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Beijing UBOX Online Technology Corp.

北京友寶在線科技股份有限公司

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

(Stock Code: 2429)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2025**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Beijing UBOX Online Technology Corp. (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2025. This announcement, containing the full text of the 2025 interim report of the Company (the “**2025 Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcements of interim results.

This interim results announcement will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.uboxol.com). The 2025 Interim Report will be dispatched to the shareholders of the Company who requested for a printed copy and made available on the above websites in due course.

For and on behalf of the Board
Beijing UBOX Online Technology Corp.
Wang Bin
Chairman and Executive Director

Shenzhen, the PRC, August 28, 2025

As at the date of this announcement, the Company's executive Directors are Mr. Wang Bin, Mr. Yu Lizhi, Ms. Cui Yan and Mr. Chao Hua, non-executive Directors are Mr. Zhu Chao and Ms. An Yufang, and independent non-executive Directors are Ms. Guo Wei, Mr. Zhang Chen and Mr. Zhang Changhao.

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DEFINITIONS

“Audit Committee”	the audit committee of the Board
“Auditor”	the auditor of the Company
“Board” or “Board of Directors”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China
“Company”, “our Company” or “the Company”	Beijing UBOX Online Technology Corp. 北京友寶在線科技股份有限公司, a limited liability company incorporated in the PRC on March 1, 2012 and converted into a joint stock company with limited liability on September 10, 2015
“date of this interim report”	August 28, 2025
“Director(s)”	the director(s) of the Company
“FMCG”	fast-moving consumer goods
“Global Offering”	the global offering of the Shares in connection with the Listing
“GMV”	gross merchandise value, the total value (inclusive of value-added tax) of all merchandise sold at Ubox POSs under our unmanned retail business
“Group”, “our Group”, “we”, “our” or “us”	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“H Share(s)”	overseas listed foreign Shares in the share capital of our Company with a nominal value of RMB1.00 each, which are to be traded in HK dollars and are to be listed on the Stock Exchange
“HK\$”, “Hong Kong dollars”, “HK dollars” or “cents”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/ which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons or associates of our connected persons as defined under the Listing Rules
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	November 3, 2023, on which the H Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“mainland China”	the People’s Republic of China excluding Hong Kong, Macau Special Administrative Region and Taiwan region
“merchandise wholesale customer(s)”	primarily being vending machine operator(s) that purchase(s) merchandise from us on a wholesale basis
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“Non-Ubox POS(s)”	POS(s) that are connected to our operation system and are operated by Non-Ubox POS operators
“Non-Ubox POS operator(s)”	third-party operators who operate Non-Ubox POSs
“POS(s)”	point(s) of sale for vending machine(s)
“POS network”	comprising Ubox POSs and Non-Ubox POSs
“POS partner(s)”	individual(s) and entity(ies) who assist(s) with sourcing and establishing POSs
“PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as enacted by the Standing Committee of the Eighth National People’s Congress on December 29, 1993 and effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“PRC Law”	the laws and regulations of the PRC, without reference to the laws and regulations of Hong Kong and Macao Special Administrative Region and the relevant regulations of Taiwan region
“Pre-IPO Incentive Scheme”	our share incentive scheme adopted on May 31, 2021, the details of which are set out in “Statutory and General Information – D. Share Incentive Scheme – 1. Pre-IPO Incentive Scheme” in Appendix IV to the Prospectus
“Prospectus”	the prospectus of the Company dated October 24, 2023
“Reporting Period”	the six-month period ended June 30, 2025
“restaurant model partner(s)”	POS partner(s) who assist(s) with the operation of POSs at restaurants and, to a lesser extent and on a case-by-case basis, certain other types of locations such as gyms and cinemas, and is/are entitled to keep the difference between the transaction GMV and a predetermined merchandise price agreed with us, which is different from our profit sharing and fees arrangement with other POS partners
“RMB” or “Renminbi”	Renminbi, 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 capital of our Company with nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of our Company
“Ubox POS(s)”	POS(s) operated by us under our direct operation model and partner model
“Unlisted Shares”	ordinary Shares in the share capital of our Company with a nominal value of RMB1.00 each, which are not listed in any stock exchange
“%”	percent

DEFINITIONS

In this interim report, the terms “associate,” “close associate,” “connected person,” “connected transaction,” “continuing connected transaction,” “controlling shareholder,” “core connected person,” “subsidiary,” “insignificant subsidiary,” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

If there is any inconsistency between the Chinese names of the laws and regulations, governmental authorities, institutions, natural persons, entities or enterprises established in the PRC mentioned in this interim report and their English translations, the Chinese names shall prevail. The English translations of such Chinese names are provided for identification purposes only.

Certain amounts and percentage figures included in this interim report have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Bin (*Chairman and Chief Executive Officer*)
Mr. Yu Lizhi
Ms. Cui Yan
Mr. Chao Hua

Non-executive Directors

Mr. Zhu Chao
Ms. An Yufang

Independent Non-executive Directors

Ms. Guo Wei
Mr. Zhang Chen
Mr. Zhang Changhao

AUDIT COMMITTEE

Ms. Guo Wei (*Chairlady*)
Mr. Zhang Changhao
Mr. Zhang Chen

REMUNERATION COMMITTEE

Mr. Zhang Changhao (*Chairman*)
Mr. Yu Lizhi
Ms. Guo Wei

NOMINATION COMMITTEE

Mr. Wang Bin (*Chairman*)
Ms. Guo Wei
Mr. Zhang Changhao

JOINT COMPANY SECRETARIES

Ms. Cui Yan
Ms. Lai Ho Yan

AUTHORIZED REPRESENTATIVES

Ms. Cui Yan
Ms. Lai Ho Yan

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CORPORATE INFORMATION

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STOCK CODE

2429

INTERIM RESULTS HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	Six-month period ended June 30,		Change %
	2025	2024	
	RMB'000 (unaudited)	RMB'000 (unaudited)	
Revenue	1,302,070	1,343,702	(3.1)
Gross profit	480,738	486,162	(1.1)
Loss for the period	(37,646)	(98,908)	(61.9)
Adjusted net loss (non-HKFRS measure) ⁽¹⁾	<u>(30,551)</u>	<u>(71,489)</u>	<u>(57.3)</u>

Note:

- (1) For definitions of adjusted net loss, please refer to the section headed “Non-HKFRS Measures: net loss” in this interim report.

The Group’s revenue for the Reporting Period was approximately RMB1,302.1 million, representing a decrease of approximately 3.1% or approximately RMB41.6 million as compared to approximately RMB1,343.7 million for the six-month period ended June 30, 2024. The decrease was mainly due to the intensified market competition and a decrease in the number of POSs.

During the Reporting Period, the Group’s gross profit was approximately RMB480.7 million, as compared to approximately RMB486.2 million for the six-month period ended June 30, 2024. The Group’s gross profit margin increased from approximately 36.2% to approximately 36.9%. The increase was mainly due to the optimization of Ubox POSs, the elimination of low-margin POSs, and the retention and development of high-margin POSs.

The Group’s loss for the Reporting Period was approximately RMB37.6 million, representing a decrease of approximately 61.9% as compared to a loss of approximately RMB98.9 million for the six-month period ended June 30, 2024. The decrease was primarily due to (i) a decrease in depreciation of property, plant, and equipment and right-of-use assets during the Reporting Period; (ii) a decrease in the amortization of share-based compensation expenses during the Reporting Period; and (iii) a reversal of impairment allowances recognized in prior years during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the Company's unaudited condensed consolidated interim results, including its accompanying notes, set forth in the financial information section of this interim report.

BUSINESS REVIEW AND OUTLOOK

Overview

In the first half of 2025, we strategically promoted the sales of customized merchandise and channel-limited merchandise through our unmanned retail business and merchandise wholesale. A customized merchandise is the customized product we ordered directly from the third party manufacturers based on specific demand of our customers in response to consumer's needs and preferences in unmanned retail scenario. A channel-limited merchandise is a product only available in a specified sales channel. A channel-limited merchandise can be labeled to enhance marketing targeting and precision. We believe that customized merchandise and channel-limited merchandise allow us (i) to efficiently implement channel control and marketing strategies to attain a higher gross profit margin; and (ii) to control both the cost and the quality of the merchandise.

For the six months ended June 30, 2025, the Group revised its internal segment reporting to include four reportable segments: (i) unmanned retail business, (ii) merchandise wholesale, (iii) advertising and system support services and (iv) others. The segment of vending machine sales and leases was reclassified to present in segment of others. Accordingly, the classification of segment has been adjusted retrospectively for the six months ended June 30, 2025 and prior period comparatives have been revised to conform with the current period presentation.

For the six months ended June 30, 2025, the Group recorded total revenue of approximately RMB1,302.1 million, representing a year-on-year decrease of 3.1%; the Group recorded gross profit of approximately RMB480.7 million, representing a year-on-year decrease of 1.1%; loss for the year attributable to equity shareholders of the Company amounted to approximately RMB32.0 million, representing a year-on-year decrease of 68.3%; the Group's adjusted net loss (non-HKFRS measure) amounted to approximately RMB30.6 million, representing a year-on-year decrease of 57.3%. The Group recorded positive operating cash inflow of approximately RMB64.7 million and was in a good cash flow condition.

As of June 30, 2025, the number of our Ubox POSs was 67,943, representing an increase of approximately 1.2% as compared to 67,144 as of December 31, 2024; the number of our POS partners (excluding restaurant model partners) was 2,147, representing an increase of approximately 1.6% as compared to 2,114 as of December 31, 2024; the number of restaurant model partners was 445, representing an increase of approximately 0.2% as compared to 444 as of December 31, 2024; the number of Non-Ubox POSs was 16,832, representing an increase of approximately 6.9% as compared to 15,749 as of December 31, 2024.

Unmanned retail business

In the first half of 2025, we continued to engage in the sales of FMCG through vending machines through our vast network of Ubox POSs across mainland China, supported by our data-driven operation system. We continued to offer consumers swift and convenient access to a broad selection of FMCG, including bottled beverages, snacks and freshly brewed coffee and other beverages.

MANAGEMENT DISCUSSION AND ANALYSIS

The major categories of our vending machines included:

- *Pick-and-go cabinet*, our latest vending machine model that is equipped with the latest hardware technologies, structure design and lighting and combined use of biometric authentication, credit assessment algorithm and IoT technologies. It automatically detects merchandise that has been removed and check out when the consumer closes the door, simplifying the transaction process and creating a new, hassle-free consumption experience.
- *Beverage vending machine*, a vending machine that is equipped with a touch screen and biometric authentication device, it is designed to offer consumers an optimal experience in purchasing canned and bottled beverages. Our beverage vending machine is equipped with built-in biometric authentication device, allowing it to interact with the consumers' electronic wallets which support biometric authentication. It also has a dynamic energy saving system that is capable of heating and cooling the merchandise, which allows operators to adjust the category of merchandise based on seasonal needs.
- *Beverage and snack vending machine*, a vending machine that suits various consumption scenarios. With expandable inner cabinet volume, the beverage and snack vending machine can accommodate a broad range of merchandise, including fragile items and merchandise with irregular packaging. With adjustable shelf and rack spaces, and the capability of cooling the merchandise, it has the versatility to adapt to a wide range of scenarios, allowing operators to adjust the category of merchandise based on a range of factors, including seasonal needs.
- *Freshly brewed beverage vending machine*, a machine developed by us, that can serve consumers with a wide selection of freshly brewed beverages on demand, including freshly ground and capsule coffee, tea, juice, chocolate and other special drinks such as milk tea and Chinese sweet soup.

The table below sets forth the number of Ubox POSs by type of vending machines as of the dates indicated:

	As of June 30, 2025 Unit	As of December 31, 2024 Unit	Change %
Vending machines by type			
Pick-and-go cabinets	50,543	48,696	3.8
Beverage vending machines	14,655	15,131	(3.1)
Beverage and snack vending machines	892	1,386	(35.6)
Freshly brewed beverage vending machines	1,504	1,569	(4.1)
Others ⁽¹⁾	349	362	(3.6)
Total	67,943	67,144	1.2

Note:

(1) Others include other types of machines such as orange juice machines and coconut juice machines.

MANAGEMENT DISCUSSION AND ANALYSIS

Even though the overall environment continued to have an impact on the economy of the PRC in the first half of 2025, the Company strategically expanded in some business scenarios, with the number of our Ubox POSs steadily increasing and its overall operational performance improving.

The table below sets forth average monthly GMV of each type of our vending machines at Ubox POSs, excluding POSs of POS partners who are restaurant model partners, as of the dates indicated:

	As of June 30,		Change %
	2025	2024	
	(RMB per machine per month)		
Vending machines by type			
Pick-and-go cabinets	3,133	2,921	7.3
Beverage vending machines	3,930	3,847	2.2
Beverage and snack vending machines	3,658	2,881	27.0
Freshly brewed beverage vending machines	680	802	(15.2)
Others ⁽¹⁾	57	0	100.0
Total	3,219	3,075	4.7

Note:

(1) Others include other types of machines such as orange juice machines and coconut juice machines.

During the Reporting Period, the overall average monthly GMV of Ubox POS increased by approximately 4.7% compared to the same period in 2024, mainly due to the renovation and upgrade of certain pick-and-go cabinets, which significantly increased in the inventory volume of the equipment, the number of stock keeping unit sold and revenue per replenishment, resulting in the increase in the sales per Ubox POSs. Also, we optimized our operation based on big data, including the formulation of merchandise assessment system and merchandise structure strategies, request for restock of best-selling merchandise and replacement of slow-moving merchandise, the attainment rate of the assessment of stock keeping unit of the vending machines, restocking cycle and assessment of the out-of-stock rate.

MANAGEMENT DISCUSSION AND ANALYSIS

Merchandise wholesale

In the first half of 2025, in addition to selling directly to consumers through our retail platform, we also continued to sell merchandise to customers (who are typically vending machine operators) on a wholesale basis as our buyers rather than agents. We continued to leverage our data-driven operation network, procurement cost advantage resulting from bulk purchase and storage facilities to provide merchandise wholesale, which mainly comprised beverages and snacks, to our merchandise wholesale customers. As of June 30, 2025, we had 3,451 merchandise wholesale customers, as compared to 1,851 as of December 31, 2024. Compared with 2024, the number of our merchandise wholesale customers increased in the first half of 2025, primarily due to the rapid expansion of our shared warehouse business by establishing warehouses in different cities and expanding the operation and delivery. The increase in the number of merchandise wholesale customers was in line with the increase in the revenue from merchandise wholesale during the Reporting Period.

Some of our merchandise wholesale customers were also our Non-Ubox POS operators, who operated vending machines that were connected to our operation system. As of June 30, 2025 and December 31, 2024, 1,422 and 1,379 of our merchandise wholesale customers were also our Non-Ubox POS operators, respectively. Such increase during the Reporting Period was primarily due to the reason discussed above.

Advertising and system support services

In the first half of 2025, we continued to leverage our technology and data analytics capabilities to support our digital advertising platform, which mainly consisted of provision of (i) merchandise display advertising services, and (ii) revenue derived from fees charged to the Group's Non-Ubox POSs operators for using its operation system. Our retail platform allowed us to provide advertisers with extensive reach across the country. We continued to allow advertisers to deliver engaging advertising experience to customers. As of June 30, 2025, we had 80 digital advertising service customers.

Others

In the first half of 2025, we continued to offer other services, which mainly comprised mobile device distribution services, vending machine sales and leases and others. These are currently not the focus of our business, and we do not expect significant growth in these business segments.

MANAGEMENT DISCUSSION AND ANALYSIS

Mobile Device Distribution Services

In the first half of 2025, we continued our non-exclusive distribution arrangement with mobile phone manufacturers and offered unmanned mobile phones and accessories retail solutions to authorized resellers of major mobile phone manufacturers with our digitalization capabilities and our extensive experience in vending machine operations. In particular, we digitalized the delivery of mobile phones and accessories from mobile device resellers to consumers with our customized mobile device cabinets, namely (i) U-Buy Cloud Cabinet (優寶雲店) for the sales of mobile phones and accessories, and (ii) U-Buy Cloud Warehouse (優寶雲倉) for storage of mobile phones and accessories. Our U-Buy Cloud Cabinets and U-Buy Cloud Warehouses are equipped with 24-hour video surveillance and visual identification technologies to avoid damage or loss of merchandise. As of June 30, 2025, we had launched 712 U-Buy Cloud Cabinets and 2 U-Buy Cloud Warehouses in 602 offline stores operated by authorized resellers of major mobile phone manufacturers across mainland China. As of June 30, 2025, we cooperated with 8 resellers in our mobile device distribution services.

Vending machine sales and leases

In the first half of 2025, we continued to sell, lease and/or provide hardware support services, including machine installation and maintenance services, for vending machines to our Non-Ubox POS operator. For the six months ended June 30, 2024 and 2025, the average selling price of vending machines sold was RMB6,078 and RMB20,096, respectively. The average selling price of vending machines increased in the first half of 2025, primarily because the proportion of coffee machines with relatively higher selling prices among the vending machines sold increased in the same period.

Others

In the first half of 2025, we continued to operate our network of karaoke booths. As of June 30, 2025, we had a total of 921 karaoke booths POSs under the direct operation model and 1,763 karaoke booths POSs under franchising model, situated in 264 cities in mainland China. We also continued to (i) sell, lease and/or provide hardware support services and (ii) provide operation system support to karaoke booth franchisees. As of June 30, 2025, we had 1,763 franchisees operating the karaoke booths under franchising model.

OUTLOOK

As a leading vending machine operator in mainland China, we strive to deepen the penetration rate of unmanned retail industry in mainland China by virtue of the optimization of operating efficiency and continuous breakthroughs in logistics and inventory management and digitalization. At the same time, relying on continuously upgrading vending machines, optimizing algorithms and enhancing the intelligent systems, our revenue level from POSs has significantly increased. In the future, we plan to consolidate and enhance the advantage to further expand our POS network and improve our profitability through more efficient operation management and technological innovation.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking forward, we will rely on continuous improvement of professional and digitalized operation capabilities to attract more unmanned retail market participants to join and promote the continued expansion of market share. For operators who already operate vending machines, we not only welcome them to join as our merchandise wholesale customers, but also provide them with more comprehensive merchandise supply and operation services through advanced equipment and technology and operation empowerment, thereby helping operators to overcome the bottlenecks in traditional operation model and significantly improve operation efficiency. Meanwhile, we plan to promote the penetration of unmanned retail business into small and mid-sized enterprises. Leveraging our strong supply chain system and advanced equipment, we help customers to achieve wide popularization of unmanned retail equipment which improve their operation efficiency and profitability.

For consumption scenario innovation, we will promote unmanned karaoke project and create a new entertainment consumption scenario through combination of community karaoke and intelligent vending machines. This will further enrich our business offerings and provide consumers with more diversified and customized consumption experience, thereby enhancing our competitiveness in the community and consolidating our market position.

In addition, we will rely on artificial intelligence and big data technologies to optimize operation strategies and algorithms, precisely analyse consumer needs and refine merchandise mix and restocking strategies. Thus, we could increase our gross profit margin and revenue level, and further enhance consumer satisfaction and operation efficiency. Also, we will continue to upgrade and optimize our hardware equipment and increase the equipment intelligence and their versatility to ensure the adaptability of the equipment to a wide range of consumption scenarios.

Looking forward, leveraging our strong technological advantages, comprehensive digitalized system and extensive cooperation network, we will continuously increase market competitiveness, promote the continuing development of unmanned retail industry and create greater long-term values for investors, business partners and consumers.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

We generated revenue during the Reporting Period from (i) unmanned retail business, (ii) merchandise wholesale, (iii) advertising and system support services and (iv) others. Others mainly include mobile device distribution services, vending machine sales and leases, and others across mainland China.

	For the six months ended June 30,				Year-on-year change
	2025		2024		
	RMB'000	%	RMB'000	%	%
	(unaudited)		(unaudited)		
Unmanned retail business	861,651	66.2	912,813	67.9	(5.6)
Merchandise wholesale	272,785	21.0	242,747	18.1	12.4
Advertising and system support services	70,879	5.4	60,846	4.5	16.5
Others	96,755	7.4	127,296	9.5	(24.0)
Total	1,302,070	100.0	1,343,702	100.0	(3.1)

- *Unmanned retail business.* Our revenue from unmanned retail business for the Reporting Period amounted to approximately RMB861.7 million, representing a year-on-year decrease of approximately 5.6%. The decrease was mainly due to intensified market competition, a more cautious attitude to investment maintained by our business partners, and a decrease in the average number of POSs in the first half of the year as compared to the same period last year.
- *Merchandise wholesale.* Our revenue from merchandise wholesale for the Reporting Period amounted to approximately RMB272.8 million, representing a year-on-year increase of approximately 12.4%. The increase was the result of the successful implementation of our shared warehouse initiative.
- *Advertising and system support services.* Our revenue from advertising and system support services for the Reporting Period amounted to approximately RMB70.9 million, representing a year-on-year increase of approximately 16.5%. The increase was due to an increase in market demand for advertising.
- *Others.* Our revenue from other segments for the Reporting Period amounted to approximately RMB96.8 million, representing a year-on-year decrease of approximately 24.0%. The decrease was mainly driven by the impact of the government subsidy policies, resulting in discounted sales of mobile phones, which compressed profit margins and led to lower revenues.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

Our cost of sales decreased by approximately 4.2% from approximately RMB857.5 million for the six months ended June 30, 2024 to approximately RMB821.3 million for the Reporting Period. The decrease was due to a corresponding decline in total procurement costs as a result of lower sales volume in unmanned retail business and mobile phones.

Gross profit and gross profit margin

The following table sets forth our gross profit and gross profit margin by business segment for the periods indicated:

	For the six months ended June 30,				Year-on-year change
	2025		2024		
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	
	RMB'000	%	RMB'000	%	%
	(unaudited)		(unaudited)		
Unmanned retail business	406,859	47.2	407,460	44.6	(0.1)
Merchandise wholesale	5,900	2.2	6,564	2.7	(10.1)
Advertising and system support services	70,012	98.8	60,186	98.9	16.3
Others	(2,033)	(2.1)	11,952	9.4	(117.0)
Total	480,738	36.9	486,162	36.2	(1.1)

For the Reporting Period, we recorded a consolidated gross profit of approximately RMB480.7 million, representing a year-on-year decrease of approximately 1.1%. Our consolidated gross profit margin for the Reporting Period was approximately 36.9%, representing a year-on-year increase of 0.7 percentage points.

For each of our business segments,

- The year-on-year change of gross profit and gross profit margin in unmanned retail business was due to optimization of Ubox POSs, elimination of low-margin POSs, and retention and development of high-margin POSs;
- The year-on-year change of gross profit and gross profit margin in merchandise wholesale was due to our Group's strategy to reduce gross profit margins and expand the operation of shared warehouses;

MANAGEMENT DISCUSSION AND ANALYSIS

- The year-on-year change of gross profit and gross profit margin in advertising and system support services was due to new demands for advertisements in the market; and
- The year-on-year change of gross profit and gross profit margin in others was due to our Group's strategy to provide free machine rental to franchisees.

Selling and marketing expenses

Our selling and marketing expenses decreased by approximately 3.6% from approximately RMB484.1 million for the six months ended June 30, 2024 to approximately RMB466.4 million for the Reporting Period. The decrease was primarily resulted from the absence of significant fixed asset purchases in the preceding two years and the full depreciation of prior assets resulting in reduced expenses.

General and administrative expenses

Our general and administrative expenses decreased by approximately 33.7% from approximately RMB73.9 million for the six months ended June 30, 2024 to approximately RMB49.0 million for the Reporting Period. The decrease was primarily due to a reduction in the amortization of share-based compensation expenses.

Research and development expenses

Our research and development expenses decreased by approximately 30.7% from approximately RMB13.8 million for the six months ended June 30, 2024 to approximately RMB9.6 million for the Reporting Period. The decrease was due to a decrease in employees' remuneration as a result of the optimization of the Company's personnel, as well as the full amortization of certain internally developed intangible assets.

Reversal of expected credit losses on financial assets

Our reversal of expected credit losses on financial assets was approximately RMB12.6 million during the Reporting Period, increased by approximately 390.1% as compared to a net impairment loss on financial assets of approximately RMB4.4 million for the six months ended June 30, 2024. The reversal was mainly due to the recovery of rent for office spaces subleased in previous years during the Reporting Period, resulting in the corresponding reversal of the allowances for impairment of other receivables recognized in previous years.

Other income

Our other income consisted of (i) government grants, (ii) interest income arising from other receivables and bank deposits, (iii) additional deduction of input value-added tax and (iv) others. Our other income decreased by approximately 46.8% from approximately RMB2.5 million for the six months ended June 30, 2024 to approximately RMB1.3 million for the Reporting Period. The decrease was primarily due to the decrease in government grants received by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Other (losses)/gains, net

We incurred other losses of approximately RMB3.0 million for the Reporting Period, as compared to other gains of approximately RMB2.0 million for the six months ended June 30, 2024, which was primarily due to the depreciation of the Hong Kong dollar in the first half of the year, resulting in foreign exchange losses on the Hong Kong dollar-denominated funds held by the Group.

Finance costs

Our finance costs decreased by approximately 47.0% from approximately RMB3.3 million for the six months ended June 30, 2024 to approximately RMB1.8 million for the Reporting Period. The decrease was primarily due to an increase in interest income earned from placing idle raised funds in fixed-term deposits, as well as a reduction in borrowing interest expenses.

Income tax expenses

Our income tax expenses decreased from approximately RMB7.7 million for the six months ended June 30, 2024 to approximately RMB1.1 million for the Reporting Period. The decrease in the income tax expenses was due to certain subsidiaries incurring losses and therefore being exempt from tax, as well as the deferred income tax benefits arising from tax losses.

Loss for the period

As a result of the foregoing reasons, our net loss decreased by approximately 61.9% from approximately RMB98.9 million for the six months ended June 30, 2024 to approximately RMB37.6 million for the Reporting Period.

Non-HKFRS Measures: adjusted net loss

To supplement our financial information which are presented in accordance with HKFRS, we use non-HKFRS measure, namely, adjusted net loss, as additional financial measure, which is not required by, or presented in accordance with, HKFRS. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss may not be comparable to similarly titled financial measure presented by other companies. The use of such non-HKFRS measure has limitations as analytical tools, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS.

We define adjusted net loss as loss for the period adjusted by adding share-based compensation expenses. We exclude this item because it is non-operating in nature, non-recurring or not indicative of our core operating results. Share-based compensation expenses were non-cash in nature and did not result in cash outflow.

MANAGEMENT DISCUSSION AND ANALYSIS

Due to the update of industry equipment which results in the significant decrease in the value of the vending machines at present and in the future, we have not presented EBITDA and adjusted EBITDA (non-HKFRS measure) in this interim report as we are of the view that presentation of such information will no longer provide meaningful information to investors and others in understanding and evaluating our consolidated results of operations.

The following table sets out adjusted net loss (non-HKFRS measure) and a reconciliation from loss for the period to adjusted net loss (non-HKFRS measure) for the periods indicated:

	For the six months ended June 30,	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Loss for the period	(37,646)	(98,908)
<i>Add</i>		
Share-based compensation expenses	7,095	27,419
Adjusted net loss (non-HKFRS measure)	<u>(30,551)</u>	<u>(71,489)</u>

For the six months ended June 30, 2025, our adjusted net loss (non-HKFRS measure) amounted to approximately RMB30.6 million, representing a decrease of approximately RMB40.9 million or approximately 57.3% as compared to approximately RMB71.5 million for the six months ended June 30, 2024, which was primarily because of the optimization of the cost and expense management of the Group and the full depreciation of historical equipment, resulting in reduced expenses.

Liquidity and capital resources

We have maintained a comprehensive treasury policy, detailing specific functions and internal control measures for capital use. These functions and measures include but are not limited to procedures of capital management and liquidity management. We manage and maintain our liquidity through the use of internally generated cash flows from operations, bank borrowings and proceeds from the Global Offering. We regularly review our major funding positions to ensure that we have adequate financial resources in meeting our financial obligations.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Reporting Period, we funded our working capital and other capital expenditure requirements through a combination of income generated from our business operations, bank and other borrowings and capital contributions from our Shareholders. The following table sets forth a summary of our cash flows for the periods indicated:

	For the six months ended June 30,	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Net cash generated from operating activities	64,737	73,392
Net cash (used in)/generated from investing activities	(7,793)	18,613
Net cash generated from/(used in) financing activities	102,432	(16,388)
Net increase in cash and cash equivalents	159,376	75,617
Cash and cash equivalents at the beginning of the period	333,411	347,563
Effects of exchange rate changes on cash and cash equivalents	(2,058)	1,606
Cash and cash equivalents at the end of the period	490,729	424,786

Cash and cash equivalents

For the Reporting Period, our net cash generated from operating activities was approximately RMB64.7 million, which was primarily due to our solid operating performance, which in turn produced a stable revenue.

For the Reporting Period, our net cash used in investing activities was approximately RMB7.8 million, which was primarily due to prepayments for purchase of property and equipment, prepayment for investment in a company and advances to business partners, partially offset by loan repayments from business partners.

For the Reporting Period, our net cash flows generated from financing activities was approximately RMB102.4 million, which was primarily due to the net proceeds from issuance of new shares and bank borrowings, while partially offset by repayments of loans and payments for finance lease obligations.

As a result of the foregoing, our cash and cash equivalents, which were mainly held in RMB as of June 30, 2025, increased by approximately 47.2% from approximately RMB333.4 million as of December 31, 2024 to approximately RMB490.7 million as of June 30, 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign exchange risk

Our presentation and functional currency were RMB. During the Reporting Period, we conducted business in mainland China, and most of our transactions were settled in RMB, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than RMB. The majority of our non-RMB assets are bank deposits denominated in Hong Kong Dollars. We managed our foreign exchange risk by regularly reviewing net foreign exchange exposures, and conducted risk management. During the Reporting Period, the Group had not entered into any derivative instruments to hedge its foreign exchange exposures. The management of the Group continued to pay attention to the market environment and the Group's own foreign exchange risk profile, and considered to taking appropriate hedging measures when necessary.

Indebtedness

As of June 30, 2025, our bank borrowings amounted to approximately RMB82.0 million, of which approximately RMB10.0 million were at floating interest rates, and the remaining of which were at fixed interest rates. Such bank borrowings were all denominated in RMB. The weighted average interest rates for short-term borrowings and long-term borrowings were 4.0% and 6.8%, respectively. We recognized total lease liabilities of approximately RMB25.6 million as of June 30, 2025.

Gearing ratio

The Group monitored capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total equity and multiplied by 100%. As of June 30, 2025, the gearing ratio was approximately 11.8% (December 31, 2024: approximately 16.1%).

Capital expenditures

During the Reporting Period, our capital expenditures primarily consisted of payments for purchase of property and equipment, and payments for purchase of intangible assets. The following table sets forth our capital expenditures for the periods indicated:

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Payments for purchase of property and equipment	3,022	14,561
Payments for purchase of intangible assets	35	90
Total	3,057	14,651

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities

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

Capital commitments

As of June 30, 2025, the Group has no significant capital expenditure contracted for but not recognized as liabilities.

Future plans for material investments or capital assets

Save for the expansion plans as disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the Prospectus, and in this interim report, the Group has no future plans for material investments or capital assets.

Significant investments and material acquisitions and disposals

During the Reporting Period, the Group did not hold any significant investments and did not conduct any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Charges on group assets

As of June 30, 2025, vending machines of approximately RMB12.7 million were pledged as collateral for the Group’s bank borrowings (December 31, 2024: approximately 14.8 million).

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2025, the Group had a total of 1,116 full-time employees (December 31, 2024: 1,128 full-time employees). The remuneration of our employees is determined with reference to market conditions and individual employees’ performance, qualification and experience. In line with the performance of us and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and benefit plans. We also organize various training programs on a regular basis for our employees to enhance their professional knowledge, improve time management skills and communications skills, and strengthen their team spirit.

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

ABOLITION OF SUPERVISORY COMMITTEE

The abolition of the supervisory committee of the Company was approved by the Shareholders at the annual general meeting held on May 28, 2025. For details, please refer to the circular of the Company dated April 29, 2025 and the announcement of the Company dated May 28, 2025.

CHANGES TO DIRECTORS' OR CHIEF EXECUTIVES' INFORMATION

There was no change to any information required to be disclosed in relation to any Director or chief executive pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules since the publication of the annual report of the Company for the financial year ended December 31, 2024.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, there is no material event subsequent to June 30, 2025 which could have a material impact on our operating and financial performance as of the date of this interim report.

OTHER INFORMATION

THE INTERESTS AND SHORT POSITIONS OF EACH OF OUR DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As of June 30, 2025, the interests and short positions of each of our Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO) which is required to be 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 they were taken or deemed to have under such provisions of the SFO) or which is required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which is required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Name	Position	Type of Shares	Number of Shares ⁽¹⁾	Nature of interest	Approximate percentage of shareholding in the relevant type of Shares ⁽²⁾	Approximate percentage of shareholding in the total issued Shares ⁽²⁾
Mr. Wang Bin ⁽³⁾	Chairman of our Board, executive Director and chief executive officer	H Shares	6,352,289	Beneficial owner	0.81%	0.76%
			88,548,881	Other	11.22%	10.65%
		Unlisted Shares	55,671,930	Beneficial owner	131.12%	6.70%
Ms. Cui Yan	Executive Director	H Shares	3,000,000	Beneficial owner	0.38%	0.36%
		Unlisted Shares	4,700,000	Beneficial owner	11.07%	0.57%
Mr. Chao Hua	Executive Director	Unlisted Shares	800,000	Beneficial owner	1.88%	0.10%

Notes:

- All interests stated above are long positions.
- The calculations are based on the number of Unlisted Shares in issue, the number of H Shares in issue, and the total number of Shares in issue, being 42,458,930 Unlisted Shares, 789,012,003 H Shares and 831,470,933 Shares, respectively, as of June 30, 2025.
- On November 25, 2024, Mr. Wang Bin pledged 88,548,881 H Shares in favour of Chunhua Rongshun (Tianjin) Equity Investment Fund Partnership (Limited Partnership) (春華榮順(天津)股權投資基金合夥企業(有限合夥)) (“Chunhua Rongshun”) as security.

Save as disclosed above, as of June 30, 2025, none of the Directors and chief executive of the Company had or was deemed to have interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including their interests and short positions deemed or taken under the relevant provisions of the SFO), or which were required to be entered in the register required to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2025, to the best of Directors' knowledge, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares, which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company required to be kept pursuant to section 336 of the SFO:

Name	Long Position/ Short Position	Type of Shares	Number of Shares	Nature of interest	Approximate percentage of shareholding in the relevant type of Shares ⁽¹⁾	Approximate percentage of shareholding in the total issued Shares ⁽¹⁾
Ant Group Co., Ltd. ("Ant Group") ⁽²⁾	Long position	H Shares	126,315,789	Interest in controlled corporation	16.01%	15.19%
Shanghai Yunxin Venture Capital Company Limited ("Shanghai Yunxin") ⁽²⁾	Long position	H Shares	126,315,789	Beneficial owner	16.01%	15.19%
Hu Yuanman ⁽³⁾	Long position	H Shares	130,653,765	Interest in controlled corporation	16.56%	15.71%
Mingde Chunhua (Tianjin) Asset Management Co., Ltd. ("Mingde Chunhua") ⁽³⁾	Long position	H Shares	130,653,765	Interest in controlled corporation	16.56%	15.71%
Chunhua Qiushi (Tianjin) Equity Investment Management Co., Ltd. ("Chunhua Qiushi") ⁽³⁾	Long position	H Shares	130,653,765	Interest in controlled corporation	16.56%	15.71%
Qiushi (Tianjin) Equity Investment Management Partnership ("Qiushi Equity Investment") ⁽³⁾	Long position	H Shares	130,653,765	Interest in controlled corporation	16.56%	15.71%
Chunhua Xingkang (Tianjin) Investment Center (Limited Partnership) ("Chunhua Xingkang") ⁽³⁾	Long position	H Shares	130,653,765	Interest in controlled corporation	16.56%	15.71%
Chunhua Rongshun ⁽³⁾⁽⁴⁾	Long position	H Shares	88,548,881	Person having a security interest in shares	11.22%	10.65%
			42,104,884	Beneficial owner	5.34%	5.06%
Shen Guojun	Long position	H Shares	49,356,900	Beneficial owner	6.26%	5.94%

OTHER INFORMATION

Notes:

1. The calculations are based on the number of Unlisted Shares in issue, the number of H Shares in issue, and the total number of Shares in issue, being 42,458,930 Unlisted Shares, 789,012,003 H Shares and 831,470,933 Shares, respectively, as of June 30, 2025.
2. Shanghai Yunxin is a company established under the PRC Law, which is wholly owned by Ant Group.
3. Chunhua Rongshun is a limited liability partnership established under the PRC law, which is owned as to 67.67% by its limited partner Chunhua Xingkang. The general partner of Chunhua Rongshun is Qiushi Equity Investment, which is owned as to 83.33% by its general partner, Chunhua Qiushi. Chunhua Qiushi is wholly owned by Mingde Chunhua, which is in turn ultimately controlled by Mr. Hu Yuanman, an Independent Third Party.
4. On November 25, 2024, Mr. Wang Bin pledged 88,548,881 H Shares in favor of Chunhua Rongshun as security.

Save as disclosed above, as of June 30, 2025, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which were required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register to be kept by the Company under section 336 of the SFO.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its Shareholders. The principles of the Company's corporate governance are to promote effective internal control measures and to enhance the transparency and accountability of the Board to all the Shareholders. The Company has adopted the principles and code provisions of the CG Code set forth in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices. In the opinion of the Board, during the Reporting Period, the Company has complied with all applicable code provisions as set out in the CG Code (in effect as of June 30, 2025), save for the deviation from Code Provision C.2.1 of Part 2 to the CG Code.

Deviation from the Code Provision C.2.1 of Part 2 to the CG Code

Pursuant to Code Provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairperson and chief executive officer and Mr. Wang Bin currently performs these two roles. The Board believes that, in view of his experience, personal profile and his roles in the Company, Mr. Wang Bin is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of the Company's business as the chief executive officer. The Board also believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

SECURITIES DEALING AND HANDLING OF INSIDE INFORMATION

The Company has adopted the Model Code as its model code of conduct for securities transactions by the Directors. Having made specific enquiries to all of the Directors, all Directors confirmed that they have fully complied with all relevant requirements set out in the Model Code during the Reporting Period.

To supplement the Model Code, the Company has also implemented a policy in relation to the handling and dissemination of inside information. Access to inside information is at all times confined to relevant personnel (i.e. Directors, senior management and relevant employees) on a need-to-know basis, until the inside information is properly disclosed in accordance with applicable laws and regulations. Directors, senior management and relevant employees of the Company in possession of inside information or potential inside information are required to take reasonable steps to preserve confidentiality and to ensure that its recipients recognize their obligations to maintain confidentiality.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

USE OF PROCEEDS FROM THE PLACING

Reference is made to the announcements of the Company dated March 7, 2025 and March 14, 2025 (the "Announcements"). On March 14, 2025 (the "Completion Date"), a total of 51,635,500 new H Shares (the "Placing Shares"), with a nominal value of RMB1.00 each and an aggregate nominal value of RMB51,635,500, have been successfully placed under the general mandate by the placing agent to not less than six placees who are institutional professional investors at the placing price of HK\$3.01 per Placing Share pursuant to the terms and conditions of the placing agreement dated March 7, 2025 (the "Placing"). The closing price per H Share as quoted on the Stock Exchange on March 7, 2025 was HK\$3.13. The gross proceeds and net proceeds from the placing were approximately HK\$155.4 million and HK\$149.2 million, respectively. The Company intends to allocate (i) approximately 60% of the net proceeds from the Placing for acquisition of fixed assets, including but not limited to vending machines; and (ii) approximately 40% of the net proceeds for working capital and other general corporate purposes. For further details, please refer to the Announcements.

The following table sets forth the status of the use of net proceeds from the Placing:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the Placing (In HK\$ millions)	Actual usage between the Completion Date and June 30, 2025 (In HK\$ millions)	Unutilized net proceeds from the Placing as of June 30, 2025 (In HK\$ millions)	Timeframe for the unused balance
Acquisition of fixed assets	60.0	89.52	–	89.52	By December 31, 2026
Working capital and other general corporate purposes	40.0	59.68	–	59.68	By December 31, 2026
Total	100.0	149.20	–	149.20	By December 31, 2026

Note: The figures in the table are approximate figures.

OTHER INFORMATION

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Stock Exchange on November 3, 2023. A total of 22,576,500 new H Shares were issued at HK\$10.35 each for a total of approximately HK\$233.7 million. The net proceeds (after deduction of the underwriting fees and commissions and other expenses paid and payable by the Company in connection with the Global Offering) raised from the Global Offering amounted to approximately HK\$154.9 million. The net proceeds from the Global Offering (adjusted on a pro rata basis based on the actual net proceeds) will be utilized in accordance with the intended use of the proceeds set out in the Prospectus. The following table sets forth the status of the use of net proceeds from the Global Offering:

Intended use of proceeds	Percentage of intended use of proceeds	Intended use of proceeds from the Global Offering	Unutilized net proceeds from the Global Offering as of December 31, 2024	Actual usage during the six months ended June 30, 2025	Unutilized net proceeds from the Global Offering as of June 30, 2025	Timeframe for the unused balance
	(%)	(In HK\$ millions)	(In HK\$ millions)	(In HK\$ millions)	(In HK\$ millions)	
Implementing our expansion initiatives	80.0	123.9	41.0	41.0	-	N/A
Further developing our operation network	5.0	7.7	5.6	5.6	-	N/A
Enhancing our technologies	7.0	10.8	3.5	3.5	-	N/A
Hardware upgrade	1.5	2.3	1.2	1.2	-	N/A
Software enhancement	4.0	6.2	-	-	-	N/A
Recruiting talents	1.5	2.3	2.3	2.3	-	N/A
Working capital and other general corporate purposes	8.0	12.4	-	-	-	N/A
Total	100.0	154.9	50.2	50.2	-	N/A

Note: The figures in the table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

As of the date of this interim report, the Company had utilized all of the net proceeds from the Global Offering in the manner consistent with the disclosure set out above.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Company has established the Audit Committee with written terms of reference in compliance with the Rule 3.21 of the Listing Rules and the CG Code. As of the date of this interim report, the Audit Committee consists of three independent non-executive Directors, namely Ms. Guo Wei, Mr. Zhang Changhao and Mr. Zhang Chen. Ms. Guo Wei has been appointed as the chairlady of the Audit Committee, and is our independent non-executive Director possessing the appropriate professional qualifications. The Audit Committee has reviewed the Company's unaudited condensed consolidated interim results for the Reporting Period, and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

PRE-IPO INCENTIVE SCHEME

The Pre-IPO Incentive Scheme was approved and adopted by our then Shareholders on May 31, 2021. The purpose of the Pre-IPO Incentive Scheme is to further refine the incentive system of our Company by linking the personal interests of our officers, directors and employees, and to attract technical and managerial talents in the industry to join our Company.

The participants of the Pre-IPO Incentive Scheme include senior management, key technical personnel, other personnel of our Company approved by the Board, or other personnel who have direct impact on the overall results and continuous development of our Company and our subsidiaries, and the aforesaid Participants shall have worked for our Company or our subsidiaries or branches for at least three years and shall not include independent directors of our Company.

The maximum aggregate number of underlying Shares which may be issued upon exercise of all options under the Pre-IPO Incentive Scheme is 37,862,946 Unlisted Shares, representing 4.55% of the issued shares as of the date of this interim report.

Subject to the rules of the Pre-IPO Incentive Scheme, the exercise price in respect of any options granted under the Pre-IPO Incentive Scheme shall be RMB1.99.

OTHER INFORMATION

Subject to the satisfaction of the relevant conditions of exercise, the options under the Pre-IPO Incentive Scheme shall be exercisable after the Listing Date in three batches and in accordance with the following arrangement:

Exercise period	Duration	Proportion of exercisable share options under the Pre-IPO Incentive Scheme to the total number of options granted
Exercise period in respect of the first batch of the options under the Pre-IPO Incentive Scheme	For a period of 12 months commencing on the later of: (i) first trading day after the expiration of the 12-month period from the date of grant and (ii) the Listing Date (the “First Exercise Date”)	40%
Exercise period in respect of the second batch of the options under the Pre-IPO Incentive Scheme	Commencing on the first trading day after the expiration of the 12-month period from the First Exercise Date and ending on the last trading day of the 24-month period from the First Exercise Date	30%
Exercise period in respect of the third batch of the options under the Pre-IPO Incentive Scheme	Commencing on the first trading day after the expiration of the 24-month period from the First Exercise Date and ending on the last trading day of the 36-month period from the First Exercise Date	30%

If the relevant conditions of exercise of the relevant participants in respect of the relevant exercise period are not fulfilled, the proportion of the relevant batch of the options shall not be exercised or become exercisable in the next exercise period, and shall be cancelled by the Company.

As of the date of this interim report, options to subscribe for a total of 30,100,000 Unlisted Shares, representing approximately 3.62% of the total issued share capital of our Company have been granted to 20 grantees under the Pre-IPO Incentive Scheme.

There is no maximum entitlement of each participant under the Pre-IPO Incentive Scheme.

No amount is payable on application or acceptance of an option under the Pre-IPO Incentive Scheme. The Pre-IPO Incentive Scheme commenced from the date of grant of options (i.e. January 10, 2023) and shall expire on the day when all options granted under the Pre-IPO Incentive Scheme is exercised or canceled, and shall in any event expire no later than the date which is ten years after January 10, 2023. As of the date of this interim report, the remaining life of the Pre-IPO Incentive Scheme is approximately seven years and four months.

The principal terms of the Pre-IPO Incentive Scheme are summarized in the section headed “Statutory and General Information – D. SHARE INCENTIVE SCHEME – 1. Pre-IPO Incentive Scheme” in Appendix IV to the Prospectus.

The table below sets out the details of options granted to the Directors and other employees of our Group under the Pre-IPO Incentive Scheme:

Name or category of grantee	Date of grant	Total number of Shares underlying the options granted as of the date of Grant	Vesting Period ^(Note 1)	Exercise Price (RMB)	Approximate percentage of shareholding in the total issued share capital ^(Note 2)	Number of Shares underlying the option as of January 1, 2025	Number of options granted during the Reporting Period	Number of options exercised during the Reporting Period	Number of options cancelled during the Reporting Period	Number of options lapsed during the Reporting Period	Number of Shares underlying the option as of June 30, 2025	Closing price of the Shares before the date on which the options were exercised
<i>Directors</i>												
Mr. Wang Bin	January 10, 2023	15,000,000	3 years from the First Exercise Date	1.99 per Share	1.80%	15,000,000	-	-	-	-	15,000,000	N/A
Ms. Cui Yan	January 10, 2023	4,700,000	3 years from the First Exercise Date	1.99 per Share	0.57%	4,700,000	-	-	-	-	4,700,000	N/A
Mr. Chao Hua	January 10, 2023	800,000	3 years from the First Exercise Date	1.99 per Share	0.10%	800,000	-	-	-	-	800,000	N/A
Sub-total		20,500,000			2.47%	20,500,000	-	-	-	-	20,500,000	
<i>Other employees of the Group</i>												
In aggregate	January 10, 2023	11,250,000	3 years from the First Exercise Date	1.99 per Share	1.35%	9,650,000	-	-	-	(50,000)	9,600,000	N/A
Total		37,750,000			4.54%	30,150,000	-	-	-	(50,000)	30,100,000	

Notes:

- 40%, 30% and 30% of the total numbers of the options granted shall vest on the first, second, and third anniversary of the date commencing on the later of (i) first trading day after the expiration of the 12-month period from the date of grant and (ii) the Listing Date (the “First Exercise Date”). For further details, see “– D. Share Incentive Scheme – 1. Pre-IPO Incentive Scheme – (f) Vesting and Exercise of Options” in the Prospectus.
- The calculation on the total number of 831,470,933 issued Shares as of the date of this interim report.

OTHER INFORMATION

As disclosed in the Prospectus, the Pre-IPO Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it will not involve grant of options by the Company after the Listing. The Company did not and will not grant further options under the Pre-IPO Incentive Scheme after the Listing. Accordingly, the number of options available for grant under the Pre-IPO Incentive Scheme at the beginning and the end of the Reporting Period are both zero.

On behalf of the Board

Chairman

Mr. Wang Bin

Shenzhen, the PRC, August 28, 2025

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Beijing UBOX Online Technology Corp.
(incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 34 to 68, which comprises the interim condensed consolidated statement of financial position of Beijing UBOX Online Technology Corp. (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2025 and the interim condensed consolidated statement of comprehensive loss, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” as issued by the HKICPA. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” as issued by the HKICPA.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, August 28, 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Note	Six months ended June 30,	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	6	1,302,070	1,343,702
Cost of sales	7	(821,332)	(857,540)
Gross profit		480,738	486,162
Selling and marketing expenses	7	(466,397)	(484,063)
General and administrative expenses	7	(48,987)	(73,906)
Research and development expenses	7	(9,565)	(13,802)
Reversal/(provision) for expected credit losses on financial assets		12,634	(4,355)
Other income	8	1,340	2,518
Other (losses)/gains, net	9	(2,990)	2,016
Operating loss		(33,227)	(85,430)
Finance costs, net	10	(1,758)	(3,320)
Share of results of investments accounted for using the equity method	17	(1,598)	(2,409)
Loss before income tax		(36,583)	(91,159)
Income tax expense	11	(1,063)	(7,749)
Loss for the period		<u>(37,646)</u>	<u>(98,908)</u>
Loss for the period attributable to:			
– Owners of the Company		(31,951)	(100,738)
– Non-controlling interests		(5,695)	1,830
		<u>(37,646)</u>	<u>(98,908)</u>
Total comprehensive loss for the period		<u>(37,646)</u>	<u>(98,908)</u>
Total comprehensive loss for the period attributable to:			
– Owners of the Company		(31,951)	(100,738)
– Non-controlling interests		(5,695)	1,830
		<u>(37,646)</u>	<u>(98,908)</u>
Loss per share for loss attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted	12	<u>(0.04)</u>	<u>(0.13)</u>

The above condensed consolidated statement of comprehensive loss should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
	Note		
ASSETS			
Non-current assets			
Property and equipment	14	219,856	248,942
Right-of-use assets	15	22,770	19,371
Intangible assets	16	59,934	67,406
Investments accounted for using the equity method	17	42,484	44,082
Financial assets at fair value through profit or loss	18	14,200	14,200
Prepayments, deposits and other receivables	20	141,404	148,800
Deferred income tax assets	24	19,597	20,169
Total non-current assets		520,245	562,970
Current assets			
Inventories	19	163,839	167,328
Trade receivables	20	64,332	52,815
Prepayments, deposits and other receivables	20	190,530	157,107
Restricted cash	21	14,851	13,574
Cash and cash equivalents	21	490,729	333,411
Total current assets		924,281	724,235
Total assets		1,444,526	1,287,205
EQUITY			
Share capital	22	831,471	779,835
Reserves		2,176,191	2,082,519
Accumulated losses		(2,099,215)	(2,067,264)
Equity attributable to owners of the Company		908,447	795,090
Non-controlling interests		5,119	10,814
Total equity		913,566	805,904

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	10,935	10,071
Borrowings	27	9,950	4,602
Total non-current liabilities		20,885	14,673
Current liabilities			
Lease liabilities	15	14,617	12,267
Trade payables	25	188,710	147,969
Other payables and accruals	26	198,112	176,518
Contract liabilities	6	33,991	25,313
Current income tax liabilities		2,572	1,981
Borrowings	27	72,073	102,580
Total current liabilities		510,075	466,628
Total liabilities		530,960	481,301
Total equity and liabilities		1,444,526	1,287,205

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

On behalf of the Board

Wang Bin
Director

Cui Yan
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company			Non-controlling interests	Total equity
		Share capital	Reserves	Accumulated losses		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)						
As at January 1, 2025		779,835	2,082,519	(2,067,264)	10,814	805,904
Loss for the period		—	—	(31,951)	(5,695)	(37,646)
Total comprehensive loss for the period		—	—	(31,951)	(5,695)	(37,646)
Transactions with owners of the Company						
Share-based compensation expenses	23	—	7,095	—	—	7,095
Shares issued	22	51,636	86,577	—	—	138,213
Total transactions with owners of the Company		51,636	93,672	—	—	145,308
As at June 30, 2025		<u>831,471</u>	<u>2,176,191</u>	<u>(2,099,215)</u>	<u>5,119</u>	<u>913,566</u>
(Unaudited)						
As at January 1, 2024		779,835	2,038,365	(1,869,988)	23,723	971,935
(Loss)/profit for the period		—	—	(100,738)	1,830	(98,908)
Total comprehensive (loss)/income for the period		—	—	(100,738)	1,830	(98,908)
Transactions with owners of the Company						
Share-based compensation expenses	23	—	27,419	—	—	27,419
Total transactions with owners of the Company		—	27,419	—	—	27,419
As at June 30, 2024		<u>779,835</u>	<u>2,065,784</u>	<u>(1,970,726)</u>	<u>25,553</u>	<u>900,446</u>

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended June 30,	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash generated from operations		65,590	76,124
Interest received		1,556	833
Income taxes paid		(2,409)	(3,565)
Net cash generated from operating activities		<u>64,737</u>	<u>73,392</u>
Cash flows from investing activities			
Payments for purchase of property and equipment		(3,022)	(14,561)
Proceeds from disposal of property and equipment		271	1,649
Payments for purchase of intangible assets		(35)	(90)
Proceeds from repayment of advances to business partners and other receivables		2,993	32,000
Prepayment for investment in a company	20	(5,000)	–
Advances to business partners		(3,000)	(385)
Net cash (used in)/generated from investing activities		<u>(7,793)</u>	<u>18,613</u>
Cash flows from financing activities			
Proceeds from bank and other borrowings		25,200	75,000
Repayments of bank and other borrowings		(50,359)	(74,531)
Principal and interest element of lease payments	15	(8,512)	(13,905)
Proceeds from issuance of new shares, net of issuance cost		138,213	–
Listing expenses payments		–	(338)
Interest paid		(2,110)	(2,614)
Net cash generated from/(used in) financing activities		<u>102,432</u>	<u>(16,388)</u>
Net increase in cash and cash equivalents		<u>159,376</u>	<u>75,617</u>
Cash and cash equivalents at beginning of the period		333,411	347,563
Effects of exchange rate changes on cash and cash equivalents		(2,058)	1,606
Cash and cash equivalents at the end of the period		<u><u>490,729</u></u>	<u><u>424,786</u></u>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Beijing UBOX Online Technology Corp. (北京友實在線科技股份有限公司) (the “Company”), formerly known as Beijing UBOX Technology & Trade Company Limited (北京友博科斯科貿有限公司), was incorporated in the People’s Republic of China (the “PRC”) as a wholly foreign-owned limited liability company on March 1, 2012 and converted into a joint stock company with limited liability on September 10, 2015. The address of the Company’s registered office is Room 128, Yunkai Real Estate Office Building, No. 8 Kangbao Road, Economic Development Zone, Miyun District, Beijing, the PRC. The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Listing”) since November 3, 2023 (the “Listing Date”).

The Company and its subsidiaries (collectively the “Group”) are primarily engaged in the unmanned retail business, merchandise wholesale, advertising and system support services and others.

The interim condensed consolidated financial statements (“Interim Financial Information”) are presented in Renminbi (“RMB”), unless otherwise stated, and have been approved for issue by the Board of Directors on August 28, 2025.

2 BASIS OF PREPARATION

The Interim Financial Information for the six-month reporting period ended June 30, 2025 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*.

The Interim Financial Information does not include all of the notes normally included in annual consolidated financial statements. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2024 (“2024 Financial Statements”).

The accounting policies adopted are consistent with those of the 2024 Financial Statements, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

The Group has applied the following amendment for the first time from January 1, 2025:

- Lack of Exchangeability – Amendments to HKAS 21;

The adoption of the amendment to standard does not have significant impact on the Interim Financial Information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

2 BASIS OF PREPARATION – continued

(b) New and amended standards and interpretations not yet adopted

The following amendments to standards have not come into effect for the financial year beginning on January 1, 2025 and have not been early adopted by the Group in preparing the condensed consolidated interim financial statements.

		Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendment to HK Int 5	Hong Kong Interpretation 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2027
HKFRS 10 and HKAS 28	Subsidiaries without Public Accountability	January 1, 2027

The Group does not expect these amendments to have a material impact on its operations or financial statements.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

There were no significant changes in any material risk management policies during the six months ended June 30, 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 FINANCIAL RISK MANAGEMENT – continued

3.1 Financial risk factors – continued

(a) Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the senior management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyzes the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount Total RMB'000
(Unaudited)				
As at June 30, 2025				
Trade payables	188,710	–	188,710	188,710
Other payables and accruals (excluding salaries, wages and bonuses payables and other taxes payables)	157,109	–	157,109	157,109
Lease liabilities	15,202	10,474	25,676	25,552
Bank borrowings	74,337	10,162	84,499	82,023
	<u>435,358</u>	<u>20,636</u>	<u>455,994</u>	<u>453,394</u>

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount Total RMB'000
As at December 31, 2024				
Trade payables	147,969	–	147,969	147,969
Other payables and accruals (excluding salaries, wages and bonuses payables and other taxes payables)	139,954	–	139,954	139,954
Lease liabilities	12,910	10,774	23,684	22,338
Bank borrowings	106,685	4,721	111,406	107,182
	<u>407,518</u>	<u>15,495</u>	<u>423,013</u>	<u>417,443</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 FINANCIAL RISK MANAGEMENT – *continued*

3.2 Capital management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance equity holders' value in the long-term.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debts divided by total equity. Net debts include borrowings and lease liabilities, less cash and cash equivalents and restricted cash. Total capital is calculated as "equity" as shown in the consolidated statements of financial position. As at June 30, 2025 and December 31, 2024, the Group has a net cash position.

3.3 Fair value measurements of financial instruments

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The tables below analyze the Group's financial instruments carried at fair value as at June 30, 2025 and December 31, 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (level 3).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 FINANCIAL RISK MANAGEMENT – continued

3.3 Fair value measurements of financial instruments – continued

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Unaudited)				
As at June 30, 2025				
Financial assets at fair value through profit or loss ("FVPL")				
Investments in unlisted equity securities (Note 18(a))	<u>-</u>	<u>-</u>	<u>14,200</u>	<u>14,200</u>
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at December 31, 2024				
Financial assets at FVPL				
Investments in unlisted equity securities (Note 18(a))	<u>-</u>	<u>-</u>	<u>14,200</u>	<u>14,200</u>

3.3.1 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- The latest round financing, i.e. the prior transaction price or the third-party pricing information; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There were no changes to valuation techniques during the period.

All of the resulting fair value estimates are included in level 3, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 FINANCIAL RISK MANAGEMENT – *continued*

3.3 Fair value measurements of financial instruments – *continued*

3.3.2 Fair value measurements using significant unobservable inputs (level 3)

There were no changes in the level 3 items for the six months ended June 30, 2025 and 2024.

3.3.3 Valuation process, inputs and relationships to fair value

A team in the finance department of the Group performs the valuations of financial instruments required for financial reporting purposes, including the level 3 fair values. This team reports directly to the Chief Financial Officer (“CFO”). Discussions of valuation processes and results are held between the CFO and the valuation team at least once a year. External valuation experts will be involved when necessary.

At each financial year end the finance department:

- verifies all major inputs to the valuation report;
- assesses valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer when necessary.

The valuation of the level 3 instruments mainly included investments in unlisted equity securities. As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flow model and market approach etc.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2024 Financial Statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 SEGMENT INFORMATION

(a) Description of segments and principal activities

The Group's chief operating decision-maker ("CODM") has been identified as executive directors of the Company. The executive directors review the Group's internal report, which is prepared based on a number of factors, including but not limited to customer base, homogeneity of products and technology, in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group has identified the following operating segments:

- | | |
|---|---|
| • Unmanned retail business | Consists of sales of fast-moving consumer goods such as food and beverage to end customers through a network of vending machines located at the point of sales ("POSs") developed by the Group or POS partners. |
| • Merchandise wholesale | Consist of merchandise wholesale to the customers. |
| • Advertising and system support services | Consist of provision of (i) merchandise display advertising services, and (ii) revenue derived from fees charged to the Group's Non-Ubox POSs operators for using its operation system. |
| • Others | Consist of provision of (i) mobile device distribution services, (ii) karaoke booth services, (iii) karaoke booth sales and leases, and (iv) karaoke booth operation system support. |

The CODM assesses the performance of the operating segments based on the revenue and gross profit of each segment. The selling and marketing expenses, general and administrative expenses, research and development expenses and net impairment losses on financial assets are not included in the measure of the segments' performance which is used by the steering committee as the basis for the purpose of resource allocation and assessment of segment performance. Other income, other (losses)/gains, net, finance costs and share of results of investments accounted for using the equity method and income tax expense are also not allocated to individual operating segment. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources or to evaluate the performance of the operating segments.

Substantially all of the businesses of the Group are carried out in the PRC. Accordingly, no geographic information is presented.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 SEGMENT INFORMATION – continued

(b) Segment information

There were no material inter-segment sales during the six months ended June 30, 2025 and 2024. The revenue for external customers reports to the CODM are measured in a manner consistent with that applied in the consolidated statement of comprehensive loss.

The segment information are as follows:

	Six months ended June 30, 2025				
	Unmanned retail business RMB'000	Merchandise wholesale RMB'000	Advertising and system support services RMB'000	Others RMB'000	Total RMB'000
(Unaudited)					
Revenue from external customer	861,651	272,785	70,879	96,755	1,302,070
Cost of sales	<u>(454,792)</u>	<u>(266,885)</u>	<u>(867)</u>	<u>(98,788)</u>	<u>(821,332)</u>
Gross profit	<u>406,859</u>	<u>5,900</u>	<u>70,012</u>	<u>(2,033)</u>	<u>480,738</u>

	Six months ended June 30, 2024				
	Unmanned retail business RMB'000	Merchandise wholesale RMB'000	Advertising and system support services RMB'000	Others RMB'000	Total RMB'000
(Unaudited)					
Revenue from external customer	912,813	242,747	60,846	127,296	1,343,702
Cost of sales	<u>(505,353)</u>	<u>(236,183)</u>	<u>(660)</u>	<u>(115,344)</u>	<u>(857,540)</u>
Gross profit	<u>407,460</u>	<u>6,564</u>	<u>60,186</u>	<u>11,952</u>	<u>486,162</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE

The Group's revenue includes revenue from unmanned retail business, merchandise wholesale, advertising and system support services and others. Revenue is stated net of value-added tax ("VAT") in the PRC and comprises the following:

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Revenue from unmanned retail business	861,651	912,813
– Direct operation model	241,906	207,885
– Partner model	619,745	704,928
Revenue from merchandise wholesale	272,785	242,747
Revenue from advertising and system support services	70,879	60,846
Revenue from others	96,755	127,296
	<u>1,302,070</u>	<u>1,343,702</u>

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
At a point in time		
– Unmanned retail business	861,651	912,813
– Merchandise wholesale	272,785	242,747
– Advertising and system support services	16,956	8,211
– Others	87,859	114,199
Over time		
– Advertising and system support services	53,923	52,635
– Others	4,290	7,853
Lease income from vending machine leases	4,606	5,244
	<u>1,302,070</u>	<u>1,343,702</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE – continued

- (a) There was no individual customer contributing over 10% of the total revenue for the six months ended June 30, 2025 and 2024.

- (b) Liabilities related to contracts with customers

The Group has recognized the following liabilities related to contracts with customers:

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Contract liabilities	<u>33,991</u>	<u>25,313</u>

Contract liabilities of the Group mainly arise from the non-refundable advance payments made by customers while the underlying services or goods are yet to be provided or delivered.

- (c) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue is recognized during the six months ended June 30, 2025 and 2024 relates to carried-forward contract liabilities.

	Six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue recognized that was included in the balance of contract liabilities at the beginning of the period	<u>7,183</u>	<u>11,900</u>

All contracts are for periods of one year or less or are billed based on time incurred. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 EXPENSES BY NATURE

	Six months ended June 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Cost of inventories sold	799,037	844,226
POSs operation and development expenses	253,404	257,016
Employee benefit expenses excluding share-based compensation	83,832	78,858
Logistics and transportation expenses	77,415	85,407
Depreciation of property and equipment (Note 14)	38,938	56,803
Professional service fees	13,884	1,013
Amortization of intangible assets (Note 16)	7,507	8,277
Depreciation of right-of-use assets (Note 15)	7,123	10,127
Share-based compensation expenses (Note 23)	7,095	27,419
Short-term and low-value leases expenses (Note 15)	6,893	6,942
Bank and payment charges	5,363	6,052
Taxes and surcharges	5,314	4,789
Repair and maintenance expenditures	4,714	6,396
Office expenses	4,394	7,591
Traveling and entertainment expenses	3,107	3,097
Auditor's remuneration		
– Non-audit services	800	500
Others	27,461	24,798
Total cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses	1,346,281	1,429,311

8 OTHER INCOME

	Six months ended June 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Government grant	1,095	1,559
Interest income arising from other receivables and bank deposits	90	846
Additional deduction of input value-added tax	19	54
Others	136	59
	1,340	2,518

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9 OTHER (LOSSES)/GAINS, NET

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net foreign exchange (losses)/gains	(2,058)	1,606
Net (losses)/gains on disposal of property and equipment	(312)	209
Others	(620)	201
	<u>(2,990)</u>	<u>2,016</u>

10 FINANCE COSTS, NET

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	<u>(1,556)</u>	<u>—</u>
Finance costs		
Interest expenses on borrowings	2,110	2,614
Interest expenses on lease liabilities	<u>1,204</u>	<u>706</u>
Finance costs, net	<u>1,758</u>	<u>3,320</u>

11 INCOME TAX EXPENSE

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	491	2,910
Deferred income tax (Note 24)	<u>572</u>	<u>4,839</u>
Income tax expense	<u>1,063</u>	<u>7,749</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the six months ended June 30, 2025 and 2024, excluding treasury shares.

	Six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (RMB'000)	(31,951)	(100,738)
Weighted average number of ordinary shares outstanding (thousand)	810,817	779,835
Basic loss per share (RMB)	(0.04)	(0.13)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the Group incurred loss for the six months ended June 30, 2025 and 2024, respectively, the impact of share options as detailed in Note 23 was not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended June 30, 2025 and 2024 is the same as basic loss per share.

13 DIVIDENDS

No dividends have been paid or declared to the shareholders of the Company for the six months ended June 30, 2025 and 2024, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 PROPERTY AND EQUIPMENT

	Vending machines RMB'000	Electronic equipment RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Leasehold improvements RMB'000	Total RMB'000
(Unaudited)						
As at January 1, 2024						
Cost	363,669	13,707	25,549	8,835	3,439	415,199
Accumulated depreciation	(240,360)	(11,877)	(20,106)	(7,794)	(2,569)	(282,706)
Accumulated impairment	(63)	-	-	-	-	(63)
Net book amount	<u>123,246</u>	<u>1,830</u>	<u>5,443</u>	<u>1,041</u>	<u>870</u>	<u>132,430</u>
Six months ended June 30, 2024						
Opening net book amount	123,246	1,830	5,443	1,041	870	132,430
Transfer (i)	181,097	-	-	-	-	181,097
Additions	9,110	12	483	522	-	10,127
Disposals	(670)	(8)	(348)	(414)	-	(1,440)
Depreciation charge	(53,527)	(348)	(1,837)	(260)	(831)	(56,803)
Closing net book amount	<u>259,256</u>	<u>1,486</u>	<u>3,741</u>	<u>889</u>	<u>39</u>	<u>265,411</u>
As at June 30, 2024						
Cost	1,163,063	13,553	23,140	8,675	870	1,209,301
Accumulated depreciation	(852,782)	(12,067)	(19,399)	(7,786)	(831)	(892,865)
Accumulated impairment	(51,025)	-	-	-	-	(51,025)
Net book amount	<u>259,256</u>	<u>1,486</u>	<u>3,741</u>	<u>889</u>	<u>39</u>	<u>265,411</u>
(Unaudited)						
As at January 1, 2025						
Cost	1,113,465	13,592	21,060	8,715	870	1,157,702
Accumulated depreciation	(819,985)	(12,396)	(18,092)	(7,947)	(870)	(859,290)
Accumulated impairment	(49,470)	-	-	-	-	(49,470)
Net book amount	<u>244,010</u>	<u>1,196</u>	<u>2,968</u>	<u>768</u>	<u>-</u>	<u>248,942</u>
Six months ended June 30, 2025						
Opening net book amount	244,010	1,196	2,968	768	-	248,942
Additions	8,442	247	1,641	105	-	10,435
Disposals	(510)	(2)	(60)	(11)	-	(583)
Depreciation charge	(38,006)	(300)	(533)	(99)	-	(38,938)
Closing net book amount	<u>213,936</u>	<u>1,141</u>	<u>4,016</u>	<u>763</u>	<u>-</u>	<u>219,856</u>
As at June 30, 2025						
Cost	1,118,492	13,832	21,502	8,725	-	1,162,551
Accumulated depreciation	(855,302)	(12,691)	(17,486)	(7,962)	-	(893,441)
Accumulated impairment	(49,254)	-	-	-	-	(49,254)
Net book amount	<u>213,936</u>	<u>1,141</u>	<u>4,016</u>	<u>763</u>	<u>-</u>	<u>219,856</u>

- (i) The carrying value of the leased vending machines were transferred to property and plant when the purchase option were exercised by the Group at nominal price upon expiry of respective lease terms.
- (ii) As of June 30, 2025, the Group's vending machines of RMB12,700,000 (As of June 30, 2024: RMB16,522,000) were pledged as collateral for the Group's bank borrowings (Note 27).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognized in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Right-of-use assets		
– Warehouse	19,703	16,633
– Buildings	2,896	2,578
– Motor vehicles	171	160
	<u>22,770</u>	<u>19,371</u>
Lease liabilities		
– Current	14,617	12,267
– Non-current	10,935	10,071
	<u>25,552</u>	<u>22,338</u>

(b) Amounts recognized in the consolidated statement of comprehensive loss

The consolidated statement of comprehensive loss shows the following amounts relating to leases:

	Six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Depreciation charge of right-of-use assets	7,123	10,127
Interest expense (included in finance costs)	1,204	706
Expense relating to short-term leases (included in expenses)	<u>6,893</u>	<u>6,942</u>

The total cash outflow from financing activities for leases during the six months ended June 30, 2025 and 2024 were RMB8,512,000 and RMB13,905,000 respectively. The total cash outflow from operating activities for the short-term leases and low-value leases during the six months ended June 30, 2025 and 2024 were RMB6,893,000 and RMB6,942,000 respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 INTANGIBLE ASSETS

	Goodwill RMB'000	Internally generated software RMB'000	Purchased software RMB'000	Total RMB'000
(Unaudited)				
As at January 1, 2024				
Cost	195,182	91,624	101,359	388,165
Accumulated amortization	–	(62,663)	(47,360)	(110,023)
Accumulated impairment	(158,386)	(14,947)	–	(173,333)
Net book amount	<u>36,796</u>	<u>14,014</u>	<u>53,999</u>	<u>104,809</u>
Six months ended June 30, 2024				
Opening net book amount	36,796	14,014	53,999	104,809
Additions	–	–	90	90
Amortization charge	–	(3,423)	(4,854)	(8,277)
Closing net book amount	<u>36,796</u>	<u>10,591</u>	<u>49,235</u>	<u>96,622</u>
As at June 30, 2024				
Cost	195,182	91,624	101,449	388,255
Accumulated amortization	–	(66,086)	(52,214)	(118,300)
Accumulated impairment	(158,386)	(14,947)	–	(173,333)
Net book amount	<u>36,796</u>	<u>10,591</u>	<u>49,235</u>	<u>96,622</u>
(Unaudited)				
As at January 1, 2025				
Cost	195,182	91,624	101,449	388,255
Accumulated amortization	–	(69,674)	(57,067)	(126,741)
Accumulated impairment	(179,161)	(14,947)	–	(194,108)
Net book amount	<u>16,021</u>	<u>7,003</u>	<u>44,382</u>	<u>67,406</u>
Six months ended June 30, 2025				
Opening net book amount	16,021	7,003	44,382	67,406
Additions	–	–	35	35
Amortization charge	–	(2,900)	(4,607)	(7,507)
Closing net book amount	<u>16,021</u>	<u>4,103</u>	<u>39,810</u>	<u>59,934</u>
As at June 30, 2025				
Cost	195,182	91,624	101,484	388,290
Accumulated amortization	–	(72,574)	(61,674)	(134,248)
Accumulated impairment	(179,161)	(14,947)	–	(194,108)
Net book amount	<u>16,021</u>	<u>4,103</u>	<u>39,810</u>	<u>59,934</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Investment in a joint venture (a)	–	–
Investment in associates (b)	42,484	44,082
	<u>42,484</u>	<u>44,082</u>

(a) Investments in a joint venture

	Six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
At the beginning of the period	–	2,554
Share of loss of a joint venture	–	(7)
At the end of the period	<u>–</u>	<u>2,547</u>

(b) Investments in associates

	Six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
At the beginning of the period	44,082	54,208
Share of loss of associates	(1,598)	(2,402)
At the end of the period	<u>42,484</u>	<u>51,806</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Investments in unlisted equity securities (a)	<u>14,200</u>	<u>14,200</u>

(a) Investments in unlisted equity securities

The Group's and the Company's investments in unlisted equity securities included in financial assets at FVPL represent the investment in certain privately owned companies.

Movements of investments in unlisted equity securities included in financial assets at FVPL were as follows:

	Six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
At the beginning of the period	14,200	35,300
Changes in fair value	<u>—</u>	<u>—</u>
At the end of the period	<u>14,200</u>	<u>35,300</u>

19 INVENTORIES

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Raw materials	25,005	40,591
Merchandise	119,901	105,932
Vending machines held for sale	25,013	26,885
Less: provision for impairment	<u>(6,080)</u>	<u>(6,080)</u>
	<u>163,839</u>	<u>167,328</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Trade receivables (a)	76,538	63,514
Less: Allowance for impairment	(12,206)	(10,699)
Trade receivables – net	64,332	52,815
Prepayments for purchase of machines	140,821	147,764
Prepayments for purchase of inventories	39,549	21,413
Prepayments for POSs expenses	29,173	25,224
Others	5,227	5,397
Prepayments	214,770	199,798
Advances to and receivables from business partners	65,535	65,528
Deposits	41,904	34,430
Amounts due from POS partners	23,985	22,396
Deductible input value-added tax	20,967	19,656
Advances to staffs	14,462	15,432
Refundable prepayment for investment (i)	5,000	–
Others	11,255	11,541
Less: Allowance for impairment of deposits and other receivables	(65,944)	(62,874)
Deposits and other receivables – net	117,164	106,109
Trade receivables, prepayments, deposits and other receivables	396,266	358,722
Less: Non-current portion		
– Prepayment and other receivables	(141,404)	(148,800)
Current portion	254,862	209,922

- (i) In January 2025, the Group made an advance payment to a company as an investment deposit. The investment was subsequently withdrawn, but as of June 30, 2025, the deposit had not yet been refunded. The Company expects the amount to be fully recovered within the current year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – *continued*

(a) Trade receivables

Trade receivables mainly arise from wholesales, sales of vending machines and advertising and system support services and others. Customers are generally granted credit terms of 30 to 180 days. The aging analysis of trade receivables based on merchandise and services delivery date or invoice date is as follows:

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
0 to 3 months	59,001	50,331
3 to 6 months	5,345	2,763
6 to 12 months	2,459	384
1 to 2 years	1,094	1,915
2 to 3 years	1,714	3,101
3 to 4 years	2,963	1,528
Over 4 years	3,962	3,492
	<u>76,538</u>	<u>63,514</u>

As at June 30, 2025 and December 31, 2024, trade receivables were mainly denominated in RMB.

21 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Cash at bank and on hand	469,102	268,588
Term deposits with initial terms within three months	36,478	78,397
Less: Restricted cash	<u>(14,851)</u>	<u>(13,574)</u>
Cash and cash equivalents	<u>490,729</u>	<u>333,411</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 SHARE CAPITAL

	Number of ordinary shares	Share capital RMB'000
Issued and fully paid		
As at January 1, 2024 and June 30, 2024	<u>779,835,433</u>	<u>779,835</u>
(Unaudited)		
As at January 1, 2025	779,835,433	779,835
Issuance of ordinary shares (i)	<u>51,635,500</u>	<u>51,636</u>
As at June 30, 2025	<u>831,470,933</u>	<u>831,471</u>

- (i) On March 14, 2025, the Company issued 51,635,500 new ordinary shares at par value of RMB1 per share for cash consideration of HKD3.01 each, and raised gross proceeds of approximately HKD155,423,000 (equivalent to approximately RMB143,393,000). The share capital and share premium arising from the issuance were approximately RMB51,636,000 and RMB86,577,000 respectively.

Incremental costs that are directly attributable to the issuance of the new shares were approximately RMB5,180,000, which were accounted for a deduction against the share premium arising from the issuance.

23 SHARE-BASED COMPENSATION

In May 2021, the directors of the Company approved the establishment of an employee share option plan ("Pre-IPO Incentive Scheme") with the purpose of incentivizing the management members and core employees (the "Participants") of the Group to further promote the development and in recognition of their contributions. Under the Pre-IPO Incentive Scheme, the Group granted options to the Participants on January 10, 2023 (the "Grant Date") to acquire up to 37,750,000 shares of the Company at a price of RMB1.99 per share.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

23 SHARE-BASED COMPENSATION – continued

Subject to satisfaction of the relevant conditions of exercise, the Options shall be exercisable after the Listing Date in three batches, arrangement and valuation results set out as below:

Exercise period	Duration	Proportion of exercisable Share Options to the total number of Share Options granted	Number of share options	Exercise price (in RMB)	Fair value per option (in RMB)
Exercise period in respect of the first batch of the Options	For a period of 12 months commencing on the later of: (i) first trading day after the expiration of the 12-month period from the date of grant and (ii) the Listing Date (the “First Exercise Date”)	40%	15,100,000	1.99	4.24
Exercise period in respect of the second batch of the Options	Commencing on the first trading day after the expiration of the 12-month period from the First Exercise Date and ending on the last trading day of the 24-month period from the First Exercise Date	30%	11,325,000	1.99	4.38
Exercise period in respect of the third batch of the Options	Commencing on the first trading day after the expiration of the 24-month period from the First Exercise Date and ending on the last trading day of the 36-month period from the First Exercise Date	30%	11,325,000	1.99	4.49

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

23 SHARE-BASED COMPENSATION – continued

The shares to be issued to the Participants pursuant to the exercise of the options are subject to below lock-up restrictions where the Participants is a director, supervisor or a member of the senior management of the Company: (i) the number of shares which may be transferred by the Participants each year during his/her tenure of office shall not exceed 25% of the total number of the shares held by him/her, and (ii) the Participants shall not transfer any shares held by him/her within (a) one year from the Listing Date and (b) six months after his/her resignation from the positions held in the Group.

The fair value of the employee service received in exchange for the grant of equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (e.g., the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Movements in the number of share options outstanding are as follows:

	2025		2024	
	Average exercise price in RMB (Unaudited)	Number of share options (Unaudited)	Average exercise price in RMB (Unaudited)	Number of share options (Unaudited)
At January 1	1.99	30,150	1.99	36,850
Granted	–	–	–	–
Forfeited	1.99	(50)	1.99	(6,700)
At June 30	<u>1.99</u>	<u>30,100</u>	<u>1.99</u>	<u>30,150</u>
Vested and exercisable at June 30		<u>23,515</u>		<u>14,470</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

24 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Deferred income tax assets:		
– To be recovered after more than 12 months	21,042	15,052
– To be recovered within 12 months	3,664	9,371
	<u>24,706</u>	<u>24,423</u>
Set-off of deferred income tax assets pursuant to set-off provision	<u>(5,109)</u>	<u>(4,254)</u>
Net deferred income tax assets	<u>19,597</u>	<u>20,169</u>
Deferred income tax liabilities:		
– To be recovered after more than 12 months	(3,689)	(3,591)
– To be recovered within 12 months	(1,420)	(663)
	<u>(5,109)</u>	<u>(4,254)</u>
Set-off of deferred income tax liabilities pursuant to set-off provision	<u>5,109</u>	<u>4,254</u>
Net deferred income tax liabilities	<u>-</u>	<u>-</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

25 TRADE PAYABLES

As at June 30, 2025 and December 31, 2024, the aging analysis of the trade payables based on invoice date were as follows:

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
0 to 3 months	174,175	143,998
3 to 6 months	1,188	118
6 to 12 months	531	304
1 to 2 years	9,343	1,058
2 to 3 years	1,000	1,445
Over 3 years	2,473	1,046
	<u>188,710</u>	<u>147,969</u>

26 OTHER PAYABLES AND ACCRUALS

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Accrued POSs operation expenses	75,659	62,034
Deposits received from POSs partners	41,444	40,622
Salaries, wages and bonuses payable	31,185	30,787
Accrued liabilities (i)	14,996	14,996
Other taxes payable	9,818	5,777
Professional service fees payable	5,753	3,100
Listing expenses payable	1,762	3,226
Others	17,495	15,976
	<u>198,112</u>	<u>176,518</u>

- (i) As of June 30, 2025 and December 31, 2024, there were certain claims pending in the courts and arbitrations, or otherwise unsolved, the accrued liabilities mainly represented provision for an unsettled claim with a supplier.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

27 BORROWINGS

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Current		
Short-term bank borrowings – guaranteed (a)	60,190	84,990
Current portion of long-term bank borrowings – guaranteed and secured (b)	11,843	15,304
Current portion of long-term bank borrowings	40	–
Current portion of long-term bank borrowings – guaranteed (a)	–	2,286
	<u>72,073</u>	<u>102,580</u>
Non-current		
Long-term bank borrowings	9,950	–
Long-term bank borrowings – guaranteed (a)	–	571
Long-term bank borrowings – guaranteed and secured (b)	–	4,031
	<u>9,950</u>	<u>4,602</u>
	<u><u>82,023</u></u>	<u><u>107,182</u></u>

- (a) As at June 30, 2025 and December 31, 2024, the short-term bank borrowings of RMB60,190,000 and RMB84,990,000, respectively, were guaranteed by the Company and certain of its subsidiaries.

As at December 31, 2024, the long-term bank borrowings of RMB2,857,000 (as at June 30, 2025: nil), was guaranteed by the Company and certain of its subsidiaries.

- (b) As of June 30, 2025 and December 31, 2024, the long-term bank borrowings of RMB11,843,000 and RMB19,335,000, respectively, was guaranteed by certain subsidiaries of the Group and secured by certain of the Group's property and plant (Note 14).
- (c) For the six months ended June 30, 2025 and 2024, the weighted average interest rate of short-term bank borrowings was 4.01% and 4.92%, and the weighted average interest rate of long-term bank borrowings was 6.82% and 5.25% per annum, respectively.
- (d) The fair values of the respective borrowings approximated their carrying amounts.
- (e) All the carrying amounts of the borrowings were denominated in RMB.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

28 CAPITAL COMMITMENTS

As at June 30, 2025 and December 31, 2024, the Group has no significant capital expenditure contracted for but not recognized as liabilities.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

Save as disclosed elsewhere in the interim condensed consolidated financial information, the directors of the Company are of the view that the following parties were related parties that had transactions or balances with the Group for the six months ended June 30, 2025 and 2024:

(a) Names and relationships with related parties

Company	Relationship
Alipay.com Co., Ltd. ("Alipay China")	Entity controlled by the same group of a shareholder, which has significant influence on the Group
Hangzhou Huanxu Information Technology Co., Ltd. ("Hangzhou Huanxu")	Entity controlled by the same group of a shareholder, which has significant influence on the Group
Alipay (Hangzhou) Information Technology Co., Ltd. ("Alipay Hangzhou")	Entity controlled by the same group of a shareholder, which has significant influence on the Group
Hangzhou Ant Future Technology Co., Ltd. ("Hangzhou Ant Future")	Entity controlled by the same group of a shareholder, which has significant influence on the Group
Hangzhou Huanyao Technology Co., Ltd. ("Hangzhou Huanyao")	Entity controlled by the same group of a shareholder, which has significant influence on the Group

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

29 SIGNIFICANT RELATED PARTY TRANSACTIONS – *continued*

(b) Significant related party transactions

All the transactions with related parties below were on terms mutually agreed by both parties.

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Sales of goods</i>		
Associates of the Group	365	887
<i>Provision of services</i>		
Hangzhou Huanxu	1,984	2,511
Hangzhou Huanyao	1,182	–
Alipay Hangzhou	43	–
Associates of the Group	–	112
	3,209	2,623
<i>Purchase of services</i>		
Alipay China	4,533	5,232
Associates of the Group	2,176	–
Hangzhou Huanxu	95	–
	6,804	5,232
<i>Interest income</i>		
Associates of the Group	90	93

(c) Key management personnel compensation

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and bonuses	2,715	2,324
Pension costs – defined contribution plans	234	188
Other social security costs, housing benefits and other employee benefits	213	176
Share-based compensation	5,227	14,057
	8,389	16,745

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

29 SIGNIFICANT RELATED PARTY TRANSACTIONS – continued

(d) Balances with related parties

All the balances with related parties below were unsecured and repayable within one year.

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Trade in nature and included in:		
<i>Trade receivables</i>		
Associates of the Group	5,853	5,489
Alipay Hangzhou	45	–
	<u>5,898</u>	<u>5,489</u>
<i>Other receivables</i>		
Hangzhou Ant Future	220	220
Alipay Hangzhou	50	50
	<u>270</u>	<u>270</u>
<i>Contract liabilities</i>		
Hangzhou Huanxu (i)	<u>15,339</u>	<u>17,443</u>
Non-trade in nature and included in:		
<i>Other receivables</i>		
Associates of the Group	<u>3,410</u>	<u>4,448</u>

- (i) The balance represents advancement from Hangzhou Huanxu for advertising and promotion of its payment service products (for example, biometric authentication payment services and merchandise recognition services) on the Group's vending machines.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 CONTINGENT LIABILITIES

On October 16, 2024, the Company received a notice of arbitration filed by Guangzhou Fohon Intelligence Technology Co., Ltd. (“Guangzhou Fohon”), the non-controlling shareholder of a subsidiary of the Company, namely Shenzhen Youfu Sharing Trading Co., Ltd. (“Shenzhen Youfu”), against the Company, which alleged that the Company failed to acquire 49% of the issued share capital of Shenzhen Youfu held by Guangzhou Fohon in accordance with the terms of the investment agreement entered into between the Guangzhou Fohon and the Company on June 15, 2021. Accordingly, Guangzhou Fohon claimed against the Company for acquisition consideration at an amount of approximately RMB145.1 million, default interest on the consideration, legal costs and other costs incurred for the arbitration proceeding.

The Group successfully defended the claim, and the arbitration is concluded in April 2025. Therefore, the directors of the Company believe that no provision needs to make.

31 SUBSEQUENT EVENTS

There is no material subsequent event happened after June 30, 2025.