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UBTECH ROBOTICS CORP LTD

深圳市優必選科技股份有限公司

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

(Stock Code: 9880)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

The board (the “**Board**”) of directors (the “**Directors**”) of UBTECH ROBOTICS CORP LTD (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**”, “**our**”, “**us**” or “**UBTECH**”) for the year ended December 31, 2023 (the “**Reporting Period**”), together with the comparative figures for the year ended December 31, 2022. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the prospectus of the Company dated December 19, 2023 (the “**Prospectus**”).

FINANCIAL HIGHLIGHTS

Our revenue increased to RMB1,055.7 million for the year ended December 31, 2023 from RMB1,008.3 million for the year ended December 31, 2022. Our gross profit decreased to RMB333 million for the year ended December 31, 2023 from RMB397 million for the year ended December 31, 2022. Our loss for the year ended December 31, 2023 was RMB1,264.6 million whereas our loss for the year ended December 31, 2022 was RMB987.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

2023 was an extraordinary year with rapid recovery of the economy of the People Republic of China (the “**PRC**” or “**China**”). We have faced multiple pressure and challenges such as severe and complicated external situations and fierce market competition. In the past year, the rise of humanoid robots, large-scale model and AI industry has become a major driving force for the development of global technology. We are committed to research and development of smart humanoid robots, especially large-sized humanoid robots and related AI technologies. We have achieved breakthroughs in humanoid robot related technologies, providing a solid technical foundation for the progress and industrialisation of humanoid robots. We have made technological breakthroughs in the following areas:

A. Robotic technologies

For humanoid robots, we continued to improve the motion planning and control technology as well as the full body torque control technology of robots, and carried out the research of humanoid robot gait planning algorithm based on end-to-end reinforcement learning. We also made progress in perception-driven gait planning and generation, allowing robots to move autonomously in complex scenes such as up and down slope and steps based on the recognised terrain information. We have developed a variety of servo actuators and transmission technologies, especially high-thrust linear servo actuators which are highly integrated, which has built the foundation in terms of hardware for improving the motion ability of next generation of large-sized humanoid robots.

B. AI technologies

For end-to-end human-robot interaction, we have implemented the lightweighting of high-performance visual models into robots and intelligent products; and self-developed a low-cost binocular depth camera kit to realise binocular visual perception technology. Based on multi-sensor and multimodal integrated perception, stable and reliable panoramic perception has been achieved on driverless vehicles, including object detection, semantic segmentation, drivable area and other functions, providing effective support for path planning and obstacle avoidance.

We have developed offline full-link voice interaction technology, covering key components such as automatic speech recognition (ASR), natural language processing (NLP), and text-to-speech (TTS). Such technology is not dependent on internet connection with features of low latency and high speed, ensuring the fluency of the interaction process while safeguarding user privacy and the security of user data.

C. Integrated robotic and AI technologies

1. *SLAM and autonomous technology*

We continued to upgrade our self-developed USLAM positioning and navigation system to adapt to a variety of different scenarios and software and hardware platforms, with technological breakthroughs in both indoor and outdoor scenes. In respect of outdoor robots, we have developed low-speed self-driving technology for outdoor areas of industrial parks, and realised smart driverless logistics vehicles solutions independent of RTK high-precision positioning. In respect of indoor robots, we incorporated visual perception decision planning algorithms to help robots perceive multiple types of obstacles in real time, adapt to dynamic and static environments, make optimal behavioral and path planning decisions, and make flexible, safe, and smooth navigation control under high dynamic changes.

2. *Embodied intelligence technology*

We developed a large multimodal language model technology that can be applied to the perception, decision, and operation of robots, and successfully realised the framework for interaction between robots and the large multimodal language model through the environment and autonomous task planning. This innovative technology integrates multiple modal information such as map data, visual object recognition, and speech recognition, which can provide robots with more comprehensive and accurate environment perception, understanding, and interaction capabilities. With the application of multimodal language large model in task planning, robots can effectively improve multi-task decision-making and execution capabilities such as dialogue, navigation, object grasping, delivery, object recognition, and human-robot interaction. This technical framework has received widespread attention at the 2023 World Robot Conference.

In 2022 and 2023, we incurred R&D expenses of RMB428.3 million and RMB490.5 million, respectively, accounting for 42.5% and 46.5% of our total revenue for the year, respectively.

BUSINESS REVIEW OF 2023

I. Education smart robotic products and services

In 2023, we built a comprehensive educational software and hardware technology development platform, which has become a solid cornerstone of our core product series, including the new generation advanced education platform, Creland products that integrate education and entertainment, UGOT, the modular robot, and uKit, the block-based programmable robot.

In 2023, we underwent significant technical upgrade and developed a new generation education platform that integrates high-tech AI large model applications to empower our core platform business, and further strengthen our eight key AI functions, namely image recognition, speech recognition, machine learning, facial recognition, natural language processing, gesture recognition, doodling recognition and AI generated content (AIGC). Our platform provides high-quality AI learning resources to primary and secondary school teachers and students from perception, experience to exploration, making it an integrated smart education platform that integrates teaching, programming, practical training, evaluation and management functions. Upon such upgrade, we have made significant progress in education projects, with a significant increase in the proportion of successful bids for the next generation education platform.

In 2023, we strived to open up the broader market and actively explored smart robots + diversified integrated applications solutions. We designed an overall plan of “Technology, Education, Research and Tourism” based on regional characteristics and continuously enriched the education and cultural tourism services in the region, which injected new vitality into urban development. We also have successfully launched UGOT, a universal mimetic assembly robot with rich AI attributes, strong openness, and easy to assemble, and launched it in the market with AI education related courses. This new product stood out in the target education projects in certain provinces, while crowdfunding goals on Kickstarter has also been fully met, signifying wide acceptance in the market. In the future, UGOT will contribute new growth points to the education smart robotic products business.

The revenue generated from our education smart robotic products and services in 2023 amounted to RMB347.4 million, representing a decrease of 32.8% as compared to that in 2022, accounting for 32.9% of our total revenue for the year. Such decrease was primarily because as of December 31, 2023, some of the projects awarded or contracted in 2023 have not been delivered and accepted by the end of the year, resulting in a decrease in revenue.

II. Logistics smart robotic products and services

Logistics smart robotic products and services focus on five major industries, including new energy vehicle manufacturers, tire production factories, 3C electronic equipment factories, battery production lines, and e-commerce. Relying on our self-developed UPilot robot operating system and ACU robot core controller, we launched our main products including automatic guided vehicles (AGVs) and autonomous mobile robots (AMRs) under the Wali series, as well as Chitu L4 level driverless logistics vehicles. We provide full stack logistics robots and integrated unmanned factories, unmanned warehousing, and unmanned delivery solutions by equipping cloud platform information systems such as WMS (Warehouse Management System) and MES (Manufacturing Execution System), helping assisting in the intelligent high-efficiency operations of customers in various industries.

In 2023, we aimed to make breakthroughs in full scenario and full stack intelligent logistics. Our low-speed logistics vehicle products achieved a breakthrough from zero to one. The key release of Chitu L4 level driverless logistics vehicle won the “New Strategy • Golden Stone Award” Innovation Product Award and attracted industry attention. Chitu driverless logistics vehicle breaks through the boundaries of indoor and outdoor logistics scenes, expands the operating space of driverless logistics vehicles, meets driverless logistics needs of users in outdoor scenes, and builds indoor-outdoor integrated unmanned factory solutions.

In 2023, our Wali T3000 trailer and traction robot under the Wali series achieved mass production. We focused on AI + robotics technology and provide integrated modular products with a high degree of standardisation. Our logistics smart robotic products and services continued to empower the upgrading of industries such as vehicle, tyre, and battery manufacturing, helping customers achieve a full stack, full process logistics transformation from unmanned factories and warehouses to unmanned delivery.

The revenue generated from our logistics smart robotic products and services in 2023 amounted to RMB389.7 million, representing an increase of 47.9% as compared to that in 2022, accounting for 36.9% of our total revenue for the year. Such increase was attributable to the increased competitiveness of the Company’s logistics products and services, the continuous launch of new products, the increase in recurring purchases from existing customers, the increase in new customers and new application scenarios.

III. Other sector-tailored smart robotic products and services

In 2023, the Company continued to develop and provide intelligent robot services for scenarios such as schools, hospitals, shopping malls, and restaurants. This year, Cruzr series has carried out targeted development for the needs of overseas 4S stores of a leading new energy automobile enterprise in Shenzhen, providing services such as multi-language customer service, automotive knowledge Q&A, product promotion and introduction. Moreover, the Company cooperated with a well-known traditional oil truck manufacturer in China to start customised research and development for 4S shop services. In terms of schools, the Company developed vocational education solutions for higher education and vocational education, and provides integrated solutions for professional construction, industrial college construction and other scenarios for the Cruzr series. In respect of delivery services in restaurants and hotels, we developed Cadebot, a delivery robot, which has been introduced to the market, with nearly 100 agent partners having started testing and partial sales, and the promotion is also rapidly expanding in overseas markets. For the Walker S series, the Company has begun to explore business on assembly lines in new energy vehicle factories. Our specially developed industrial humanoid robots have been piloted on leading new energy vehicle assembly lines in China at present.

In terms of wellness solutions and products, we conducted research and development of solutions in fields such as operation management, security, life care, health management and medical rehabilitation for the elderly, and improved our services with AI and robotics as the core. We have also achieved major breakthroughs in technology research and development and engineering applications in multiple product lines such as rehabilitation robots, desktop robots, smart household devices and information management platforms. Our overall solutions were awarded the United States Edison Technology Invention Award and have been recognised by several authorities and successfully applied in multiple institutions, communities, and home service scenarios. We collaborated with relevant organisations to apply our business models and solutions in real scenarios. Meanwhile, we also actively promoted our overall elderly care service system in China and combined with local characteristics to customize our service products to meet local needs and facilitate digital and systematic health care service applications.

Our revenue from provision of other sector-tailored smart robotic products and services in 2023 reached RMB62.2 million, representing a decrease of 24.5% as compared to that in 2022, accounting for 5.9% of total revenue for the year. The decrease was primarily due to some of the projects awarded or contracted in 2023 have not been delivered and accepted by the end of the year.

IV. Consumer-level robots and other hardware devices

The Company's first generation of cat litter box received unanimous praise by users and customers in China, the United States, Europe, South Korea, Turkey, Southeast Asia and other regions in 2023. After a year of channel construction, we have built a complete secondary distribution system, covering mainstream markets in countries around the world. The second-generation cat litter box and vacuum cleaners with increased strong suction capabilities have achieved mass production, and the latter has become a Kickstarter hit. We have made stable progress in our borderless smart lawn mower project, and thanks to our strong independent research and development innovation ability and good product performance, the new products have been recognized by the majority of customers.

Our revenue from provision of consumer-level robots and other hardware devices amounted to RMB253.6 million in 2023, representing an increase of 91.5% as compared to that in 2022, accounting for 24% of total revenue for the year. The increase was primarily due to our continuously launching of new consumer-grade smart products which has driven the revenue growth.

Employees and Remuneration Policy

As of December 31, 2023, we had 2,013 full-time employees, 1,997 of which were based in mainland China, primarily at our headquarter in Shenzhen with the rest located in our other offices in Shanghai, Beijing and Xiamen. The total remuneration cost for 2023 was RMB1,006.8 million, as compared to RMB862.8 million for 2022, primarily due to the increase in share-based payment expenses by RMB179.5 million.

We recruit our employees mainly through campus recruitment, internal recruitment, social recruitment, referral by headhunters, internal staff recommendation (also through the open recruitment process) and on-site recruitment. We emphasize that we have always adhered to the principles of equal competition, information disclosure and two-way selection in the open recruitment process. Whether it is in written examination, interview or recruitment conditions, we shall adhere to the principle of equal competition, ensure that recruitment information is disclosed transparently and communicate equally with candidates. We offer competitive remuneration package to our employees, which are generally based on their qualifications, industry experience, position and performance. In order to motivate, retain and reward talents for their contribution to the development of our Group, we have approved and adopted several equity incentive schemes since 2015. We regularly evaluate the performance of our employees and reward the well-performed with bonus and promotion.

We invest in continuing education and training programs, including regular and tailor-made internal and external training, for our employees to improve their professional knowledge, and management skills, upgrade their skill sets and keep abreast of the industry standards in their respective positions. Pre-employment induction training and orientation is provided to all new hiring. We also organize activities to provide our employees with a deeper understanding of our culture.

Capital Expenditures

The Group's capital expenditure of RMB540.7 million in 2023 was mainly related to construction of our headquarters in Shenzhen.

Right-of-use Assets and Lease Liabilities

The related right-of-use assets and lease liabilities are located in the PRC. As of December 31, 2023, the Group's right-of-use assets were RMB65.7 million (RMB55.2 million as of December 31, 2022) and its lease liabilities were RMB77.0 million (RMB66.1 million as of December 31, 2022). In 2023, depreciation charges of right-of-use assets amounted to RMB32.0 million and interest charges of lease liabilities amounted to RMB2.8 million.

Future Outlook

With humanoid robots and AI as its core strategy, we are committed to penetrating humanoid robots into thousands of households. In the future, we look forward to make breakthroughs in embodied intelligence technology. In particular, we will focus on the following areas:

1. Humanoid robots

We will continue to invest in the software and hardware research and development of humanoid robots, enhance motion capabilities, intelligence and operation capabilities of humanoid robots, deeply integrate the latest AI technology, such as multimodal language large model, and carry out research in multimodal perception, inference, task decision-making and planning. We will also use technology and scenario dual drivers to promote the application of humanoid robots in industrial and service scenarios.

2. Multimodal perception and large model technology

Taking multimodal perception and large model technology as an important strategy, we will enhance the perception ability of robots by integrating and analyzing multimodal signals such as laser, image, video, voice, and text. We will also research on large model robots to enhance multimodal perception, data analysis, inference decision making, and multi-task generalization ability in dynamic scenarios. Specifically, we will expand traditional machine vision scene understanding to more human interactive inference-based understanding according to the input of image and multimodal data, so as to enhance the naturalness of interaction. We will study the high-level semantic information understanding of scenes with lidar and vision cameras as the main sensors, and develop multi-modal large models to integrate data, knowledge and common sense to build a robot brain.

3. Embodied intelligence

We will study embodied intelligence technology to enhance the physical world interaction, operation, and learning abilities of robots, enabling them to autonomously perform complex or even unfamiliar tasks. Specifically, we will enhance the perception and understanding abilities of robots towards complex scenes and terrains to enhance their autonomous motion capabilities of the whole scene. We will build a simulation environment to restore the physical world, and combine physical real data with virtual simulation data to improve the flexibility and human-like nature of robots when performing tasks. We will also build and improve the hardware and software structure and platform of embodied intelligence, and iterate the handling, grasping, operation and interaction technologies of robots to improve their understanding and learning capabilities of the physical world.

In the coming future, we will continue to promote the high-quality development of the industry, accelerate the construction of new productive forces, and comprehensively boost up new industrialisation. As a globalised company, we will also further optimise our overseas layout and expand the international market to better meet the needs of global customers.

FINANCIAL REVIEW

Overview

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. Revenue of the Group in 2023 increased by 4.7% to RMB1,055.7 million compared to RMB1,008.3 million in 2022 owing to changes in revenue mix as detailed below.

Revenue by products and services

	Year ended 31 December			
	2023	% of	2022	% of
	<i>Amount</i>	<i>Revenue</i>	<i>Amount</i>	<i>% of</i>
	<i>RMB'000</i>	<i>Amount</i>	<i>RMB'000</i>	<i>Revenue</i>
		<i>Amount</i>		<i>Amount</i>
Education smart robotic products and services	347,328	32.9	516,688	51.2
Logistics smart robotic products and services	389,724	36.9	263,437	26.1
Other sector-tailored smart robotic products and services	62,238	5.9	82,418	8.2
Consumer-level robots and other hardware devices	253,583	24.0	132,448	13.1
Others <i>(Note)</i>	2,825	0.3	13,281	1.3
Total	<u>1,055,698</u>	<u>100.0</u>	<u>1,008,272</u>	<u>100.0</u>

Note: “Others” primarily included sales of raw materials and spare parts.

Our revenue attributable to education smart robotic products and services decreased by 32.8% from RMB516.7 million in 2022 to RMB347.3 million in 2023, primarily due to as of 31 December, 2023, some of the projects awarded or contracted in 2023 have not been delivered and accepted by the end of the year, resulting in a decrease in revenue.

Our revenue attributable to logistics smart robotic products and services increased by 47.9% from RMB263.4 million in 2022 to RMB389.7 million in 2023, primarily due to the increased competitiveness of the Company’s logistics products and services, the continuous launch of new products, the increase in recurring purchases from existing customers, the increase in new customers and new application scenarios.

Our revenue attributable to other sector-tailored smart robotic products and services decreased by 24.5% from RMB82.4 million in 2022 to RMB62.2 million in 2023, primarily due to some of the projects awarded or contracted in 2023 have not been delivered and accepted by the end of the year.

Our revenue attributable to consumer-level robots and other hardware devices increased by 91.5% from RMB132.4 million in 2022 to RMB253.6 million in 2023, primarily due to our continuously launching of new consumer-grade smart products which has driven the revenue growth.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 16.2% from RMB397.2 million in 2022 to RMB332.8 million in 2023. Our gross profit margins were 31.5% and 39.4% in 2023 and 2022, respectively, primarily due to the changes in product sales mix, increase in the revenue share of logistics smart robotic products and services with relatively lower gross margins, and decrease in the revenue share of education smart robotic products and services with higher gross margins.

Other Income

Our other income, net increased by 189.4% from RMB9.4 million in 2022 to RMB27.2 million in 2023, primarily due to partial refund of value-added tax in 2022 resulting in a less amount of other income.

Selling Expenses

Our selling expenses increased by RMB132.8 million from RMB373.3 million in 2022 to RMB506.1 million in 2023, and increased to 47.9% in 2023 compared with 37.0% in 2022 as a percentage of the Group's revenue, primarily due to (i) the increase of RMB91.8 million in share-based payment; and (ii) the increase of RMB40.1 million in e-commerce promotion expenses. Employee benefit expenses increased by RMB65.5 million to RMB301.4 million in 2023 from RMB235.9 million in 2022, primarily due to the increase of RMB91.8 million in share-based payment. Other key expenses included advertising and promotion of RMB90.9 million, marketing, conference and traveling expenses of RMB21.3 million, depreciation and amortization of RMB18.1 million and others of RMB74.4 million in 2023.

Administrative Expenses

Our administrative expenses decreased by RMB10.0 million to RMB399.7 million in 2023 as compared to RMB409.7 million in 2022, and decreased to 37.9% in 2023 compared with 40.6% in 2022 as a percentage of the Group's revenue, primarily due to (i) expenses of RMB92 million incurred in 2022 for the acquisition of subsidiaries, while there was no such expense in 2023; (ii) one-off listing expenses of RMB63.7 million were incurred in 2023; and (iii) the increase of RMB25.8 million in expenses for share-based payments. Administrative expenses in 2023 mainly comprised employee benefit expenses of RMB246.7 million, depreciation and amortization of RMB30.9 million, business development, conference and traveling expenses of RMB5.2 million, office expense of RMB8.3 million, and professional service fees of RMB6.3 million.

Research and Development Expenses

Our research and development expenses increased by RMB62.2 million from RMB428.3 million in 2022 to RMB490.5 million in 2023, and increased to 46.4% in 2023 compared with 42.5% in 2022 as a percentage of the Group's revenue, primarily due to the increase of RMB60.7 million in expenses for share-based payment. Our research and development expenses mainly comprised staff remuneration of RMB407.5 million, materials consumed of RMB29.0 million and software tools and consumer goods of RMB18.9 million in 2023.

Credit Impairment Losses

Our net credit impairment losses increased from RMB46.4 million in 2022 to RMB145.0 million in 2023, primarily due to certain government-related customers deferring their payment of receivables and, for prudence sake, a corresponding amount of impairment has been provided for in 2023.

Finance Expenses

Our finance expenses increased from RMB0.2 million in 2022 to RMB9.0 million in 2023, primarily due to the combined effect of the decrease of RMB19.9 million in exchange revenue in 2023 and the decrease of RMB9.5 million in interest expense.

Income Tax Expense

Income tax expense increased to RMB37.4 million in 2023 as compared to RMB16.5 million in 2022, primarily due to the increase in pre-tax income of subsidiaries subject to tax.

Loss for the Year

As a result of the foregoing, our loss for the year was RMB987.4 million and RMB1,264.6 million in 2022 and 2023, respectively.

Non-GAAP Measures

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

We define “adjusted net loss for the year (non-GAAP measure)” as loss for the year adjusted by adding back share-based payments (being non-cash in nature) and listing expenses (which is related to the Global Offering). We define “adjusted EBITDA non-GAAP measure” as “adjusted net loss for the year (non-GAAP measure)” adding back (i) interest expenses, (ii) income tax expense, (iii) credit impairment loss and asset impairment loss; (iv) depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets, which are non-cash in nature, and (v) deducting interest income from it.

The following table sets forth the reconciliation of net loss and “adjusted net loss for the year (non-GAAP measure)” and “adjusted EBITDA (non-GAAP measure)” for the years ended December 31, 2022 and 2023:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Reconciliation of net loss and “adjusted net loss for the year (non-GAAP measure)” and “adjusted EBITDA (non-GAAP measure)”		
Net loss for the year	(1,264,590)	(987,368)
<i>Add:</i>		
Share-based payments	383,839	204,387
Listing expenses	63,749	944
	<hr/>	<hr/>
Adjusted net loss for the year (non-GAAP measure)	(817,002)	(782,037)
<i>Add:</i>		
Interest expenses (<i>Note</i>)	14,949	24,435
— <i>Interest expenses on lease liabilities</i>	2,847	3,185
— <i>Interest expenses on borrowings</i>	59,408	38,688
— <i>Interest expenses capitalised</i>	(47,306)	(17,438)
Income tax expense	37,361	16,509
Depreciation of right-of-use assets	46,904	36,693
Depreciation of property, plant and equipment	32,039	51,018
Amortization of intangible assets	7,002	2,332
Credit impairment loss	144,995	46,386
Asset impairment loss	26,376	70,618
	<hr/>	<hr/>
<i>Less:</i>		
Finance income	8,078	3,628
	<hr/>	<hr/>
Adjusted EBITDA (non-GAAP measure)	(515,454)	(537,674)
	<hr/>	<hr/>

Note: Interest expenses included interest expenses on borrowings, net of amount capitalised and interest expenses on lease liabilities.

Liquidity and Capital Resources

Cash used in operation in 2023 was approximately RMB1,000.0 million (RMB538.7 million in 2022). As of December 31, 2023, the Group had cash and cash equivalents of approximately RMB520.9 million (RMB145.4 million as of December 31, 2022) with approximately RMB1,453.5 million of external bank borrowings (RMB622.7 million as of December 31, 2022).

In terms of gearing, the Group's gearing ratios (defined as total interest-bearing borrowings and lease liabilities divided by total equity) in 2022 and 2023 were 65.4% and 73.3%, respectively. The current ratios of the Group (defined as total current assets divided by total current liabilities) as of December 31, 2022 and December 31, 2023 were 1.0 times and 1.5 times respectively. As of December 31, 2023, the Group had no material contingent liabilities. With the cash and bank balances in hand and the net proceeds received from the international placing tranche of the Global Offering of approximately HK\$871.4 million (equivalent to approximately RMB789.2 million) in early 2024, the Group's liquidity position remains strong to meet its working capital requirements.

As of December 31, 2023, our interest-bearing bank and other borrowings were RMB1,453.5 million. Our interest-bearing bank and other borrowings increased from RMB622.7 million as of December 31, 2022 to RMB1,453.5 million as of December 31, 2023 mainly in respect of daily operations and the payments of the construction cost of the headquarter building of the Group located in Shenzhen.

Pledge of Assets

As of December 31, 2022 and 2023, 100% equity interest of Shenzhen UBTECH Technology Industrial Co., Ltd., a subsidiary of our Group, has been pledged to secure bank loans of our Group mainly for our construction of property, plant and equipment.

Treasury Policies and Exposure to Fluctuations in Exchange Rates

Most of the Group's revenues are denominated in RMB as its operations are mainly located in China. As of December 31, 2023, approximately 79.0% (85.7% as of December 31, 2022) of the Group's bank balances and cash was denominated in RMB and 17.4% (6.8% as of December 31, 2022) of the Group's bank balances and cash was denominated in HKD which was mainly proceeds from the Hong Kong public offering tranche of the Global Offering. The remaining 3.6% (7.5% as of December 31, 2022) was denominated in United States Dollars, Euros, Singapore Dollars, Pounds or Japanese Yen. The Group continues to adopt a conservative approach in its foreign exchange exposure management. For the year ended December 31, 2023, the Group did not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group reviews its foreign exchange risks periodically and uses derivative financial instruments to hedge against such risks when necessary.

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

(ALL AMOUNTS IN RMB'000 UNLESS OTHERWISE STATED)

Item	Note	2023	2022
I. Revenue	5	1,055,698	1,008,272
Less: Cost of sales	5, 6	(722,880)	(611,104)
Taxes and surcharges		(8,593)	(6,206)
Selling expenses	6	(506,113)	(373,344)
General and administrative expenses	6	(399,706)	(409,652)
Research and development expenses	6	(490,502)	(428,280)
Financial expenses		(9,011)	(189)
Including: Interest expenses		(14,949)	(24,435)
Interest income		8,078	3,628
Add: Other income		27,220	9,441
Investment income		(71)	(22,491)
Including: Share of profit/(loss) of an associate and a joint venture		(71)	5,521
Credit impairment losses		(144,995)	(46,386)
Asset impairment losses		(26,376)	(70,618)
Losses on disposals of assets		(2,307)	(17,837)
II. Operating loss		(1,227,636)	(968,394)
Add: Non-operating income		1,037	26
Less: Non-operating expenses		(630)	(2,491)
III. Total loss		(1,227,229)	(970,859)
Less: Income tax expenses	7	(37,361)	(16,509)
IV. Net loss		(1,264,590)	(987,368)
Classified by continuity of operations			
Net loss from continuing operations		(1,264,590)	(987,368)
Classified by ownership of the equity			
Net loss attributable to shareholders of the Company		(1,234,048)	(974,809)
Loss attributable to minority interests		(30,542)	(12,559)

Item	Note	2023	2022
V. Other comprehensive income, net of tax			
Other comprehensive income that will not be subsequently reclassified to profit or loss			
Change in fair value of investments in other equity instruments		500	1,600
Other comprehensive income that will be reclassified to profit or loss			
Translation difference on foreign currency financial statements		<u>13,096</u>	<u>(16,739)</u>
VI. Total comprehensive loss		<u><u>(1,250,994)</u></u>	<u><u>(1,002,507)</u></u>
Total comprehensive loss attributable to shareholders of the Company		(1,220,452)	(989,948)
Total comprehensive loss attributable to minority interests		<u>(30,542)</u>	<u>(12,559)</u>
VII. Losses per share			
Basic and diluted losses per share (RMB)	8	<u><u>(3.05)</u></u>	<u><u>(2.50)</u></u>

CONSOLIDATED BALANCE SHEET

(ALL AMOUNTS IN RMB'000 UNLESS OTHERWISE STATED)

Assets	Note	December 31, 2023	December 31, 2022
Current assets			
Cash at bank and on hand		541,402	193,579
Notes receivables		6,641	12,398
Accounts receivables	9	833,673	649,655
Prepayments		120,408	61,245
Other receivables	10	869,456	50,441
Inventories		416,024	326,166
Assets held for sale		—	12,466
Other current assets		129,633	79,209
Total current assets		2,917,237	1,385,159
Non-current assets			
Long-term equity investments		19,929	—
Investment in other equity instruments		6,073	5,573
Fixed assets		141,830	159,141
Construction in progress		1,010,999	578,420
Right-of-use assets		65,719	55,208
Intangible assets		439,245	459,303
Goodwill		52,221	75,587
Long-term prepaid expenses		26,741	21,619
Other non-current assets		85,641	47,992
Total non-current assets		1,848,398	1,402,843
Total assets		4,765,635	2,788,002

Liabilities and Shareholders' equity	Note	December 31, 2023	December 31, 2022
Current liabilities			
Short-term borrowings	11	777,223	324,468
Notes payable		3,964	—
Accounts payables	12	412,534	305,406
Contract liabilities		58,945	84,509
Employee benefits payable		152,319	182,463
Taxes payable		73,620	68,054
Other payables		382,829	337,893
Non-current liabilities to be settled within one year		62,771	37,164
Other current liabilities		27,900	24,538
Total current liabilities		<u>1,952,105</u>	<u>1,364,495</u>
Non-current liabilities			
Long-term borrowings	13	648,989	295,891
Lease liabilities		41,514	31,273
Deferred income		32,889	41,164
Deferred tax liabilities		1,255	1,255
Total non-current liabilities		<u>724,647</u>	<u>369,583</u>
Total liabilities		<u>2,676,752</u>	<u>1,734,078</u>
Shareholders' equity			
Share capital	14	417,851	396,173
Capital surplus		7,212,784	5,014,876
Other comprehensive income/(loss)		8,985	(4,611)
Accumulated losses		(5,679,207)	(4,445,159)
Total equity attributable to the shareholders of the Company		1,960,413	961,279
Minority interests		128,470	92,645
Total shareholders' equity		<u>2,088,883</u>	<u>1,053,924</u>
Total liabilities and shareholders' equity		<u><u>4,765,635</u></u>	<u><u>2,788,002</u></u>

1. GENERAL INFORMATION

UBTECH ROBOTICS CORP LTD (hereinafter referred to as the “Company”) was a joint stock company established in the People’s Republic of China (the “PRC”) on March 31, 2012. The registered address and headquarters of the Company is in Shenzhen City, Guangdong Province, the PRC. The Company’s H shares were listed on the main board of The Stock Exchange of Hong Kong Limited on December 29, 2023. As of December 31, 2023, the total share capital of the Company was RMB417,850,674 each with par value of RMB1.00. The major shareholder of the Company is Mr. Zhou Jian, as at December 31, 2023, he directly held 24.79% of the equity interest. In view of Mr. Zhou Jian’s indirect interest in the Company through certain partnerships, and Mr. Zhou Jian has entered into agreements with certain shareholders of the Company whereby such shareholders have agreed to entrust Mr. Zhou Jian or to follow his decision in exercising the voting rights of such shareholders, as at December 31, 2023, Mr. Zhou Jian beneficially controlled approximately 51.17% of the voting rights of the Company. Hence, Mr. Zhou Jian is regarded as the ultimate controlling shareholder of the Company.

The Company and its subsidiaries (collectively, the “Group”) are primarily engaged in the research and development, design, production and sales of robotic products and provision of ancillary service and solutions.

The Company’s H shares have been listed on the Stock Exchange of Hong Kong since December 29, 2023.

2. BASIS OF PREPARATION

The financial statements are prepared in accordance with Accounting Standard for Business Enterprises — Basic Standard, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on February 15, 2006 and in subsequent periods (hereafter collectively referred to as “the Accounting Standards for Business Enterprises” or “CAS”). Certain matters relating to financial statement have been disclosed in accordance with disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements of the Company are prepared on a going concern basis.

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

3. SEGMENT INFORMATION

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

An operating segment is a component of the Group that meets the following conditions: (1) it engages in business activities from which it may earn revenues and incur expenses; (2) its financial performance is regularly reviewed by the Group’s management to make decisions about resource to be allocated to the segment and assess its performance; (3) the Group is able to obtain its accounting information regarding financial position, financial performance and cash flows. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and satisfy certain conditions. As the management of the Group believes that the Group has only one operating segment, the Group does not disclose any segment information.

During 2023, more than 90% of the Group’s non-current assets, excluding financial instruments and deferred income tax assets, were situated in Mainland China.

4. CHANGES IN ACCOUNTING POLICIES

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

5. REVENUE AND COST OF SALES

	2023		2022	
	Revenue	Cost of sales	Revenue	Cost of sales
Sales of goods	964,273	691,439	910,778	555,291
Provision of services	91,425	31,441	97,494	55,813
	<u>1,055,698</u>	<u>722,880</u>	<u>1,008,272</u>	<u>611,104</u>

The Group’s revenue breakdown based on the geographical regions and the timing of delivery of goods and provision of services sets out below:

	2023		2023 Total
	2023 Mainland China	Hong Kong and overseas	
Revenue recognized at a point in time	735,481	228,792	964,273
Revenue recognized over time	<u>89,540</u>	<u>1,885</u>	<u>91,425</u>
	<u>825,021</u>	<u>230,677</u>	<u>1,055,698</u>

	2022		2022 Total
	2022 Mainland China	Hong Kong and overseas	
Revenue recognized at a point in time	780,159	130,619	910,778
Revenue recognized over time	<u>97,108</u>	<u>386</u>	<u>97,494</u>
	<u>877,267</u>	<u>131,005</u>	<u>1,008,272</u>

In 2023, the revenue contributed by two customers which individually contributed more than 10% of the total revenue of the Group amounted to RMB422,822,000 in total, representing 40% of the Group’s revenue.

In 2022, the revenue contributed by two customers which individually contributed more than 10% of the total revenue of the Group amounted to RMB527,825,000 in total, representing 52% of the Group’s revenue.

6. EXPENSES BY NATURE

The cost of sales, selling expenses, general and administrative expenses, research and development expenses presented in consolidated income statement classified by nature are sets out below:

	2023	2022
Raw materials and consumables used	654,352	347,271
Employee benefit expenses	622,970	658,418
Share-based payments	383,839	204,387
Changes in finished goods, work in progress, delivered goods and contract fulfilment costs	(71,611)	101,036
Advertising and promotion expenses	90,932	50,784
Depreciation and amortization	85,945	90,043
Travelling expenses	37,867	22,945
Transportation expenses	35,321	20,783
Sales commission	26,305	10,346
Entertainment expenses	25,277	23,967
Outsourcing labor costs	23,839	21,705
Subcontracting expenses	22,010	63,811
Office expenses	19,215	22,992
Software tools and consumables	18,885	16,913
Warehousing and storage expenses	17,932	9,829
Installation costs	10,259	12,041
Repair and maintenance expenses	6,633	13,110
Professional service fees	6,278	5,197
Scrap of inventories	4,760	16,341
Listing expenses	63,749	944
Auditors' remuneration	7,470	340
— Audit services	6,100	183
— Non-audit services	1,370	157
Share-based payments to facilitate business combination	—	91,999
Others	26,974	17,178
	<u>2,119,201</u>	<u>1,822,380</u>

7. INCOME TAX EXPENSES

	2023	2022
Current income tax calculated based on tax law and related regulations	<u>37,361</u>	<u>16,509</u>

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

8. LOSSES PER SHARE

Basic losses per share is calculated by dividing the consolidated net loss attributable to ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares of the Company:

	2023	2022
Consolidated net loss attributable to ordinary shareholders of the Company (RMB)	1,234,048	974,809
Weighted average number of outstanding ordinary shares of the Company	<u>405,149</u>	<u>389,194</u>
Basic losses per share (RMB)	<u><u>3.05</u></u>	<u><u>2.50</u></u>

As there were no dilutive potential ordinary shares in 2023 and 2022, diluted losses per share equal to basic losses per share.

9. ACCOUNTS RECEIVABLES

	As at December 31, 2023	As at December 31, 2022
Accounts receivables	1,068,734	739,284
Less: loss allowance	<u>(235,061)</u>	<u>(89,629)</u>
	<u><u>833,673</u></u>	<u><u>649,655</u></u>

The aging analysis of accounts receivables by invoice date is as follows:

	As at December 31, 2023	As at December 31, 2022
Within 6 months	618,188	469,282
6 months to 1 year	67,318	119,912
1 to 2 years	291,208	89,978
2 to 3 years	59,991	11,916
Over 3 years	<u>32,029</u>	<u>48,196</u>
	<u><u>1,068,734</u></u>	<u><u>739,284</u></u>

10. OTHER RECEIVABLES

	As at December 31, 2023	As at December 31, 2022
Receivables in respect of listing proceeds <i>(a)</i>	828,142	—
Deposits paid and guarantees receivables <i>(b)</i>	36,134	48,781
Receivables relating to asset disposals	7,000	7,000
Advances to employees	2,696	3,415
Others	12,136	8,334
	<u>886,108</u>	<u>67,530</u>
Less: loss allowance	<u>(16,652)</u>	<u>(17,089)</u>
	<u><u>869,456</u></u>	<u><u>50,441</u></u>

(a) The shares of the Company were listed on the Main Board of Hong Kong Stock Exchange on December 29, 2023 and the proceeds raised from international placing tranche of the Global Offering is amount to HK\$913,842,000 (equivalent to approximately RMB828,142,000). Such proceeds, after deducting relevant amounts due to underwriters by the Company of HK\$871,378,000 (equivalent to approximately RMB789,155,000) in aggregate, were transferred from our underwriters to the Group's bank account in Hong Kong on January 3, 2024.

(b) As at December 31, 2023 and December 31, 2022, the Group's deposits paid and guarantees receivables mainly include deposits paid for guarantees of product quality, deposits paid for property, plant and equipment and rental deposits paid by the Group.

11. SHORT-TERM BORROWINGS

	As at December 31, 2023	As at December 31, 2022
Secured and guaranteed borrowings <i>(a)</i>	72,146	30,028
Secured borrowings <i>(b)</i>	2,000	58,000
Guaranteed borrowings <i>(c)</i>	643,063	236,440
Unsecured credit borrowings	60,014	—
	<u>777,223</u>	<u>324,468</u>

(a) As at December 31, 2023, secured and guaranteed borrowings of the Group of RMB72,146,000 (December 31, 2022: RMB30,028,000) were secured by the Group's certain land use rights and 100% equity interest of a subsidiary, Shenzhen UBTECH Technology Industrial Co., Ltd. (深圳市優必選科技實業有限公司), and the Company's 16 patent rights as collateral, and guaranteed by the Company and Mr. Zhou Jian. As at February 6, 2024, the guarantee from Mr. Zhou Jian was released.

(b) As at December 31, 2023, secured borrowings of RMB2,000,000 were short-term borrowings obtained from discounting bank acceptance bills of RMB2,000,000.

(c) As at December 31, 2023, guaranteed borrowings of 643,063,000 (December 31, 2022: RMB236,440,000) were obtained by a subsidiary of the Group, which are guaranteed by the Company and other subsidiaries.

12. ACCOUNTS PAYABLES

	As at December 31, 2023	As at December 31, 2022
Payables for purchase of raw materials	260,408	156,804
Payables for outsourcing labor cost	148,351	129,083
Others	3,775	19,519
	<u>412,534</u>	<u>305,406</u>

The aging analysis of accounts payable based on invoice dates of recognition is as follows:

	As at December 31, 2023	As at December 31, 2022
Within 6 months	323,456	239,190
6 months to 1 year	24,766	15,288
1 to 2 years	37,616	45,909
Over 2 years	26,696	5,019
	<u>412,534</u>	<u>305,406</u>

As at December 31, 2023, accounts payable aged over one year amounted to RMB64,312,000 (December 31, 2022: RMB50,928,000), were mainly outsource projects payables, part of which will be settled upon inspection and acceptance due to their long construction period.

13. LONG-TERM BORROWINGS

	As at December 31, 2023	As at December 31, 2022
Secured and guaranteed borrowings	676,311	298,194
Less: long-term borrowings repayable within one year	<u>(27,322)</u>	<u>(2,303)</u>
	<u>648,989</u>	<u>295,891</u>

As at December 31, 2023, secured and guaranteed borrowings of the Group of RMB676,311,000 (December 31, 2022: RMB298,194,000) were secured by the Group's certain land use rights assets and 100% equity interest of a subsidiary, Shenzhen UBTECH Technology Industrial Co., Ltd. (深圳市優必選科技實業有限公司), and the Company's 16 patent rights as collateral, and guaranteed by the Company and Mr. Zhou Jian. The interest shall be paid every three months and the principal shall be repaid before June 18, 2031. As at February 6, 2024, Mr. Zhou Jian released the guarantee.

14. SHARE CAPITAL

	As at December 31, 2022	Issuance of new shares	As at December 31, 2023
Share capital (a)	396,173	21,678	417,851
	<u>396,173</u>	<u>21,678</u>	<u>417,851</u>
	As at December 31, 2021	Issuance of new shares	As at December 31, 2022
Share capital (b)	384,088	12,085	396,173
	<u>384,088</u>	<u>12,085</u>	<u>396,173</u>

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

The shares of the Company were listed on the Main Board of Hong Kong Stock Exchange on December 29, 2023 and publicly issued a total of 11,282,000 shares at the price of HK\$90.00 per share. The total proceeds are HK\$1,015,380,000 (equivalent to RMB920,508,000), after deducting capitalized issuance expense of RMB43,074,000, the amount of RMB11,282,000 is included in share capital and RMB866,152,000 was included in share premium. The proceeds from international placement of the Company on listing date of HK\$913,842,000 (HK\$828,142,000 in aggregate) are temporarily deposited in the account of the Company's underwriter on December 31, 2023, and transferred into the Company's fundraising account in Hong Kong on January 3, 2024.

- (b) During the year ended December 31, 2022, the Company issued a total of 10,919,498 ordinary shares at the price of RMB78.88 per share to investors and raised a total of RMB861,330,000, of which RMB10,919,000 was included in the share capital and RMB850,411,000 was included in the share premium.

In July 2022, the Company issued a total of 1,166,319 shares to the three vendors to satisfy part of the consideration in relation to the acquisition of Shanghai UBJ Education Technology Co., Ltd. (上海優必傑教育科技有限公司). The fair value of the issued shares is RMB91,999,000, of which RMB1,166,000 was included in share capital and RMB90,833,000 was included in share premium.

15. DIVIDENDS

No dividend had been declared or paid by the Company during the year ended December 31, 2023 (2022: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The H shares of the Company (the “**H Shares**”) were listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on December 29, 2023 (the “**Listing Date**”). Accordingly, the Corporate Governance Code (the “**CG Code**”) set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) is only applicable to the Company since the Listing Date. The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company (the “**Shareholders**”) as a whole. Following the Listing, the Company has adopted corporate governance practices based on the principles and code provisions as set out in the CG Code as its own code of corporate governance practices.

The Board is of the view that during the period from the Listing Date to December 31, 2023 (the “**Relevant Period**”), the Company has complied with all the applicable code provisions as set out in the CG Code, except for Code Provision C.2.1 as disclosed below. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhou Jian is both the chairman of the Board and the chief executive officer of the Company. Since establishment of our Group in 2012, Mr. Zhou has been a key leadership figure of our Group and has been deeply involved in the formulation of business strategies for and the determination of the overall direction of our Group. Taking into account the continuation of management and the implementation of our business strategies, our Directors (including our independent non-executive Directors) consider that it would be most suitable for Mr. Zhou to hold both the positions of chief executive officer and the chairman of the Board, and that the existing arrangements are beneficial to the management of our Group and are in the interests of our Company and our Shareholders as a whole. The balance of power and authority is ensured by the operation of the senior management and our Board, both of which comprises experienced and high-calibre individuals. Our Board comprises four executive Directors (including Mr. Zhou), three non-executive Directors and four independent non-executive Directors, and therefore has a strong independence element in its composition.

In light of the above, the Board considers that the deviation from Code Provision C.2.1 of the CG Code is appropriate in the circumstances of the Company. The Board will continue to review the current structure from time to time and consider the appropriate move to take when appropriate.

Compliance with the Model Code for Securities Transaction by Directors

Since the H Shares were listed on the Stock Exchange on the Listing Date, the provisions regarding compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules are only applicable to the Company since the Listing Date.

Following the Listing, the Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the supervisors of the Company (the “**Supervisors**”), and the Group’s employees who, because of his/her office or employment, are likely to possess inside information in relation to the Group or the Company’s securities. Specific enquiries have been made to all Directors and Supervisors and the Directors and Supervisors have confirmed that they have complied with the required standards set out in the Model Code during the Relevant Period.

No incident of non-compliance of the Model Code by the employees was noted by the Company for the Relevant Period.

Purchase, Sale or Redemption of the Company’s Listed Securities

From the Listing Date up to the date of this announcement, there was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries.

Material Legal Proceedings

The Group was not involved in any material legal proceeding during the year ended December 31, 2023.

Proceeds from the Global Offering

The H Shares were listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the Global Offering in the amount of approximately HK\$905.9 million (not including the net proceeds of approximately HK\$25.3 million received by the Company from the partial exercise of the over-allotment option (the “**Over-allotment Option**”) as defined in the Prospectus in January 2024 as disclosed in the announcement of the Company dated January 22, 2024 (the “**Over-allotment Announcement**”)) after deducting underwriting commissions and all related expenses (the “**Net Proceeds**”).

Use of proceeds from the Global Offering

The following table sets forth the Company's use of the Net Proceeds and the planned timetable on utilising the Net Proceeds in full as at December 31, 2023.

	Approximate percentage of the total Net Proceeds	Net Proceeds from the Global Offering (HKD'million) <i>(Note 2)</i>	Expected time to utilise the remaining Net Proceeds in full
Further advance our R&D capabilities to enhance our core technologies and products and services offerings	47%	425.8	By the end of 2026
Repayment of bank loans	19.4%	175.7	By the end of 2024
Enhance our R&D infrastructure to improve our R&D capabilities and efficiencies	7.9%	71.6	By the end of 2024
Enhance brand awareness and market penetration	9.5%	86.1	By the end of 2025
Further optimize our management and operational efficiency	6.2%	56.2	By the end of 2026
General working capital	10.0%	90.6	By the end of 2024
Total <i>(Note 1)</i>	<u>100%</u>	<u>905.9</u>	

Note:

1. Any discrepancies in the above table between the total shown and the sum of the amounts listed are due to rounding.
2. Since the Listing Date and up to December 31, 2023, all the Net Proceeds have not yet been utilised.

On December 29, 2023, we received proceeds from the Hong Kong public offering tranche of the Global Offering, after deducting part of the listing expenses and underwriting commissions, in the aggregate of approximately HK\$101.5 million (equivalent to approximately RMB92.0 million) and recorded as cash at bank and on hand of the Company as at December 31, 2023.

On January 3, 2024, we received proceeds from the international placing tranche of the Global Offering, after deducting part of the listing expenses and underwriting commissions, in the aggregate of approximately HK\$871.4 million (equivalent to approximately RMB789.2 million), and accordingly other receivables of RMB828.1 million as at December 31, 2023 was converted into cash at bank and on hand of the Company.

Subsequent to December 31, 2023, as disclosed in the Over-allotment Announcement, the Company has received additional net proceeds of approximately HK\$25.3 million from the over-allotment shares to be issued and allotted upon the partial exercise of the Over-Allotment Option after deduction of the underwriting fees and commissions and expenses payable by the Company in connection with the Global Offering (the “**Additional Net Proceeds**”). After careful consideration and detailed evaluation of the current progress of execution of the future plans and business strategy of the Group, the Board has resolved to change the use of the Additional Net Proceeds. Instead of being allotted to the purposes as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus on a pro rata basis, the Additional Net Proceeds will be used for working capital and other general corporate purposes.

Since the Listing Date and up to December 31, 2023, the Group had not yet utilised any net proceeds, and will gradually utilise the Net Proceeds and the Additional Net Proceeds in accordance with the intended purposes as stated in the Prospectus and the Over-allotment Announcement, respectively. The expected timeline is based on the best estimation of future market conditions and business operations made by the Company currently, and will be subject to change based on future development of market conditions and actual business needs.

Audit Committee

The Audit Committee currently comprises three independent non-executive Directors, being Mr. Xiong Chuxiong, Mr. Leung Wai Man, Roger and Mr. Poon Fuk Chuen. Mr. Xiong Chuxiong is the chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated annual results of the Group for the year ended December 31, 2023 with the management and the auditor of the Company. The Audit Committee considered that the consolidated annual results of the Group for the year ended December 31, 2023 are in compliance with the applicable accounting standards, laws and regulations. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and issues in relation to internal control, risk management and financial reporting with the management of the Company.

Scope of Work of the Auditor

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended December 31, 2023 as set out in this annual results announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers Zhong Tian LLP, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by PricewaterhouseCoopers Zhong Tian LLP in this respect did not constitute an audit and consequently no assurance opinion has been expressed by PricewaterhouseCoopers Zhong Tian LLP on this annual results announcement.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Over-allotment Announcement, the Over-allotment Option has been partially exercised on January 19, 2024 (after trading hours), in respect of an aggregate of 292,150 H Shares, representing approximately 2.59% of the total number of the Shares initially available under the Global Offering before any exercise of the Over-allotment Option, at the offer price of HK\$90.0 per H Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%), being the offer price per H Share under the Global Offering. On January 24, 2024, we received proceeds from the partial exercise of the Over-allotment Option, after deducting part of the listing expenses and underwriting commissions, in the aggregate of approximately HK\$25.3 million (equivalent to approximately RMB23.0 million) and recorded as cash at bank and on hand of the Company.

As disclosed in the circular of the Company dated January 24, 2024, on January 24, 2024, the Board has resolved to propose, among other things, the adoption of China Accounting Standards for Business Enterprises, amendments to the articles of association of the Company, appointment of auditor, arrangement of guarantees to be provided by the Company to certain of its subsidiaries, and arrangement of bank credit to be applied by the Company. As disclosed in the poll results announcement dated February 8, 2024, all of the aforementioned resolutions were approved by the Shareholders at the 2024 first extraordinary general meeting of the Company held on February 8, 2024.

Saved as disclosed above, there are no events causing significant impact on the Group from the balance sheet date to the date of this announcement.

PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors, not less than 25% of the Shares in issue are held by the numbers of public since the Listing Date and up to the date of this announcement as required by the Listing Rules.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended December 31, 2023.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ubtrobot.com).

The annual report of the Company for the year ended December 31, 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the aforementioned websites of the Stock Exchange and the Company in due course.

By order of the Board
UBTECH ROBOTICS CORP LTD
深圳市優必選科技股份有限公司

Mr. Zhou Jian

Chairman, Executive Director and Chief Executive Officer

Shenzhen, the PRC

March 28, 2024

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