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UBTECH ROBOTICS CORP LTD

深圳市優必選科技股份有限公司

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

(Stock Code: 9880)

ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS (1) REVISION OF ANNUAL CAPS OF EXISTING FRAMEWORK AGREEMENT; AND (2) PROCUREMENT FRAMEWORK AGREEMENT

REVISION OF ANNUAL CAPS

Due to the rising market demand for MAE Group's products and services, and given that the Group is one of the few AI and robotics companies in China with the necessary experience and technical expertise to meet the product and service requirements of its global conglomerate clients, the Group anticipates an increasing demand for its logistics smart robotic products and services from the MAE Group. Therefore, the Board resolved on December 9, 2024 to revise and increase the Existing Annual Caps for the years ending December 31, 2024 and 2025 to the Revised Annual Caps.

PROCUREMENT FRAMEWORK AGREEMENT

On December 9, 2024 (after trading hours), Wuxi Uqi, a subsidiary of the Company, entered into the Procurement Framework Agreement with Changjiang MAE, an associate of MAE and a connected person of the Company at the subsidiary level, pursuant to which Wuxi Uqi Group agrees to procure, and Changjiang MAE agrees to sell, the Supplies.

The annual caps with respect to the transactions contemplated under the Procurement Framework Agreement for the two-month period from November 1, 2024 to December 31, 2024 and in 2025 shall not exceed RMB50 million and RMB20 million, respectively.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of announcement, MAE held approximately 30.46% interest in Wuxi Uqi, while the Company controlled over more than 50% voting rights in Wuxi Uqi. As at the same date, Changjiang MAE is held as to 49% by MAE. As such, MAE and Changjiang MAE (being an associate of MAE) are connected persons of the Company at the subsidiary level and the transactions contemplated under the Existing Framework Agreement and the Procurement Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as (i) MAE and Changjiang MAE are connected persons of the Company at the subsidiary level; (ii) each of the Revised Annual Caps and the Procurement Framework Agreement are on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) has approved each of the Revised Annual Caps and the Procurement Framework Agreement, and confirmed that each of the Revised Annual Caps and the Procurement Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Revised Annual Caps and the Procurement Framework Agreement are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements under the Listing Rules.

(1) REVISION OF ANNUAL CAPS

Background

Reference is made to the section headed "Connected Transactions" of the Prospectus. Pursuant to the Existing Framework Agreement, Wuxi Uqi, a subsidiary of the Company under the Listing Rules, has been supplying the MAE Products and Services to MAE Group on an ongoing basis.

Due to the rising market demand for MAE Group's products and services, and given that the Group is one of the few AI and robotics companies in China with the necessary experience and technical expertise to meet the product and service requirements of its global conglomerate clients, the Group anticipates an increasing demand for its logistics smart robotic products and services from the MAE Group. Therefore, the Board resolved on December 9, 2024 to revise and increase the Existing Annual Caps for the years ending December 31, 2024 and 2025 to the Revised Annual Caps.

For the ten months ended October 31, 2024, the aggregate amount incurred by the MAE Group for the purchase of the MAE Products and Services amounted to approximately RMB105.8 million (*unaudited*), equivalent to approximately 86.8% of the Existing Annual Cap of RMB122.0 million for the year ending December 31, 2024. Taking into account the aforementioned amount, the fast growing number of transactions, and recent estimation of increasing demand of MAE Group for the MAE Products and Services, it is anticipated that the respective amount to be incurred by the MAE Group for the purchase of the MAE Products and Services for the years ending December 31, 2024 and 2025 will exceed the Existing Annual Caps. In particular, the Directors noted with reference to its business operations in the past few years that the Group's sales project acceptance peak in the fourth quarter and most of its revenue are generated in this period. Revenue from the Group's logistics smart robotic products and services are generally higher in the fourth quarter every year because customers generally complete the inspection and recognition of progress of projects by the fourth quarter, shortly before their financial year-end which is typically December 31.

In light of the above, the Board has proposed to revise the Existing Annual Caps to cater for the increasing demand of MAE Group for the MAE Products and Services.

Terms of the Existing Framework Agreement

Notwithstanding the revision of the Existing Annual Caps, the principal terms of the Existing Framework Agreement remain unchanged. Please refer to the section headed "Connected Transactions" of the Prospectus for further details.

Existing Annual Caps and historical transaction amount

The Existing Annual Caps for the years ending December 31, 2024 and 2025 are RMB122.0 million and RMB82.0 million, respectively.

For the ten months ended October 31, 2024, the aggregate amount incurred by the MAE Group for the purchase of the MAE Products and Services under the Existing Framework Agreement amounted to approximately RMB105.8 million (*unaudited*).

Revised Annual Caps and basis

The Board has proposed to revise the Existing Annual Caps for the years ending December 31, 2024 and 2025 to RMB200.0 million and RMB150.0 million, respectively.

The proposed Revised Annual Caps were determined by the Board with reference to the following factors:

1. the historical transaction amounts attributable to the transactions under the Existing Framework Agreement, including those for the ten months ended October 31, 2024;
2. the recent estimation of the demand of MAE Group for the MAE Products and Services in view of increasing customer demands for smart robotic products and services in the provision of intelligent equipment automation services as a result of improved production efficiency and increased labour costs and the fact that the Directors expect the Group's sales, including that for its logistics smart robotic products and services, to peak in the fourth quarter based on its track record; and
3. the expected growing business scale of MAE Group after taking into consideration the transaction amounts under the Existing Framework Agreement for the ten months ended October 31, 2024 and the market trend of the automation industry in the PRC and worldwide.

Reasons for and benefits of the revision of Existing Annual Caps

By the adoption of the Revised Annual Caps, Wuxi Uqi will be able to fulfil the expected demand of MAE Group for the MAE Products and Services in the remaining period of the year ending December 31, 2024 and in 2025. As MAE Group is a well-established intelligent equipment automation service provider with expertise in automotive intelligent equipment and lithium battery recycling, the Directors believe that the continuation of sales to MAE Group and maintaining of business relationship with MAE Group can enhance the business and reputation of the Group taking into account, among other things, the substantial revenue contribution from customers in the automobile and auto-parts industry.

On the above basis, the Directors consider that the Group will benefit from the adoption of the Revised Annual Caps. The Directors (including the independent non-executive Directors) considered the Revised Annual Caps are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(2) PROCUREMENT FRAMEWORK AGREEMENT

On December 9, 2024 (after trading hours), Wuxi Uqi, a subsidiary of the Company, entered into the Procurement Framework Agreement with Changjiang MAE, a connected person of the Company at the subsidiary level, pursuant to which Wuxi Uqi Group agrees to procure, and Changjiang MAE agrees to sell, the Supplies.

Principal terms

The principal terms of the Procurement Framework Agreement are set out below:

Date	December 9, 2024
Parties	(1) Wuxi Uqi; and (2) Changjiang MAE
Term	From November 1, 2024 to December 31, 2025
Subject matter	During the term of the Procurement Framework Agreement, members of the Wuxi Uqi Group may procure the Supplies from Changjiang MAE on terms and prices no less favourable than those for similar products or services procured by Wuxi Uqi Group from independent third parties.
Pricing determination	<p>When determining the price for each transaction contemplated under the Procurement Framework Agreement, the parties shall negotiate based on the principles of fairness and reasonableness, taking into account the following factors: (i) the current market price of similar products and services procured by Wuxi Uqi Group from independent third parties; (ii) the total contract amount involved; and (iii) the required specifications for the relevant products and services.</p> <p>The pricing of the Supplies will also be monitored by the Group's internal procedures, details of which are disclosed in “– Internal control measures” below.</p>
Payment terms	Changjiang MAE shall issue all relevant bills and invoices within 15 working days upon completion of each transaction contemplated under the Procurement Framework Agreement. Wuxi Uqi Group shall pay the contract sum for such transaction within 15 working days upon receipt and confirmation of such bills and invoices.

Annual caps

Based on the projected quantity of the Supplies to be procured by members of Wuxi Uqi Group and the estimated price of the respective Supplies, it is expected that the maximum aggregate amounts to be paid by members of Wuxi Uqi Group to Changjiang MAE for the procurement of the Supplies pursuant to the Procurement Framework Agreement for the two-month period from November 1, 2024 to December 31, 2024 and in 2025 shall not exceed RMB50 million and RMB20 million, respectively.

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

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

Reasons and benefits for the Procurement Framework Agreement

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

The Group, through Wuxi Uqi Group, decided to procure logistics services machinery from Changjiang MAE and engage Changjiang MAE for the provision of services such as design and installation of equipment as the Board considered that (i) Changjiang MAE, as an associate of MAE Group, has an extensive network of machinery procurement chain with globally agreed procurement price and can offer Wuxi Uqi Group competitive transaction terms and pricing as compared to those offered by independent third parties. In this regard, Wuxi Uqi Group has obtained quotations for products and services similar to the Supplies from other independent third parties and confirms that the proposed transaction terms offered by Changjiang MAE to the Wuxi Uqi Group are more favourable than those proposed by the independent third parties; and (ii) in view of the continuous supply of the MAE Products and Services to MAE Group, procurement of the Supplies from Changjiang MAE can further streamline logistics arrangement and enhance efficiency as we will not need to liaise and make arrangements with multiple parties. For further details of the Group's business relationship with MAE Group, see the paragraphs headed "Business – Overlapping of Customers and Suppliers – Overlapping relationship with MAE Group" in the Prospectus. For the avoidance of doubt, Wuxi Uqi Group's sales and purchases involving MAE Group, including but not limited to the procurement of the Supplies from Changjiang MAE contemplated under the Procurement Framework Agreement and the supply of the MAE Products and Services to MAE Group under the Existing Framework Agreement, are not inter-conditional with each other.

In anticipation that one or more applicable percentage ratios in respect of Wuxi Uqi Group's procurement of the Supplies from Changjiang MAE contemplated under the Procurement Framework Agreement will be more than 1% on a 12-month basis, Wuxi Uqi has entered into the Procurement Framework Agreement in order to comply with the requirements under Chapter 14A of the Listing Rules. The Directors consider that the procurement of the Supplies is conducted in Wuxi Uqi Group's ordinary and usual course of business based on its actual business needs, and is in the interests of the Company and the Shareholders as a whole.

Internal control measures

The Company has reporting and approval procedures in place to ensure that the agreed price and terms of continuing connected transactions are no less favourable to the relevant members of the Group than those available to or from (as appropriate) independent third parties. The Company also has procedures and policies in place for identifying connected persons and monitoring the annual caps of continuing connected transactions. In addition, the finance department shall conduct review on all material aspects of the transactions contemplated under the Procurement Framework Agreement no less than twice during its term, including but not limited to contract terms, pricing determination and transaction amounts, and report results to the audit committee of the Board, which consists of all the independent non-executive Directors. Further, the Company has also adopted a threshold warning mechanism whereby the Group's finance department will monitor the annual caps under the Procurement Framework Agreement. If the procurement amount of the Supplies from Changjiang MAE reaches 80% of the annual caps, the Group's finance department will immediately report to the general manager and management, and to the Board upon their confirmation, for the Board to consider and, if thought fit, implement relevant internal control measures including the revision of the annual caps under the Procurement Framework Agreement.

INFORMATION ON WUXI UQI, MAE GROUP AND CHANGJIANG MAE

Wuxi Uqi is regarded as our subsidiary under the Listing Rules for the reasons set out in "Implications under the Listing Rules" below. It has a registered capital of RMB25,019,500 and is principally engaged in the development, production and sales of logistics smart robotic products and services.

MAE is a company listed on the Shenzhen Stock Exchange (stock code: 002009.SZ) with a registered capital of approximately RMB402.2 million. The principal business of MAE Group includes intelligent equipment business centred on automotive intelligent equipment and lithium battery recycling business centred on lithium battery recycling, graded utilization and reuse.

Changjiang MAE is a company established under the laws of the PRC with a registered capital of RMB50 million and is principally engaged in the design, manufacture, installation and commissioning of specialised equipment involved in MAE's business. It is held as to 49% by MAE and 51% by Hubei Ecological Environmental Protection Co., Ltd. (湖北省生態環保有限公司), a state-owned enterprise ultimately wholly owned by the State-owned Assets Supervision and Administration Commission of Hubei Province.

The Directors confirmed that to the best of their knowledge, information and belief having made all reasonable enquiry, the ultimate beneficial owners of MAE and Changjiang MAE are third parties independent of the Group.

IMPLICATIONS UNDER THE LISTING RULES

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

As at the date of this announcement, MAE is a substantial shareholder of Wuxi Uqi directly and indirectly holding approximately 30.46% shareholding interest and thus a connected person of the Company at subsidiary level. As at the same date, as Changjiang MAE is held as to 49% by MAE, it is an associate of MAE and thus a connected person of the Company at subsidiary level. As such, the transactions under the Existing Framework Agreement and the Procurement Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as (i) MAE and Changjiang MAE are connected persons of the Company at the subsidiary level; (ii) each of the Revised Annual Caps and the Procurement Framework Agreement are on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) has approved each of the Revised Annual Caps and the Procurement Framework Agreement, and confirmed that each of the Revised Annual Caps and the Procurement Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, each of the Revised Annual Caps and the Procurement Framework Agreement is subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements under the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Changjiang MAE”	Hubei Changjiang MAE Environmental Equipment Co., Ltd. (湖北長江天奇環保裝備有限公司), a limited liability company established under the laws of the PRC and an associate of MAE
“Company”	UBTECH ROBOTICS CORP LTD (深圳市優必選科技股份有限公司) (formerly known as Shenzhen UBTECH Technology Co., Ltd.* (深圳市優必選科技有限公司)), a limited liability company established under the laws of the PRC on March 31, 2012 and converted into a joint stock company with limited liability on March 29, 2019
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Existing Annual Cap(s)”	the amounts of RMB122.0 million and RMB82.0 million, being the existing annual caps for the Transactions for the years ending December 31, 2024 and 2025, respectively, as stated in the section headed “Connected Transactions” of the Prospectus
“Existing Framework Agreement”	the project engineering services and products framework agreement dated November 23, 2023 entered into between Wuxi Uqi and MAE in relation to the provision of the MAE Products and Services by Wuxi Uqi to MAE Group for a term ending on December 31, 2025
“Group”	collectively, the Company and its subsidiaries
“independent third party(ies)”	has the meaning ascribed to it under the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MAE”	Miracle Automation Engineering Co., Ltd. (天奇自動化工程股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002009.SZ)
“MAE Group”	collectively, MAE, its subsidiaries and its 30%-controlled companies (as defined under the Listing Rules)
“MAE Products and Services”	smart robotic products and services required for the completion of MAE’s contracted engineering projects, including but not limited to the engineering design, implementation and delivery in relation to such projects, i.e. the Group’s logistics smart robotic products and services
“PRC”	the People’s Republic of China
“Procurement Framework Agreement”	the procurement framework agreement dated December 9, 2024 entered into between Wuxi Uqi and Changjiang MAE in relation to the procurement of the Supplies by Wuxi Uqi Group from Changjiang MAE for a term ending on December 31, 2025
“Prospectus”	the prospectus of the Company dated December 19, 2023
“Revised Annual Caps”	the amounts of RMB200.0 million and RMB150.0 million, being the revised annual caps for the Transactions for the years ending December 31, 2024 and 2025, respectively
“Shareholders”	shareholders of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supplies”	materials and components required for logistics intelligent robots products and services related to the automotive manufacturing business of the Wuxi Uqi Group, including but not limited to cables, motors, electrical components, dustproof rooms and customized pallet modifications; related installation and commissioning services

“Wuxi Uqi” Wuxi Uqi Intelligent Technology Co., Ltd.* (無錫優奇智能科技有限公司), a subsidiary of the Company under the Listing Rules

“Wuxi Uqi Group” collectively, Wuxi Uqi and its subsidiaries

By order of the Board
UBTECH ROBOTICS CORP LTD
Jian ZHOU

Chairman, Executive Director and Chief Executive Officer

Shenzhen, December 9, 2024

As at the date of this announcement, the Board comprises (i) Mr. Zhou Jian, Mr. Xiong Youjun, Ms. Wang Lin and Mr. Liu Ming as executive directors; (ii) Mr. Xia Zuoquan, Mr. Zhou Zhifeng and Mr. Chen Qiang as non-executive directors; and (iii) Mr. Zhao Jie, Mr. Xiong Chuxiong, Mr. Poon Fuk Chuen and Mr. Leung Wai Man, Roger as independent non-executive directors.

* *For identification purposes only*