective basis is RMB7,251,000, and its corresponding accounts balance is RMB63,812,000.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (4) Accounts receivables *(Continued)*

(c) During the period, there is no accounts receivables were written off.

(d) There were no accounts receivables pledged to banks as security as at June 30, 2024.

#### (5) Prepayments

	June 30, 2024		December 31, 2023	
	Amount (Unaudited)	% of total prepayments	Amount (Audited)	% of total prepayments
Within 1 year	17,278	75.82%	114,954	95.47%
1 to 2 years	4,341	19.05%	2,423	2.01%
2 to 3 years	770	3.38%	2,531	2.10%
Over 3 years	398	1.75%	500	0.42%
	<b>22,787</b>	<b>100%</b>	120,408	100%

As at June 30, 2024, prepayments aged over a year amounted to RMB5,509,000 (December 31, 2023: RMB5,454,000), which were prepayments to suppliers. Since the suppliers have not yet fulfilled their delivery and service obligations, the payment has not been settled.

#### (6) Other receivables

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Receivables in respect of listing proceeds (a)	–	828,142
Deposits and guarantees receivables (b)	21,702	36,134
Receivables relating to asset disposals	5,000	7,000
Petty cash for employees receivable	2,352	2,696
Others	6,522	12,136
	<b>35,576</b>	886,108
Less: provision for bad debts	<b>(9,079)</b>	(16,652)
	<b>26,497</b>	869,456

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (6) Other receivables *(Continued)*

- (a) The shares of the Company were listed on the Main Board of Hong Kong Stock Exchange on December 29, 2023 and the proceeds raised from international placing tranche of the Global Offering is amount to HK\$913,842,000 (equivalent to approximately RMB828,142,000) in aggregate on the listing date. Such proceeds of HK\$871,378,000 (equivalent to approximately RMB789,155,000) in aggregate, after deducting relevant amounts due to underwriters by the Company, were transferred from our underwriters to the Company's fundraising account in Hong Kong (Hong Kong Dollar bank account) on January 3, 2024.
- (b) As at June 30, 2024 and December 31, 2023, the Group's deposits and guarantees receivable mainly include deposits paid for guarantees of product quality, deposits paid for construction in progress and rental deposits paid by the Group.

There is no situation in the Group where funds were classified as other receivables due a centralized fund management.

- (c) The ageing analysis of other receivables is as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within 1 year	18,997	848,571
1 to 2 years	6,189	4,203
2 to 3 years	1,405	24,054
Over 3 years	8,985	9,280
	<b>35,576</b>	886,108

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (6) Other receivables (Continued)

##### (d) Changes in loss allowance and its account balance

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

	June 30, 2024				December 31, 2023			
	Accounts balance		Provision for bad debts		Accounts balance		Provision for bad debts	
	% of total		% of		% of total		% of	
	Amount	balance	Amount	provision	Amount	balance	Amount	provision
	(Unaudited)		(Unaudited)		(Audited)		(Audited)	
Stage 1	26,980	75.84%	(483)	1.79%	875,122	98.76%	(5,666)	0.65%
Stage 3	8,596	24.16%	(8,596)	100.00%	10,986	1.24%	(10,986)	100%
	<b>35,576</b>	<b>100%</b>	<b>(9,079)</b>	<b>25.52%</b>	886,108	100.00%	(16,652)	1.88%

	Stage 1		Stage 3		Total
	Accounts balance	Provision for bad debts	Accounts balance	Provision for bad debts	Provision for bad debts
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
December 31, 2023	875,122	(5,666)	10,986	(10,986)	(16,652)
Transfer to Stage 3					
this period	(1,570)	(4)	1,570	4	–
Net changes this period	(846,572)	5,187	(3,960)	2,386	7,573
June 30, 2024	<b>26,980</b>	<b>(483)</b>	<b>8,596</b>	<b>(8,596)</b>	<b>(9,079)</b>

For the six months ended June 30, 2024 and for the six months ended June 30, 2023, the changes in provision for bad debts caused by the conversion between the Stage 1 and Stage 3 are not significant, and the changes in provision for bad debts caused by changes in the parameter data used for expected credit loss are also not significant.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (6) Other receivables (Continued)

##### (d) Changes in loss allowance and its account balance (Continued)

As at June 30, 2024 and December 31, 2023, the Group had no other receivables in the Stage 2. Other receivables in the Stage 1 and Stage 3 are analysed as follows:

- (i) As at June 30, 2024, the analysis of other receivables for single provision for bad debts was as follows:

Stage 3	Accounts balance (Unaudited)	Lifetime ECL rate	Provision for bad debts (Unaudited)	Reasons
Deposits and guarantees receivable	6,476	100%	(6,476)	Due for over one year
Others	2,120	100%	(2,120)	Due for over one year
	8,596		(8,596)	Due for over one year

- (ii) As at December 31, 2023, the analysis of other receivables for single provision for bad debts was as follows:

Stage 3	Accounts balance (Audited)	Lifetime ECL rate	Provision for bad debts (Audited)	Reasons
Deposits and guarantees receivable	6,366	100%	(6,366)	Due for over one year
Others	4,620	100%	(4,620)	Due for over one year
	10,986		(10,986)	

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (6) Other receivables *(Continued)*

##### (d) Changes in loss allowance and its account balance *(Continued)*

- (iii) As at June 30, 2024 and December 31, 2023, other receivables that are assessed for provision for bad debts on a collective group basis were both in the Stage 1, analysis was as follows:

	June 30, 2024			December 31, 2023		
	Accounts balance	Loss allowance	% of provision	Accounts balance	Loss allowance	% of provision
	Amount	Amount		Amount	Amount	
	(Unaudited)	(Unaudited)	(Audited)	(Audited)		
Deposits and guarantees receivable	15,226	(303)	1.99%	29,768	(660)	2.22%
Petty cash for employees receivable	2,352	(18)	0.77%	2,696	(21)	0.78%
Receivables in respect of listing proceeds	-	-	-	828,142	(4,728)	0.57%
Others	9,402	(162)	1.72%	14,516	(257)	1.77%
	<b>26,980</b>	<b>(483)</b>	<b>1.79%</b>	<b>875,122</b>	<b>(5,666)</b>	<b>0.65%</b>

- (iii) During the period, the single and collective provisions for credit loss amounted to RMB1,156,000, of which RMB8,729,000 of loss provision reversed.

**NOTES TO THE FINANCIAL STATEMENTS**For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)**4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)***(7) Inventories**

(a) Inventories are classified as follows:

	June 30, 2024			December 31, 2023		
	Accounts balance (Unaudited)	Provision for declines in the value of inventories (Unaudited)	Carrying amount (Unaudited)	Accounts balance (Audited)	Provision for declines in the value of inventories (Audited)	Carrying amount (Audited)
Raw materials	72,796	(1,235)	71,561	68,577	(1,239)	67,338
Work in progress	52,268	(191)	52,077	39,144	(196)	38,948
Finished goods	249,084	(8,532)	240,552	178,293	(10,026)	168,267
Contract fulfilment costs (i)	39,213	-	39,213	35,093	-	35,093
Goods in transit (ii)	75,286	-	75,286	106,378	-	106,378
	<b>488,647</b>	<b>(9,958)</b>	<b>478,689</b>	427,485	(11,461)	416,024

- (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, 2024, the total amortisation of contract fulfilment costs included in operating costs was RMB41,103,126 (for the six months ended June 30, 2023: RMB55,143,000).
- (ii) The main purpose of goods in transit is for the Group to sign contracts with business partners in order to obtain business opportunities related to the project, and then to send certain of the goods to the local business partner's warehouse in advance. As the control of this part has not yet been transferred to the end customer, it is presented as goods in transit for accounting.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (7) Inventories (Continued)

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

	December 31, 2023 (Audited)	Increase in the current Provision period Provision (Unaudited)	Decrease in the current period Written off with retirement (Unaudited)	Written off with sales (Unaudited)	June 30, 2024 (Unaudited)
Raw materials	1,239	27	(8)	(23)	<b>1,235</b>
Work in progress	196	6	(5)	(6)	<b>191</b>
Finished goods	10,026	705	(1,656)	(543)	<b>8,532</b>
	11,461	738	(1,669)	(572)	<b>9,958</b>

(c) The provision for decline in value of inventories is as follows:

	Specific basis for determining net realisable value	Reason for reversal or writing off the provision for decline in value of inventories in the period
Raw materials	Measured at the lower of cost and net realisable value	Retirement
Work in progress	Measured at the lower of cost and net realisable value	Retirement
Finished goods	Measured at the lower of cost and net realisable value	Retirement or sell
Contract fulfilment costs	Measured at the lower of cost and net realisable value	N/A
Goods in transit	Measured at the lower of cost and net realisable value	N/A

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (8) Other current assets

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Input VAT to be deducted	127,704	107,427
Prepaid tax	13,756	12,005
Right to returned goods	7,503	10,201
	<b>148,963</b>	129,633

#### (9) Long-term equity investments

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Associates – Investments in unlisted companies	77,061	78,373
Less: Provision for impairment	<b>(58,444)</b>	(58,444)
	<b>18,617</b>	19,929

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (9) Long-term equity investments (Continued)

	December 31, 2023 (Audited)	Increase in investment	Share of net loss under equity method (Unaudited)	June 30, 2024 (Unaudited)	Provision for impairment (Unaudited)
Sichuan UBTECH City Sports Industry Development Co., Ltd. (四川優必選城市體育 產業發展有限責任公司)	52,222	–	–	<b>52,222</b>	(52,222)
Shenzhen Yiersan Technology Co., Ltd. (深圳市易二三科技 有限公司)	3,222	–	–	<b>3,222</b>	(3,222)
Sichuan Shanyuan Sports Industry Development Co., Ltd. (四川山原體育產業 發展有限公司)	3,000	–	–	<b>3,000</b>	(3,000)
Beijing Humanoid Robot Innovation Center Co., Ltd. (北京人形機器人 創新中心有限公司)	19,929	–	(1,312)	<b>18,617</b>	–
	<b>78,373</b>	–	(1,312)	<b>77,061</b>	(58,444)

The equity investments above are accounted for using the equity method. The Directors of the Company were of opinion that the above associates have no material impact on the Group's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

## (10) Investments in other equity instruments

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Equity of unlisted companies		
Shenzhen Qiaolian Technology Co., Ltd. (深圳橋漣科技有限責任公司)		
– Costs	8,000	8,000
– Accumulated changes in fair value	(6,722)	(6,722)
	<b>1,278</b>	1,278
Changsha Go Further AI Technology Co., Ltd. (長沙行深智能科技有限公司)		
– Costs	3,000	3,000
– Accumulated changes in fair value	1,795	1,795
	<b>4,795</b>	4,795
	<b>6,073</b>	6,073

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, 2024 (Unaudited)	December 31, 2023 (Audited)
Opening balance for the period	6,073	5,573
Change in fair value through other comprehensive income	–	500
Closing balance for the period	<b>6,073</b>	6,073

For the six months ended June 30, 2024, 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.

For the six months ended June 30, 2024, the Group has no transfers among the fair value level between level 1, level 2 or level 3.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (11) Fixed assets

	Buildings	Machinery and equipment	Office equipment and motor vehicles	Total
<b>Cost</b>				
December 31, 2023	84,014	173,144	47,946	305,104
Increase in the current period				
Purchases	–	11,509	1,095	12,604
Decrease in the current period				
Disposal and other decrease	–	(550)	(1,209)	(1,759)
June 30, 2024	<b>84,014</b>	<b>184,103</b>	<b>47,832</b>	<b>315,949</b>
<b>Accumulated depreciation</b>				
December 31, 2023	1,602	123,334	38,338	163,274
Increase in the current period				
Accruals (i)	806	10,102	2,112	13,020
Decrease in the current period				
Disposal and other decrease	–	(352)	(1,149)	(1,501)
June 30, 2024	<b>2,408</b>	<b>133,084</b>	<b>39,301</b>	<b>174,793</b>
<b>Carrying amount</b>				
June 30, 2024 (Unaudited)	<b>81,606</b>	<b>51,019</b>	<b>8,531</b>	<b>141,156</b>
December 31, 2023 (Audited)	82,412	49,810	9,608	141,830

- (i) For the six months ended June 30, 2024, depreciation of fixed assets recognised amounted to RMB13,020,000 (for the six months ended June 30, 2023: RMB16,874,000), of which RMB6,345,000, RMB467,000, RMB4,525,000 and RMB1,683,000 (for the six months ended June 30, 2023: RMB7,228,000, RMB648,000, RMB5,283,000 and RMB3,715,000) has been charged in cost of sales, selling expenses, general and administrative expenses, research and development expenses, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(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, 2023 (Audited)	Increase in the current period	June 30, 2024 (Unaudited)	Accumulative capitalized borrowing	Including:	Borrowing	Source of funds
					Capitalized borrowing costs this period	cost capitalizing rate this period	
Shenzhen headquarters building	824,650	138,774	963,424	88,872	28,850	6.47%	Borrowings/Self-funding
Hangzhou 2nd headquarters building	115,509	6,115	121,624	6,581	2,792	6.47%	Borrowings/Self-funding
Kunming industrial park	29,115	5,565	34,680	2,248	830	6.47%	Borrowings/Self-funding
Hangzhou Lin'an infrastructure project	39,550	15,557	55,107	1,930	689	6.47%	Borrowings/Self-funding
Others	2,175	10,961	13,136	419	313	6.47%	Borrowings/Self-funding
	1,010,999	176,972	1,187,971	100,050	33,474		

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (13) Right-of-use assets

	Buildings
<b>Cost</b>	
December 31, 2023	160,337
Increase in the current period	
New lease contracts	5,180
Decrease in the current period	
Early termination of leases	(1,578)
June 30, 2024	<b>163,939</b>
<b>Accumulated depreciation</b>	
December 31, 2023	94,618
Increase in the current period	
Accruals	15,492
Decrease in the current period	
Early termination of leases	(395)
June 30, 2024	<b>109,715</b>
<b>Carrying amount</b>	
June 30, 2024 (Unaudited)	<b>54,224</b>
December 31, 2023 (Audited)	65,719

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

## (14) Intangible assets

	Land use rights	Customer contract	Office software	Trademark	Total
<b>Cost</b>					
December 31, 2023	500,091	8,654	22,092	1,474	532,311
Increase in the current period					
Purchases	–	–	3,673	–	3,673
Differences arising from translation of foreign currency financial statements	–	–	20	–	20
Decrease in the current period					
Disposal	–	–	–	–	–
June 30, 2024	<b>500,091</b>	<b>8,654</b>	<b>25,785</b>	<b>1,474</b>	<b>536,004</b>
<b>Accumulated amortisation</b>					
December 31, 2023	76,605	4,212	11,612	637	93,066
Increase in the current period					
Accruals	7,379	801	2,911	74	11,165
Differences arising from translation of foreign currency financial statements	–	–	17	–	17
Decrease in the current period					
Disposal	–	–	–	–	–
June 30, 2024	<b>83,984</b>	<b>5,013</b>	<b>14,540</b>	<b>711</b>	<b>104,248</b>
<b>Net carrying amount</b>					
June 30, 2024 (Unaudited)	<b>416,107</b>	<b>3,641</b>	<b>11,245</b>	<b>763</b>	<b>431,756</b>
December 31, 2023 (Audited)	423,486	4,442	10,480	837	439,245

In the period, the amortisation of intangible assets included in construction in progress, selling expenses, general and administrative expenses and research and development expenses amounted to RMB7,379,000, RMB801,000, RMB2,854,000 and RMB131,000 respectively (for the six months ended June 30, 2023: RMB4,269,000, RMB1,587,000, RMB747,000 and nil).

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (14) Intangible assets (Continued)

As at June 30, 2024, land use rights with a carrying amount of RMB285,922,254 (a cost of RMB357,410,000) (December 31, 2023: carrying amount of RMB291,879,000 and cost of RMB357,410,000) was pledged as collateral for short-term borrowings of RMB72,190,000 (December 31, 2023: RMB72,146,000) (note 4(19)), long-term borrowings of RMB756,000,000 (December 31, 2023: RMB676,311,000) (note 4(28)).

#### (15) Goodwill

	June 30, 2024 (Unaudited)	December 31, 2023 (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
	<b>75,587</b>	75,587
Less: Provision for impairment –		
Shanghai UBJ	(6,956)	(6,956)
Jiangsu Tianhui	(16,410)	(16,410)
	<b>52,221</b>	52,221

The goodwill 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 at June 30, 2024 is impaired. For details of the goodwill impairment assessment for the year ended December 31, 2023, please refer to the 2023 Annual Report.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

## (16) Long-term prepaid expenses

	December 31, 2023 (Audited)	Increase in the current period	Amortisation in the current period	June 30, 2024 (Unaudited)
Improvement to right-of-use assets	26,741	13,022	(7,697)	<b>32,066</b>

## (17) Other non-current assets

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Prepayment for construction in progress and other fixed assets	<b>29,320</b>	16,810
Credit tax available for deduction	<b>11,441</b>	68,831
	<b>40,761</b>	85,641

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (18) Provision for asset impairment and losses

	December 31, 2023 (Audited)	Increase in the current period	Decrease in the current period Reversal	Write-off	June 30, 2024 (Unaudited)
Provision for bad debts of accounts receivables	235,061	88,918	(7,251)	–	<b>316,728</b>
Including: Provision for bad debts on an individual basis	216,529	86,033	–	–	<b>302,562</b>
Provision for bad debts on a collective basis	18,532	2,885	(7,251)	–	<b>14,166</b>
Provision for bad debts of other receivables	16,652	1,156	(8,729)	–	<b>9,079</b>
Provision for decline in the value of inventories and impairment of contract fulfilment costs	11,461	738	–	(2,241)	<b>9,958</b>
Impairment of long-term equity investment	58,444	–	–	–	<b>58,444</b>
Provision for impairment of goodwill	23,366	–	–	–	<b>23,366</b>
	344,984	90,812	(15,980)	(2,241)	<b>417,575</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

## (19) Short-term borrowings

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Secured and guaranteed borrowings (a)	72,190	72,146
Secured borrowings (b)	15,004	2,000
Guaranteed borrowings (c)	727,496	643,063
Unsecured credit borrowings	77,657	60,014
	<b>892,347</b>	777,223

- (a) As at June 30, 2024, secured and guaranteed borrowings of the Group of RMB72,190,000 (December 31, 2023: RMB72,146,000) were secured by the Group's certain land use rights and 100% equity interest of a subsidiary Shenzhen UBTECH Technology Industrial Co., Ltd. (深圳市優必選科技實業有限公司) and the Company's 16 patent rights as collateral, and guaranteed by the Company and Mr. Zhou Jian. As at February 6, 2024, the guarantee from Mr. Zhou Jian was released.
- (b) As at June 30, 2024, secured borrowings of RMB15,004,000 were short-term borrowings obtained from discounting bank acceptance notes of RMB15,004,000 (December 31, 2023: RMB2,000,000) or providing collateral pledge.
- (c) As at June 30, 2024, guaranteed borrowings of RMB727,496,000 (December 31, 2023: RMB643,063,000) were obtained by a subsidiary of the Group which are guaranteed by the Company and other subsidiaries.

## (20) Notes Payables

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Bank acceptance notes	6,964	3,964

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (21) Accounts payables

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Payables for purchase of raw materials	174,438	260,408
Payables for outsourcing labour costs	109,766	148,351
Others	9,398	3,775
	<b>293,602</b>	412,534

The ageing analysis of accounts payables based on invoice dates of recognition is as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within 6 months	127,810	323,456
6 months to 1 year	107,809	24,766
1 to 2 years	48,280	37,616
Over 2 years	9,703	26,696
	<b>293,602</b>	412,534

As at June 30, 2024, accounts payables over one year amounted to RMB57,983,000 (December 31, 2023: RMB64,312,000), which were mainly outsource projects payables, part of which will be settled upon inspection and acceptance due to their long construction period.

#### (22) Contract liabilities

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Advance for goods and labour services	56,657	58,945

Contract liabilities of RMB29,930,000 that was included in carrying amount on December 31, 2023 had been transferred to revenue during the six months ended June 30, 2024, including RMB18,478,000 of rendering education training service fee.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

## (23) Employee benefits payable

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Short-term employee benefits payable (a)	112,936	140,351
Defined contribution plans payable (b)	11,625	11,742
Termination benefits payable (c)	58	226
	<b>124,619</b>	152,319

## (a) Short-term employee benefits

	December 31, 2023 (Audited)	Increase in the current period	Decrease in the current period	June 30, 2024 (Unaudited)
Wages and salaries, bonus, allowances and subsidies	126,490	249,958	(277,296)	99,152
Staff welfare	–	4,172	(4,172)	–
Social security contributions	6,022	13,923	(14,066)	5,879
Including: Medical insurance	5,461	11,999	(12,140)	5,320
Work injury insurance	144	566	(568)	142
Maternity insurance	417	1,358	(1,358)	417
Housing funds	7,839	16,586	(16,520)	7,905
Labour union funds and employee education funds	–	143	(143)	–
	140,351	284,782	(312,197)	112,936

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(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 payable

	December 31, 2023 (Audited)	Increase in the current period	Decrease in the current period	June 30, 2024 (Unaudited)
Basic pensions	11,628	29,585	(29,705)	<b>11,508</b>
Unemployment insurance	114	1,551	(1,548)	<b>117</b>
	11,742	31,136	(31,253)	<b>11,625</b>

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, 2024 (Unaudited)	December 31, 2023 (Audited)
Other termination benefits (i)	<b>58</b>	226

(i) For the six months ended June 30, 2024, the Group provided other termination benefits of RMB11,263,000 (for the six months ended June 30, 2023: RMB5,718,000) due to termination of employment relationship.

#### (24) Taxes payable

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Enterprise income tax payable	<b>36,032</b>	38,053
VAT payable	<b>7,720</b>	32,362
Individual income tax payable	<b>2,115</b>	3,116
Educational surcharge payable	<b>87</b>	82
City maintenance and construction tax payable	<b>14</b>	7
	<b>45,968</b>	73,620

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

### (25) Other payables

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accrued expenses (a)	80,302	152,513
Payables for the following:		
– Government grants received (b)	118,523	118,523
– Purchase of fixed assets	111,399	91,191
– Acquisition of land use rights	3,800	3,800
Others	7,909	16,802
	<b>321,933</b>	382,829

- (a) The amounts mainly represent expenses including withholding professional service fees, advertising and promotion expenses, of which withholding listing expenses amounted to RMB66,757,000 as at December 31, 2023.
- (b) The amounts represent government grants received by the Group for which the attached conditions have not been fulfilled and accounted for as accounts payables.
- (c) As at June 30, 2024, other payables ageing over a year amounted to RMB16,053,000 (December 31, 2023: RMB16,007,000), which are mainly renovation payables and unsettled due to long renovation duration.

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Long-term borrowings to be settled due within one year (note 4(28))	35,565	27,322
Lease liabilities to be settled due within one year (note 4(29))	37,652	35,449
	<b>73,217</b>	62,771

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (27) Other current liabilities

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Payables for returned goods	15,963	14,697
Quality assurance fund – provision for repair service	12,496	13,203
	<b>28,459</b>	27,900

#### (28) Long-term borrowings

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Secured and guaranteed borrowings	756,000	676,311
Less: long-term borrowings to be settled within one year	(35,565)	(27,322)
	<b>720,435</b>	648,989

As at June 30, 2024, secured and guaranteed borrowings of RMB756,000,000 (December 31, 2023: RMB676,311,000) were secured by the Group's certain land use rights assets (note 4(13)) and 100% equity interests of Shenzhen UBTECH Technology Industrial Co., Ltd. (深圳市優必選科技實業有限公司), and the Group's 16 patent rights as collateral, and guaranteed by the Company and Mr. Zhou Jian. The interest rate is 6.84%. The interest shall be paid every three months and all the principal shall be repaid before June 18, 2031. As at February 6, 2024, Mr. Zhou Jian released the guarantee.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (29) Lease liabilities

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Lease liabilities	68,359	76,963
Less: Lease liabilities to be settled within one year	(37,652)	(35,449)
	<b>30,707</b>	41,514

As at June 30, 2024, future cash outflows to which the Group was potentially exposed that were not included in the lease liabilities comprise the following: the minimum rental payable in the future of short-term leases and low-value asset leases contracts which adopt the practical expedient amounted to RMB208,000 (December 31, 2023: RMB339,000), both of which will be paid within one year.

As at June 30, 2024, there were no lease contracts that the Group had signed but not yet executed.

#### (30) Deferred income

	December 31, 2023 (Audited)	Increase in the current period	Included in other income in the current period	June 30, 2024 (Unaudited)
Assets related government grants	10,963	1,184	(2,058)	<b>10,089</b>
Income related government grants	21,926	10,245	(9,102)	<b>23,069</b>
	32,889	11,429	(11,160)	<b>33,158</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(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 unrecognised deferred income tax assets is as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deductible temporary differences	942,276	942,276
Deductible losses	1,975,324	5,141,252
	<b>2,917,600</b>	6,083,528

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
2023	-	-
2024	32,047	32,418
2025	42,181	100,233
2026	192,852	194,817
2027	395,849	395,849
2028 and after	1,312,395	4,417,935
	<b>1,975,324</b>	5,141,252

- (c) As at June 30, 2024 and December 31, 2023, 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, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (32) Share capital

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

	December 31, 2022 (Audited)	Issuance of new shares in the current period	June 30, 2023 (Unaudited)
Share capital (b)	396,173	10,396	406,569

- (a) 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 and funded totally RMB22,953,000, of which RMB292,000 was included in share capital and RMB22,661,000 was included in share premium.
- (b) In February 2023, the Company issued a total of 10,395,538 shares to investors through private placing at the price of RMB78.88 per share and funded totally RMB820,000,000, of which RMB10,396,000 was included in share capital and RMB809,604,000 was included in share premium.

#### (33) Capital surplus

	December 31, 2023 (Audited)	Increase in the current period	Decrease in the current period	June 30, 2024 (Unaudited)
Share premium (note 4(32)(a))	6,254,962	22,661	–	6,277,623
Share-based payment	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, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (33) Capital surplus (Continued)

	December 31, 2022 (Audited)	Increase in the current period (Unaudited)	Decrease in the current period	June 30, 2023 (Unaudited)
Share premium (note 4(32)(b))	4,438,761	859,660	(9,623)	5,288,798
Share-based payment	537,238	178,220	–	715,458
Others	38,877	–	–	38,877
	5,014,876	1,037,880	(9,623)	6,043,133

- (a) From January to June 2024, minority shareholders made capital contribution of RMB2,500,000 to Youdi Health Technology (Shenzhen) Co., Ltd. (優邸健康科技(深圳)有限公司), a subsidiary of the Company, and the Group recognised the increase of minority interests of RMB2,500,000.

In June 2024, UBTECH (Zhengzhou) Intelligent Technology Limited (優必選(鄭州)智能科技有限公司) was incorporated by the Company and Zhengzhou Zhongyuan Industrial Development Investment Company Limited (鄭州中原產業發展投資有限公司), which owned 90% and 10% of the equity interests, respectively, and minority shareholders made capital contribution of RMB5,000,000 to the subsidiary of the Company and the Group recognised the increase of minority interests of RMB5,000,000.

- (b) In March 2023, minority shareholders made capital contribution of RMB3,000,000 to Chaozhou UBTECH Education Technology Co., Ltd. (潮州市優必選教育科技有限公司), a subsidiary of the Company, and the Group recognised the increase of minority interests of RMB3,000,000.

From January to March 2023, the Company made capital contribution of RMB20,000,000 to Wuxi Uqi Intelligent Technology Co., Ltd. (無錫優奇智能科技有限公司), a subsidiary of the Company, to acquire its 1.56% equity interests, and the Group recognised the decrease of capital surplus of RMB9,623,000 and the increase of minority interests of RMB9,623,000.

In April 2023, the Company and a third party made capital contribution of RMB100,000 and RMB100,000 to Shenzhen Youshijie Robot Co., Ltd. (深圳市優世界機器人有限公司), a subsidiary of the Company, respectively, and the Group recognised the increase of capital surplus of RMB63,000 and the increase of minority interests of RMB37,000.

From May to June 2023, a third party made capital contribution of RMB100,000,000 to UBKang (Qingdao) Technology Co., Ltd. (優必康(青島)科技有限公司), a subsidiary of the Company, and the Group recognised the increase of capital surplus of RMB49,993,000 and the increase of minority interests of RMB50,007,000.

## NOTES TO THE FINANCIAL STATEMENTS

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

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(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 income statement for the six months ended June 30, 2023		
	December 31, 2022 (Audited)	Attributable to the parent, after tax	June 30, 2023 (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>						
Change in fair value of investments in other equity instruments	(5,427)	(132)	(5,559)	(132)	(132)	-
<i>Other comprehensive income that will be subsequently reclassified to profit or loss</i>						
Exchange difference from translation of foreign currency financial statements	816	(4,003)	(3,187)	(4,003)	(4,003)	-
Total other comprehensive income	(4,611)	(4,135)	(8,746)	(4,135)	(4,135)	-

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (35) Revenue and cost of sales

	For the six months ended June 30, 2024		For the six months ended June 30, 2023	
	Revenue (Unaudited)	Cost of sales (Unaudited)	Revenue (Unaudited)	Cost of sales (Unaudited)
Sales of goods	454,104	295,004	224,865	189,039
Provision of services	33,125	7,024	36,274	13,080
	<b>487,229</b>	<b>302,028</b>	261,139	202,119

The Group's revenue 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, 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
	<b>324,947</b>	<b>162,282</b>	<b>487,229</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (35) Revenue and cost of sales *(Continued)*

	For the six months ended June 30, 2023		
	Mainland China (Unaudited)	Hong Kong and overseas (Unaudited)	Total (Unaudited)
Revenue			
Including: recognised at a point in time	155,147	69,718	224,865
recognised over time	36,218	56	36,274
	191,365	69,774	261,139

For the six months ended June 30, 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 RMB150,949,000 in total, representing 30.98% of the Group's revenue.

For the six months ended June 30, 2023, the revenue contributed by one customer of the Group which individually contributed more than 10% of the total revenue of the Group, amounted to RMB71,425,000 in total, representing 27.35% of the Group's revenue.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(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, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
City maintenance and construction tax	2,192	715
Stamp tax	1,853	928
Educational surcharges	1,119	295
Local educational surcharges	502	197
Land use tax	747	604
Others	723	274
	<b>7,136</b>	3,013

## (37) Selling expenses

	For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Employee benefit expenses	83,658	81,897
Advertising and promotion expenses	44,770	28,202
Share-based payments	40,414	33,890
Sales commission	15,705	8,542
Travelling expenses	11,436	9,970
Outsourcing labour costs	8,575	5,285
Office expenses	7,960	4,465
Depreciation and amortisation	6,909	9,358
Entertainment expenses	6,360	5,896
Provision/(reversal) of repair and maintenance expenses	4,365	(4,437)
Others	3,374	2,434
	<b>233,526</b>	185,411

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(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, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Share-based payments	89,575	87,548
Employee benefit expenses	62,865	54,398
Depreciation and amortisation	19,417	15,907
Professional service fees	6,909	3,424
Office expenses	4,888	4,982
Inventory retirement	4,760	5,832
Entertainment expenses	4,431	3,122
Outsourcing labour costs	3,877	2,751
Travelling expenses	3,620	2,303
Listing expenses	–	1,549
Auditors' remuneration	348	221
– Audit services	73	194
– Non-audit services	275	27
Others	14,265	915
	<b>214,955</b>	182,952

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (39) Research and development expenses

	For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Employee benefit expenses	153,980	133,074
Share-based payments	45,283	56,390
Software tools and consumables	9,202	7,693
Outsourcing labour costs	4,967	3,466
Depreciation and amortisation	4,006	7,678
Travelling expenses	3,748	2,445
Materials consumed	2,490	10,067
Office expenses	528	932
Others	3,313	2,592
	<b>227,517</b>	224,337

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(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 income statement classified by nature are as follows:

	For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Employee benefit expenses	327,181	286,792
Raw materials and consumables used	256,782	208,045
Share-based payments	176,273	179,466
Changes in finished goods, work in progress, delivered goods and contract fulfilment costs	(58,442)	(72,279)
Advertising and promotion expenses	44,770	28,202
Depreciation and amortisation	39,995	42,922
Transportation expenses	25,791	14,617
Subcontracting expenses	22,517	6,943
Outsourcing labour costs	20,448	20,781
Travelling expenses	19,433	15,693
Sales commission	15,705	8,542
Office expenses	14,373	11,218
Warehousing and storage expenses	11,597	6,351
Entertainment expenses	10,791	9,018
Software tools and consumables	9,202	7,693
Professional service fees	6,909	3,424
Scrap of inventories	4,760	5,832
Provision/(reversal) of repair and maintenance expenses	4,365	(4,437)
Auditors' remuneration	348	221
– Audit services	73	194
– Non-audit services	275	27
Listing expenses	–	1,549
Others	25,228	14,226
	<b>978,026</b>	<b>794,819</b>

**NOTES TO THE FINANCIAL STATEMENTS**For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)**4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)***(41) Financial expenses**

	<b>For the six months ended June 30, 2024 (Unaudited)</b>	For the six months ended June 30, 2023 (Unaudited)
Interest expenses on borrowings	<b>49,049</b>	25,311
Add: Interest expense on lease liabilities	<b>1,480</b>	1,405
Less: Capitalised interest	<b>(33,474)</b>	(17,893)
Interest expenses	<b>17,055</b>	8,823
Less: Interest income	<b>(11,492)</b>	(3,369)
Exchange gains and losses	<b>(14,721)</b>	(8,016)
Others	<b>1,602</b>	5
	<b>(7,556)</b>	(2,557)

**(42) Other income**

	<b>For the six months ended June 30, 2024 (Unaudited)</b>	For the six months ended June 30, 2023 (Unaudited)
Government grants (a)		
– Assets related	<b>2,058</b>	6,286
– Income related	<b>20,373</b>	4,961
VAT and other tax refund	<b>13,417</b>	1,684
	<b>35,848</b>	12,931

- (a) Government grants consisted of 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, government refund for social security costs.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (43) Investment income/(loss)

	For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Long-term equity investment under equity method (note 4(9))	(1,312)	–
Changes of gains and losses from holding of financial assets held for trading	193	–
	<b>(1,119)</b>	–

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, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Losses on bad debts of accounts receivables	81,667	7,979
(Reversal)/losses on bad debts of other receivables	(7,573)	674
	<b>74,094</b>	8,653

#### (45) Asset impairment losses

	For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Decline in value of inventories and impairment of contract fulfilment costs	738	1,999
Impairment losses of goodwill	–	–
	<b>738</b>	1,999

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(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, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Current income tax calculated based on tax law and related regulations	8,637	292

The Group's statutory tax rate in the PRC is 25%, while some PRC subsidiaries of the Group are subject to preferential tax rates of 5% and 15%. Subsidiaries in Hong Kong and North America are subject to an income tax rate of 16.5% and 29.84%, respectively.

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

	For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Total loss	(531,171)	(547,625)
Tax calculated at the tax rate of 25%	(132,793)	(136,906)
Effects of different tax rates within a group entity	42,496	51,657
Additional deduction for research and development expenses	(28,851)	(23,117)
Investment loss accounted for using the equity method	33	-
Expenses not deductible for tax purpose	1,134	1,492
Share-based payment	27,460	27,567
Utilization of temporary differences not previously recognised	(8,459)	(18,352)
Utilization of tax losses not previously recognised	(10,073)	(1,730)
Temporary differences for which no deferred income tax assets were recognised	21,239	4,741
Tax losses for which no deferred income tax assets were recognised	96,451	94,940
	8,637	292

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

### 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, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Consolidated net loss attributable to ordinary shareholders of the Company (RMB)	<b>516,354</b>	532,793
Weighted average number of outstanding ordinary shares of the Company (Share)	<b>418,112</b>	403,582
Basic losses per share (RMB)	<b>1.23</b>	1.32

As there were no dilutive potential ordinary shares in for the six months ended June 30, 2024 and for the six months ended June 30, 2023, diluted losses per share equal to basic losses per share.

#### (48) Dividends

On June 30, 2024, the Board of the Company proposed not to distribute interim dividend.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(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, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Net loss	(539,808)	(547,917)
Add: Assets impairment loss	738	1,999
Credit impairment loss	74,094	8,653
Depreciation of fixed assets	13,020	16,874
Depreciation of right-of-use assets	15,492	18,452
Amortisation of intangible assets	3,786	2,334
Amortisation of long-term prepaid expenses	7,697	5,262
Amortisation of deferred income	(11,160)	(8,274)
(Income)/loss on disposal of assets	(37)	15,459
Financial expenses	2,334	807
Investment loss	1,119	–
Income of change on fair value	(57)	–
Share-based payment (note 7)	176,273	179,466
Increase in inventories	(61,162)	(83,815)
Decrease in operating receivables	21,722	34,333
Decrease in operating payables	(131,259)	(166,812)
Net cash flows from operating activities	<b>(427,158)</b>	(523,179)

##### (b) Net change in cash and cash equivalents

	For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Closing balance of monetary funds	774,529	623,536
Less: Restricted funds	(19,548)	(4,388)
Closing balance of cash and cash equivalent	754,981	619,148
Less: Opening balance of cash and cash equivalents	(520,902)	(145,398)
Net increase/(decrease) in cash and cash equivalents	<b>234,079</b>	473,750

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

### 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, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Deposits and guarantees	22,390	–
Bank interest income	11,492	3,369
Government grants	22,700	–
Others	4,307	4,388
	<b>60,889</b>	7,757

##### (d) Cash paid for other operating activities

	For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Advertising and promotion expenses	44,770	28,202
Travelling expenses and entertainment expenses	11,990	14,718
Sales commission	15,705	8,542
Listing expenses	34,082	18,052
Outsourcing labour costs	17,419	11,502
Software tools and consumables	9,202	7,693
Others	27,494	71,821
	<b>160,662</b>	160,530

- (e) For the six months ended June 30, 2024, the total cash outflows related to the lease paid by the Group amounted to RMB17,278,000 (for the six months ended June 30, 2023: RMB17,193,000), including the amount paid for the repayment of the lease liabilities for the financing activities amounted to RMB14,081,000 (for the six months ended June 30, 2023: RMB16,993,000), the remaining cash outflows were included in operating activities.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

## (50) Foreign currency items

	June 30, 2024		
	Foreign currency balance (Unaudited)	Exchange rate	RMB balance (Unaudited)
Cash at bank and on hand –			
HKD	44,205	0.9127	40,345
USD	6,422	7.1264	45,766
EUR	85	7.6824	653
GBP	8	9.1250	73
JPY	3,250	0.0458	149
SGD	8	5.3750	43
SOL	2	1.5000	3
			87,032
Accounts receivables –			
USD	16	7.1264	114
HKD	33,540	0.9127	30,612
			30,726
Other receivables –			
USD	281	7.1264	2,003
HKD	590	0.9127	538
			2,541

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, 2024

(All amounts in RMB'000 unless otherwise stated)

### 5 CHANGE OF CONSOLIDATED SCOPE

For the six months ended June 30, 2024, 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 CORP	United States	United States	USD25,000,000	Sales of robotic products	100%	-	Establishment
UBTECH ROBOTICS LIMITED	Hong Kong, PRC	Hong Kong, PRC	HKD310,584,000	Sales of robotic products	100%	-	Establishment
UBTECH Education (Shenzhen) Co., Ltd. (優必選教育(深圳)有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB1,000,000	Provision of robotic ancillary services	100%	-	Establishment
UBTECH Entertainment (Shenzhen) Co., Ltd. (優必選娛樂(深圳)有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB71,000,000	Dormant	100%	-	Establishment
Shanghai UBTECH Education Technology Co., Ltd. (上海優必選教育科技(上海)有限公司)	Shanghai, PRC	Shanghai, PRC	RMB7,243,502	Provision of robotic ancillary services	87.53%	-	Establishment
Kunming UBTECH Technology Investment Co., Ltd. (昆明市優必選科技投資有限公司)	Kunming, PRC	Kunming, PRC	RMB36,500,000	Production of robotic products	-	100%	Establishment
UBTECH Technology (Kunming) Co., Ltd. (優必選科技(昆明)有限公司)	Kunming, PRC	Kunming, PRC	RMB10,000,000	Sales of robotic products	100%	-	Establishment
Shenzhen UBTECH Technology Industrial Co., Ltd. (深圳市優必選科技實業有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB393,000,000	Dormant	100%	-	Establishment
UBTECH Software Technology (Shenzhen) Co., Ltd. (優必選軟件技術(深圳)有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB5,000,000	Development and sales of robotic software	100%	-	Establishment
Sichuan UBTECH Holding Co., Ltd. (四川優必選控股(重慶)有限公司)	Chengdu, PRC	Chengdu, PRC	RMB100,000,000	Sales of robotic products	100%	-	Establishment
UBTECH (Chongqing) Technology Co., Ltd. (優必選(重慶)科技(重慶)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. (成都優選睿智股權投資基金管理(重慶)有限公司)	Chengdu, PRC	Chengdu, PRC	RMB10,000,000	Dormant	-	100%	Establishment
UBTECH North America Research and Development Center Corp	United States	United States	USD10,000,000	Research and development services	100%	-	Establishment
Jiangsu Tianhui Science and Technology Development Company Limited (江蘇天慧科技開發(江蘇)有限公司)	Wuxi, PRC	Wuxi, PRC	RMB10,000,000	Provision of robotic ancillary services	-	43.45%	Establishment
Hangzhou UBTECH Industrial Co., Ltd. (杭州優必選實業(浙江)有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB20,000,000	Sales of robotic products	100%	-	Establishment

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

## 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	
UBTECH (Hangzhou) Technology Co., Ltd. (優必選(杭州)科技有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB20,000,000	Sales of robotic products	100%	–	Establishment
Guizhou UBTECH Technology Co., Ltd. (貴州優必選科技有限公司)	Guiyang, PRC	Guiyang, PRC	RMB20,000,000	Production and sales of robotic products	100%	–	Establishment
UBTECH (Fujian) Technology Co., Ltd. (優必選(福建) 科技有限公司)	Fuzhou, PRC	Fuzhou, PRC	RMB30,000,000	Dormant	100%	–	Establishment
UBTECH (Jiangsu) Intelligent Robot Co., Ltd. (優必選(江蘇) 智能機器人有限公司)	Nanjing, PRC	Nanjing, PRC	RMB200,000,000	Sales of robotic products	100%	–	Establishment
Shandong UBTECH Technology Co., Ltd. (山東優必選克科技有限公司)	Weifang, PRC	Weifang, PRC	RMB100,000,000	Sales of robotic products	100%	–	Establishment
UBTECH (Suzhou) Technology Co., Ltd. (優必選(蘇州)科技有限公司)	Suzhou, PRC	Suzhou, PRC	RMB30,000,000	Sales of robotic products	100%	–	Establishment
UBTECH (Shenzhen) Technology Co., Ltd. (優必選(深圳)科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB10,000,000	Production of robotic products	100%	–	Establishment
UBTECH (Xiamen) Intelligent Technology Limited (優必選(廈門)智能科技有限公司)	Xiamen, PRC	Xiamen, PRC	RMB50,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
UBJ (Hangzhou) Technology Service Co., Ltd. (優必傑(杭州)科技服務有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB1,000,000	Provision of robotic ancillary services	–	87.53%	Business combination involving enterprises not under common control
UBTECH (Hangzhou) Intelligent Robot Co., Ltd. (優必選(杭州)智能機器人有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB100,000,000	Sales of robotic products	100%	–	Establishment
UBTECH Enze (Hangzhou) Technology Co., Ltd. (優必選恩澤(杭州)科技有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB30,000,000	Dormant	51%	–	Establishment
UBJ (Xiamen) Education Technology Co., Ltd. (優必傑(廈門)教育科技有限公司)	Xiamen, PRC	Xiamen, PRC	RMB5,000,000	Provision of robotic ancillary services	–	87.53%	Business combination involving enterprises not under common control

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

### 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	
Ezhou UBTECH Technology Co., Ltd. (鄂州優必選科技有限公司)	Ezhou, PRC	Ezhou, PRC	RMB20,000,000	Sales of robotic products	100%	-	Establishment
Wuxi Uqi Intelligent Technology Co., Ltd. (無錫優奇智能科技有限公司)	Wuxi, PRC	Wuxi, PRC	RMB30,019,500	Development, production and sales of smart logistics	43.45%	-	Establishment
UBTECH (Huzhou) Technology Co., Ltd. (優必選(湖州)科技有限公司)	Huzhou, PRC	Huzhou, PRC	RMB20,000,000	Development, design, production and sales of robotic products	100%	-	Establishment
UBTECH (Weihai) Technology Co., Ltd. (優必選(威海)科技有限公司)	Weihai, PRC	Weihai, PRC	RMB25,000,000	Sales of robotic products	100%	-	Establishment
Futronics (Hong Kong) Limited	Hong Kong, PRC	Hong Kong, PRC	USD15,000,000	Investment holding	-	100%	Establishment
UBTECH (Shantou) Technology Co., Ltd. (優必選(汕頭)科技有限公司)	Shantou, PRC	Shantou, PRC	RMB26,000,000	Sales of robotic products	100%	-	Establishment
UBTECH (Taiyuan) Intelligent Robot Co., Ltd. (優必選(太原)智能機器人有限公司)	Taiyuan, PRC	Taiyuan, PRC	RMB1,000,000	Sales of robotic products	100%	-	Establishment
FUTRONICS (NA) CORPORATION	United States	United States	USD14,500,000	Sales of robotic products	-	100%	Establishment
UBTECH Logistic (Kunming) Co., Ltd. (優必選物流(昆明)有限公司)	Kunming, PRC	Kunming, PRC	RMB10,000,000	Dormant	-	100%	Establishment
UBTECH Shanhu (Hangzhou) Technology Co., Ltd. (優必選山湖(杭州)科技有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB20,000,000	Sales of robotic products	100%	-	Establishment
UBTECH Shanhu (Hangzhou) Industrial Co., Ltd. (優必選山湖(杭州)實業有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB20,000,000	Production of robotic products	-	75%	Establishment
Shenzhen Youbixing Technology Co., Ltd. (深圳市優必行科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB50,000,000	Development, design and sales of robotic products	100%	-	Establishment
Best Epoch Technology Co. LTD (深圳市優紀元科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB50,000,000	Sales of intelligent hardware	100%	-	Establishment
UBTECH (Yangzhou) Technology Co., Ltd. (優必選(揚州)科技有限公司)	Yangzhou, PRC	Yangzhou, PRC	RMB20,000,000	Sales of robotic products	100%	-	Establishment
UBTECH (Anqing) Intelligent Robot Co., Ltd. (優必選(安慶)智能機器人有限公司)	Anqing, PRC	Anqing, PRC	RMB20,000,000	Development, design, production and sales of robotic products	100%	-	Establishment
UBTECH (Huzhou) Industrial Co., Ltd. (優必選(湖州)實業有限公司)	Huzhou, PRC	Huzhou, PRC	RMB20,000,000	Sales of robotic products	-	100%	Establishment
U&ME Innovation Technology Company Limited	Hong Kong, PRC	Hong Kong, PRC	HK\$38,915,500	Research and development services	-	100%	Establishment

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

## 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	
Youhang (Hangzhou) Industrial Co., Ltd. (優杭(杭州)實業有限公司)	Hangzhou, PRC	Hangzhou, PRC	RMB20,000,000	Dormant	–	100%	Establishment
Shanghai UBTECH Intelligent Health Technology Development Co., Ltd. (上海優必選智慧健康科技發展有限公司)	Shanghai, PRC	Shanghai, PRC	RMB20,000,000	Sales of robotic products	–	80%	Establishment
Shanghai Youjiajie Education Technology Co., Ltd. (上海優嘉傑教育科技有限公司)	Shanghai, PRC	Shanghai, PRC	RMB1,000,000	Provision of robotic ancillary services	–	87.53%	Business combination involving enterprises not under common control
UBTECH (Hebei) Technology Co., Ltd. (優必選(河北)科技有限公司)	Shijiazhuang, PRC	Shijiazhuang, PRC	RMB20,000,000	Production and sales of robotic products	100%	–	Establishment
UBTECH (Hubei) Technology Co., Ltd. (優必選(湖北)科技有限公司)	Wuhan, PRC	Wuhan, PRC	RMB70,000,000	Sales of robotic products	100%	–	Establishment
Kunming Uqi Intelligent Technology Co., Ltd. (昆明優奇智能科技有限公司)	Kunming, PRC	Kunming, PRC	RMB10,000,000	Production of robotic products	–	43.45%	Establishment
Shenzhen Youzhixue Education Technology Co., Ltd. (深圳市優智學教育科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB10,000,000	Provision of robotic ancillary services	100%	–	Establishment
Shaoyang UBTECH Technology Co., Ltd. (邵陽優必選科技有限公司)	Shaoyang, PRC	Shaoyang, PRC	RMB30,000,000	Sales of robotic products	100%	–	Establishment
Shenzhen Uqi Zhixing Technology Co., Ltd. (深圳優奇智行科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB20,000,000	Development of robotic products	–	43.45%	Establishment
Sichuan UBTECH Intelligent Technology Development Co., Ltd. (四川優必選智慧科技有限公司)	Chengdu, PRC	Chengdu, PRC	RMB10,000,000	Sales of robotic products	100%	–	Establishment
Chengdu Longquanyi UBTECH Technology Co., Ltd. (成都龍泉驛優必泰克科技有限公司)	Chengdu, PRC	Chengdu, PRC	RMB20,000,000	Dormant	100%	–	Establishment
Jiujiang Youbixing Technology Co., Ltd. (九江優必行科技有限公司)	Jiujiang, PRC	Jiujiang, PRC	RMB210,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
Liuzhou UBTECH Intelligent Technology Co., Ltd. (柳州優必選智能科技有限公司)	Liuzhou, PRC	Liuzhou, PRC	RMB200,000,000	Development, design, production and sales of robotic products	100%	–	Establishment

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

### 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	
Yang Ling UBTECH Intelligent Agricultural Technology Co., Ltd. (楊凌優必選智慧農業科技有限公司)	Yangling, PRC	Yangling, PRC	RMB30,000,000	Dormant	100%	-	Establishment
Shenzhen Youshijie Robot Co., Ltd. (深圳市優世界機器人有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB5,000,000	Dormant	94.90%	-	Establishment
UB Kang (Qingdao) Technology Co., Ltd. (優必康(青島)科技有限公司)	Qingdao, PRC	Qingdao, PRC	RMB62,500,000	Sales of robotic products	80%	-	Establishment
UBTECH (Puyang) Technology Co., Ltd. (優必選(濮陽)科技有限公司)	Puyang, PRC	Puyang, PRC	RMB176,000,000	Sales of robotic products	100%	-	Establishment
UBTECH (Shenyang) Technology Co., Ltd. (優必選(瀋陽)科技有限公司)	Shenyang, PRC	Shenyang, PRC	RMB100,000,000	Dormant	100%	-	Establishment
Jiujiang Youye Technology Co., Ltd. (九江優耶科技有限公司)	Jiujiang, PRC	Jiujiang, PRC	RMB20,000,000	Dormant	-	100%	Establishment
UBot Innovation Technology Limited	Hong Kong, PRC	Hong Kong, PRC	HK\$10,000	Dormant	-	100%	Establishment
Chaozhou UBTECH Education Technology Co., Ltd. (潮州市優必選教育科技有限公司)	Chaozhou, PRC	Chaozhou, PRC	RMB16,800,000	Development, design, production and sales of robotic products	-	44.64%	Establishment
Liuzhou Youxue Technology Co., Ltd. (柳州優學科技有限公司)	Liuzhou, PRC	Liuzhou, PRC	RMB200,000,000	Development, design, production and sales of robotic products	100%	-	Establishment
Liuzhou UBTECH Technology Industry Co., Ltd. (柳州優必選科技產業有限公司)	Liuzhou, PRC	Liuzhou, PRC	RMB200,000,000	Development, design, production and sales of robotic products	100%	-	Establishment
Liuzhou Ubiquitous Intelligent Industry Co. (柳州優必選智慧實業有限公司)	Liuzhou, PRC	Liuzhou, PRC	RMB600,000,000	Development, design, production and sales of robotic products	-	100%	Establishment
Shenzhen Youxuan Zhiyi Elderly Caring Service Co., Ltd. (深圳市優選智頤養老服務有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB20,000,000	Dormant	-	80%	Establishment
Shenzhen Xuanyou Technology Co., Ltd. (深圳市選優科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB20,000,000	Dormant	100%	-	Establishment
Shenzhen Youbifu Technology Co., Ltd. (深圳市優必服科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB20,000,000	Dormant	100%	-	Establishment
Shenzhen Youlingjing Technology Co., Ltd. (深圳市優靈境科技有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB5,000,000	Dormant	51%	-	Establishment

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

## 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	
Youdi Health Technology (Shenzhen) Co., Ltd. (優邸健康科技(深圳)有限公司) (i)	Shenzhen, PRC	Shenzhen, PRC	RMB10,000,000	Dormant	57.75%	–	Establishment
Ganzhou UBTECH Intelligent Technology Co., Ltd. (贛州優必選智能科技有限公司)	Ganzhou, PRC	Ganzhou, PRC	RMB20,000,000	Sales of robotic products	100%	–	Establishment
Shenzhen UBTECH Medical Robot Co., Ltd. (深圳市優必選醫療機器人有限公司)	Shenzhen, PRC	Shenzhen, PRC	RMB5,000,000	Dormant	100%	–	Establishment
Beijing UBTECH Intelligent Robot Co., Ltd. (北京優必選智能機器人有限公司)	Beijing, PRC	Beijing, PRC	RMB50,000,000	Development, design, production and sales of robotic products	100%	–	Establishment
Guangzhou UBTECH Intelligent Health Industry Co., Ltd. (廣州優必選智慧健康產業有限公司)	Guangzhou, PRC	Guangzhou, PRC	RMB20,000,000	Dormant	–	80%	Establishment
UBTECH (Hejin) Technology Co., Ltd. (優必選(河津)科技有限公司)	Yuncheng, PRC	Yuncheng, PRC	RMB50,000,000	Dormant	100%	–	Establishment
Hebei UBTECH Intelligent Technology Co., Ltd. (河北優必選智能科技有限公司)	Tangshan, PRC	Tangshan, PRC	RMB20,000,000	Sales of robotic products	100%	–	Establishment
UBTECH Suzhou Technology Co., Ltd. (優必選(宿州)科技有限公司)	Suzhou, PRC	Suzhou, PRC	RMB20,000,000	Sales of robotic products	100%	–	Establishment
UBTECH (Hebi) Technology Co., Ltd. (優必選(鶴壁)科技有限公司)	Hebi, PRC	Hebi, PRC	RMB20,000,000	Dormant	100%	–	Establishment
UBTECH (Zhengzhou) Intelligent Agriculture Technology Co., Ltd. (優必選(鄭州)智慧農業科 技有限公司)	Zhengzhou, PRC	Zhengzhou, PRC	RMB80,000,000	Dormant	100%	–	Establishment
UBTECH (Xiamen) Software Technology Co., Ltd. (優必選(廈門)軟件技術有限公司)	Xiamen, PRC	Xiamen, PRC	RMB20,000,000	Dormant	100%	–	Establishment
UBHOME TECHNOLOGY COMPANY LIMITED	Hong Kong, PRC	Hong Kong, PRC	HK\$100,000	Dormant	100%	–	Establishment
Tongren UBTECH Intelligent Health Development Co., Ltd. (銅仁優必選智慧健康發展有限公司)	Tongren, PRC	Tongren, PRC	RMB20,000,000	Dormant	–	80%	Establishment
FUTRONICS PERU S.A.C. (iii)	Peru	Peru	PEN1,000	Dormant	–	100%	Acquisition
UBTECH (Yancheng) Technology Co., Ltd. (優必選(鹽城)科技有限公司) (iii)	Yancheng, PRC	Yancheng, PRC	RMB20,000,000	Dormant	100%	–	Establishment
UBTECH (Shenyang) Innovative Technology Co., Ltd. (優必選(瀋陽)創新科技有限公司) (iii)	Shenyang, PRC	Shenyang, PRC	RMB100,000,000	Dormant	100%	–	Establishment
Shanghai Youxuan Huiyi Elderly Caring Service Co., Ltd. (上海優選慧頤養老服務有限公司) (iii)	Shanghai, PRC	Shanghai, PRC	RMB1,000,000	Dormant	–	80%	Establishment

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

### 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	
Hangzhou UBTECH Intelligent Technology Industry Co., Ltd. (杭州優必選智慧科技產業有限公司) (iii)	Hangzhou, PRC	Hangzhou, PRC	RMB50,000,000	Dormant	100%	-	Establishment
Wuhan UBTECH Intelligent Technology Co., Ltd. (武漢優必選智慧科技有限公司) (iii)	Wuhan, PRC	Wuhan, PRC	RMB2,000,000	Dormant	-	80%	Establishment
Liuzhou Youchuang Intelligent Technology Co., Ltd. (柳州優創智慧科技有限公司) (iii)	Liuzhou, PRC	Liuzhou, PRC	RMB10,000,000	Dormant	-	51%	Establishment
Ubiquiti (Zhengzhou) Intelligent Technology Co., Ltd. (優必選(鄭州)智慧科技有限公司) (iii)	Zhengzhou, PRC	Zhengzhou, PRC	RMB50,000,000	Dormant	90.0%	-	Establishment
Chengdu UBTECH Health Technology Co., Ltd. (成都市優必選健康科技有限公司) (iii)	Chengdu, PRC	Chengdu, PRC	RMB10,000,000	Dormant	-	80%	Establishment
Nanjiang UBTECH Intelligent Technology Co., Ltd. (南江優選智慧科技有限公司) (iii)	Nanjiang, PRC	Nanjiang, PRC	RMB20,000,000	Dormant	100%	-	Establishment
Youbixing (Jiyuan) Technology Co., Ltd. (優必行(濟源)科技有限公司) (iii)	Jiyuan, PRC	Jiyuan, PRC	RMB20,000,000	Dormant	100%	-	Establishment
UBTECH (Nanchong) Robot Technology Co., Ltd. (優必選(南充)機器人科技有限公司) (iii)	Nanchong, PRC	Nanchong, PRC	RMB50,000,000	Dormant	100%	-	Establishment

- (i) 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 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.
- (iii) The subsidiary was newly established in the first half of 2024.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(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 liability partnerships under Mr. Zhou Jian’s control (“**RSU platform**”) on the grant date. These platforms held 39,599,280 ordinary shares of the Company as at June 30, 2024.

Mr. Zhou Jian has the sole discretion to invite any eligible person to participate in the Equity Incentive Scheme by obtaining partnership interests of a RSU platform at a price determined by Mr. Zhou Jian either through subscription to the shares of the RSU platform or transfer of interest from Mr. Zhou Jian (or his designated persons). If a grantee ceases to be employed by the Group within the vesting period, the granted RSUs should be repurchased by Mr. Zhou Jian (or his designated persons) (such designee will not be the Company or any of the Company’s subsidiaries) at the original subscription/or realization of the agreed transfer price.

The granted RSUs will vest at various dates. Based on the current ownership structure of RSU platform, 1 unit of RSU is equivalent to approximately 1.3743 shares of the Company upon vesting. Therefore, the fair value of 1 unit of RSU ranges from RMB108.41 to RMB113.18.

The fair value of the RSUs granted to employees on the grant date was mainly determined with interpolation method, considering the pricing of recent rounds of financing of the Company by the independent valuer. As Mr. Zhou Jian, the Company’s actual controller indirectly granted the shares controlled by him to the Company’s employees, which constituted equity-settled share-based payment and was regarded as a contribution from a shareholder while recognising share-based payment expenses and was credited to the capital surplus.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(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

	Vesting time			Vested within two years after the closing of IPO	Total
	2022	2023	2024		
2023					
Unvested RSUs in RSU platform at the beginning of the year	–	931,095	16,400	8,066,750	9,014,245
RSUs in RSU platform forfeited in the year	–	(119,350)	(4,400)	(155,000)	(278,750)
Unvested RSUs in RSU platform at the end of the year	–	811,745	12,000	7,911,750	8,735,495
2024					
Unvested RSUs in RSU platform at the beginning of the year	–	811,745	12,000	7,911,750	8,735,495
RSUs in RSU platform forfeited in the year	–	(74,550)	–	(310,100)	(384,650)
RSUs in RSU platform vested in the year	–	(737,195)	–	–	(737,195)
Unvested RSUs in RSU platform at the end of the year	–	–	12,000	7,601,650	7,613,650

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(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 date based on the share option incentive scheme signed by employees. The validity period of share option incentive scheme starts from the grant date of share options and ends on the date when all share options are exercised, lapsed or cancelled by grantees and the RSU platform completes liquidation and allotment.

#### *Movement of share options in 2024*

	Vesting time				Total
	2022	2023	2024	2025	
Outstanding share options at the beginning of the year	-	812,700	1,005,200	196,500	2,014,400
Share options forfeited in the year	-	-	(62,450)	(4,000)	(66,450)
Outstanding share options at the end of the year	-	812,700	942,750	192,500	1,947,950
Including: share options satisfied the exercisable conditions at the end of the year	-	812,700	-	-	812,700

- Exercise price of outstanding share options at the end of the period is RMB1 per option.
- There were no exercised share options in the period.
- Determination method of the fair value of share options on grant date

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

### 7 SHARE-BASED COMPENSATION *(Continued)*

#### (2) Share Option Scheme *(Continued)*

The Group used the Binomial Pricing Model to determine the fair value of share options. The major parameters are as follows:

Exercise price of options:	RMB1
The price of options granted to the target	RMB108.41-RMB113.18
Expected volatility of share price:	46.58%-48.60%
Risk free rate of options in validity period:	2.62%-2.91%

The fair value of share options calculated by the Group based on the above parameters is RMB107.41-RMB112.20.

- (3) The Group recognised the total share-based payment expenses for the six months ended June 30, 2024 of RMB176,273,000 (for the six months ended June 30, 2023: RMB179,466,000).

### 8 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS

- (1) As stated in note 1, Mr. Zhou Jian is the Company's 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. (深圳市易二三科技有限公司)	Associate
Sichuan UBTECH City Sports Industry Development Co., Ltd. (四川優必選城市體育產業發展有限責任公司)	Associate
Beijing Humanoid Robot Innovation Center Co., Ltd. (北京人形機器人創新中心有限公司)	Associate

#### (4) Significant related party transactions

##### (a) Pricing policy

The prices of 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

## 8 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (Continued)

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

## (b) Purchase of goods and acceptance of service

		For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
MAE and its subsidiaries	Purchase of goods	–	1,102
MAE and its subsidiaries	Acceptance of service	283	–
		<b>283</b>	1,102

## (c) Sales of goods or services

		For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
MAE and its subsidiaries	Sales of goods or services	67,472	71,425
Beijing Humanoid Robot Innovation Center Co., Ltd. (北京人形机器人创新中心 有限公司)	Sales of goods	2,212	–
		<b>69,684</b>	71,425

## (d) Acceptance of guarantee

		For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Mr. Zhou Jian	Loan guarantee	–	601,914

As at February 6, 2024, the guarantee from Mr. Zhou Jian was released.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

### 8 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS *(Continued)*

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

##### (e) Directors' and supervisor's emoluments

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

Name	Remuneration of Directors or supervisors	Remuneration paid for management of the Company					Total
	Remuneration	Salaries, housing benefits, other bonuses and benefits in kind	Contributions to pension scheme	Discretionary bonuses	Share-based payment		
<i>Executive Directors</i>							
Zhou Jian	-	402	58	-	182	642	
Wang Lin	-	277	58	-	6,078	6,413	
Xiong Youjun	-	542	25	-	5,442	6,009	
Liu Ming	-	449	25	-	5,071	5,545	
<i>Non-executive Directors</i>							
Xia Zuoquan	-	-	-	-	-	-	
Zhou Zhifeng	-	-	-	-	-	-	
Chen Qiang	-	-	-	-	-	-	
<i>Independent Non-executive Directors</i>							
Zhao Jie	-	53	-	-	-	53	
Xiong Chuxiong	-	53	-	-	-	53	
Poon Fuk Chuen	-	53	-	-	-	53	
Leung Wai Man, Roger	-	53	-	-	-	53	
<i>Supervisors</i>							
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	

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

## 8 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (Continued)

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

## (e) Directors' and supervisor's emoluments (Continued)

Directors' and supervisor's emoluments for the six months ended June 30, 2023 are as follows:

Name	Remuneration of Directors or supervisors	Remuneration paid for management of the Company Salaries, housing benefits, other bonuses and benefits in kind	Contributions to pension scheme	Discretionary bonuses	Share-based payment	Total
<i>Executive Directors</i>						
Zhou Jian	-	402	54	-	21,612	22,068
Wang Lin	-	278	55	-	3,562	3,895
Xiong Youjun	-	544	22	-	3,189	3,755
Liu Ming	-	450	22	-	3,167	3,639
<i>Non-executive Directors</i>						
Xia Zuoquan	-	-	-	-	-	-
Zhou Zhifeng	-	-	-	-	-	-
Chen Qiang	-	-	-	-	-	-
<i>Independent Non-executive Directors</i>						
Zhao Jie	53	-	-	-	-	53
Xiong Chuxiong	53	-	-	-	-	53
Poon Fuk Chuen	53	-	-	-	-	53
Leung Wai Man, Roger	38	-	-	-	-	38
Chen Danxia	3	-	-	-	-	3
<i>Supervisors</i>						
Deng Feng	-	436	22	-	4,199	4,657
Ben Cangsang	-	326	21	-	584	931
Wang Xingru	-	229	-	-	217	446
	200	2,665	196	-	36,530	39,591

For the six months ended June 30, 2024, no emoluments were paid by the Company to the Directors and supervisors as an inducement to join the Company or as compensation for loss of office (for the six months ended June 30, 2023: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

### 8 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS *(Continued)*

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

##### (f) Key management personnel compensation

	For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Key management personnel compensation	43,535	51,312

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

##### (g) Five highest paid individuals

	For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Salary and allowance	2,318	1,294
Bonus	–	12,481
Contributions to pension scheme	156	66
Other social security costs, housing benefits and other employee benefits	196	107
Share-based compensation	39,138	15,841
<b>Total</b>	<b>41,808</b>	<b>29,789</b>

For the six months ended June 30, 2024, the five highest paid individuals include three Directors (for the six months ended June 30, 2023: four Directors), whose emoluments were reflected in the above table.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

## 8 RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (Continued)

## (5) Significant balances with related parties

## (a) Accounts receivables

	June 30, 2024		December 31, 2023	
	Accounts balance (Unaudited)	Provision for bad debts (Unaudited)	Accounts balance (Audited)	Provision for bad debts (Audited)
Shenzhen Yiersan Technology Co., Ltd. (深圳市易二三科技有限公司)	8,376	8,376	8,376	8,376
MAE and its subsidiaries	215,882	29,301	272,367	20,034
Beijing Humanoid Robot Innovation Center Co., Ltd. (北京人形机器人创新中心有限公司)	1,500	51	–	–
	<b>225,758</b>	<b>37,728</b>	280,743	28,410

## (b) Accounts payables

	June 30, 2024 Accounts balance (Unaudited)	December 31, 2023 Accounts balance (Audited)
MAE and its subsidiaries	6,889	13,774

## (c) Contract liabilities

	June 30, 2024 Accounts balance (Unaudited)	December 31, 2023 Accounts balance (Audited)
MAE and its subsidiaries	4,840	4,229

## 9 COMMITMENTS

## Capital expenditure commitments

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Construction in progress	883,884	859,731

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

### 10 EVENTS AFTER BALANCE SHEET DATE

On August 1, 2024, the Company entered into a placing agreement with the Placing Agent in relation to the placing of 1,420,000 new H Shares at a placing price of HK\$92.00 per H Share. The placing was completed on August 8, 2024.

### 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) Interest rate risk

The Group's interest rate risk mainly arises from long-term interest-bearing borrowings including long-term borrowings and lease liabilities. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at June 30, 2024, the Group's interest-bearing borrowings with floating rates mainly represented floating rate borrowing contracts denominated in RMB, with the amounts of RMB756,000,000 (December 31, 2023: floating rate borrowing contracts with the amounts of RMB676,311,000) (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, 2024 and for the six months ended June 30, 2023, the Group did not enter into any interest rate swap agreements. As at June 30, 2024, if interest rates on the floating rate borrowings had risen or fallen by 50 basis points while all other variables had been held constant, the Group's net loss would have increased or decreased by approximately RMB1,897,000 (December 31, 2023: approximately RMB2,659,000).

#### (2) Other price risk

The Group's other price risk mainly arises from investments in other equity instruments. As at June 30, 2024, The Group's other price risk is insignificant.

#### (3) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, accounts receivables, 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, 2024  
(All amounts in RMB'000 unless otherwise stated)

### 11 FINANCIAL INSTRUMENT AND RELATED RISKS *(Continued)*

#### (3) 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 receivables 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, 2024, the Group didn't hold any significant collateral or other credit enhancements pledged by debtors (December 31, 2023: Nil).

#### (4) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash reserve, while maintaining sufficient headroom on its undrawn committed borrowings facilities from major financial institutions to meet the short-term and long-term liquidity requirements based on the provisions in a borrowing agreement.

- (a) As at the balance sheet date, the undiscounted contractual cash flows of the Group's financial liabilities, analysed by their maturity dates, are as below:

	June 30, 2024				
	Within 1 year (Unaudited)	1 to 2 years (Unaudited)	2 to 5 years (Unaudited)	Over 5 years (Unaudited)	Total (Unaudited)
Short-term borrowings	902,235	-	-	-	902,235
Accounts payables	293,602	-	-	-	293,602
Other payables	321,933	-	-	-	321,933
Long-term borrowings	51,121	102,503	499,133	288,833	941,590
Lease liabilities	-	17,949	14,586	193	32,728
Non-current liabilities to be settled within one year	76,958	-	-	-	76,958
	1,645,849	120,452	513,719	289,026	2,569,046

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

### 11 FINANCIAL INSTRUMENT AND RELATED RISKS *(Continued)*

#### (4) Liquidity risk *(Continued)*

- (a) As at the balance sheet date, the undiscounted contractual cash flows of the Group's financial liabilities, analysed by their maturity dates, are as below: *(Continued)*

	December 31, 2023				Total (Audited)
	Within 1 year (Audited)	1 to 2 years (Audited)	2 to 5 years (Audited)	Over 5 years (Audited)	
Short-term borrowings	797,063	–	–	–	797,063
Accounts payables	412,534	–	–	–	412,534
Other payables	382,829	–	–	–	382,829
Long-term borrowings	46,185	62,870	392,232	321,929	823,216
Lease liabilities	–	22,263	22,111	–	44,374
Non-current liabilities to be settled within one year	66,658	–	–	–	66,658
	1,705,269	85,133	414,343	321,929	2,526,674

- (b) As at the balance sheet date, there is no lease contract that the Group had signed but not yet executed.
- (c) Bank borrowings are analysed by repayment terms as follows:

	June 30, 2024 Bank borrowings (Unaudited)	December 31, 2023 Bank borrowings (Audited)
Within 1 year	<b>927,911</b>	804,545
1-2 years	<b>53,604</b>	30,186
2-5 years	<b>396,668</b>	316,948
Over 5 years	<b>270,163</b>	301,855
	<b>1,648,346</b>	1,453,534

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(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, 2024, the Group's assets measured at fair value is only the investment in equity instrument (note 4(10)) that is 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, 2024 and December 31, 2023, the Group's gearing ratio was calculated as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Total assets	4,384,875	4,765,635
Total liabilities	2,629,321	2,676,752
Gearing ratio	60%	56%

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

### 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

#### (1) Accounts receivables

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts receivables due from third parties	301,461	186,875
Accounts receivables due from subsidiaries	342,657	310,232
	<b>644,118</b>	497,107
Less: provision for bad debts	<b>(167,355)</b>	(108,008)
	<b>476,763</b>	389,099

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within 6 months	211,855	227,554
6 months to 1 year	131,201	33,111
1-2 years	32,068	113,012
2-3 years	167,744	79,800
Over 3 years	101,250	43,630
	<b>644,118</b>	497,107

#### (b) Provision for bad debts

For the accounts receivables, regardless of whether there is a significant financing component, the Company calculates loss provisions in accordance with the expected credit loss throughout the lifetime.

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

	June 30, 2024				December 31, 2023			
	Accounts balance		Provision for bad debts		Accounts balance		Provision for bad debts	
	Amount	% of total	Amount	% of	Amount	% of total	Amount	% of
	(Unaudited)	balance	(Unaudited)	provision	(Audited)	balance	(Audited)	provision
Provision on an individual basis (i)	235,242	36.52%	159,641	67.86%	161,930	32.57%	100,726	62.20%
Provision on a collective basis (ii)	408,876	63.48%	7,714	1.89%	335,177	67.43%	7,282	2.17%
	<b>644,118</b>	<b>100.00%</b>	<b>167,355</b>	<b>25.98%</b>	497,107	100.00%	108,008	21.73%

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (1) Accounts receivables (Continued)

##### (b) Provision for bad debts (Continued)

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

For the six months ended June 30, 2024, the Company's accounts receivables overdue over one year was RMB185,749,000 (December 31, 2023: RMB124,419,000). The Company provided individual provision for such accounts receivables. The Company evaluated the cash flows that might be collected under different scenarios and recognised the difference of RMB159,641,000 (December 31, 2023: RMB100,726,000) between the present value of the cash flows that might be collected and the cash flows receivable according to the contract as provision for bad debts, of which RMB58,915,000 (for the six months ended June 30, 2023: RMB955,000) was included in profit or loss for the current period.

- (ii) Provision for bad debts made on a collective basis for accounts receivables is analysed as follows:

Portfolio 1 Government and state-owned corporation customers:

	June 30, 2024		
	Accounts balance	Provision for bad debts	
	Amount (Unaudited)	Lifetime ECL rate	Amount (Unaudited)
Not overdue	17,752	2.72%	482
Overdue within 1-90 days	15,670	3.37%	528
Overdue within 91-180 days	13,407	3.37%	452
	<b>46,829</b>		<b>1,462</b>

  

	December 31, 2023		
	Accounts balance	Provision for bad debts	
	Amount (Audited)	Lifetime ECL rate	Amount (Audited)
Not overdue	1,726	0.29%	5

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (1) Accounts receivables (Continued)

##### (b) Provision for bad debts (Continued)

- (ii) Provision for bad debts made on a collective basis for accounts receivables is analysed as follows: (Continued)

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

	June 30, 2024		
	Accounts balance	Provision for bad debts	
	Amount (Unaudited)	Lifetime ECL rate	Amount (Unaudited)
Not overdue	8,456	3.19%	270
Overdue within 1-90 days	195	3.59%	7
Overdue within 91-180 days	245	2.04%	5
Overdue within 181-360 days	10,494	4.97%	522
	<b>19,390</b>		<b>804</b>

  

	December 31, 2023		
	Accounts balance	Provision for bad debts	
	Amount (Audited)	Lifetime ECL rate	Amount (Audited)
Not overdue	9,118	8.94%	815
Overdue within 1-90 days	932	3.22%	30
Overdue within 91-180 days	10,860	11.35%	1,233
Overdue within 181-360 days	2,309	13.17%	304
	<b>23,219</b>		<b>2,382</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

#### (1) Accounts receivables (Continued)

##### (b) Provision for bad debts (Continued)

- (ii) Provision for bad debts made on a collective basis for accounts receivables is analysed as follows: (Continued)

Portfolio 4 Internal related parties of the Group:

	June 30, 2024		
	Accounts balance	Provision for bad debts	
	Amount (Unaudited)	Lifetime ECL rate	Amount (Unaudited)
Not overdue	342,657	1.59%	5,448

  

	December 31, 2023		
	Accounts balance	Provision for bad debts	
	Amount (Audited)	Lifetime ECL rate	Amount (Audited)
Not overdue	310,232	1.58%	4,895

#### (2) Prepayments

	June 30, 2024		December 31, 2023	
	Amount (Unaudited)	% of total prepayments	Amount (Audited)	% of total prepayments
Within one year	135,159	98.30%	151,753	94.63%
1-2 years	1,480	1.08%	6,086	3.80%
2-3 years	289	0.21%	2,118	1.32%
Above 3 years	563	0.41%	394	0.25%
	137,491	100.00%	160,351	100%

As at June 30, 2024, prepayments aged over a year amounted to RMB2,332,000 (December 31, 2023: RMB8,598,000), 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, 2024

(All amounts in RMB'000 unless otherwise stated)

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

#### (3) Other receivables

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Receivables in respect of listing proceeds (note 4(6))	–	828,142
Receivables from the internal related parties of the Group	738,792	799,899
Deposits and guarantees receivables	3,745	24,891
Petty cash for employees receivable	1,758	1,795
Others	2,920	6,181
	<b>747,215</b>	1,660,908
Less: provision for bad debts	<b>(15,902)</b>	(23,361)
	<b>731,313</b>	1,637,547

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within one year	741,278	1,634,716
1-2 years	2,337	459
2-3 years	318	22,502
Above 3 years	3,282	3,231
	<b>747,215</b>	1,660,908

#### (b) Changes in loss allowance and its accounts balance

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

	June 30, 2024				December 31, 2023			
	Accounts balance		Provision for bad debts		Accounts balance		Provision for bad debts	
	% of total		% of		% of total		% of	
	Amount	balance	Amount	provision	Amount	balance	Amount	provision
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
Stage 1	743,123	99.45%	(11,810)	1.59%	1,655,540	99.68%	(17,993)	1.09%
Stage 3	4,092	0.55%	(4,092)	100.00%	5,368	0.32%	(5,368)	100%
	<b>747,215</b>	<b>100.00%</b>	<b>(15,902)</b>	<b>2.13%</b>	1,660,908	100.00%	(23,361)	1.41%

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(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 accounts balance (Continued)

	Stage 1		Stage 3		Total Provision for bad debts
	Accounts balance	Provision for bad debts	Accounts balance	Provision for bad debts	
December 31, 2023					
(Audited)	1,655,540	(17,993)	5,368	(5,368)	(23,361)
Transfer to stage 3 in the period	(1,557)	(3)	1,557	3	–
Net change in the period	(910,860)	6,186	(2,833)	1,273	7,459
June 30, 2024 (Unaudited)	<b>743,123</b>	<b>(11,810)</b>	<b>4,092</b>	<b>(4,092)</b>	<b>(15,902)</b>

For the six months ended June 30, 2024 and for the six months ended June 30, 2023, the changes in provision for bad debts caused by the conversion between the Stage 1 and Stage 3 are not significant, and the changes in provision for bad debts caused by changes in the parameter data used for expected credit loss are also not significant.

As at June 30, 2024 and December 31, 2023, the Group had no other receivables in the Stage 2. Other receivables in the Stage 1 and Stage 3 are analysed as follows:

- (i) As at June 30, 2024, the analysis of other receivables for provision for bad debts in the Stage 3 is as follows:

Stage 3	Accounts balance (Unaudited)	Lifetime ECL rate	Provision for bad debts (Unaudited)	Reasons
Deposits and guarantees receivable	<b>1,972</b>	<b>100%</b>	<b>(1,972)</b>	<b>Due over one year</b>
Others	<b>2,120</b>	<b>100%</b>	<b>(2,120)</b>	<b>Due over one year</b>
	<b>4,092</b>		<b>(4,092)</b>	

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(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 accounts balance (Continued)

- (ii) As at December 31, 2023, the analysis of other receivables for provision for bad debts in the Stage 3 is as follows:

Stage 3	Accounts balance (Audited)	Lifetime ECL rate	Provision for bad debts (Audited)	Reasons
Deposits and guarantees receivables	1,157	100%	(1,157)	Due over one year
Others	4,211	100%	(4,211)	Due over one year
	5,368		(5,368)	

- (iii) As at June 30, 2024 and December 31, 2023, the analysis of other receivables for provision for bad debts in the Stage 1 is as follows:

	June 30, 2024			December 31, 2023		
	Accounts balance	Provision for bad debts	% of	Accounts balance	Provision for bad debts	% of
	Amount (Unaudited)	Amount (Unaudited)	provision	Amount (Audited)	Amount (Audited)	provision
Deposits and guarantees receivables	1,773	(47)	2.65%	23,735	(496)	2.09%
Petty cash for employees receivable	1,758	(13)	0.74%	1,795	(14)	0.78%
Receivables in respect of listing proceeds	-	-	-	828,142	(4,728)	0.57%
Receivables from the internal related parties of the Group	738,792	(11,741)	1.59%	799,899	(12,713)	1.59%
Others	800	(9)	1.13%	1,969	(42)	2.13%
	743,123	(11,810)	1.59%	1,655,540	(17,993)	1.09%

- (c) In the period, the provision for bad debts amounted to RMB7,459,000, the collection and reversal of provision for bad debts is insignificant.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024  
(All amounts in RMB'000 unless otherwise stated)

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

## (4) Long-term equity investments

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Subsidiaries	4,150,588	4,037,102
Associates	58,444	58,444
	<b>4,209,032</b>	4,095,546
Less: Provision for impairment of long-term equity investments		
– Subsidiaries (a)	(934,781)	(898,193)
– Associates	(58,444)	(58,444)
	<b>3,215,807</b>	3,138,909

(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, 2023 (Audited)	Increase in the Current period	June 30, 2024 (Unaudited)
Share premium (note 4(33))	6,073,456	22,661	6,096,117
Share-based payment	830,769	155,226	985,995
Others	38,877	–	38,877
	<b>6,943,102</b>	<b>177,887</b>	<b>7,120,989</b>

  

	December 31, 2022 (Audited)	Increase in the Current period	June 30, 2023 (Unaudited)
Share premium (note 4(33))	4,397,700	809,604	5,207,304
Share-based payment	537,238	179,466	716,704
Others	38,877	–	38,877
	4,973,815	989,070	5,962,885

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(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, 2024		For the six months ended June 30, 2023	
	Revenue (Unaudited)	Cost of sales (Unaudited)	Revenue (Unaudited)	Cost of sales (Unaudited)
Sales of goods	278,581	263,133	152,610	144,765
Provision of services	11,268	3,237	8,136	6,747
	<b>289,849</b>	<b>266,370</b>	160,746	151,512

#### (7) Investment income

	For the six months ended June 30, 2024 (Unaudited)	For the six months ended June 30, 2023 (Unaudited)
Changes of gains and losses from holding of financial assets held for trading	193	–