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## SUMMARY AND HIGHLIGHTS

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*This summary aims to give potential investors an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to potential investors and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. Potential investors should read the whole document including the appendices hereto, which constitute an integral part of this document, before making a decision to invest in our [REDACTED]. There are risks associated with any investment. Some of the particular risks in investing in our [REDACTED] are set out in “Risk Factors”. Potential investors should read that section carefully before making a decision to invest in our [REDACTED].*

### BUSINESS OVERVIEW

**UBTech** is an established robotic company based in the PRC, dedicated to the research and development (R&D), design, production, commercialization, sales and marketing of smart service robots and smart service robotic solutions (*Note*), as well as the R&D of humanoid robots. Our product offerings, ranging from consumer-level smart robots and appliances, enterprise-level robotic solutions tailored for education, logistics and other sectors, to life-sized humanoid robots which we endeavour to eventually commercialize and put into every day use, are equipped to different extent with smart features that sense, interact, analyze and process humans and external environment. According to Frost & Sullivan, we are the No. 3 in the smart robotic solution industry in China (in terms of revenue) in 2022 with a market share of 2.8%, and China’s No. 1 provider of education smart robotic products and solutions (in terms of revenue) in 2022 with a market share of 22.5%. For FY2020, FY2021, FY2022, 4M2022 and 4M2023, we incurred net losses of RMB707.0 million, RMB917.5 million, RMB987.4 million, RMB411.6 million and RMB421.0 million, respectively.

Driven by our commitment to R&D and delivery of smart service robotic products and solutions, we distinguish ourselves with a full stack of proprietary (i) robotic, (ii) AI and (iii) integrated robotic and AI technologies for application in a range of enterprise-level and consumer-level use scenarios across various sectors. Our in-house R&D team, established since 2012 and comprising over 700 employees as of April 30, 2023, is headed by doctoral-degree holders with expertise in robotic and AI-related areas and supported by a number of in-house scientists, engineers and other employees who have obtained at least undergraduate robotic and/or AI-related degrees.

At the core of our business is the development of life-sized humanoid robots. We believe in the integration of AI technology with robots which enables them to perform essential tasks without or with minimal human intervention and establish communication with other robots and humans, with potential to address manpower shortage in various scenarios such as intelligent manufacturing. With our strong R&D capabilities, we have been able to develop our own humanoid robots and achieve commercialization of the same, including Walker, which we launched in 2018 and is China’s first commercialized biped life-sized humanoid robot according to Frost & Sullivan.

Meanwhile, leveraging the technical knowledge gained in our R&D process of humanoid robotics and AI technology, we are able to and have expanded our solution offerings to a diversity of other smart robotic products, devices and solutions to end-users for use scenarios in different sectors in response to market conditions. For example, in 2017, driven by favorable government policy, we started offering education smart robotic products and solutions by providing interactive, programmable and/or codable robotic products, and further developed to offer comprehensive solutions comprising AI education software and teaching materials, curriculum design and other ancillary services. Since 2020, we further offered logistics smart robotic products and solutions such as logistics robots capable of accurate goods transportation and automated storage and

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*Note:* A smart service robot refers to a robotic system that is designed to perform various tasks and provide services to humans autonomously, excluding industrial automation applications. These robots are equipped with technologies such as computer vision, voice interaction and SLAM and automation, allowing them to perceive and interact with external environment. Smart service robotic solution is a solution which is service robot-centric and integrates necessary peripheral hardware and software products and services to perform intended tasks.

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retrieval system, in light of, among other factors, the rising demand for new energy vehicles, the transformation of manufacturing industry in China and increasing labor cost, which allowed us to apply our technologies for warehousing logistics and delivery purposes. These products and solutions, together with other sector-tailored smart robotic products and solutions and consumer-level robots and other smart hardware devices, form the majority of our revenue during the Track Record Period.

During the Track Record Period, we generated revenue of RMB740.2 million, RMB817.2 million, RMB1,008.3 million, RMB102.5 million and RMB131.8 million in FY2020, FY2021, FY2022, 4M2022, and 4M2023, respectively, primarily from sales of (i) education smart robotic products and solutions which mainly include uKit and Jimu series (education), Yanshee and Alpha Mini series (education) and ancillary services such as providing professional team support for teacher training and operation and utilization of our products and solutions, (ii) logistics smart robotic products and solutions, (iii) other sector-tailored smart robotic products and solutions which mainly include Cruzr series, Walker series, and ADIBOT series, and (iv) consumer-level robots and other smart hardware devices which mainly include AiRROBO vacuum cleaner, AiRROBO cat litter box and Alpha Mini (non-education) series.

***Market opportunities and our growth.*** According to Frost & Sullivan, although the penetration rate of robotic products and solutions in the smart service robot-based solution industry in the PRC remained low in recent years, the market size of the global and PRC smart service robotic solutions market is estimated to grow from US\$23.5 billion to US\$62.8 billion at a CAGR of 17.8% between 2022 and 2028 and from RMB51.6 billion to RMB183.2 billion at a CAGR of 23.5% between 2022 and 2028, respectively.

While dedicated to the R&D of humanoid robots, we believe that our technological capabilities can be applied to various scenarios while driven by market conditions and government policy support.

*Education smart robotic products and solutions.* Earlier in our business development history, we focused our R&D efforts and successfully applied and achieved commercialization of our robotic and AI technologies to the education sector in 2017, the demand of which has been driven by favorable government policy beginning with the New Generation of Artificial Intelligence Development Plan (《新一代人工智能發展規劃》) issued in 2017 which requires primary and secondary schools to gradually promote AI programming education and encourages the community to participate in developing and promoting educational and entertaining AI programming teaching software. Further policies in support of robotics, AI and programming education have since been published during the Track Record Period. For details, see “Business — Business Overview — Market opportunities and growth” of this document.

*Logistics smart robotic products and solutions.* Our expansion into logistics smart robotic products and solutions in late 2020 was likewise driven by favorable market trend, which we believe was attributable to our robotic and AI technologies and reputation from the development of our humanoid robots. According to Frost & Sullivan, due to the need for manufacturers and logistic companies to automate their production and/or storage facilities to maximize their operational efficiency and the shortage of workers in and the rising labor cost of China’s manufacturing industry, the demand for logistics and mobile smart robotic solutions will grow at a high speed with an expected market size of RMB58.9 billion by 2028 at a CAGR of 30.4% from 2022 to 2028. Against this backdrop, we expanded into logistics smart robotic solutions and began to supply logistics robots to our customers which are capable of accurate goods transportation, supplemented by our automated storage and retrieval system which can achieve automation and intellectualization of the sorting movement and/or storage functions of components, semi-finished products and finished products through their installation and assembly processes, enabling our customers to operate in a cost and operationally efficient manner.

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*Other sector-tailored smart robotic products and solutions.* During the Track Record Period, we further developed and launched our wellness and elderly care smart robotic products and solutions in the second half of 2022, and quickly responded to the COVID-19 pandemic by rolling out sanitization and disinfection robots which have been purchased and/or used by SOEs, educational institutions, hospitals and business enterprises based in China and abroad.

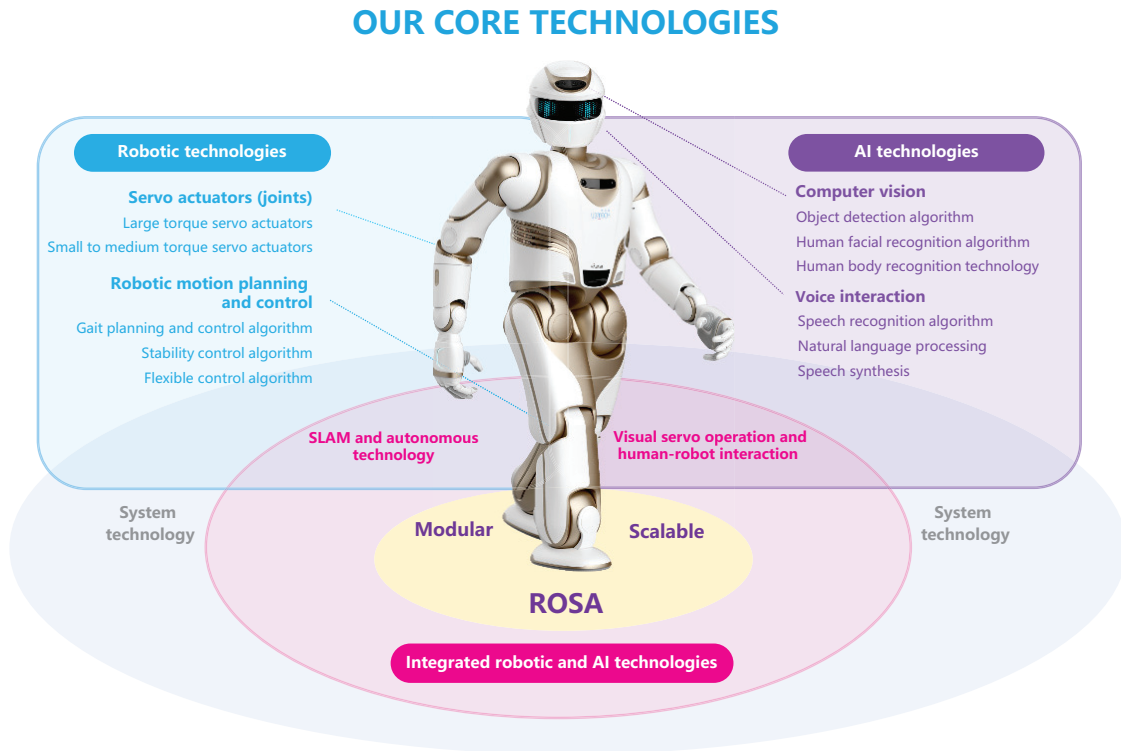
As AI-empowered robotic products and solutions began to gain prominence in the smart service robotic industry, we developed out first generation of Walker for general service purpose in 2018. Our Walkers can perform tasks and functions such as walking, voice interaction, guiding, greetings, and receptionist services or other repetitive tasks. With the advancement of technologies in the future, Walker has the potential to perform multi-tasks in various scenarios in particular in the fields of (i) general commercial (such as receptionist services in offices or exhibitions); (ii) industrial manufacturing; and in the long term, (iii) household (such as entertainment and companionship). According to Frost & Sullivan, with technological advancement in robotics and AI, the use of smart robots is growing from repetitive task execution (such as logistics, packaging, assembly and sanitization) to tasks which require more interactive functions (such as education, logistics and wellness and elderly care). We believe that the transformation of robots from automation to autonomous intelligence offers us significant opportunities to expand into these more sophisticated segments based on our full-stack capabilities.

*Our R&D focus on core technologies for humanoid robots.* We have been focusing our R&D efforts on advancing core technologies utilized in humanoid robots. Our goal is to not only improve the performance of our humanoid robots but also to induce a spill-over effect of R&D in relation to technologies utilized in smart service robotic products and solutions for use scenarios in different sectors as the development of biped life-sized humanoid robots involves the integration and combination of various core technologies such as computer vision, voice interaction, servo actuators, motion planning and control, and positioning navigation. Our Directors consider that given the inter-connected nature of the robotic and AI technologies utilized in humanoid robots, the development in certain areas of robotics and AI technologies may be constrained by the limitations of other areas of robotics and AI technologies. To address such technical challenge, it has always been our strategies to dedicate resources to concurrently conduct R&D projects across various robotic and AI technologies while primarily focusing R&D efforts on core technologies utilized in humanoid robots, which may inevitably increase our R&D expenses. During the Track Record Period, we incurred R&D expenses of RMB428.8 million, RMB517.1 million, RMB428.3 million and RMB160.8 million in FY2020, FY2021, FY2022 and 4M2023, respectively, which accounted for 57.9%, 63.3%, 42.5% and 122.1% of our total revenue for the corresponding years/periods.

By striking a balance between continuous investments in core technologies utilized in humanoid robots and competing effectively in markets where customers prioritize other factors such as pricing and comparable functions, we believe we can deliver value to our customers and drive sustainable growth over the long term.

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**R&D technological capabilities.** At the heart of our offering is our R&D capabilities and breakthroughs in relation to our core technologies and smart robotic products and solutions. We have self-developed a full stack of modularized robotic and AI technologies which serve as building blocks for adaptation and application in a range of enterprise-level and consumer-level scenarios. Set out below is a summary of our core technologies as applied on Walker, our biped life-sized humanoid robot:



Our AI technologies can be classified as artificial narrow intelligence (ANI) according to Frost & Sullivan, as opposed to artificial general intelligence and artificial super intelligence, since they are generally developed or used only for specific and narrow tasks and/or application scenarios and cannot fully perform intellectual capabilities of human-beings at its current stage. Currently, according to Frost & Sullivan, ANI is the only form of AI used in robotic products and solutions in the market because artificial general intelligence and artificial super intelligence are the future development form of AI and have not been fully commercialized in the market. With our proprietary full-stack robotic and AI technologies we have been able to develop and commercialize a wide range of robotic products and solutions. During the Track Record Period, we were able to quickly adapt to customer needs and preferences with more than 50 types of products launched and sold over 600,000 units of robotic products.

Our full-stack technologies, backed by more than 1,750 robotic and AI-related patents as of April 30, 2023 of which more than 350 are overseas patents, is a holistic combination of *robotic technologies* (robotic motion planning and control technology and servo actuators) and our *AI technologies* (computer vision and voice interaction technologies), which together power a number of *integrated robotic and AI technologies* (SLAM and autonomous technology, visual servo operation and human-robot interaction), rounded out with and controlled through Robot Operating System Application Framework (ROSA), our proprietary robotics application framework. We believe that our technological capabilities are in particular underpinned by our core strength of and dedication to robotic technologies. During the Track Record Period, our proprietary technologies and patents have received two national-level awards and four provincial-level science and technology awards from the PRC government, and one international-level award.

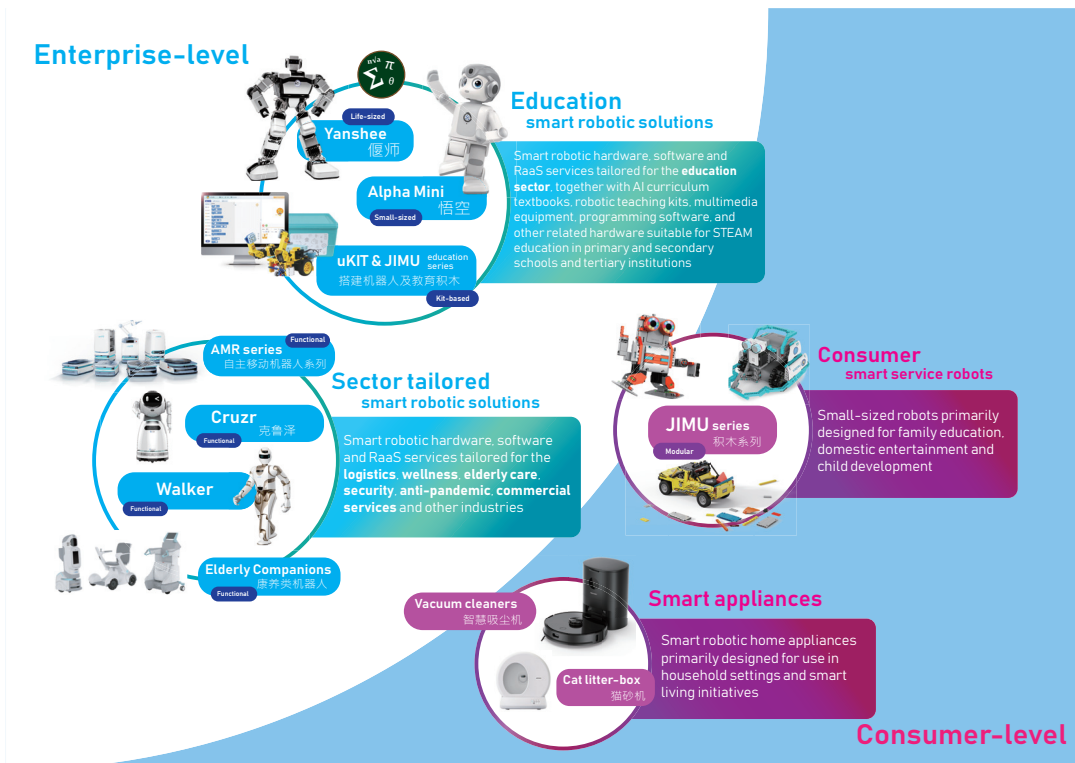
## SUMMARY AND HIGHLIGHTS

**Our robotic products and solutions.** We have commercialized and rolled out a wide range of robotic products and solutions in a range of enterprise-level and consumer-level use scenarios across various sectors in response to market trend throughout the years. The table below sets forth the key milestone of our products and solutions:

Year	Key milestone
2016	We launched our consumer-level robots and other smart hardware devices.
2017	We launched our (i) education smart robotic and (ii) general service smart robotic products and solutions.
Late 2020	We launched our logistics smart robotic products and solutions.
Second half of 2022	We launched our wellness and elderly care smart robotic products and solutions.

Our products and solutions form a broad range of robot-based solutions and are offered to enterprise-level and consumer-level customers.

For our enterprise-level robotic products and solutions, we focus on offering technology-driven, industry-tailored, and holistic and comprehensive robot-based solutions that deliver measurable business results for our customers. For our consumer-level products and solutions, we focus on consumer trends, customer needs and value-for-money. The diagram below sets forth our major robotic products and solutions offered during the Track Record Period:



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The chart below shows our revenue, average selling price and sales volume during the Track Record Period by our products and solutions segments as well as by our major product lines:—

	FY2020			FY2021			FY2022			4M2022			4M2023		
	Revenue (RMB'000)	ASP (RMB/ unit)	Sales volume <sup>(1)</sup> (Unit'000)	Revenue (RMB'000)	ASP (RMB/ unit)	Sales volume <sup>(1)</sup> (Unit'000)	Revenue (RMB'000)	ASP (RMB/ unit)	Sales volume <sup>(1)</sup> (Unit'000)	Revenue (RMB'000)	ASP (RMB/ unit)	Sales volume <sup>(1)</sup> (Unit'000)	Revenue (RMB'000)	ASP (RMB/ unit)	Sales volume <sup>(1)</sup> (Unit'000)
Enterprise-level robotic products and solutions ...	663,537	89.6	N/A	742,874	90.9	N/A	862,543	85.5	N/A	63,288	N/A	N/A	76,313	57.9	N/A
Education smart robotic products and solutions ...	612,249	82.7	N/A	461,843	56.5	N/A	516,688	51.2	N/A	57,904	N/A	N/A	55,579	42.2	N/A
• Education hardware products and solutions, and software .....	403,702	54.5	3,150	254,654	31.2	3,740	279,874	27.8	4,702	22,170	21.6	3,373	10,063	7.6	1,118
• Others <sup>(2)</sup> .....	103,583	14.0	N/A	95,752	11.7	N/A	139,320	13.8	N/A	5,366	5.2	N/A	24,104	18.3	N/A
• Ancillary services <sup>(3)</sup> .....	104,964	14.2	N/A	111,437	13.6	N/A	97,494	9.7	N/A	30,368	29.6	N/A	21,412	16.2	N/A
Logistics smart robotic products and solutions <sup>(4)</sup> .....	12,690	1.7	N/A	190,786	23.3	N/A	263,437	26.1	N/A	936	0.9	N/A	4,373	3.3	N/A
Other sector-tailored smart robotic products and solutions .....	38,598	5.2	N/A	90,245	11.0	N/A	82,418	8.2	N/A	4,448	4.3	N/A	16,361	12.4	N/A
• General service smart robotic products and services <sup>(5)</sup> .....	36,297	4.9	86,422	77,440	9.5	135,385	30,569	3.0	29,224	4,197	4.1	95,377	10,816	8.2	183,322
• Walker series and others <sup>(6)</sup> .....	2,301	0.3	N/A	12,805	1.6	N/A	51,849	5.1	N/A	251	0.2	N/A	5,545	4.2	N/A

**SUMMARY AND HIGHLIGHTS**

	FY2020			FY2021			FY2022			4M2022			4M2023		
	Revenue	ASP	Sales volume <sup>(1)</sup>	Revenue	ASP	Sales volume <sup>(1)</sup>	Revenue (unaudited)	ASP	Sales volume <sup>(1)</sup>	Revenue	ASP	Sales volume <sup>(1)</sup>	Revenue	ASP	Sales volume <sup>(1)</sup>
	(RMB'000)	(RMB/ unit)	(Unit'000)	(RMB'000)	(RMB/ unit)	(Unit'000)	(RMB'000)	(RMB/ unit)	(Unit'000)	(RMB'000)	(RMB/ unit)	(Unit'000)	(RMB'000)	(RMB/ unit)	(Unit'000)
Consumer-level robots and other smart hardware devices	62,016	8.4	N/A	67,795	8.3	N/A	34,737	N/A	N/A	54,544	N/A	N/A	41.4	N/A	N/A
• Consumer-level robots and other smart hardware devices	59,372	8.0	63	65,575	8.0	664	131,900	13.1	639	34,430	33.6	42	53,912	40.9	607
• Others <sup>(7)</sup>	2,644	0.4	N/A	2,220	0.3	N/A	307	0.3	N/A	632	0.5	N/A	912	0.7	N/A
Others <sup>(8)</sup>	14,673	2.0	N/A	6,561	0.8	N/A	13,281	1.3	N/A	4,510	4.4	N/A	912	0.7	N/A
<b>TOTAL</b>	<b>740,226</b>	<b>100.0</b>	<b>N/A</b>	<b>817,230</b>	<b>100.0</b>	<b>N/A</b>	<b>1,008,272</b>	<b>100.0</b>	<b>N/A</b>	<b>102,535</b>	<b>100.0</b>	<b>48</b>	<b>131,769</b>	<b>100.0</b>	<b>98</b>

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### Notes:

- (1) The sales volume by products and solutions segments constitute the sales volume of the core robotic products for each of our respective segments and disregards the sales volume of other accessories and ancillary products and/or solutions. See “Financial Information — Description of Selected Items in Consolidated Income Statements — Revenue” for details on our sales volume by products and solutions segments during the Track Record Period.
- (2) “Others” under our education smart robotic products and solutions segment mainly represented the sales of other accessories and purchased items, including but not limited to (i) teaching and learning resources such as textbooks, teachers’ manuals and training modules; (ii) add-on components to our educational robotic products to enhance their functionalities and performance; (iii) expansion packs containing extra content and scenarios which improve user experience; and (iv) ancillary hardware such as customized programming notebooks and compliers. These products are intended to enrich and diversify the use scenarios of our educational robotic products. We generally sell them in conjunction with our education hardware products, solutions and software to schools and educational institutions which wish to provide a more comprehensive curriculum and teaching environment for their teachers and students. Please refer to the section headed “Business — Our Products and Solutions — At Enterprise level — Education Smart Robotic Products and Solutions” of this document for further details of the products. Average selling price is not meaningful as product types and specification vary significantly within this category. In FY2022, it included sales of a tailor-made solution for simulating production line for vocational education purpose, of RMB27.0 million, to Customer F.
- (3) “Ancillary services” of our education smart robotic products and solutions segment mainly included (i) providing professional team support for teacher training and operation and utilization of our products and solutions; and (ii) designing project solutions, themed activities and competitions. We generally sell them in conjunction with our education hardware products, solutions and software to schools and educational institutions which wish to further customize our products and solutions to suit their educational objectives and/or provide training for teachers on how to use our products and solutions as well as to help develop their proficiency in A.I. education. Please refer to the section headed “Business — Our Products and Solutions — At Enterprise level — Education Smart Robotic Products and Solutions” of this document for further details of such ancillary services.
- (4) Revenue derived from logistics smart robotic products and solutions are presented in terms of number of projects and average revenue per project and therefore there is no corresponding sales volume and average selling price. See “Financial Information – Description of Selected Items in Consolidated Income Statements – Revenue – By products and solutions – (ii) Logistics smart robotic products and solutions” for details.
- (5) The average selling price of general service smart robotic products and services increased from RMB86,420 per unit in FY2020 to RMB135,390 per unit in FY2021 primarily due to the introduction of ADIBOT, anti-pandemic model of AIMBOT and anti-pandemic model of Cruzr with additional functionalities, including body temperature measurement and QR code scanning and disinfection, which entailed a relatively higher selling price. The aggregate sales volume of these products accounted for 52.3% of our total sales volume of general service smart robotic products and services in FY2021.  
The average selling price of general service smart robotic products and services then decreased to RMB29,220 per unit in FY2022 due to the change of revenue mix where more than 70% of our sales volume of general service smart robotic products and services in FY2022 was contributed by sales of first edition of Cruzr robots (compared to less than 10% of our sales volume of general service smart robotic products and services in FY2021), which entailed a relatively lower average selling price of RMB8,060 per unit in FY2022 as our Group adjusted the selling price of these products downward to boost their sales in order to deal with the slow-moving inventory.  
The average selling price of general service smart robotic products and services increased from RMB95,380 per unit in 4M2022 to RMB183,320 per unit in 4M2023, primarily due to the change of product mix as we sold five units of our new wellness and elderly products and solutions, such as smart walking assistance robot and smart wheelchair robot which were of higher average selling price. Their aggregate revenue accounted for 57.5% of the total revenue of general service smart robotic products and services in 4M2023.
- (6) Walker series and others mainly represented the sales of Walker series and accessories. Average selling price is not meaningful as product types and specification vary significantly within this category. The pricing of the Walker series and others was mainly susceptible to the request from our customers, complexity of the products, duration of production, etc. as they are not standardized products.
- (7) “Others” under our consumer-level robots and other smart hardware devices segment mainly represented the sales of accessories and purchased parts. Average selling price is not meaningful as product types and specification vary significantly within this category.
- (8) “Others” primarily included sales of raw materials and spare parts during the Track Record Period and sales of certain customized products (mainly being customized notebook and other accessories) in FY2020.

See “Financial Information — Description of Selected Items in Consolidated Income Statements” for details on our average selling price, sales volume and gross profit margin during the Track Record Period.

During the Track Record Period, our sales of education and logistics smart robotic products and solutions were the major contribution to our revenue, accounting for 84.4%, 79.8%, 77.3% and 45.5% of our total revenue for FY2020, FY2021, FY2022 and 4M2023, respectively. In contrast, sales of our Walker series and accessories, which fall under our other sector-tailored smart robotic products and solutions segment, only accounted for 0.1%, 1.1%, 4.8% and 1.7% of our total revenue for the same periods, respectively. Although we expect the revenue contribution of our Walker series to increase, in the short term, the contribution of education and logistics smart robotic products and solutions may continue to be significant.



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***Customer base and sales networks.*** We serve a broad customer base primarily in China and also over 50 other countries in the world, ranging from enterprise-level government educational institutions and business enterprises across different sectors to consumer-level general retail customers. During the Track Record Period, we served over 900 enterprise-level group customers, covering (i) government educational institutions and enterprises who purchase our education smart robotic solutions; and (ii) enterprises which purchase our sector-tailored smart robotic solutions, as well as distributors who resell our products to customers such as consumers and consumer-level general retail customers. The sales to our top five customers in each year/period during the Track Record Period amounted to RMB492.6 million, RMB426.7 million, RMB720.9 million and RMB44.2 million, respectively, representing 66.5%, 52.2%, 71.5% and 33.5% of our total revenue for the respective years/period. The sales to our largest customer in each year/period during the Track Record Period amounted to RMB279.7 million, RMB175.0 million, RMB276.6 million and RMB16.4 million, representing 37.8%, 21.4%, 27.4% and 12.4% of our total revenue for the respective years/period.

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The following sets forth the breakdown of revenue, gross profit, gross profit margin and sales volume of the Group by customer industries during the Track Record Period:

	FY2020				FY2021				FY2022				4M2023							
	Revenue	Gross profit/(loss) margin	Sales volume <sup>(4)</sup>	Gross profit/(loss) margin	Revenue	Gross profit/(loss) margin	Sales volume <sup>(4)</sup>	Gross profit/(loss) margin	Revenue	Gross profit/(loss) margin	Sales volume <sup>(4)</sup>	Gross profit/(loss) margin	Revenue	Gross profit/(loss) margin						
	RMB'000	% <sup>(1)</sup>	Unit'000	RMB'000	% <sup>(1)</sup>	Unit'000	RMB'000	% <sup>(1)</sup>	RMB'000	% <sup>(1)</sup>	Unit'000	RMB'000	% <sup>(1)</sup>	RMB'000	% <sup>(1)</sup>					
Education .....	580,163	78.4	304,615	52.5	111	473,458	58.6	231,904	49.0	63	565,073	56.2	357,934	63.3	55	41,539	31.5	18,865	45.4	0.4
Automobile and auto-parts .....	12,691	1.7	2,118	16.7	- <sup>(2)</sup>	185,797	22.7	26,863	14.5	- <sup>(2)</sup>	263,415	26.1	20,821	7.9	- <sup>(2)</sup>	4,395	3.3	749	17.1	- <sup>(2)</sup>
Others <sup>(3)</sup> .....	56,934	7.8	8,011	14.1	12	38,048	4.6	(25,723)	(67.6)	17	37,762	3.9	(12,901)	(34.2)	11	27,114	20.6	14,296	52.7	5

*Notes:*

- (1) The percentage figures in this column represent the share of revenue generated from the respective customer industry to the total revenue of the Group in the relevant year/period.
  - (2) Sales to the automobile industry are on a project-by-project basis and therefore there is no corresponding sales volume data.
  - (3) “Others” include, among others, information technology, logistics and electronics industries.
  - (4) The sales volume figures in this table constitute the sales volume of the core robotic products for each of the respective customer industry and disregards the sales volume of Walker series, other accessories and ancillary products and/or solutions.
  - (5) This table does not include sales data generated from our non-direct sales channels because the customer industries of the end-customers are unknown to our Group.
- We market and sell robot-based products and solutions primarily through our own direct sales force comprising more than 400 employees dedicated to optimizing the user experience of our customers and end-users of our robotic products and solutions. Our direct sales force has attracted and retained large, national government educational institutions and business enterprises in China and marketing our products and solutions overseas during the Track Record Period. Leveraging our strong reputation, we also cooperate with an extensive network of online and offline sales channels to penetrate into the consumer-level market and overseas customers. The following set forth the breakdown of revenue, gross profit, gross profit margin and sales volume by sales channel during the Track Record Period.

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	FY2020				FY2021				FY2022				4M2022				4M2023							
	Revenue	Gross profit/ (loss)	Sales volume <sup>(4)</sup>	%	Revenue	Gross profit/ (loss)	Sales volume <sup>(4)</sup>	%	Revenue	Gross profit/ (loss)	Sales volume <sup>(4)</sup>	%	Revenue	Gross profit/ (loss)	Sales volume <sup>(4)</sup>	%	Revenue	Gross profit/ (loss)	Sales volume <sup>(4)</sup>	%				
Direct sales	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%				
	649,792	87.8	314,744	48.4	123	697,314	85.3	233,143	33.4	80	866,251	85.9	365,853	42.2	66	69,916	68.2	23,596	31.7	11	73,149	55.4	33,911	46.4
Distributors																								
- Traditional distributors <sup>(1)</sup>	87,048	11.8	27,665	31.8	68	97,658	12.0	18,705	19.1	58	55,653	5.5	(18,735)	(33.7) <sup>(5)</sup>	66	18,732	18.3	(5,890)	(27.2)	21	15,855	12.0	(8,364)	(52.8) <sup>(7)</sup>
- Online/Offline hybrid distributors <sup>(2)</sup>	698	0.1	(165)	(23.7)	(25) <sup>(3)</sup>	6,957	0.9	568	8.1	11	6,705	0.7	(2,464)	(36.7) <sup>(6)</sup>	25	1,292	1.2	(202)	(15.6)	2	7,879	6.0	(1,036)	(13.1) <sup>(8)</sup>
Sales through our self-operated online stores	2,688	0.4	1,073	39.9	25	15,011	1.7	4,946	32.3	18	79,663	7.9	20,026	25.1	110	12,955	12.3	2,619	20.8	14	34,986	26.6	7,525	21.5
<b>Total</b>	<b>740,226</b>	<b>100.0</b>	<b>343,318</b>	<b>46.4</b>	<b>191</b>	<b>817,290</b>	<b>100.0</b>	<b>257,156</b>	<b>31.5</b>	<b>167</b>	<b>1,008,272</b>	<b>100.0</b>	<b>364,463</b>	<b>36.2</b>	<b>267</b>	<b>102,535</b>	<b>100.0</b>	<b>20,923</b>	<b>20.4</b>	<b>48</b>	<b>131,769</b>	<b>100.0</b>	<b>32,836</b>	<b>24.3</b>

Notes:

- Revenue generated from traditional distributors also include an insignificant sales from consignees and retailers which accounted for not more than 2.0% of our total revenue each year/period during the Track Record Period.
- Online/offline hybrid distributors mainly include sales through online e-commerce platforms and third party online stores (who may also sell our products through their offline stores).
- The sales volume was negative as the volume of product returns exceeded the volume of sales.
- The sales volume figures in this table constitute the sales volume of the core robotic products for each of the respective sales channel and disregards the sales volume of Walker series, other accessories and ancillary products and/or solutions.
- We recorded gross loss from traditional distributors in FY2022 primarily due to the gross loss attained from the sale of Alpha Mini (non-education) because we adjusted the selling price of our humanoid Alpha Mini (non-education) products downward to boost its sales in order to deal with the slow-moving inventory.
- We recorded gross loss from online/offline hybrid distributors in FY2022 primarily due to the gross loss attained from the sale of dictionary pens, because we adjusted the selling price downward in order to deal with the slow-moving inventory.
- We recorded gross loss from traditional distributors in 4M2023 primarily due to the gross loss incurred from the sales of uKit and Jimu (education) Series because we implemented price reductions on these products to clear out our existing inventories in our U.S. subsidiary to facilitate the transition of our overseas sales channel to direct distributors.
- We recorded gross loss from online/offline hybrid distributors in 4M2023 primarily due to the gross loss incurred from the sales of AIRROBO vacuum cleaners in order to develop the sales channels of such products through online/offline hybrid distributors.

## SUMMARY AND HIGHLIGHTS

The following table sets forth the breakdown of our revenue by geographical locations of our customers during the Track Record Period:

Countries of sales	FY2020		FY2021		FY2022		4M2022		4M2023	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
<b>Mainland China</b> . . . . .	<b>682,825</b>	<b>92.2</b>	<b>753,853</b>	<b>92.2</b>	<b>877,267</b>	<b>87.0</b>	<b>77,734</b>	<b>75.8</b>	<b>88,642</b>	<b>67.3</b>
<b>Overseas</b>										
United States . . . . .	30,825	4.2	33,540	4.1	51,273	5.1	12,005	11.7	10,276	7.8
Japan . . . . .	2,022	0.3	5,006	0.6	13,915	1.4	3,878	3.8	4,719	3.6
Belgium . . . . .	4,771	0.6	4,114	0.5	205	0.02	103	0.1	—	—
Thailand . . . . .	3,766	0.5	3,378	0.4	10,989	1.1	—	—	—	—
Others <sup>(1)</sup> . . . . .	16,017	2.2	17,339	2.1	54,623	5.4	8,816	8.6	28,132	21.3
<b>Subtotal</b> . . . . .	<b>57,401<sup>(2)</sup></b>	<b>7.8</b>	<b>63,377<sup>(3)</sup></b>	<b>7.8</b>	<b>131,005<sup>(4)</sup></b>	<b>13.0</b>	<b>24,802<sup>(5)</sup></b>	<b>24.2</b>	<b>43,127<sup>(6)</sup></b>	<b>32.7</b>
<b>Total</b> . . . . .	<b>740,226</b>	<b>100.0</b>	<b>817,230</b>	<b>100.0</b>	<b>1,008,272</b>	<b>100.0</b>	<b>102,535</b>	<b>100.0</b>	<b>131,769</b>	<b>100.0</b>

*Notes:*

- (1) Others include over 50 countries, each contributes insignificant revenue to our Group during the Track Record Period.
- (2) In FY2020, our products sold overseas mainly included Jimu Series robots (both education and non-education versions), Cruz Series robots, Alpha 1 robots, humanoid Alpha Mini robots (both education and non-education versions), AIMBOT robots and humanoid Yanshee robots.
- (3) In FY2021, our products sold overseas mainly included Jimu Series robots (both education and non-education versions), ADIBOT Series robots, AiRROBO vacuum cleaner, Cruz Series robots, humanoid Alpha Mini robots (both education and non-education versions), automated conveying system and humanoid Yanshee robots.
- (4) In FY2022, our products sold overseas mainly included AiRROBO vacuum cleaner, Jimu Series robots (both education and non-education versions), automated conveying system, Walker Series robots, ADIBOT Series robots, humidifiers and Cruz Series robots.
- (5) In 4M2022, our products sold overseas mainly included AiRROBO vacuum cleaner, Jimu Series robots (both education and non-education versions) and ADIBOT Series robots.
- (6) In 4M2023, our products sold overseas mainly included AiRROBO vacuum cleaner, humidifiers, Jimu Series robots (education and non-education versions), ADIBOT Series robots, AiRROBO cat litter box, air purifiers, Cruz Series robots and humanoid Alpha Mini robots (education version).

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## SUMMARY AND HIGHLIGHTS

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**Production and our suppliers.** As of the Latest Practicable Date, we had six production facilities in operation. We also leverage contract manufacturers to produce certain products, mainly including humanoid Alpha Mini and smart robotic appliances, to increase the flexibility of our production capacity and optimize our production network. Our suppliers primarily consist of (i) providers of raw materials and hardware for the development, assemble and production of our smart service robot-based solutions and smart service robots, and (ii) subcontractors in relation to services which our Directors consider it is more efficient to subcontract that are not within our expertise in order to reduce our operational costs and focus on our core business (e.g. teaching support services for our education smart robotic solutions and contract manufacturing services). The purchases from our top five suppliers in each year/period during the Track Record Period amounted to RMB144.3 million, RMB195.0 million, RMB188.2 million and RMB63.7 million, respectively, representing 35.2%, 34.7%, 26.3% and 62.6% of our total cost of sales for the respective years/period. The purchases from our largest supplier in each year/period during the Track Record Period amounted to RMB73.9 million, RMB93.7 million, RMB60.5 million and RMB32.2 million, representing 18.0%, 16.7%, 8.5% and 31.7% of our total cost of sales for the respective years/period.

### OUR COMPETITIVE STRENGTHS

We believe the following strengths contribute to our success and differentiate us from competitors:

- Established provider of smart service robotic solutions in the PRC;
- Proprietary full-stack technologies for smart robotics driven by our commitment to R&D;
- Successful commercialization of product and solution offerings grounded in core technologies utilized in humanoid robots with multiple use scenarios;
- China-based with overseas market presence and partnerships; and
- Experienced management team supported by dedicated industry professionals.

### OUR STRATEGIES

To further strengthen our market position in the smart service robotic solutions market, whilst maximizing long-term shareholder value and customer value, we intend to implement the following business strategies:

- (i) the further advancement of our R&D capabilities to enhance our core technologies, products and solution offerings,
- (ii) continue to expand our business by acquisitions and/or investments,
- (iii) the enhancement of our R&D infrastructure to improve our R&D capabilities and efficiencies,
- (iv) the enhancement of our brand awareness and market penetration, and
- (v) the further optimization of our management and operational efficiency.

### USE OF [REDACTED]

Assuming (1) an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per H Share, and (2) that the [REDACTED] is not exercised, the net [REDACTED] from the [REDACTED] are estimated to be approximately HK\$[REDACTED] after deducting [REDACTED], incentive fees and other expenses payable by us in connection with the [REDACTED]. In line with our business strategies, we intend to use our net [REDACTED] for the following purposes:

- approximately [REDACTED]% of the net [REDACTED] (approximately HK\$[REDACTED]), will be used to further advance our R&D capabilities to enhance our core technologies, products and solution offerings
- approximately [REDACTED]% of the net [REDACTED] (approximately HK\$[REDACTED]), will be used to continue our business expansion by acquisitions and/or investments in potential target company(ies)
- approximately [REDACTED]% of the net [REDACTED] (approximately HK\$[REDACTED]), will be used for partial repayment of bank loans

## SUMMARY AND HIGHLIGHTS

- approximately [REDACTED]% of the net [REDACTED] (approximately HK\$[REDACTED]), will be used to enhance our R&D infrastructure
- approximately [REDACTED]% of the net [REDACTED] (approximately HK\$[REDACTED]), will be used for the enhancement of our brand awareness and market penetration
- approximately [REDACTED]% of the net [REDACTED] (approximately HK\$[REDACTED]), will be used to further optimize our management and operational efficiency
- approximately [REDACTED]% of the net [REDACTED] (approximately HK\$[REDACTED]), will be used for working capital and other general corporate purposes

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

#### Our financial performance

We experienced a growth in revenue during the Track Record Period. For FY2020, FY2021, FY2022, 4M2022 and 4M2023, we recorded a revenue of RMB740.2 million, RMB817.2 million, RMB1,008.3 million, RMB102.5 million and RMB131.8 million, respectively. Our revenue grew by 10.4% between FY2020 and FY2021 and by 23.4% between FY2021 and FY2022 and by 28.5% between 4M2022 and 4M2023. For FY2020, FY2021, FY2022, 4M2022 and 4M2023, our gross profit/(loss) was RMB330.7 million, RMB256.0 million, RMB294.0 million, RMB(26.9) million and RMB30.1 million, respectively. Our gross profit decreased by 22.6% between FY2020 and FY2021 and increased by 14.9% between FY2021 and FY2022 and increased between 4M2022 and 4M2023. The fluctuation of our overall gross profit margin was mainly driven by the mix of different revenue stream, mix of different products among each products and solutions segment, as well as the fluctuation of gross profit margins among different revenue stream.

Despite our revenue growth, we recorded net loss during the Track Record Period. See “Business Sustainability and Path to Profitability” in this section below for details.

The following summary of consolidated income statements data, consolidated statements of financial position data and cash flows data have been derived from our consolidated financial statements set forth in the Accountant’s Report included in Appendix I to this document. You should read the summary historical financial information below in conjunction with our consolidated financial statements included in “Appendix I — Accountant’s Report”. Our consolidated financial statements have been prepared in accordance with HKFRS.

#### Summary Consolidated Income Statements

The following table sets forth a summary of our consolidated income statements during the Track Record Period:

	FY2020	FY2021	FY2022	4M2022	4M2023
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(Unaudited)	
Revenue .....	740,226	817,230	1,008,272	102,535	131,769
Cost of sales .....	(409,488)	(561,277)	(714,227)	(129,432)	(101,696)
Gross profit/(loss) .....	330,738	255,953	294,045	(26,897)	30,073
Selling and marketing expenses .....	(313,298)	(357,607)	(361,023)	(114,254)	(128,451)
General and administrative expenses .....	(212,061)	(325,899)	(398,083)	(114,603)	(149,493)
Research and development expenses .....	(428,766)	(517,072)	(428,280)	(134,708)	(160,831)
Net impairment losses on financial assets .....	(40,067)	(7,358)	(46,386)	(9,144)	1,454
Loss for the year/period .....	(706,999)	(917,519)	(987,368)	(411,640)	(421,040)

## SUMMARY AND HIGHLIGHTS

	FY2020	FY2021	FY2022	4M2022	4M2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Loss is attributable to:					
Owners of the Company	(706,990)	(920,180)	(974,809)	(408,122)	(408,390)
Non-controlling interests	(9)	2,661	(12,559)	(3,518)	(12,650)
	<u>(706,999)</u>	<u>(917,519)</u>	<u>(987,368)</u>	<u>(411,640)</u>	<u>(421,040)</u>

### NON-HKFRS MEASURES

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

We define “adjusted net loss (non-HKFRS measure)” as loss for the year/period adjusted by adding back share-based compensation (being non-cash in nature) and [REDACTED] (which is related to the [REDACTED]) during the Track Record Period. We define “adjusted EBITDA (non-HKFRS measure)” as “adjusted net loss (non-HKFRS measure)” adding back (i) interest expenses, (ii) income tax expense, (iii) depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets, which are non-cash in nature, and (iv) deducting interest income from it.

	FY2020	FY2021	FY2022	4M2022	4M2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Reconciliation of net loss and “adjusted net loss (non-HKFRS measure)” and “adjusted EBITDA (non-HKFRS measure)”					
<b>Net loss for the year/period</b>	(706,999)	(917,519)	(987,368)	(411,640)	(421,040)
<i>Add:</i>					
Share-based compensation	64,490	156,396	204,387	83,255	146,249
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Adjusted net loss for the year/period (Non-HKFRS measure)</b>	(642,509)	(761,123)	(782,037)	(328,385)	(273,533)
<i>Add:</i>					
Interest expenses <sup>(Note)</sup>	54,414	32,222	24,435	10,226	10,694
— Interest expenses on lease liabilities	3,969	4,245	3,185	1,079	813
— Interest expenses on borrowings	49,853	29,811	38,688	14,017	15,250
— Interest expenses on advances from ultimate controlling shareholder	592	—	—	—	—
— Interest expenses capitalised	—	(1,834)	(17,438)	(4,870)	(5,369)
Income tax expense	31,504	16,558	16,509	444	893
Depreciation of right-of-use assets	31,055	41,355	36,693	13,034	10,620
Depreciation of property, plant and equipment	46,183	54,754	51,018	17,376	16,228
Amortization of intangible assets	1,886	3,596	2,332	540	1,514

## SUMMARY AND HIGHLIGHTS

	FY2020	FY2021	FY2022	4M2022	4M2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
<i>Less:</i>					
Finance income .....	12,715	12,703	3,628	1,454	712
<b>Adjusted EBITDA (Non-HKFRS measure) ...</b>	<u><u>(490,182)</u></u>	<u><u>(625,341)</u></u>	<u><u>(654,678)</u></u>	<u><u>(288,219)</u></u>	<u><u>(234,296)</u></u>

*Note:* Interest expenses included interest expenses on borrowings net of amount capitalised, lease liabilities and advances from ultimate controlling shareholder.

Our “adjusted EBITDA (non-HKFRS measure)” increased from negative RMB490.2 million in FY2020 to negative RMB625.3 million in FY2021 primarily due to the decrease in gross profit from education smart robotic products and solutions and consumer-level robots and other smart hardware devices. Our “adjusted EBITDA (non-HKFRS measures)” increased from negative RMB625.3 million in FY2021 to negative RMB654.7 million in FY2022, which was consistent with the increased net loss in FY2022. Our “adjusted EBITDA (non-HKFRS measures)” decreased from negative RMB288.2 million in 4M2022 to negative RMB234.3 million in 4M2023, primarily due to the increased gross profit resulting from improved gross profit margin for all products and solutions segment and decreased net write-down of inventories in 4M2023 and increased share-based compensation in 4M2023. For details of the write-down of inventories, see “Financial Information — Description of Selected Items in Consolidated Income Statements — Cost of Sales” in this document.

### Revenue

During the Track Record Period, we generate revenue primarily from sales of (i) education smart robotic products and solutions, (ii) logistics smart robotic products and solutions, (iii) other sector-tailored smart robotic products and solutions, and (iv) consumer-level robots and other smart hardware devices.

Our revenue increased by RMB77.0 million, representing an increase of 10.4%, from RMB740.2 million for FY2020 to RMB817.2 million for FY2021. The increase was primarily due to the increase in revenue from (i) logistics smart robotic products and solutions of RMB178.1 million since we only launched our logistics smart robotic products and solutions in late FY2020 with the increase in projects which contributed revenue from two projects in FY2020 to 43 projects in FY2021; and (ii) other sector-tailored smart robotic products and solutions of RMB51.6 million primarily due to the increase in both sales volume of newly launched products and average selling price of general service smart robotic products and solutions. Moreover, we generated revenue from our Walker Series of RMB8.8 million in FY2021. The increase in revenue was partially offset by the decrease in revenue from education smart robotic products and solutions of RMB150.4 million primarily due to the decrease in sales volume of education hardware products and solutions, and software in FY2021. Such decrease in sales volume was mainly due to (i) a large sales order to Customer A for promoting the use of STEAM products in schools in Xiamen of over 54,000 units in FY2020, which did not recur in FY2021; and (ii) decrease in demand due to the temporary suspension of schools in certain provinces in China amidst the outbreak of COVID-19 in FY2021.

Our revenue increased by RMB191.1 million, representing an increase of 23.4%, from RMB817.2 million for FY2021 to RMB1,008.3 million for FY2022. The increase was primarily due to the increase in revenue from (i) education smart robotic products and solutions mainly attributable to the increase in sales of education hardware products and solutions and software, of RMB25.2 million mainly because we sold more products including uKit and Jimu (education) Series and upgraded humanoid Yanshee with more functions and value-added solutions which entailed higher average selling price in FY2022. Our revenue from sales of other accessories increased by RMB43.6 million primarily due to sales of a tailor-made solution for simulating production line for vocational education purpose to Customer F of RMB27.0 million in FY2022; (ii) logistics smart robotic products and solutions of RMB72.7 million mainly attributable to the completion of certain



## SUMMARY AND HIGHLIGHTS

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projects of higher revenue during the year for an end-user in automobile industry despite the decrease in number of projects completed, from 43 projects in FY2021 to 22 projects in FY2022; and (iii) consumer-level robots and other smart hardware devices of RMB64.7 million mainly attributable to the (a) increase in demand for our sweeping robots; and (b) launch of four new products in FY2022, such as, humidifiers, air purifiers, AiRROBO cat litter box and sensory drum kit.

Our revenue increased by RMB29.3 million, representing an increase of 28.5%, from RMB102.5 million for 4M2022 to RMB131.8 million for 4M2023. The increase was primarily due to the increase in revenue from consumer-level robots and other smart hardware devices of RMB19.8 million resulting from the increase in sales volume of our sweeping robots, humidifiers, air purifiers, AiRROBO cat litter box.

## SUMMARY AND HIGHLIGHTS

### Gross profit and gross profit margin

The following table sets forth our gross profit and gross profit margin by our products and solutions segments as well as our major product lines during the Track Record Period:

	FY2020		FY2021		FY2022		4M2022		4M2023	
	Gross profit/(loss)	Gross profit margin	Gross profit/(loss)	Gross profit margin	Gross profit/(loss)	Gross profit margin	Gross profit/(loss)	Gross profit margin	Gross profit/(loss)	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
<b>Enterprise-level robotic products and solutions</b> .....	<b>329,470</b>	<b>49.7</b>	<b>274,329</b>	<b>36.9</b>	<b>365,961</b>	<b>42.4</b>	<b>16,402</b>	<b>25.9</b>	<b>26,709</b>	<b>35.0</b>
<i>Education smart robotic products and solutions</i> .....	309,865	50.6	207,045	44.8	290,079	56.1	17,387	30.0	17,163	30.9
• Education hardware products and solutions, and software .....	266,293	66.0	158,254	62.1	177,601	63.5	11,210	50.6	(2,717)	(27.0)
• Others <sup>(1)</sup> .....	13,067	12.6	26,703	27.9	70,797	50.8	192	3.6	5,629	23.4
• Ancillary services <sup>(2)</sup> .....	30,505	29.1	22,088	19.8	41,681	42.8	5,985	19.7	14,251	66.6
<i>Logistics smart robotic products and solutions</i> .....	1,885	14.9	26,919	14.1	20,843	7.9	84	9.0	728	16.6
<i>Other sector-tailored smart robotic products and solutions</i> .....	17,720	45.9	40,365	44.7	55,039	66.8	(1,069)	(24.0)	8,818	53.9
• General service smart robotic products and solutions .....	17,575	48.4	35,857	46.3	15,427	50.5	(1,185)	(28.2)	5,857	54.2
• Walker series and others <sup>(3)</sup> .....	145	6.3	4,508	35.2	39,612	76.4	116	46.2	2,961	53.4
<b>Consumer-level robots and other smart hardware devices</b> .....	<b>19,164</b>	<b>30.9</b>	<b>(17,869)</b>	<b>(26.4)</b>	<b>(2,955)</b>	<b>(2.2)</b>	<b>2,652</b>	<b>7.6</b>	<b>6,205</b>	<b>11.4</b>
• Consumer-level robots and other smart hardware devices .....	18,176	30.6	(14,399)	(22.0)	(1,076)	(0.8)	2,469	7.2	5,949	11.0
• Others <sup>(4)</sup> .....	988	37.4	(3,470)	(156.3)	(1,879)	(343.4)	183	59.6	256	40.5
<b>Others<sup>(5)</sup></b> .....	<b>(5,316)</b>	<b>(36.2)</b>	<b>696</b>	<b>10.6</b>	<b>1,657</b>	<b>12.5</b>	<b>1,869</b>	<b>41.4</b>	<b>(878)</b>	<b>(96.3)</b>
<b>Sub-total</b> .....	<b>343,318</b>	<b>46.4</b>	<b>257,156</b>	<b>31.5</b>	<b>364,663</b>	<b>36.2</b>	<b>20,923</b>	<b>20.4</b>	<b>32,036</b>	<b>24.3</b>
Net write-down of inventories .....	(12,580)	-	(1,203)	-	(70,618)	-	(47,820)	-	(1,963)	-
<b>Total</b> .....	<b>330,738</b>	<b>44.7</b>	<b>255,953</b>	<b>31.3</b>	<b>294,045</b>	<b>29.2</b>	<b>(26,897)</b>	<b>(26.2)</b>	<b>30,073</b>	<b>22.8</b>

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## SUMMARY AND HIGHLIGHTS

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*Notes:*

- (1) “Others” under our education smart robotic products and solutions segment mainly represented the sales of other accessories and purchased items, including but not limited to (i) teaching and learning resources such as textbooks, teachers’ manuals and training modules; (ii) add-on components to our educational robotic products to enhance their functionalities and performance; (iii) expansion packs containing extra content and scenarios which improve user experience; and (iv) ancillary hardware such as customized programming notebooks and compliers. These products are intended to enrich and diversify the use scenarios of our educational robotic products. We generally sell them in conjunction with our education hardware products, solutions and software to schools and educational institutions which wish to provide a more comprehensive curriculum and teaching environment for their teachers and students. Please refer to the section headed “Business — Our Products and Solutions — At Enterprise level — Education Smart Robotic Products and Solutions” of this document for further details of the products. Average selling price is not meaningful as product types and specification vary significantly within this category. In FY2022, it included sales of a tailor-made solution for simulating production line for vocational education purpose, of RMB27.0 million, to Customer F.
- (2) “Ancillary services” of our education smart robotic products and solutions segment mainly included (i) providing professional team support for teacher training and operation and utilization of our products and solutions; and (ii) designing project solutions, themed activities and competitions. We generally sell them in conjunction with our education hardware products, solutions and software to schools and educational institutions which wish to further customize our products and solutions to suit their educational objectives and/or provide training for teachers on how to use our products and solutions as well as to help develop their proficiency in A.I. education. Please refer to the section headed “Business — Our Products and Solutions — At Enterprise level — Education Smart Robotic Products and Solutions” of this document for further details of such ancillary services.
- (3) Walker series and others mainly represented the sales of Walker series and accessories. Average selling price is not meaningful as product types and specification vary significantly within this category. The pricing of the Walker series and others was mainly susceptible to the request from our customers, complexity of the products, duration of production, etc. as they are not standardized products.
- (4) “Others” under our consumer-level robots and other smart hardware devices segment mainly represented the sales of accessories and purchased parts. Average selling price is not meaningful as product types and specification vary significantly within this category.
- (5) “Others” primarily included sales of raw materials and spare parts during the Track Record Period and sales of certain customized products (mainly being customized notebook and other accessories) in FY2020. The gross loss attained in FY2020 was primarily due to sales of certain customized products at loss, which are no longer used by us. The gross loss incurred from others in 4M2023 was primarily due to the scrap of certain raw materials in 4M2023.

In FY2020, FY2021, FY2022, 4M2022 and 4M2023, our gross profit before net write-down of inventories were RMB343.3 million, RMB257.2 million, RMB364.7 million, RMB20.9 million and RMB32.0 million, respectively, and the respective gross profit margins were 46.4%, 31.5%, 36.2%, 20.4% and 24.3%, in the respective years/periods. Our gross profit (loss) after net write-down of inventories were RMB330.7 million, RMB256.0 million, RMB294.0 million, RMB(26.9) million and RMB30.1 million, respectively, and the respective gross profit (loss) margins were 44.7%, 31.3%, 29.2%, (26.2)% and 22.8%, respectively. Our gross profit before net write-down of inventories fluctuated during the Track Record Period mainly due to the (i) sales of products with different gross profit margin; (ii) gross losses attained from the sales of consumer-level robots and other smart hardware devices in FY2021 and FY2022; and (iii) gross loss incurred from other sector-tailored smart robotic products and solutions in 4M2022.

Our gross profit margin from education smart robotic products and solutions decreased from 50.6% for FY2020 to 44.8% for FY2021, primarily due to (i) the relatively higher gross profit margin attained from a large sales order to Customer A for promoting the use of STEAM products in schools in Xiamen in FY2020 and did not recur in FY2021, which accounted for 40.7% of our total revenue from education smart robotic products and solutions in FY2020 with gross profit margin of 69.5% for education hardware products and solutions, and software; (ii) increase in average cost per unit in FY2021 resulting from the decrease in sales volume of humanoid Yanshee; and (iii) the decrease in gross profit margin of ancillary services, from 29.1% in FY2020 to 19.8% in FY2021, mainly due to the increase in number of projects that included education training which attained a relatively lower gross profit margin in FY2021. The decrease in gross profit margin from education smart robotic products and solution was partially offset by the increase in gross profit margin from others, from 12.6% in FY2020 to 27.9% in FY2021, primarily due to the change in product mix as we sold more teaching and learning resources in FY2021, which attained higher gross profit margin of over 60%, to certain customers. While in FY2020, we sold more ancillary hardware to our customers, which attained a lower gross profit margin compared to teaching and learning resources.

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## SUMMARY AND HIGHLIGHTS

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Our gross profit margin from sales of education smart robotic products and solutions increased from 44.8% in FY2021 to 56.1% in FY2022, primarily due to the increase in gross profit margin from (i) others from 27.9% in FY2021 to 50.8% in FY2022, primarily attributable to the sales of tailor-made solution for simulating production line for vocational education for education and production purposes to Customer F of RMB27.0 million in FY2022, which entailed a relatively higher gross profit margin of over 80% in FY2022; and (ii) ancillary services from 19.8% in FY2021 to 42.8% in FY2022 mainly resulting from the decrease in subcontracting fees for our education smart robotic products and solutions due to the acquisition of Shanghai UBJ, which became our subsidiary in July 2022.

Our gross profit from education smart robotic products and solutions remained relatively stable at RMB17.4 million for 4M2022 and RMB17.2 million for 4M2023 and our gross profit margin remained relatively stable at 30.0% in 4M2022 and 30.9% in 4M2023.

Our gross profit margin from provision of logistics smart robotic products and solutions decreased from 14.9% for FY2020 and 14.1% for FY2021 to 7.9% for FY2022 mainly due to the relatively lower gross profit margin of under 2.0% for three contracts with aggregate revenue recognised of RMB58.3 million, which represented projects for an end-user principally engaged in the automobile industry, in order to retain such end-user. Our gross profit margin from provision of logistics smart robotic products and solutions increased from 9.0% for 4M2022 to 16.6% for 4M2023 mainly due to the relatively higher gross profit from each of the two ongoing and new projects completed in 4M2023 which contributed revenue of RMB1.3 million.

Our gross profit margin from our general service smart robotic products and solutions in 4M2023 was relatively stable at 54.2% compared to 50.5% in FY2022. The gross profit margin from walkers series and others decreased from 76.4% in FY2022 to 53.4% in 4M2023, primarily due to the decrease in gross profit margin of the Walker sold in 4M2023.

Our gross profit from consumer-level robots and other smart hardware devices decreased from FY2020 to a gross loss in FY2021 primarily due to (i) the reduced prices we offered for certain products, such as, Alpha 1, Alpha 2 and Jimu series (non-education) to boost their sales in order to reduce the slow-moving inventories and (ii) the disposal of scrap. We have improved our gross loss position in FY2022 mainly attributable to the increase in revenue contribution from sweeping robots of RMB60.8 million which attained a gross profit of over 20% in FY2022.

Our gross profit from consumer-level robots and other smart hardware devices increased from RMB2.7 million for 4M2022 to RMB6.2 million for 4M2023. The increase was primarily due to the change in product mix because of the increase in sales of sweeping robots and was partially offset by the gross loss incurred from our Alpha Mini (non-education) because we adjusted the selling price of our humanoid Alpha Mini (non-education) products downward to deal with the slow-moving inventory and the disposal of scrap. Consequently, the gross profit margin from consumer-level robots and other smart hardware devices increased from 7.6% for 4M2022 to 11.4% for 4M2023.

We had net write-down of inventories of RMB12.6 million, RMB1.2 million, RMB70.6 million, RMB47.8 million and RMB2.0 million, in FY2020, FY2021, FY2022, 4M2022 and 4M2023, respectively. Our net write-down of inventories were relatively higher in FY2020 and FY2022, because we made provisions to our first edition of Cruzr robots in FY2020 and humanoid Alpha Mini (non-education) in FY2022, as a result of the lowered selling price to boost their sales in order to reduce their slow-moving inventories.

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## SUMMARY AND HIGHLIGHTS

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As a result, our overall gross profits/(loss) were RMB330.7 million, RMB256.0 million, RMB294.0 million, RMB(26.9) million and RMB30.1 million, in FY2020, FY2021, FY2022, 4M2022 and 4M2023, respectively, and the respective gross profit/(loss) margins were 44.7%, 31.3%, 29.2%, (26.2)% and 22.8%, in the respective years/periods. See “Financial Information – Description of Selected Items in Consolidated Income Statements – Gross Profit and Gross Profit Margin” for details.

### **Operating loss, adjusted net losses (Non-HKFRS measure) and net loss**

In FY2020, FY2021, FY2022, 4M2022 and 4M2023, we had operating loss of RMB595.6 million, RMB882.5 million, RMB953.3 million, RMB403.3 million and RMB410.2 million, respectively. The high operating loss was generally due to our (i) share-based compensation of RMB64.5 million, RMB156.4 million, RMB204.4 million, RMB83.3 million and RMB146.2 million, in FY2020, FY2021, FY2022, 4M2022 and 4M2023, respectively; and (ii) one-off expenses for acquisition of a subsidiary of RMB92.0 million in FY2022. Our high adjusted net losses (Non-HKFRS measure) was primarily due to the high research and development expenses for developing new products to capture market shares, selling and marketing expenses for promoting our brands and products and general and administrative expenses for supporting our operations.

Our loss for the year increased from RMB707.0 million in FY2020 to RMB917.5 million in FY2021 primarily due to the (i) decrease in gross profit from RMB330.7 million to RMB256.0 million; (ii) increase in general and administrative expenses, research and development expenses and selling and marketing expenses from RMB212.1 million to RMB325.9 million, from RMB428.8 million to RMB517 million, and from RMB313.3 million to RMB357.6 million, respectively, for our operations.

Our loss for the year further increased from RMB917.5 million in FY2021 to RMB987.4 million in FY2022, primarily due to (i) increase in general and administrative expenses from RMB326.0 million to RMB398.1 million due to expense of RMB92.0 million arising from the acquisition of Shanghai UBJ, which was one-off in nature; (ii) increase in net write-down of inventories from RMB1.2 million to RMB70.6 million; and (iii) increase in net impairment losses on financial assets from RMB7.4 million to RMB46.4 million.

Our loss for the period was relatively stable of RMB411.2 million and RMB421.0 million in 4M2022 and 4M2023, respectively.

## SUMMARY AND HIGHLIGHTS

### Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of
	2020	2021	2022	April 30, 2023
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Total non-current assets</b> . . . . .	882,436	1,076,810	1,402,843	1,502,072
<b>Total current assets</b> . . . . .	1,557,743	1,590,435	1,385,159	2,032,281
<b>Total assets</b> . . . . .	<u>2,440,179</u>	<u>2,667,245</u>	<u>2,788,002</u>	<u>3,534,353</u>
<b>Total non-current liabilities</b> . . . . .	140,083	233,523	369,583	513,759
<b>Total current liabilities</b> . . . . .	1,275,860	1,673,724	1,364,495	1,417,846
<b>Total liabilities</b> . . . . .	<u>1,415,943</u>	<u>1,907,247</u>	<u>1,734,078</u>	<u>1,931,605</u>
<b>Net current assets/(liabilities)</b> . . . . .	<u>281,883</u>	<u>(83,289)</u>	<u>20,664</u>	<u>614,435</u>
<b>Net assets</b> . . . . .	<u>1,024,236</u>	<u>759,998</u>	<u>1,053,924</u>	<u>1,602,748</u>
<b>Non-controlling interests</b> . . . . .	<u>4,891</u>	<u>7,552</u>	<u>92,645</u>	<u>93,901</u>

Our Group’s net current assets decreased from RMB281.9 million as of December 31, 2020 to net current liabilities of RMB83.3 million as of December 31, 2021, primarily due to (i) decrease in cash and cash balances of RMB348.7 million which was mainly used to support daily operation and purchase of property, plant and equipment; (ii) increase in trade payables of RMB170.1 million due to increase in procurement of raw materials and sub-contracting services; (iii) increase in other payables and accruals of RMB97.8 million; and (iv) increase in current portion of borrowings of RMB75.7 million to support our operation. The decrease was partially offset by the (i) increase in trade receivables of RMB231.5 million due to more logistics and education smart robotic products and solutions were completed and delivered in the fourth quarter of the year. We then recorded a net current asset of RMB20.7 million as of December 31, 2022. The change was primarily due to the (i) decrease in current portion of borrowings of RMB325.1 million due to repayment of bank loans; (ii) increase in trade receivables of RMB293.9 million; and (iii) decrease in trade payables of RMB57.1 million mainly due to the decrease in payables to Shanghai UBJ which was consolidated to our financials after its acquisition in July 2022. Our Group’s net current assets then increased to RMB614.4 million as of April 30, 2023, primarily due to the increase in cash and cash equivalents of RMB550.4 million resulting from the consideration received from the Pre-[REDACTED] investments of RMB820.0 million in January 2023.

Our net assets decreased from RMB1,024.2 million as of December 31, 2020 to RMB760.0 million as of December 31, 2021, primarily due to loss for the year of RMB917.5 million in FY2021, partially offset by the issuance of ordinary shares of RMB500.0 million. Our net assets increased to RMB1,053.9 million as of December 31, 2022, primarily due to (i) the issuance of ordinary shares of RMB861.3 million; (ii) the equity incentive schemes – value of services of RMB204.4 million; and (iii) the acquisition of Shanghai UBJ and Jiangsu Tianhui of RMB118.9 million. The increase was partially offset by the loss for the year of RMB987.4 million in FY2022.

Our net assets then increased to RMB1,602.7 million as of April 30, 2023, primarily due to the (i) Equity incentive schemes – value of services of RMB146.2 million; and (ii) issuance of ordinary shares of RMB820.0 million. The increase was partially offset by the loss for the period of RMB421.0 million in 4M2023.

## SUMMARY AND HIGHLIGHTS

### Summary Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows during the Track Record Period:

	FY2020	FY2021	FY2022	4M2022	4M2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net cash flows used in operating activities . . .	(602,647)	(680,696)	(543,488)	(55,952)	(356,821)
Net cash flows used in investing activities . . . .	(189,392)	(227,062)	(389,526)	(88,526)	(166,913)
Net cash flows generated from financing activities . . . . .	1,028,326	560,470	802,797	66,878	1,074,356
Net increase/(decrease) in cash and cash equivalents . . . . .	236,287	(347,288)	(130,217)	(77,600)	550,622
Cash and cash equivalents at beginning of year/period . . . . .	388,839	621,754	273,103	273,103	145,398
Effect of foreign exchange rate changes, net . .	(3,372)	(1,363)	2,512	869	(199)
Cash and cash equivalents at end of year/period . . . . .	<u>621,754</u>	<u>273,103</u>	<u>145,398</u>	<u>196,372</u>	<u>695,821</u>

During the Track Record Period, we had net cash used in operating activities of RMB602.6 million, RMB680.7 million, RMB543.5 million, RMB56.0 million and RMB356.8 million in FY2020, FY2021, FY2022, 4M2022 and 4M2023, respectively, as we incurred significant operating expenses, including R&D expenses, selling and marketing expenses, general and administrative expenses to develop and promote our new products and solutions. We had significant amount of cash flows used in operating activities in 4M2023, mainly due to the seasonality factor which we have relative lower income base in 4M2023, while certain recurring monthly expenses incurred, such as, salaries and other employee benefits. Given the nature of our industry, we have been and intend to continue investing heavily on our R&D efforts which we believe are critical to our long-term success. As such, we expect to continue to have net cash outflows from operating activities in the near future.

We had net cash used in investing activities of RMB189.4 million, RMB227.1 million, RMB389.5 million, RMB88.5 million and RMB166.9 million in FY2020, FY2021, FY2022, 4M2022 and 4M2023, respectively, primarily reflected (i) payments for purchase of property, plant and equipment mainly for the construction in progress for our headquarters in Shenzhen and office in Hangzhou; (ii) acquisition of Shanghai UBJ; (iii) payment for purchase of land use right; (iv) payments for investment in associates; and (v) net payment/proceeds for purchase or from disposal of financial assets at FVPL. See “Financial Information — Liquidity and Capital Resources — Cash Flows — Investing activities” for details.

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of each of the dates indicated:

	As of or for the year ended December 31,			As of or for the four
	2020	2021	2022	months ended April 30,
				2023
Gross profit margin <sup>(1)</sup> (%) . . . . .	44.7	31.3	29.2	22.8
Current ratio <sup>(2)</sup> (times) . . . . .	1.2	1.0	1.0	1.4
Quick ratio <sup>(3)</sup> (times) . . . . .	0.9	0.7	0.8	1.2
Gearing ratio <sup>(4)</sup> (%) . . . . .	65.8	111.2	65.4	61.0

## SUMMARY AND HIGHLIGHTS

*Notes:*

- (1) Calculated by dividing gross profit by revenue for the year/period multiplied by 100%. See “Financial Information — Review of Historical Results of Operation” for more details on our gross profit margins.
- (2) Calculated by dividing total current assets by total current liabilities as of the end of the year/period.
- (3) Calculated by dividing total current assets minus inventory by total current liabilities as of the end of the year/period.
- (4) Calculated by dividing total interest-bearing borrowings and lease liabilities divided by total equity as of the end of the year/period multiplied by 100%.

### BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

	FY2020	FY2021	FY2022	4M2022	4M2023
				(unaudited)	
Revenue (RMB'000) . . . . .	740,226	817,230	1,008,272	102,535	131,769
Gross profit/(loss)					
margin (%) <sup>(1)</sup> . . . . .	44.7	31.3	29.2	(26.2)	22.8
Net margin (%) <sup>(2)</sup> . . . . .	(95.5)	(112.3)	(97.9)	(401.5)	(319.5)

*Notes:*

- (1) Gross profit margin equals to gross profit for the year/period divided by revenue for the year/period and multiplied by 100%.
- (2) Net margin equals net loss for the year/period divided by revenue for the year/period and multiplied by 100%.

#### Revenue growth, net-loss and operating net costs outflow

Despite we recorded a growth in revenue, we experienced net-loss during the Track Record Period. Furthermore, we experienced net cash outflows from operating activities mainly including R&D expenses, selling and marketing expenses, general and administrative expenses to develop and promote our new products and solutions.

#### Path to profitability

In order to strengthen our position in the smart service robotic solutions market and achieve profitability, we intend to enhance our financial performance by (i) continuously growing our revenue and business scale through (a) enhancing the selection and market presence of our smart service robotic products and solutions offerings, (b) commercializing our products and solutions for application in new use scenarios of different sectors, (c) expanding our sales network and market penetration; and (ii) effectively managing our cost and expenses. Despite our continued efforts to increase our business scale, create value for our customers and end-users and effectively manage our cost and expenses, we may continue to incur net losses in the near future including the financial year ending December 31, 2023, primarily due to our substantial expenditures in relation to our R&D expenses, selling and marketing expenses and general administrative expenses. See “Business — Business Sustainability and Path to Profitability” for details.

### OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhou Jian, Shenzhen Sanciyuan, Mr. Xia Zuoquan, Mr. Xia Yongjun, Ms. Wang Lin, Shenzhen Evolution, Mr. Xiong Youjun, Shenzhen Zhineng Youxuan and Mr. Zhao Guoqun (collectively, the “**Concert Parties**”) together held approximately 52.59% (approximately 25.48%, 3.58%, 5.63%, 2.72%, 2.02%, 9.74%, 2.04%, 0.79% and 0.61% respectively) of the issued share capital of our Company. Mr. Zhou Jian, through his role as the general partner of Shenzhen Sanciyuan, indirectly controls approximately 3.58% of the issued share capital of our Company. Ms. Wang Lin, through her role as the general partner of Shenzhen Evolution, indirectly controls approximately 10.00% of the issued share capital of our Company. Furthermore, each of Mr. Zhao Guoqun, Mr. Xia Yongjun, Ms. Wang Lin, Mr. Xiong Youjun, Mr. Xia Zuoquan and Shenzhen Zhineng Youxuan has entered into concert party agreements with Mr. Zhou Jian. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the Concert Parties will be a group of Controlling Shareholders of our Company. See “Relationship with our Controlling Shareholders” for details of our Controlling Shareholders.



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## SUMMARY AND HIGHLIGHTS

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Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Zhou Jian, Shenzhen Sanciyuan, Mr. Xia Zuoquan, Mr. Xia Yongjun, Ms. Wang Lin, Shenzhen Evolution, Mr. Xiong Youjun, Shenzhen Zhineng Youxuan and Mr. Zhao Guoqun will together hold approximately 44.71% (approximately 21.66%, 3.04%, 4.79%, 2.31%, 1.71%, 8.28%, 1.73%, 0.67% and 0.52% respectively) of the issued share capital of our Company.

### PRE-[REDACTED] INVESTMENTS

Our Company has entered into several rounds of Pre-[REDACTED] financing agreements with our Pre-[REDACTED] Investors since 2013 (including but not limited to QM25 Limited, Shanghai Ding Hui Jia Ling Investment Center Limited Partnership\* (上海鼎暉嘉瓴投資中心(有限合夥)), Tencent Technology (Shenzhen) Co., Ltd.\* (騰訊科技(深圳)有限公司) and ICBC (Shenzhen) Equity Investment Fund Limited Partnership\* (工銀(深圳)股權投資基金合夥企業(有限合夥))) with the aggregate fund raising amount of approximately RMB5.61 billion up to the Latest Practicable Date. See “History, Development and Corporate Structure — Pre-[REDACTED] Investments” for further details of the identity and background of the Pre-[REDACTED] Investors.

### RISK FACTORS

There are certain risks relating to our business operations. These can be categorized into (i) risks relating to our industry; (ii) risks relating to our business; (iii) risks relating to conducting business in the PRC; (iv) risks relating to International Sanctions; and (v) risks relating to the [REDACTED] and our Shares. See “Risk Factors” for details.

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

### NON-COMPLIANCE MATTERS

During the Track Record Period, we were involved in certain non-compliance incidents. See “Business — Non-Compliance Matters” for details of our non-compliance incidents.

## SUMMARY AND HIGHLIGHTS

### [REDACTED] STATISTICS<sup>(1)</sup>

	Based on an [REDACTED] of HK\$[REDACTED] per Share	Based on an [REDACTED] of HK\$[REDACTED] per Share
Market capitalization of our Domestic Shares <sup>(2)</sup> . . . . .	HK\$[REDACTED]	HK\$[REDACTED]
Market capitalization of our H Shares <sup>(3)</sup> . . . . .	HK\$[REDACTED]	HK\$[REDACTED]
Market capitalization of our Shares <sup>(4)</sup> . . . . .	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners to the Company per Share <sup>(5)</sup> . . . . .	HK\$[REDACTED]	HK\$[REDACTED]

*Notes:*

- (1) All statistics in this table are on the assumption that the [REDACTED] is not exercised.
- (2) The calculation of market capitalization is based on [REDACTED] Domestic Shares expected to be in issue immediately upon completion of the [REDACTED].
- (3) The calculation of market capitalization is based on [REDACTED] H Shares expected to be in issue immediately upon completion of the [REDACTED].
- (4) The calculation of market capitalization is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED].
- (5) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in note (2) of Appendix II to this document and on the basis that [REDACTED] Shares (representing [REDACTED] ordinary Shares as at April 30, 2023 and [REDACTED] to be issued upon the completion of the [REDACTED]) were in issue, assuming that the [REDACTED] had been completed on April 30, 2023 but does not take into account of any Shares which may be allotted and issued by the Company pursuant to the exercise of the [REDACTED].

### DIVIDEND POLICY

During the Track Record Period, no dividend has been paid or declared by our Company. In future, declaration and payment of any dividends would require the recommendation of the Board and at their discretion and, any dividend will be subject to Shareholder’s approval, but no dividend shall be declared in excess of the amount recommended by the Board. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, the payment by our subsidiaries of cash dividends to us, and other factors the Board may deem relevant. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future. As of the Latest Practicable Date, we did not have any specific dividend policy nor pre-determined dividend payout ratios. As advised by our PRC Legal Adviser, (i) when distributing each year’s after-tax profits, the Company shall set aside 10% of its after-tax profits for the Company’s statutory common reserve (except where such reserve has reached 50% of the Company’s registered capital); (ii) if the Company’s statutory common reserve is not enough to make up for its accumulated losses for the previous year, the current year’s profits shall first be used for making up the accumulated losses before the statutory common reserve is set aside according to the method mentioned hereof; and (iii) after the Company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders or the general meeting, the Company may make an allocation to a discretionary common reserve from the after-tax profits. See “Financial Information — Dividend Policy” for details.

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## SUMMARY AND HIGHLIGHTS

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### [REDACTED]

The total estimated [REDACTED] in connection with the [REDACTED] are RMB[REDACTED], representing [REDACTED]% of the gross [REDACTED] from the [REDACTED] (based on the mid-point of the [REDACTED] range of HK\$[REDACTED] per [REDACTED] and assuming no [REDACTED] will be exercised), among which (i) [REDACTED], including [REDACTED] and other expenses fees, are expected to be approximately RMB[REDACTED], and (ii) other non-[REDACTED] expenses are expected to be approximately RMB[REDACTED], comprising (a) fees and expenses of legal advisers and Reporting Accountant of approximately RMB[REDACTED] and (b) other fees and expenses of approximately RMB[REDACTED].

During the Track Record Period, [REDACTED] of RMB[REDACTED] and RMB[REDACTED] were charged to our consolidated income statements in FY2022 and 4M2023. We expect to incur [REDACTED] and other additional [REDACTED] of RMB[REDACTED] after April 30, 2023 (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] stated in this document), of which RMB[REDACTED] will be charged to the consolidated income statements after April 30, 2023, and RMB[REDACTED] will be deducted from equity upon completion of the [REDACTED]. The [REDACTED] above are the latest practicable estimate and are for reference only. The actual amount may differ from this estimate.

### IMPACT OF COVID-19

Since the end of December 2019, the outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. Since early 2020, there has been global exposure to COVID-19. See “Business — Impact of COVID-19 outbreak” for further details.

The entire document should be read carefully and we strongly caution potential investors not to place any reliance on any information contained in press articles or disseminated through our media relating to us and/or the [REDACTED], certain of which may not be consistent with the information contained in this document.

### RECENT DEVELOPMENTS

Based on our unaudited management accounts for the six months ended June 30, 2023, our revenue decreased by not more than RMB23 million compared to the corresponding period in 2022 mainly because we have recorded a decrease in revenue generated from education smart robotic products and solutions which was partially offset by the increase in revenue generated from (i) consumer-level robots and other smart hardware devices, (ii) logistics smart robotic products and solutions and (iii) other sector-tailored smart robotic products and solutions. Meanwhile, our gross profit for the six months ended June 30, 2023 increased by not less than RMB13 million compared to the corresponding period in 2022 mainly due to the decrease in net write-down of inventories, whereas our gross profit margin for the six months ended June 30, 2023 also increased compared to the corresponding period in 2022. Furthermore, due to our substantial expenditures in relation to (i) our R&D expenses, (ii) our selling and marketing expenses, and (iii) our general and administrative expenses for the six months ended June 30, 2023, we remained at a net-loss position for such period.

In August 2023, (i) our Walkers were deployed in the Chengdu FISU World University Games 2023 to perform more complex motions on stage such as greetings while standing on an automatic self-balancing scooters; and (ii) we have participated in the 2023 World Robot Conference in Beijing to build connections with and demonstrated the functionalities of our latest smart service robotic products and solutions to potential customers in the PRC.

We expect to continue to incur substantial selling and marketing expenses, general and administrative expenses and R&D expenses, and record net loss in 2023. We also expect to continue to record net losses in the near future. However, we intend to adopt certain measures to maintain sustainability and continue to grow our business to achieve profitability. See “Business — Business Sustainability and Path to Profitability” for details.

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## SUMMARY AND HIGHLIGHTS

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Save as disclosed above, our Directors confirmed that, up to the date of this document, there had been no material adverse change in the operational performance, financial or trading positions or prospects of our Group since April 30, 2023 (being the date of which our Group’s latest audited financial statements were made up as set out in the Accountant’s Report in Appendix I) and there had been no event since April 30, 2023 which would materially affect the information shown in “Financial Information” and the Accountant’s Report in Appendix I to this document.

### **GUIDANCE RECEIVED FOR PREVIOUS POTENTIAL [REDACTED] IN A-SHARE MARKET**

We had previously entered into three guidance agreements in April 2019, November 2020 and January 2021, respectively, to receive guidance from qualified sponsors for a potential A-share [REDACTED]. All the aforesaid guidance agreements have been terminated. We had not submitted any A-share [REDACTED] application to the CSRC and had not received any comments or inquiries by the CSRC (including its local offices) regarding any potential A-share [REDACTED] application, and we were not aware of any material adverse finding about our Company by the sponsors providing the guidance for the potential A-share [REDACTED].

To the best of our Directors’ knowledge and belief, our Directors are not aware of any material issues identified during the period of the three guidance agreements stated above that might potentially affect the suitability of the Company to be [REDACTED] on the Stock Exchange. See “History, Development and Corporate Structure — Guidance Received for Previous Potential [REDACTED] in A-Share Market”.

### **APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE**

We have applied to the Listing Committee of the Stock Exchange for the granting of the [REDACTED] of, and permission to deal in, our [REDACTED] to be issued pursuant to the [REDACTED] (including any additional [REDACTED] which may be issued pursuant to the exercise of the [REDACTED]). Dealings in the [REDACTED] on the Stock Exchange are expected to commence on [REDACTED].