

## SUMMARY AND HIGHLIGHTS

*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 design, production, commercialization, sales and marketing and research development (R&D) of smart service robotic products and services (*Note*). Our offerings, ranging from consumer-level robots and appliances, enterprise-level smart service robotic products and services tailored for education, logistics and other sectors, are equipped to different extent with smart features that sense, interact, analyze and process human instructions and external environment such as mapping, temperature measurement and facial recognition. According to Frost & Sullivan, we are the No. 3 in the smart service robotic products and services 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 services (in terms of revenue) in 2022 with a market share of 22.5%.

During the Track Record Period, we generated revenue of RMB740.2 million, RMB817.2 million, RMB1,008.3 million, RMB283.5 million and RMB261.1 million in FY2020, FY2021, FY2022, 6M2022, and 6M2023, respectively, primarily from the sales of the following smart service robotic products and services:

- (i) ***Education smart robotic products and services:*** During the Track Record Period, our education smart robotic products and services accounted for 82.7%, 56.5%, 51.2% and 29.0% of our total revenue in FY2020, FY2021, FY2022 and 6M2023, respectively. Our education smart robotic products and services are sold to government educational bureaus. They are used as teaching tools to assist students in STEAM curricula learning such as AI and programming learning, rather than just common hardware including computers and projectors, in the teaching process. For example, students can learn AI knowledge and apply programming skills learned from our AI education curriculum and command and control our smart robotic products such as uKit through our AI education software such as uCode and uPython to give them instructions to perform specific tasks. Our education smart robotic products and services mainly include (a) smart robotic products including humanoid Yanshee, Alpha Mini (education) and uKit and Jimu series (education), which are devices that can interact with students to perform certain functions on default or enhanced functions such as dancing based on the codes or commands written or designed by the students or end-users during their learning process; (b) software such as AI smart education platform for coding and programming learning; and (c) ancillary services such as providing support for teacher training and operation and utilization of our products and services;
- (ii) ***Logistics smart robotic products and services:*** During the Track Record Period, our logistics smart robotic products and services accounted for 1.7%, 23.3%, 26.1% and 29.4% of our total revenue in FY2020, FY2021, FY2022 and 6M2023, respectively. Our

*Note:* A smart service robot refers to a robotic system that is designed to perform various tasks and provide services to human autonomously, excluding industrial robots. These robots are equipped with technologies such as computer vision, voice interaction and SLAM (i.e. simultaneous localization and mapping, a technology which allows a robot to build a map of an unknown environment and localize itself in that map at the same time) and automation, allowing them to perceive and interact with external environment. Smart service robotic service is a service which integrates smart service robots with the necessary peripheral hardware and software products and services to perform intended tasks.

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logistics smart robotic products and services are designed for enterprises with large factories and warehouses, such as new energy vehicle manufacturers. Our major products include automated guided vehicles (AGVs) and automated mobile robots (AMRs) under our Wali (瓦力) Series which can deliver components, semi-finished products and finished products to designated places within the production facilities or warehouses. We also provide software and ancillary services to our customers, including WMS (Warehouse Management System) and MES (Manufacturing Execution System), which can also be connected to our customers’ in-house system platforms to achieve more comprehensive products and services offerings;

- (iii) ***Other sector-tailored smart robotic products and services:*** During the Track Record Period, our other sector-tailored smart robotic products and services accounted for 5.2%, 11.0%, 8.2% and 8.5% of our total revenue in FY2020, FY2021, FY2022 and 6M2023, respectively. This segment comprises of smart robotic products and services covering various use scenarios including schools (e.g. for greeting and sanitisation purpose), hospitals, airports, train stations, shopping malls, banks and electrical substations to provide services such as guiding assistance, reception, sanitation, security patrol, safety inspection and monitoring of environmental conditions. Our major products offered mainly include Cruzr series, Walker series, and ADIBOT series; and
- (iv) ***Consumer-level robots and other hardware devices:*** During the Track Record Period, our consumer-level robots and other hardware devices accounted for 8.4%, 8.3%, 13.1% and 32.6% of our total revenue in FY2020, FY2021, FY2022 and 6M2023, respectively. This segment refers to the sales of robotic products with AI-functions that are consumer grade and mass market level such as computer vision and voice interaction to consumers for household use. Our major products offered include AiRROBO vacuum cleaner, AiRROBO cat litter box and Alpha Mini (non-education) series.

For FY2020, FY2021, FY2022, 6M2022 and 6M2023, we incurred net losses of RMB707.0 million, RMB917.5 million, RMB987.4 million, RMB515.2 million and RMB547.9 million, respectively.

We are committed to R&D and delivery of smart service robotic products and services and we self-developed a full stack of (i) robotic, (ii) AI that are consumer grade and mass market level and (iii) integrated robotic and AI technologies for application in a range of enterprise-level and consumer-level use scenarios across various sectors. Our AI technologies include (i) computer vision technology which allows our smart service robotic products to identify objects and recognize human-beings, and (ii) voice interaction technology which allows our smart service robotic products to process voice and complete tasks that involve the interaction with voices of users.

Meanwhile, leveraging the technical knowledge gained in our R&D process, we are able to and have expanded our offerings to a diversity of other smart service robotic products, devices and services to end-users for use scenarios in different sectors in response to market conditions. For example, in 2017, we started offering education smart robotic products and services by providing interactive, programmable and/or codable smart robotic products in default scenarios, and further developed to offer comprehensive products and services offerings comprising AI education software (such as uCode — a graphical block-based visual programming tool for students aged 7 to 14 years old; and uPython — a programming tool for Python robot beginners) and teaching materials, curriculum design and other ancillary services. Since 2020, we further offered logistics smart robotic products and services such as logistics smart robots capable of accurate goods transportation and automated storage and 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.

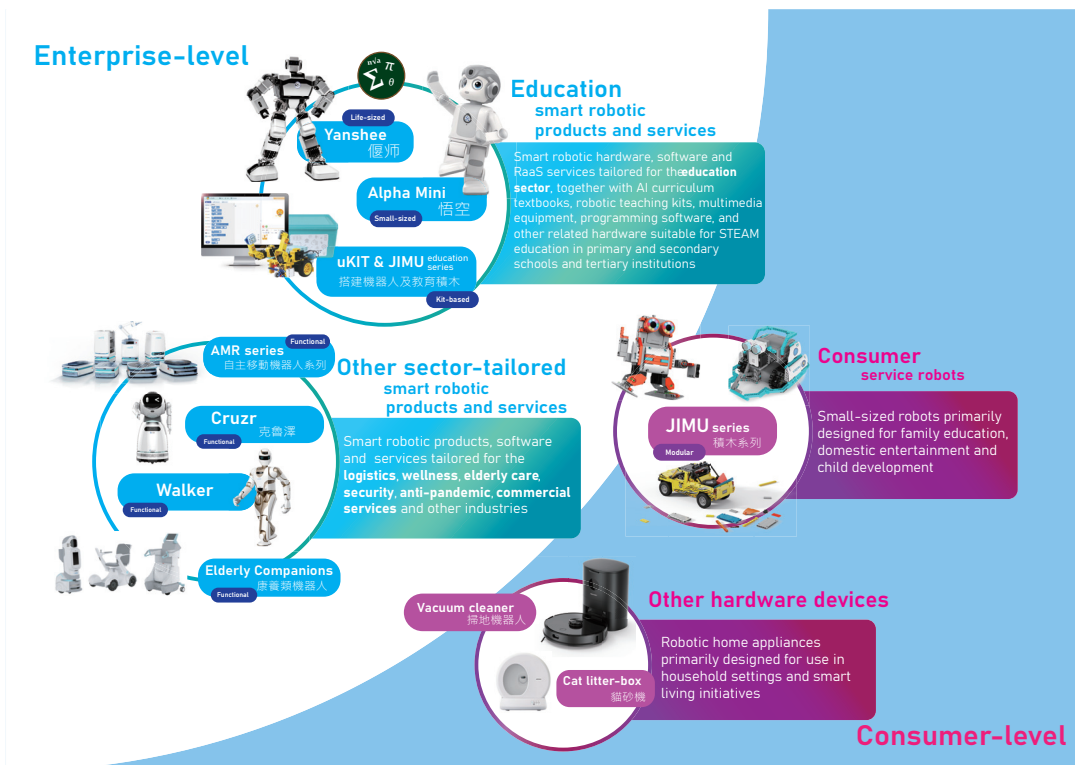
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**Our smart service robotic products and services.** We have commercialized and rolled out a wide range of smart service robotic products and services in a range of enterprise-level and consumer-level use scenarios across various sectors in response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

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

Our smart service robotic products and services form a broad range of offerings and are offered to enterprise-level and consumer-level customers.

For our enterprise-level smart service robotic products and services, we focus on offering technology-driven, industry-tailored offerings that deliver measurable business results for our customers. For our consumer-level robots and other hardware devices, we focus on consumer trends, customer needs and value-for-money. The diagram below sets forth our major robotic products and services 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 robotic products and services segments as well as by our major products and services lines:—

	FY2020			FY2021			FY2022			6M2022			6M2023		
	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 (unaudited) (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 smart service robotic products and services .....	663,537	89.6	N/A	742,874	90.9	N/A	862,543	85.5	N/A	228,392	N/A	174,715	66.9	N/A	N/A
Education smart robotic products and services ...	612,249	82.7	N/A	461,843	56.5	N/A	516,688	51.2	N/A	177,984	N/A	75,668	29.0	N/A	N/A
• Education hardware products and services, and software .....	403,702	54.5	3,150	254,654	31.2	3,740	279,874	27.8	4,702	100,601	60	16,504	6.3	1,312	13
• Others <sup>(2)</sup> .....	103,583	14.0	N/A	95,752	11.7	N/A	139,320	13.8	N/A	26,308	N/A	22,895	8.8	N/A	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	51,076	N/A	36,269	13.9	N/A	N/A
Logistics smart robotic products and services <sup>(4)</sup> .....	12,690	1.7	N/A	190,786	23.3	N/A	263,437	26.1	N/A	41,129	N/A	76,801	29.4	N/A	N/A
Other sector-tailored smart robotic products and services .....	38,598	5.2	N/A	90,245	11.0	N/A	82,418	8.2	N/A	9,279	N/A	22,246	8.5	N/A	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	1	9,021	15,003	5.7	60,497	0.2
• 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	258	N/A	7,243	2.8	N/A	N/A

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	FY2020			FY2021			FY2022			6M2022			6M2023		
	Revenue	ASP	Sales volume <sup>(1)</sup>	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>
	(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 hardware devices...	62,016	8.4	N/A	67,795	8.3	N/A	132,448	13.1	N/A	46,765	16.5	N/A	85,028	32.6	N/A
• Consumer-level robots and other hardware devices	59,372	8.0	63	65,575	8.0	664	131,900	13.1	639	45,847	16.2	639	83,185	31.9	658
• Others <sup>(7)</sup>	2,644	0.4	N/A	2,220	0.3	N/A	548	0.1	N/A	918	0.3	N/A	1,843	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	8,366	3.0	N/A	1,396	0.5	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>283,523</b>	<b>100.0</b>	<b>N/A</b>	<b>261,139</b>	<b>100.0</b>	<b>N/A</b>

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### Notes:

- (1) The sales volume by products and services 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 services. See “Financial Information — Description of Selected Items in Consolidated Income Statements — Revenue” for details on our sales volume by products and services segments during the Track Record Period.
- (2) “Others” under our education smart robotic products and services 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 education smart 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 education smart robotic products. We generally sell them in conjunction with our education hardware products, services 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 Services — At Enterprise level — Education Smart Robotic Products and Services” 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 products and services 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 services segment mainly included (i) providing professional team support for teacher training and operation and utilization of our products and services; and (ii) designing project services, themed activities and competitions. We generally sell them in conjunction with our education hardware products, services and software to schools and educational institutions which wish to further customize our products and services to suit their educational objectives and/or provide training for teachers on how to use our products and services as well as to help develop their proficiency in A.I. education. Please refer to the section headed “Business — Our Products and Services — At Enterprise level — Education Smart Robotic Products and Services” of this document for further details of such ancillary services.
- (4) Revenue derived from logistics smart robotic products and services 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 services – (ii) Logistics smart robotic products and services” 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 decreased from RMB114,190 per unit in 6M2022 to RMB60,500 per unit in 6M2023, primarily due to the decrease in average selling price of ADIBOT from RMB97,040 per unit in 6M2022 to RMB27,850 per unit in 6M2023 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 and the increase in sales volume of our ADIBOT as a percentage to our total sales volume of general service smart robotic products and services from 41.8% in 6M2022 to 77.8% in 6M2023. See “Financial Information — Description of Selected Items in Consolidated Income Statements — Revenue — By products and services — (iii) Other sector-tailored smart robotic products and services” for details on the reasons for the price reductions on the ADIBOT series in relation to our U.S. subsidiary. The decrease in average selling price was partially offset by the sales of seven units of our new wellness and elderly care smart robotic products and services, such as walking assistance smart robot, wheelchair smart robot and companion smart robot which were of higher average selling price. Their aggregate revenue accounted for 44.0% of the total revenue of general service smart robotic products and services in 6M2023.
- (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 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.

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Our revenue decreased by RMB22.4 million, representing a decrease of 7.9%, from RMB283.5 million for 6M2022 to RMB261.1 million for 6M2023. The decrease was primarily due to the decrease in revenue from education smart robotic products and services of RMB102.3 million resulting from a large sales order to a customer in Shaoyang of RMB66.8 million for promoting the use of STEAM products in schools in Shaoyang, represented total of 12,010 units, which did not recur in 6M2023. The decrease was partially offset by the increase in revenue from (i) consumer-level robots and other hardware devices of RMB38.3 million from increase in sales of AiRROBO vacuum cleaner, humidifiers and AiRROBO cat litter box; and (ii) logistics smart robotic products and services of RMB35.7 million resulting from the increase in revenue-generating projects from nine in 6M2022 to 24 in 6M2023.

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 services were the major contribution to our revenue, accounting for 84.4%, 79.8%, 77.3% and 58.4% of our total revenue for FY2020, FY2021, FY2022 and 6M2023, respectively. In contrast, sales of our Walker series and accessories, which fall under our other sector-tailored smart robotic products and services segment, only accounted for 0.1%, 1.1%, 4.8% and 0.9% 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 services may continue to be significant.

Our total revenue is subject to seasonal fluctuations and our sales generally peaked in the fourth quarter, which is mainly attributable to most of our revenue being contributed by our customers of enterprise-level smart service robotic products and services (i.e. over 85% of our total revenue for FY2020, FY2021 and FY2022) that generally have a financial year ending on December 31 of the calendar year. On the other hand, our sales of consumer-level robots and other hardware devices are generally more stable than enterprise-level smart service robotic products and services throughout the financial year and we recorded a continuous increase in revenue from RMB62.0 million in FY2020 to RMB132.4 million in FY2022 and from RMB46.8 million in 6M2022 to RMB85.0 million in 6M2023, primarily due to our continuous launch of new products such as our AiRROBO vacuum cleaner in FY2021 and AiRROBO cat litter box in FY2022. As a result, our revenue contribution of enterprise-level smart service robotic products and services decreased from over 85% in each of FY2020, FY2021, FY2022 to approximately 67% in 6M2023 whereas our revenue contribution of consumer-level robots and other hardware devices increased from less than 15% in each of FY2020, FY2021 and FY2022 to approximately 33% in 6M2023 mainly due to, in addition to the aforementioned seasonal fluctuations of our total revenue throughout a financial year, increase in sales of AiRROBO vacuum cleaner and AiRROBO cat litter box.

**Market opportunities and our growth.** According to Frost & Sullivan, although the penetration rate of smart service robotic products and services in the smart service robotic products and services industry in the PRC remained low in recent years, the market size of the global and PRC smart service robotic products and services 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.

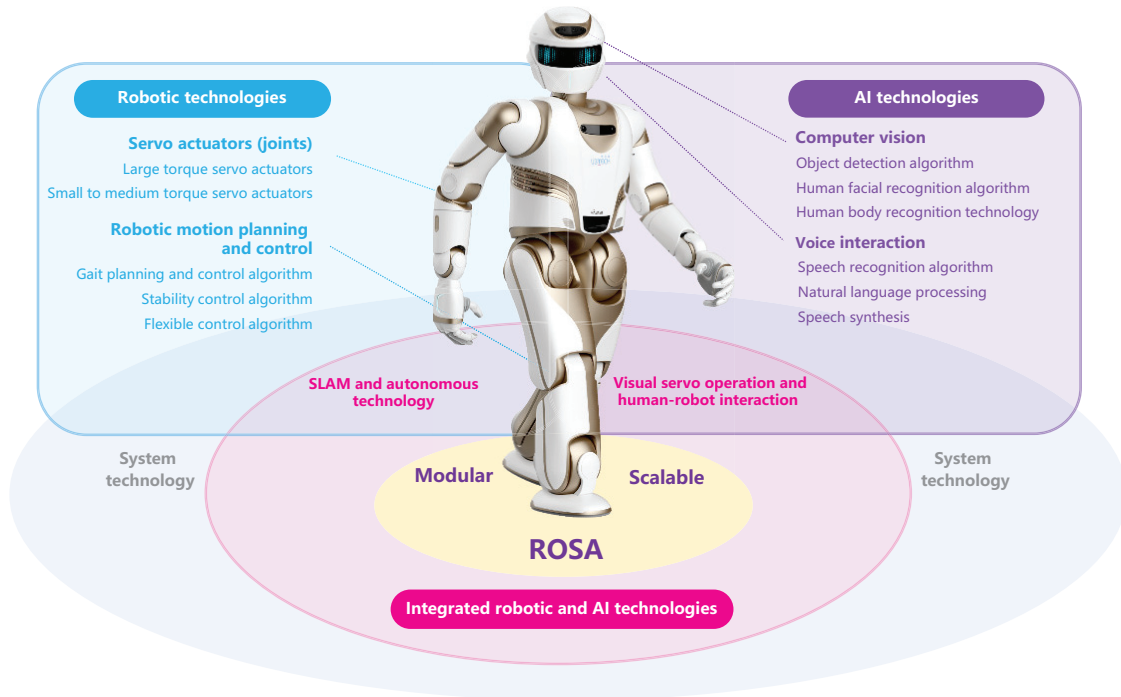
We believe that our technological capabilities can be applied to various scenarios while driven by market conditions and government policy support. See “Business — Business Overview” for details on the market opportunities and our growth in relation to each of our business segments.

**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 service robotic products and services. Our in-house R&D team, established since 2012 and comprising over 700 employees as of June 30, 2023, is headed by doctoral-degree holders with expertise in robotic and AI-related areas and

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supported by a number of in-house scientists, engineers and other employees who have obtained at least undergraduate robotic and/or AI-related degrees. We have self-developed a full stack of modularized robotic and AI technologies that are consumer grade and mass market level which serve as building blocks for adaptation and application in a range of enterprise-level and consumer-level scenarios. During the Track Record Period, we incurred R&D expenses of RMB428.8 million, RMB517.1 million, RMB428.3 million and RMB224.3 million in FY2020, FY2021, FY2022 and 6M2023, respectively, which accounted for 57.9%, 63.3%, 42.5% and 85.9% of our total revenue for the corresponding years/periods. Set out below is a summary of our core technologies as applied on Walker, our biped life-sized humanoid robot:

### OUR CORE TECHNOLOGIES



With our self-developed full-stack robotic and AI technologies, we have been able to develop and commercialize a wide range of smart service robotic products and services. 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 760,000 units of robotic products.

Our full-stack technologies, backed by more than 1,800 registered robotic and AI-related patents as of June 30, 2023 of which more than 380 are overseas patents, is a 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 self-developed 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 self-developed 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.

Most of the patents held by our Group are invention patents registered in the PRC. As advised by our PRC Legal Adviser and pursuant to the Patent Law of the People’s Republic of China (《中華人民共和國專利法》), an invention patent registered in the PRC is valid for a term of 20 years from the date of filing of the application for the patent, an utility model patent registered in the PRC is



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valid for a term of 10 years from the date of filing of the application for the patent, and a design patent registered in the PRC is valid for a term of 15 years from the date of filing of the application for the patent. The invention patents of our Group registered in jurisdictions outside the PRC are generally valid for a term of 20 years from the dates of the filing of the applications for such patents, and the design patents of our Group registered in jurisdictions outside the PRC are generally valid for terms ranging from 15 years from the dates of publication to 25 years from the dates of the filing of the applications for such patents.

Examples of patents held by our Group in relation to our core technologies which we consider to be material or may be material to our business include the following: (i) in relation to servo actuators, a patent for enhancing the accuracy in angle transmission of the servo motor, (ii) in relation to robotic motion planning and control, a patent for enhancing the walking stability of robots, (iii) in relation to computer vision, a patent for enhancing the robots’ ability in climbing stairs, (iv) in relation voice interaction, a patent for enhancing the robots’ ability and efficiency in voice recognition, (v) in relation to SLAM and autonomous technology, a patent for enhancing the robots’ userfriendliness and intelligence during the process of navigation and (vi) in relation to Visual servo operation and human-robot interaction, a patent for enhancing the robots’ ability in grasping moving objects. All of the aforementioned patents are registered in the PRC.

See “Business — Intellectual Property” for details on the key patents held by our Group and their intended usage and functions.

***Our R&D focuses 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 services 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. 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.

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.

***Customer base and sales networks.*** We serve a broad customer base primarily in China and also over 50 other countries in the world. During the Track Record Period, we served over 900 enterprise-level group customers, covering (i) government educational bureaus and enterprises who purchase our education smart robotic products and services; and (ii) enterprises which purchase our other sector-tailored smart robotic products and services, 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 RMB116.3 million, respectively, representing 66.5%, 52.2%, 71.5% and 44.5% 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 RMB71.4 million, representing 37.8%, 21.4%, 27.4% and 27.4% of our total revenue for the respective years/period.

During the Track Record Period, our revenue generated through direct sales and our self-operated online stores contributed to at least 80% of the total revenue in each year/period during the Track Record Period, whereas the remaining revenue was generated through distributors. See “Business — Sales — Our sales networks” for details.

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During the Track Record Period, the majority of our revenue was generated from sales in the PRC (constituting 92.2%, 92.2%, 87.0% and 73.3% of the total revenue for FY2020, FY2021, FY2022 and 6M2023, respectively), whereas the remaining revenue was generated from other overseas countries which mainly included the United States and Japan. See “Business — Sales — Our sales regions” for details.

**Production and our suppliers.** As of the Latest Practicable Date, we had seven 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 robotic products and services, and (ii) subcontractors in relation to services which we 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 products and services 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 RMB105.8 million, respectively, representing 35.2%, 34.7%, 26.3% and 50.7% 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 RMB44.8 million, representing 18.0%, 16.7%, 8.5% and 21.5% 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 products and services in the PRC;
- Self-developed full-stack technologies for smart robotics driven by our R&D efforts;
- Successful commercialization of product and services 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 products and services 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 and products and services offerings,
- (ii) the enhancement of our R&D infrastructure to improve our R&D capabilities and efficiencies,
- (iii) the enhancement of our brand awareness and market penetration, and
- (iv) the further optimization of our management and operational efficiency.

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## SUMMARY AND HIGHLIGHTS

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### USE OF [REDACTED]

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

- approximately [REDACTED] of the [REDACTED] (approximately [REDACTED]), will be used to further advance our R&D capabilities to enhance our core technologies and products and services offerings
- approximately [REDACTED] of the [REDACTED] (approximately [REDACTED]), will be used for partial repayment of bank loans
- approximately [REDACTED] of the [REDACTED] (approximately [REDACTED]), will be used to enhance our R&D infrastructure
- approximately [REDACTED] of the [REDACTED] (approximately [REDACTED]), will be used for the enhancement of our brand awareness and market penetration
- approximately [REDACTED] of the [REDACTED] (approximately [REDACTED]), will be used to further optimize our management and operational efficiency
- approximately [REDACTED] of the [REDACTED] (approximately [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, and we recorded a revenue of RMB740.2 million, RMB817.2 million, RMB1,008.3 million, RMB283.5 million and RMB261.1 million in FY2020, FY2021, FY2022, 6M2022 and 6M2023, respectively. Our revenue grew by 10.4% between FY2020 and FY2021 and by 23.4% between FY2021 and FY2022. Our revenue decreased by 7.9% between 6M2022 and 6M2023. For FY2020, FY2021, FY2022, 6M2022 and 6M2023, our gross profit was RMB330.7 million, RMB256.0 million, RMB294.0 million, RMB38.8 million and RMB52.6 million, respectively. Our gross profit decreased by 22.6% between FY2020 and FY2021 and increased by 14.9% between FY2021 and FY2022 and increased by 35.6% between 6M2022 and 6M2023. 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 services 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 Measures to Achieve 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 AND HIGHLIGHTS

### Summary Consolidated Income Statements

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

	FY2020	FY2021	FY2022	6M2022	6M2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue .....	740,226	817,230	1,008,272	283,523	261,139
Cost of sales .....	(409,488)	(561,277)	(714,227)	(244,698)	(208,502)
Gross profit .....	330,738	255,953	294,045	38,825	52,637
Selling and marketing expenses .....	(313,298)	(357,607)	(361,023)	(171,563)	(189,848)
General and administrative expenses .....	(212,061)	(325,899)	(398,083)	(162,461)	(177,550)
Research and development expenses .....	(428,766)	(517,072)	(428,280)	(204,995)	(224,337)
Net impairment losses on financial assets .....	(40,067)	(7,358)	(46,386)	(9,825)	(8,653)
Loss for the year/period .....	<u>(706,999)</u>	<u>(917,519)</u>	<u>(987,368)</u>	<u>(515,158)</u>	<u>(547,917)</u>
Loss is attributable to:					
Owners of the Company .....	(706,990)	(920,180)	(974,809)	(509,903)	(532,793)
Non-controlling interests .....	<u>(9)</u>	<u>2,661</u>	<u>(12,559)</u>	<u>(5,255)</u>	<u>(15,124)</u>
	<u>(706,999)</u>	<u>(917,519)</u>	<u>(987,368)</u>	<u>(515,158)</u>	<u>(547,917)</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	6M2022	6M2023
	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)”					
Net loss for the year/period .....	(706,999)	(917,519)	(987,368)	(515,158)	(547,917)
Add:					
Share-based compensation .....	64,490	156,396	204,387	114,916	179,466
[REDACTED] .....	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

## SUMMARY AND HIGHLIGHTS

	FY2020	FY2021	FY2022	6M2022	6M2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)				
<b>Adjusted net loss for the year/period</b>					
<b>(Non-HKFRS measure)</b> . . . . .	(642,509)	(761,123)	(782,037)	(400,242)	(366,903)
<i>Add:</i>					
Interest expenses <sup>(Note)</sup> . . . . .	54,414	32,222	24,435	15,438	8,823
— Interest expenses on lease liabilities . . . . .	3,969	4,245	3,185	1,580	1,405
— Interest expenses on borrowings . . . . .	49,853	29,811	38,688	21,894	25,311
— Interest expenses on advances from ultimate controlling shareholder . . . . .	592	—	—	—	—
— Interest expenses capitalised . . . . .	—	(1,834)	(17,438)	(8,036)	(17,893)
Income tax expense . . . . .	31,504	16,558	16,509	420	292
Depreciation of right-of-use assets . . . . .	31,055	41,355	36,693	20,505	18,452
Depreciation of property, plant and equipment . .	46,183	54,754	51,018	26,534	22,136
Amortization of intangible assets . . . . .	1,886	3,596	2,332	790	2,334
<i>Less:</i>					
Finance income . . . . .	12,715	12,703	3,628	2,525	3,369
<b>Adjusted EBITDA (Non-HKFRS measure)</b> . . .	<u>(490,182)</u>	<u>(625,341)</u>	<u>(654,678)</u>	<u>(339,080)</u>	<u>(318,235)</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 services and consumer-level robots and other 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 RMB339.1 million in 6M2022 to negative RMB318.2 million in 6M2023, primarily due to the increased gross profit resulting from improved gross profit margin for most products and services segment and decreased net write-down of inventories in 6M2023 and increased share-based compensation in 6M2023. 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 services, (ii) logistics smart robotic products and services, (iii) other sector-tailored smart robotic products and services, and (iv) consumer-level robots and other hardware devices. See “Financial Information — Review of Historical Results of Operation — Summary of historical financial information during the Track Record Period — Revenue” for details on our revenue throughout the Track Record Period.

## SUMMARY AND HIGHLIGHTS

### Gross profit and gross profit margin

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

	FY2020		FY2021		FY2022		6M2022		6M2023	
	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 smart service robotic products and services</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>88,347</b>	<b>38.7</b>	<b>44,321</b>	<b>25.4</b>
<i>Education smart robotic products and services</i> . . . . .	309,865	50.6	207,045	44.8	290,079	56.1	87,125	49.0 <sup>(1)</sup>	26,632	35.2 <sup>(1)</sup>
• Education hardware products and services, and software . . . . .	266,293	66.0	158,254	62.1	177,601	63.5	62,697	62.3	(1,094)	(6.6)
• Others <sup>(2)</sup> . . . . .	13,067	12.6	26,703	27.9	70,797	50.8	10,038	38.2	4,537	19.8
• Ancillary services <sup>(3)</sup> . . . . .	30,505	29.1	22,088	19.8	41,681	42.8	14,390	28.2	23,189	63.9
<i>Logistics smart robotic products and services</i> . . . . .	1,885	14.9	26,919	14.1	20,843	7.9	4,461	10.8	9,547	12.4
<i>Other sector-tailored smart robotic products and services</i> . . . . .	17,720	45.9	40,365	44.7	55,039	66.8	(3,239)	(34.9)	8,142	36.6
• General service smart robotic products and services . . . . .	17,575	48.4	35,857	46.3	15,427	50.5	12	0.1	4,433	29.5
• Walker series and others <sup>(4)</sup> . . . . .	145	6.3	4,508	35.2	39,612	76.4	(3,251)	(1,260.1)	3,709	51.2
<b>Consumer-level robots and other 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>(12,596)</b>	<b>(26.9)</b>	<b>13,871</b>	<b>16.3</b>
• Consumer-level robots and other hardware devices . . . . .	18,176	30.6	(14,399)	(22.0)	(1,076)	(0.8)	(12,942)	(28.2)	12,688	15.3
• Others <sup>(5)</sup> . . . . .	988	37.4	(3,470)	(156.3)	(1,879)	(343.4)	346	37.7	1,183	64.2
<b>Others<sup>(6)</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>1,936</b>	<b>23.1</b>	<b>(3,556)</b>	<b>(254.7)</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>77,687</b>	<b>27.4</b>	<b>54,636</b>	<b>20.9</b>
Net write-down of inventories . . . . .	(12,580)	-	(1,203)	-	(70,618)	-	(38,862)	-	(1,999)	-
<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>38,825</b>	<b>13.7</b>	<b>52,637</b>	<b>20.2</b>

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## SUMMARY AND HIGHLIGHTS

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*Notes:*

- (1) Our gross profit margin from sales of education smart robotic products and services decreased from 49.0% in 6M2022 to 35.2% in 6M2023 primarily due to (i) the decrease in gross profit margin of education hardware products and services, and software from gross profit margin of 62.3% in 6M2022 to a gross loss margin of 6.6% in 6M2023; and (ii) decrease in gross profit margin from others in 6M2023 primarily due to the decrease in revenue from sales of accessories for Alpha Mini (education) and uKit and Jimu (education) which had a relatively higher gross profit margin of over 50% in 6M2022. Our gross profit margin of education hardware products and services, and software decreased from 6M2022 to 6M2023 primarily due to (a) the decrease in average selling price of our 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, which had a significant impact on the gross profit margin of our education smart robotic products and services segment, as the majority of the large contract value of education smart robotic products and services projects for FY2023 was secured after June 30, 2023 which has resulted in a relatively low revenue base of our education smart robotic products and services segment in 6M2023. However, we believe that the gross loss margin of our education hardware products and services, and software in 6M2023 will be turned around to a gross profit margin due to the one-off nature of such price reductions and the average selling price of education smart robotic products and services projects with large contract value that we have secured after June 30, 2023 is not affected by such price reductions; and (b) the relatively high gross profit margin attained from a large sales order to a customer in Shaoyang in 6M2022 for promoting STEAM products to schools in Shaoyang, including uKit and Jimu (education) Series, humanoid Yanshee and humanoid Alpha Mini (education) which did not recur in 6M2023. For details, see “Financial Information — Description of Selected Items in Consolidated Income Statements — Gross profit and gross profit margin — (i) Education smart robotic products and services” of this document for further details.
- (2) “Others” under our education smart robotic products and services 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 education smart 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. Please refer to the section headed “Business — Our Products and Services — At Enterprise level — Education Smart Robotic Products and Services” of this document for further details of the products.
- (3) “Ancillary services” of our education smart robotic products and services segment mainly included (i) providing professional team support for teacher training and operation and utilization of our products and services; and (ii) designing project services, themed activities and competitions. Please refer to the section headed “Business — Our Products and Services — At Enterprise level — Education Smart Robotic Products and Services” of this document for further details of such ancillary services.
- (4) Walker series and others mainly represented the sales of Walker series and accessories.
- (5) “Others” under our consumer-level robots and other hardware devices segment mainly represented the sales of accessories and purchased parts.
- (6) “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 6M2023 was primarily due to the scrap of certain raw materials in 6M2023.

See “Financial Information — Review of Historical Results of Operation — Summary of historical financial information during the Track Record Period — Gross profit and gross profit margin” for details on our gross profit and gross profit margin throughout the Track Record Period.

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

In FY2020, FY2021, FY2022, 6M2022 and 6M2023, we had operating loss of RMB595.6 million, RMB882.5 million, RMB953.3 million, RMB503.3 million and RMB542.2 million, respectively. The operating loss was generally due to our (i) share-based compensation of RMB64.5 million, RMB156.4 million, RMB204.4 million, RMB114.9 million and RMB179.5 million, in FY2020, FY2021, FY2022, 6M2022 and 6M2023, respectively; and (ii) one-off share-based payments to facilitate acquisition of a subsidiary of RMB92.0 million in FY2022. Our adjusted net losses (Non-HKFRS measure) was primarily due to the 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. See “Financial Information — Review of Historical Results of Operation — Summary of historical financial information during the Track Record Period — Operating loss, adjusted net losses (Non-HKFRS measure) and net loss” for details on our operating loss, adjusted net losses (Non-HKFRS measure) and net loss throughout the Track Record Period.

## 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	June 30, 2023
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Total non-current assets</b> . . . . .	882,436	1,076,810	1,402,843	1,612,702
<b>Total current assets</b> . . . . .	1,557,743	1,590,435	1,385,159	2,006,137
<b>Total assets</b> . . . . .	<u>2,440,179</u>	<u>2,667,245</u>	<u>2,788,002</u>	<u>3,618,839</u>
<b>Total non-current liabilities</b> . . . . .	140,083	233,523	369,583	565,298
<b>Total current liabilities</b> . . . . .	1,275,860	1,673,724	1,364,495	1,449,103
<b>Total liabilities</b> . . . . .	<u>1,415,943</u>	<u>1,907,247</u>	<u>1,734,078</u>	<u>2,014,401</u>
<b>Net current assets/(liabilities)</b> . . . . .	<u>281,883</u>	<u>(83,289)</u>	<u>20,664</u>	<u>557,034</u>
<b>Net assets</b> . . . . .	<u>1,024,236</u>	<u>759,998</u>	<u>1,053,924</u>	<u>1,604,438</u>
<b>Non-controlling interests</b> . . . . .	<u>4,891</u>	<u>7,552</u>	<u>92,645</u>	<u>141,434</u>

See “Financial Information — Liquidity and Capital Resources — Net Current Assets/(Liabilities)” for details on our net current assets/(liabilities) throughout the Track Record Period.

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 of RMB118.9 million, including issuance of ordinary shares in connection with the acquisition of Shanghai UBJ of RMB92.0 million and change of non-controlling interest of RMB26.9 million. The increase was partially offset by the loss for the year of RMB987.4 million in FY2022.

Our net assets then increased to RMB1,604.4 million as of June 30, 2023, primarily due to the (i) equity incentive schemes – value of services of RMB179.5 million; and (ii) issuance of ordinary shares of RMB820.0 million. The increase was partially offset by the loss for the period of RMB547.9 million in 6M2023.



## 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	6M2022	6M2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net cash flows used in operating activities . . .	(602,647)	(680,696)	(543,488)	(115,114)	(526,548)
Net cash flows used in investing activities . . . .	(189,392)	(227,062)	(389,526)	(106,565)	(218,769)
Net cash flows generated from financing activities . . . . .	1,028,326	560,470	802,797	697,393	1,218,281
Net increase/(decrease) in cash and cash equivalents . . . . .	236,287	(347,288)	(130,217)	475,714	472,964
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	1,159	786
Cash and cash equivalents at end of year/period . . . . .	<u>621,754</u>	<u>273,103</u>	<u>145,398</u>	<u>749,976</u>	<u>619,148</u>

See “Financial Information — Liquidity and Capital Resources — Cash Flows — Operating activities” and “Financial Information — Liquidity and Capital Resources — Cash Flows — Investing activities” for details on our net cash used in operating and investing activities, respectively, throughout the Track Record Period.

### 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 six months ended June 30,
	2020	2021	2022	2023
Gross profit margin <sup>(1)</sup> (%) . . . . .	44.7	31.3	29.2	20.2
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	1.1
Gearing ratio <sup>(4)</sup> (%) . . . . .	65.8	111.2	65.4	62.4

*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%.

## SUMMARY AND HIGHLIGHTS

### BUSINESS SUSTAINABILITY AND MEASURES TO ACHIEVE PROFITABILITY

	FY2020	FY2021	FY2022	6M2022	6M2023
	(Unaudited)				
Revenue (RMB'000) . . . . .	740,226	817,230	1,008,272	283,523	261,139
Gross profit margin (%) <sup>(1)</sup> . . . . .	44.7	31.3	29.2	13.7	20.2
Net margin (%) <sup>(2)</sup> . . . . .	(95.5)	(112.3)	(97.9)	(181.7)	(209.8)

*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 cash 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 services.

#### Measures to achieve profitability

In order to strengthen our position in the smart service robotic products and services 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 services offerings, (b) commercializing our products and services 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 Measures to Achieve Profitability” for details.

### OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhou Jian, Shenzhen Sancieruan, 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 Sancieruan, 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.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Zhou Jian, Shenzhen Sancieruan, 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 [REDACTED] (approximately [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED] respectively) of the issued share capital of our Company.

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## SUMMARY AND HIGHLIGHTS

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### **[REDACTED] INVESTMENTS**

Our Company has entered into several rounds of [REDACTED] financing agreements with our [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 — [REDACTED] Investments” for further details of the identity and background of the [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 services 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 services.
- The growth of robotic and AI technologies commercialization or the usage of AI technologies in the smart service robotic products and services 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 service robotic products or services.
- The smart service robotic products and services 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 [REDACTED] per Share	Based on an [REDACTED] of [REDACTED] per Share
[REDACTED] of our Domestic Shares <sup>(2)</sup> . . . . .	[REDACTED]	[REDACTED]
[REDACTED] of H Shares converted from Domestic Shares <sup>(3)</sup> . . . . .	[REDACTED]	[REDACTED]
[REDACTED] of our H Shares <sup>(4)</sup> . . . . .	[REDACTED]	[REDACTED]
[REDACTED] of our Shares <sup>(5)</sup> . . . . .	[REDACTED]	[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners to the Company per Share <sup>(6)</sup> .	[REDACTED]	[REDACTED]

*Notes:*

- (1) All statistics in this table are on the assumption that the [REDACTED] is not exercised.
- (2) The calculation of [REDACTED] is based on [REDACTED] Domestic Shares expected to be in issue immediately upon completion of the [REDACTED].
- (3) The calculation of [REDACTED] is based on [REDACTED] H Shares converted from Domestic Shares expected to be in issue immediately upon completion of the [REDACTED].
- (4) The calculation of [REDACTED] is based on [REDACTED] H Shares expected to be in issue immediately upon completion of the [REDACTED].
- (5) The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED].
- (6) 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 June 30, 2023 and [REDACTED] to be issued upon the completion of the [REDACTED]) were in issue, assuming that the [REDACTED] had been completed on June 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 [REDACTED], representing [REDACTED] of the gross [REDACTED] from the [REDACTED] (based on the mid-point of the [REDACTED] range of [REDACTED] per [REDACTED] and assuming no [REDACTED] will be exercised), among which (i) [REDACTED], including [REDACTED] and other [REDACTED] fees, are expected to be approximately [REDACTED], and (ii) other non-[REDACTED] are expected to be approximately [REDACTED], comprising (a) fees and expenses of legal advisers and Reporting Accountant of approximately [REDACTED] and (b) other fees and [REDACTED] of approximately [REDACTED].

During the Track Record Period, total [REDACTED] of [REDACTED] were incurred, among which (i) [REDACTED] and [REDACTED] were charged to our consolidated income statements in FY2022 and 6M2023, respectively, and (ii) expenses directly attributable to the issuance of [REDACTED] of [REDACTED] were recognized as prepayment for [REDACTED] in the consolidated statements of financial position as at June 30, 2023, which will be deducted from equity upon [REDACTED]. We expect to incur [REDACTED] and other additional [REDACTED] of [REDACTED] after June 30, 2023 (assuming an [REDACTED] of [REDACTED] per [REDACTED], being the mid-point of the [REDACTED] stated in this document), of which [REDACTED] will be charged to the consolidated income statements after June 30, 2023, and [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.

In view of the outbreak of COVID-19, there had been decrease in demand of our education smart robotic products and services due to the temporary suspension of schools in certain provinces in from our education smart robotic products and services from RMB612.2 million in FY2020 to RMB461.8 million in FY2021; and we temporarily suspended our production facilities in Shenzhen in FY2020 and FY2022 on a few occasions. However, our Directors believe that the suspensions did not have a material impact on our overall operations and financials, as (i) our production and inventory levels were sufficient to support our operations; and (ii) the revenue of our Group increased from RMB740.2 million in FY2020, to RMB817.2 million in FY2021, and RMB1,008.3 million in FY2022 due to introduction of new products.

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

Our revenue is subject to seasonal fluctuation, whereby our sales typically peak in the fourth quarter of the year, as most of our revenue were contributed by our customers of enterprise-level smart service robotic products and services (over 85% of our total revenue for FY2020, FY2021 and FY2022) which generally have a financial year ending on December 31 of the calendar year. Revenue from our education smart robotic products and services, which form a major component of our total revenue, is generated from contracts which are generally obtained through tendering on a case-by-case or project-by-project basis, while we only secured limited purchase orders for our education smart robotic products and services in 6M2023. This is because there were limited tenders published by our potential customers during the same period. Based on our discussions with potential customers, we anticipate that an increasing number of notices of tender(s) with sizable contract value will be published, or are being published, after 6M2023. For example, in September

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## SUMMARY AND HIGHLIGHTS

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2023, we secured an education smart robotic products and services project tendered by a government educational bureau located in Ganzhou City of Jiangxi Province with a contractual value of RMB291.9 million, of which approximately RMB232 million is expected to be recognized as revenue in FY2023. As of the Latest Practicable Date, we have secured purchase orders of not less than RMB613 million which are expected to be recognized as revenue in FY2023.

In light of the foregoing factors, our revenue and gross profit for the six months ended December 31, 2023 are expected to be substantially higher than that for 6M2023. Based on our unaudited management accounts for the nine months ended September 30, 2023 (“9M2023”), our revenue for the three months ended September 30, 2023 (“3Q2023”) was greater than that for 6M2023, and increased moderately as compared to the corresponding three-month period in 2022. Meanwhile, our gross profit for 3Q2023 was significantly higher than that for 6M2023, and represented a slight increase as compared to the corresponding three-month period in 2022 mainly due to the substantial decrease in net write-down of inventories. Our gross profit margin for 3Q2023 likewise improved as compared to 6M2023. As a result of the foregoing increase in revenue and gross profit in 3Q2023, our revenue and gross profit for 9M2023 increased by not less than 10% and 10%, respectively, as compared to the nine months ended September 30, 2022 (“9M2022”), while our gross profit margin remained stable for 9M2023 and 9M2022. In particular, gross profit margin of our education smart robotic products and services increased from 35.2% in 6M2023 to not less than 50% for 9M2023 and is comparable to the gross profit margin for this business segment for 9M2022. Looking forward, as we continuously deliver our products and services under our secured purchase orders towards the end of the year, we expect our results for the entire FY2023 to better reflect our overall financial performance.

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 two wheels 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 services to potential customers in the PRC, such as the capability to autonomously translate verbal instructions into instructions for robots to perform individual executable tasks (e.g. object detection and recognition, obstacle avoidance, positioning, etc.) which is facilitated by big data modelling (大數據模型) and multimodal interaction (多模態交互) technologies and applied to our Walker-X.

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 Measures to Achieve Profitability” for details.

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 June 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 June 30, 2023 which would materially affect the information shown in “Financial Information” and the Accountant’s Report in Appendix I to this document.

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

We have applied to the Stock Exchange for the granting of the [REDACTED] of, and permission to [REDACTED] in, our H Shares to be issued pursuant to the [REDACTED] (including any additional H Shares which may be issued pursuant to the exercise of the [REDACTED] and the H Shares to be converted from Domestic Shares), on the basis that, among other things, we satisfy the [REDACTED] test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue of RMB1,008.3 million generated in FY2022, and (ii) our expected market capitalization at the time of [REDACTED], which, based on the low end of the [REDACTED], exceeding HK\$4 billion. [REDACTED] in the H Shares on the Stock Exchange are expected to commence on [REDACTED].