SuperRobotics Limited
超人智能有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8176)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of SuperRobotics Group Limited (the "Company", together with its subsidiaries, the "Group") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

RESULTS

The board of directors (the "Board") of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018, together with the comparative audited figures for the year ended 31 December 2017 as follows.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	**2018**	2017
		HK$'000	*HK$'000*
Revenue	*3*	**63,739**	78,799
Cost of sales		**(44,060)**	(48,445)
Gross profit		**19,679**	30,354
Other income		**1,889**	757
Other gains, net		**970**	757
Selling and distribution expenses		**(15,682)**	(8,583)
Administrative expenses		**(136,023)**	(122,694)
Operating loss	*4*	**(129,167)**	(99,409)
Finance costs		**(15)**	(6)
Loss before income tax		**(129,182)**	(99,415)
Income tax credit	*5*	**1,476**	2,304
Loss for the year		**(127,706)**	(97,111)
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**(9,733)**	9,629
Total other comprehensive (loss)/income for the year		**(9,733)**	9,629
Total comprehensive loss for the year		**(137,439)**	(87,482)
(Loss)/profit attributable to:			
Owners of the Company		**(132,345)**	(99,059)
Non-controlling interests		**4,639**	1,948
		(127,706)	(97,111)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(142,708)**	(89,424)
Non-controlling interests		**5,269**	1,942
		(137,439)	(87,482)
Loss per share to the owners of the Company for the year			
Basic and diluted (expressed in HK cent per share)	*6*	**(27.41)**	(21.36)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**25,679**	22,122
Intangible assets	*8*	**113,387**	128,144
Deposits		**3,609**	2,523
		142,675	152,789
Current assets			
Inventories		**28,900**	5,915
Trade receivables	*9*	**13,536**	14,496
Deposits, prepayments and other receivables		**11,343**	13,301
Financial assets at fair value through profit or loss		**—**	97,627
Restricted bank deposits		**18,729**	18,727
Cash and cash equivalents		**43,604**	80,434
		116,112	230,500
Total assets		**258,787**	383,289
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital — Ordinary shares		**50,622**	47,622
Share capital — Preferred shares		**—**	3,000
Reserves		**130,413**	264,945
		181,035	315,567
Non-controlling interests		**5,425**	2,250
Total equity		**186,460**	317,817

	Note	2018 HK$'000	2017 HK$'000
LIABILITIES			
Current liabilities			
Trade payables	10	**4,836**	821
Accruals and other payables		**29,639**	25,151
Other borrowings		**53**	1,568
Tax payables		**1,491**	360
Contract liabilities		**31,149**	30,030
		67,168	57,930
Non-current liability			
Deferred taxation		**5,159**	7,542
		5,159	7,542
Total liabilities		**72,327**	65,472
Total equity and liabilities		**258,787**	383,289
Net assets		**186,460**	317,817

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital-ordinary shares HK$'000	Share capital-preferred shares HK$'000	Share premium HK$'000	Contributed surplus HK$'000 (Note a)	Translation reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2017	45,522	3,000	359,013	27,141	(342)	–	(174,287)	260,047	308	260,355
(Loss)/profit for the year	–	–	–	–	–	–	(99,059)	(99,059)	1,948	(97,111)
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	9,635	–	–	9,635	(6)	9,629
Total comprehensive (loss)/profit for the year	–	–	–	–	9,635	–	(99,059)	(89,424)	1,942	(87,482)
Placement of new shares	2,100	–	129,150	–	–	–	–	131,250	–	131,250
Equity-settled share-based compensation	–	–	–	–	–	13,694	–	13,694	–	13,694
At 31 December 2017 and at 1 January 2018	47,622	3,000	488,163	27,141	9,293	13,694	(273,346)	315,567	2,250	317,817
(Loss)/profit for the year	–	–	–	–	–	–	(132,345)	(132,345)	4,639	(127,706)
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	(9,739)	–	–	(9,739)	6	(9,733)
Total comprehensive (loss)/profit for the year	–	–	–	–	(9,739)	–	(132,345)	(142,084)	4,645	(137,439)
Conversion of preferred shares	3,000	(3,000)	–	–	–	–	–	–	–	–
Equity-settled share-based compensation	–	–	–	–	–	7,552	–	7,552	–	7,552
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(1,470)	(1,470)
At 31 December 2018	50,622	–	488,163	27,141	(446)	21,246	(405,691)	181,035	5,425	186,460

Note:

(a) Contributed surplus

With effect from 22 April 2014, the Company had been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda (the "Change in Domicile"). Contributed surplus represents the amount transferred from share premium for the purpose of setting off against the accumulated losses pursuant to the Companies Act 1981 of Bermuda and the special resolution passed at the extraordinary general meeting held on 28 February 2013 as a result of the Change in Domicile and related capital reorganisation.

1 GENERAL INFORMATION

SuperRobotics Limited (the "Company") and its subsidiaries (together "the Group") are principally engaged in the sale of beauty products, provision of therapy services and provision of engineering products and related services.

The Company is a limited liability company incorporated in the Cayman Islands and with effect from 22 April 2014, the Company deregistered in the Cayman Islands and continued in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.1 New and amended standards adopted by the Group

During the year, the Group has adopted the following new standards, amendments and interpretations to standards, which are mandatory for accounting period beginning on 1 January 2018.

HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts
HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
HKFRS 15 (Amendment)	Clarifications to HKFRS 15
HK (IFRIC) 22	Foreign currency transactions and advance consideration
HKAS 28 (Amendment)	Investment in associate and joint ventures
HKAS 40 (Amendment)	Transfer of investment property

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 2.3 below. The other standards did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.

2.2 New standards, amendments to standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been early adopted by the Group in preparing these consolidated financial statements.

		Effective for annual periods beginning on or after
Annual improvements projects (Amendment)	Annual Improvements 2015-2017 Cycle	1 January 2019
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments (new interpretation)	1 January 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

HKFRS 16 Leases

The Group is a lessee of certain offices and beauty centre which are currently classified as operating leases. HKFRS 16 provides new provisions for the accounting treatment of leases which no longer allows lessees to recognise leases outside of the consolidated statement of financial position. Instead, all non-current leases must be recognised in the form of assets (for the right of use) and financial liabilities (for the payment obligations) in the Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from such reporting obligation. The new standard will therefore result in a derecognition of prepaid operating leases, increase in right-of-use assets and increase in lease liabilities in the consolidated statement of financial position.

In the consolidated statement of comprehensive income, as a result, the annual rental and amortisation expenses of prepaid operating lease under otherwise identical circumstances will decrease, while depreciation of right of use of assets and interest expense arising from the financial liabilities will increase. The new standard is not expected to apply until the financial year beginning on or after 1 January 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Change in accounting policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's consolidated financial statements.

(i) HKFRS 9 Financial Instruments

HKFRS 9 replaces the provision of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedging accounting.

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Group considers the credit risk characteristics and the days past due to measure the expected credit losses. For the year ended 31 December 2018, the expected credit losses rate for customers of sales of goods is minimal, given there is no history of significant defaults from customers and insignificant impact from forward-looking estimates. The assessed expected credit losses for trade receivables are not material.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor,
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments without justification

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Other financial assets at amortised cost

For other financial assets at amortised cost, including deposits and other receivables, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which is close to zero.

Impairment losses on other financial assets at amortised cost are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group has adopted HKFRS 9 from 1 January 2018 which do not have any material impact on the Group's consolidated financial statements.

(ii) HKFRS 15 Revenue from Contracts with Customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transition provisions in HKFRS 15, comparative figures have not been restated. The application of HKFRS 15 does not have material impact on the timing and amounts of revenue recognition of the Group.

Contract liabilities represent the advance payments from customers which were previously presented as deferred revenue under the consolidated statement of financial position. Upon adoption of HKFRS15, an amount of HK$30,030,000 is reclassified to contract liabilities as at 1 January 2018.

3 SEGMENT INFORMATION

An analysis of the Group's revenue, results, assets, liabilities and other selected financial information by operating segment are as follows:

For the year ended 31 December 2018

	Sale of beauty products *HK$'000*	Provision of therapy services *HK$'000*	Provision of engineering products and related services *HK$'000*	Consolidated *HK$'000*
Revenue				
Segment revenue	**3,540**	**49,320**	**10,879**	**63,739**
Timing of revenue recognition				
At a point in time	**3,540**	**49,320**	**10,879**	**63,739**
	3,540	**49,320**	**10,879**	**63,739**
Results				
Segment (loss)/profit	**(48)**	**12,063**	**(121,461)**	**(109,446)**
Interest income on bank deposits				**862**
Financial assets at fair value through profit or loss — fair value gain				**856**
Finance costs				**(15)**
Unallocated corporate income				**1,027**
Unallocated corporate expenses				**(22,466)**
Loss before income tax				**(129,182)**
Income tax credit *(Note 5)*				**1,476**
Loss for the year				**(127,706)**

At 31 December 2018

	Sale of beauty products *HK$'000*	**Provision of therapy services** *HK$'000*	**Provision of engineering products and related services** *HK$'000*	**Consolidated** *HK$'000*
Assets and liabilities				
Assets				
Segment assets for operating segments	**5**	**57,559**	**196,361**	**253,925**
Unallocated corporate assets				**4,862**
Consolidated total assets				**258,787**
Liabilities				
Segment liabilities for operating segments	**287**	**34,931**	**34,329**	**69,547**
Unallocated corporate liabilities				**2,780**
Consolidated total liabilities				**72,327**

For the year ended 31 December 2018

	Sale of beauty products *HK$'000*	**Provision of therapy services** *HK$'000*	**Provision of engineering products and related services** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Other segment information					
Amount included in the measure of segment (loss)/profit and segment assets					
Additions to property, plant and equipment	**—**	**1,190**	**9,174**	**768**	**11,132**
Amortisation of other intangible assets	**—**	**—**	**7,032**	**—**	**7,032**
Depreciation of property, plant and equipment	**24**	**1,401**	**4,904**	**211**	**6,540**
Share-based compensation	**—**	**—**	**7,552**	**—**	**7,552**

An analysis of the Group's revenue, results, assets, liabilities and other selected financial information by operating segment are as follows:

For the year ended 31 December 2017

	Sale of beauty products *HK$'000*	Provision of therapy services *HK$'000*	Provision of engineering products and related services *HK$'000*	Consolidated *HK$'000*
Revenue				
Segment revenue	4,228	42,382	32,189	78,799
Timing of revenue recognition				
At a point in time	4,228	42,382	32,189	78,799
	4,228	42,382	32,189	78,799
Results				
Segment (loss)/profit	(714)	4,714	(79,570)	(75,570)
Interest income on bank deposits				250
Financial assets at fair value through profit or loss — fair value loss				(346)
Finance costs				(6)
Unallocated corporate income				508
Unallocated corporate expenses				(24,251)
Loss before income tax				(99,415)
Income tax credit *(Note 5)*				2,304
Loss for the year				(97,111)

At 31 December 2017

	Sale of beauty products *HK$'000*	Provision of therapy services *HK$'000*	Provision of engineering products and related services *HK$'000*	Consolidated *HK$'000*
Assets and liabilities				
Assets				
Segment assets for operating segments	61	46,466	286,874	333,401
Unallocated corporate assets				49,888
Consolidated total assets				383,289
Liabilities				
Segment liabilities for operating segments	354	31,989	28,967	61,310
Unallocated corporate liabilities				4,162
Consolidated total liabilities				65,472

For the year ended 31 December 2017

	Sale of beauty products *HK$'000*	Provision of therapy services *HK$'000*	Provision of engineering products and related services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Other segment information					
Amount included in the measure of segment (loss)/ profit and segment assets					
Additions to property, plant and equipment	—	197	18,464	57	18,718
Amortisation of other intangible assets	—	—	6,986	—	6,986
Depreciation of property, plant and equipment	196	2,372	2,312	15	4,895
Share-based compensation	—	—	13,694	—	13,694

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2017: Nil).

Segments results represent (loss incurred)/profit earned by each segment without allocating central administration items including directors' emoluments, other income, partial other losses, finance costs and income tax expense. This is the measure reported to the chief operating decision-makers for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

— all assets are allocated to operating segments other than partial property, plant and equipment, partial deposits, prepayments and other receivables, financial assets at fair value through profit or loss, restricted bank deposits and cash and cash equivalents that are not attributable to individual segments. Assets used jointly by individual segments are allocated on the basis of the revenues earned by individual segments; and

— all liabilities are allocated to operating segments other than partial accruals and other payables, tax payables and other borrowings that are not attributable to individual segments.

Entity-wide information

Breakdown of the revenue from all services is as follows:

Analysis of revenue by category	**2018** ***HK$'000***	2017 *HK$'000*
Sales of beauty products	**3,540**	4,228
Provision of therapy services	**49,320**	42,382
Provision of engineering products and related services	**10,879**	32,189
	63,739	78,799

4 OPERATING LOSS

Operating loss has been arrived at after charging:

	2018 ***HK$'000***	2017 *HK$'000*
Auditor's remuneration		
— audit services	**1,780**	1,560
— non-audit services	**52**	610
Depreciation of property, plant and equipment	**6,540**	4,895
Amortisation of other intangible assets *(Note 8)*	**7,032**	6,986
Operating lease rentals in respect of rental premises	**15,130**	13,547
Staff costs (including directors' emoluments)	**77,181**	73,610
Write-off of property, plant and equipment	**15**	145
Provision for impairment of inventories	**—**	445

5 INCOME TAX CREDIT

Hong Kong profits tax has been provided for at the rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profits over HK$2,000,000 (2017: 16.5%). The Group's subsidiaries in Mainland China are subject to the China corporate income tax at a rate of 25% (2017: 25%) on the estimated assessable profit. However, one of the Group's subsidiaries in Mainland China is subject to the China Corporate Income Tax at the rate of 15% for the 3 years ending 31 December 2019, after being assessed as a high and new technology enterprise. No income tax has been provided for the subsidiaries in Canada since the subsidiaries had no assessable profit for the year ended 31 December 2018 (2017: nil).

	2018	2017
	HK$'000	*HK$'000*
Hong Kong profits tax:		
— Current taxation	**(1,908)**	(1,070)
China corporate income tax:		
— Under-provision in prior year	**—**	(9)
Canada corporation income tax incentive *(Note a)*	**1,458**	1,591
Deferred taxation	**1,926**	1,792
	1,476	2,304

Note:

(a) One of the Company's subsidiaries in Canada claimed a refundable tax credit in being a qualifying corporation for qualified expenditures on scientific research and experimental development performed in Ontario. The amount of HK$1,458,000 (2017: HK$1,591,000) of Ontario innovation tax credit was refunded by Canada Revenue Agency.

6 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2018	2017
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**132,345**	99,059

	2018	2017
	'000	*'000*
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**482,877**	463,792

For the years ended 31 December 2018 and 31 December 2017, the computation of diluted loss per share does not assume the conversion of the Company's outstanding preferred shares since their exercise would result in a decrease in loss per share.

Diluted loss per share for the year ended 31 December 2018 equals basic loss per share as the exercise of the outstanding share options would be anti-dilutive.

7 DIVIDENDS

The directors of the Company do not recommend any payment of dividends for the year ended 31 December 2018 (2017: Nil).

8 INTANGIBLE ASSETS

	Goodwill	Other intangible asset	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1 January 2017	94,318	33,528	127,846
Exchange differences	5,718	2,521	8,239
At 31 December 2017 and 1 January 2018	100,036	36,049	136,085
Exchange differences	(6,011)	(2,650)	(8,661)
At 31 December 2018	94,025	33,399	127,424
Amortisation			
At 1 January 2017	—	680	680
Charge for the year	—	6,986	6,986
Exchange difference	—	275	275
At 31 December 2017 and 1 January 2018	—	7,941	7,941
Charge for the year	—	7,032	7,032
Exchange difference	—	(936)	(936)
At 31 December 2018	—	14,037	14,037
Carrying amount			
At 31 December 2018	94,025	19,362	113,387
At 31 December 2017	100,036	28,108	128,144

Goodwill amounted to HK$18,266,000 arose from the acquisition of China Honest Enterprises Limited ("China Honest"). Goodwill was allocated to the sale of beauty products and provision of therapy services CGU (the "CGU 1"), which are operating segments.

On 23 November 2016, the Company entered into a sale and purchase agreement with Engineering Services International Holding Company Limited ("ESI Holdings"), to acquire the entire shares in Engineering Services Inc. ("ESI") at a cash consideration of HK$54,000,000. The acquisition was completed on 25 November 2016. Goodwill from such acquisition amounted to CAD13,187,000 (equivalent to approximately HK$75,777,000) has been allocated to the provision of engineering products and related services CGU (the "CGU 2"). Other intangible asset, arose from the acquisition of the ESI, represents the patents registered in the different countries.

9 TRADE RECEIVABLES

The ageing analysis of trade receivables by past due date is as follows:

	2018	2017
	HK$'000	*HK$'000*
Current	**13,536**	14,496
1 – 30 days	**—**	—
31 – 60 days	**—**	—
61 – 90 days	**—**	—
Over 90 days	**721**	756
	14,257	15,252
Less: Provision for impairment of trade receivables	**(721)**	(756)
Trade receivables, net	**13,536**	14,496

10 TRADE PAYABLES

As at 31 December 2018, the ageing analysis of trade payables by invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**4,836**	821
	4,836	821

BUSINESS REVIEW

The Group is principally engaged in the sale of beauty products and provision of therapy services (collectively, the "Beauty Business"), as well as the provision of engineering products and related services (the "Engineering Business"). For the sale of beauty products, the Group offers a variety of beauty products under the brand name "Evidens de Beauté", and a variety of medical skincare products, including the brand "Activa". For the provision of therapy services, the Group operates a medical skincare centre at Soundwill Plaza in Causeway Bay.

For the engineering products, the Group offers WLAN and WIFI systems, and robotic products. For the provision of engineering related services, the Group provides equipment installation, support and maintenance services for WLAN and WIFI systems as well as robotics and automation systems.

Despite facing increased competition in the Hong Kong market, the performance of the Beauty Business as a whole has met the expectation of the Board. The revenue derived from the sale of beauty products and the provision of therapy services rendered has reduced by 16.3% and has increased 16.4% to HK$3.5 million and HK$49.3 million, respectively for the year ended 31 December 2018. However, the gross profit generated from the Beauty Business was increased by 10.7% to HK$24.1 million for the year.

For the Engineering Business, during the financial year of 2018, the Group continued to develop and prefect its robotic products. The Group has also driven the commercialization of its products at steady pace through domestic platforms, upon which large-scale of civil application can be expected. In respect of police use, with its outstanding products and technology, the Group has been admitted as supply items of the "police equipment procurement centre agreement" of the Ministry of Public Security for 2018 to 2019, indicating the high recognition of its products, which further increased the influence of the Group's products in the market. On 15 August 2018, the Group attended World Robot Conference 2018, the largest international conference in the robotics sector in China, with its two major product lines, being police robots and service robots. The Group has also entered into several cooperative agreements with industry partners, such as Shanghai Gaussian Automation Technology Development Co., Ltd and Unicomp Technology Co., Ltd. For the year under review the revenue of the Engineering Business has decreased by 66.2% and contributed a total revenue of HK$10.9 million to the total turnover of the Group. Also, the Engineering Business has generated a gross loss of HK$4.4 million.

FINANCIAL REVIEW

During the year under review, the Group recorded a turnover of approximately HK$63.7 million (for the financial year ended 31 December 2017: approximately HK$78.8 million), of which approximately HK$3.5 million (for the financial year ended 31 December 2017: approximately HK$4.2 million), HK$49.3 million (for the financial year ended 31 December 2017: approximately HK$42.4 million) and HK$10.9 million (for the financial year ended 31 December 2017: HK$32.2 million) were generated from the sale of beauty products, provision of therapy services and the Engineering Business respectively.

The Beauty Business in aggregate contributed approximately HK$52.8 million to the turnover of the Group, representing approximately 82.9% of the turnover, of which approximately HK$3.5 million and HK$49.3 million were generated from the sale of beauty products and provision of therapy services respectively. The Engineering Business contributed approximately HK$10.9 million to the turnover of the Group, representing approximately 17.1% of the turnover.

For the year ended 31 December 2018, the gross profit was approximately HK$19.7 million and the gross profit margin was approximately 30.9% (for the financial year ended 31 December 2017: gross profit margin of 38.5%). The Beauty Business in aggregate contributed approximately HK$24.1 million gross profit to the Group, while the Engineering Business recorded a gross loss of approximately HK$4.4 million. The decrease in gross profit margin is mainly due to decrease in gross profit generated by Engineering Business as the Engineering Business has generated a gross profit of HK$14.1 million compared with a gross loss of HK$4.4 million in 2018.

During the year under review, other income was approximately HK$1.9 million (for the financial year ended 31 December 2017: approximately HK$0.8 million). The other income was mainly attributable to interest income on bank deposits of HK$0.9 million and sundry income of HK$1.0 million.

Net other gains or losses is approximately a gain of approximately HK$1.0 million, which was mainly attributable to the gain on disposal of fixed assets of approximately HK$0.1 million and change in fair value of investment in listed securities amounted to approximately HK$0.9 million.

The selling and distribution costs for the year ended 31 December 2018 was approximately HK$15.7 million (for the financial year ended 31 December 2017: approximately HK$8.6 million). The selling and distribution costs of the Beauty Business and the Engineering Business accounted for approximately 31.2% or HK$4.9 million and approximately 68.8% or HK$10.8 million of the total selling and distribution costs, respectively. The increase in selling and distribution costs was mainly due to a increase in marketing cost incurred by Engineering Business amounting to HK$3.9 million.

The administrative expenses for the year ended 31 December 2018 was approximately HK$136.0 million (for the financial year ended 31 December 2017: approximately HK$122.7 million). The administrative expenses of the Beauty Business accounted for approximately HK$7.2 million or 5.3% of the total administrative expenses. Such expenses mainly comprised staff costs of approximately HK$4.4 million, depreciation expenses of approximately HK$0.4 million, rental expenses of approximately HK$0.7 million and other administrative expenses of HK$1.7 million. The administrative expenses of the Engineering Business accounted for approximately HK$106.7 million or 78.5% of the total administrative expenses. Such expenses mainly comprised staff costs of approximately HK$40.8 million, overseas travelling expenses of approximately HK$2.5 million, research expense of approximately HK$22.1 million, repair and maintenance expenses of approximately HK$1.6 million, rental expenses of approximately HK$7.4 million, share-based compensation of approximately HK$7.6 million and other administrative expenses of approximately HK$24.7 million. In addition, the Group also incurred administrative expenses relating to general corporate activities amounting to approximately HK$22.1 million or 16.3% of the total administrative expenses. The general corporate administrative expenses mainly consists of legal and professional expenses amounted to approximately HK$3.6 million for the purposes of, among others, share subscription and acquisition of a subsidiary and audit of the financial statements of the Company, directors' remuneration amounted to approximately HK$10.2 million, rental expenses of approximately HK$2.8 million, staff cost of approximately HK$2.6 million and other listing and administrative expenses of approximately HK$2.9 million.

The finance costs for the year ended 31 December 2018 of approximately HK$15,000 (for the financial year ended 31 December 2017: approximately HK$6,000) was mainly attributable to bank charges.

The consolidated loss amounted to approximately HK$127.7 million for the year ended 31 December 2018 (for the financial year ended 31 December 2017: approximately HK$97.1 million), of which a profit of approximately HK$10.7 million (for the financial year ended 31 December 2017: a loss of approximately HK$4.0 million), a loss of HK$119.0 million (for the financial year ended 31 December 2017: HK$79.6 million) and a loss of HK$19.4 million (for the financial year ended 31 December 2017: a profit of HK$21.5 million) were incurred and generated by the Beauty Business, the Engineering Business and general corporate activities, respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, the total borrowings of the Group was approximately HK$53,000 (as at 31 December 2017: approximately HK$1.6 million). The total borrowings and other financial liabilities are repayable within one year.

As at 31 December 2018, the Group had total assets of approximately HK$258.8 million (31 December 2017: approximately HK$383.3 million), including cash and cash equivalents of approximately HK$43.6 million (31 December 2017: approximately HK$80.4 million).

During the year under review, the Group financed its operation with internally generated cash flows, the balance of proceeds derived from the allotment and issue of the subscription shares pursuant to the subscription agreement dated 17 February 2015 (the "2015 Subscription"), net proceeds derived from the placing of 35,416,666 new shares under general mandate which was completed on 14 December 2016 and net proceeds from the subscription of 21,000,000 new shares, which was completed on 4 August 2017.

CAPITAL STRUCTURE

On 11 October 2018, the Company received a conversion notice from Tai Dong New Energy Holdings Limited ("Tai Dong"), a company wholly-owned by Mr. Su Zhituan, the controlling shareholder, an executive director and the chairman of the Board of the Company to convert 30,000,000 Preferred Shares into 30,000,000 Ordinary Shares. Pursuant to the terms of the Preferred Shares, 30,000,000 Conversion Shares were allotted and issued by the Company to Tai Dong on 11 October 2018, and after such conversion, the Company has no more Preferred Shares in issue.

As at 31 December 2018, the Company's total number of issued ordinary shares and issued convertible preferred shares were 506,219,666 (as at 31 December 2017: 476,219,666) and Nil (as at 31 December 2017: 30,000,000), respectively.

As at 31 December 2018, the total borrowings of the Group was approximately HK$53,000 (as at 31 December 2017: approximately HK$1.6 million), representing a borrowing from Koffman Investment Limited, which is unsecured, non-interest bearing and repayable within one year.

USE OF NET PROCEEDS FROM ISSUANCE OF ORDINARY SHARES

Net proceeds from the allotment and issue of 345,000,000 new shares and 30,000,000 convertible preferred shares of the Company, which was completed on 6 November 2015, were approximately HK$135.0 million and, as at 31 December 2018, the Company had utilised approximately HK$31.7 million for acquiring in-flight WIFI and connection equipment and approximately HK$92.6 million for the development of the Engineering Business. The Company intends to apply the remaining balance of approximately HK$10.7 million as general working capital. The remaining balance is expected to be fully utilised within 12 months period from 26 March 2019.

Net proceeds from the placing of 35,416,666 new shares, which was completed on 14 December 2016 were approximately HK$166.2 million and, as at 31 December 2018, the Company had utilised approximately HK$46.3 million to settle the shareholder's loan due by Engineering Services Inc. ("**ESI**"). Other than the settlement of the shareholder's loan due by ESI, the Company also utilised HK$98.9 million and HK$21.0 million for the general working capital of the Beauty Business and the Engineering Business and the purchase of components and material for the Engineering Business respectively.

Net proceeds from the Subscription which was completed on 4 August 2017 were HK$130.0 million and, as at 31 December 2018, the Company had utilised approximately HK$27.9 million and HK$80.0 million for construction and renovation of production plants and general working capital respectively. The Company intends to apply the remaining balance of approximately HK$22.1 million for construction of production plants and general working capital. The remaining balance is expected to be fully utilised within 12 months from 26 March 2019.

GEARING RATIO

The gearing ratio, expressed as percentage of total borrowings to equity attributable to owners of the Company, was approximately 0.03% (31 December 2017: approximately 0.5%). The improvement of gearing ratio was mainly due to repayment of the borrowings during the year under review.

PLEDGE OF ASSETS

As at 31 December 2018, the Group's restricted bank deposits of approximately HK$18.7 million (as at 31 December 2017: approximately HK$18.7 million) were deposits held at banks in respect of credit card and instalment sales arrangement for the sale of beauty products and provision of therapy services business.

FOREIGN EXCHANGE RISK

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

COMMITMENTS

As at 31 December 2018, the Group had operating lease commitments and capital commitments of approximately HK$22.4 million (as at 31 December 2017: approximately HK$9.1 million) and HK$Nil (as at 31 December 2017: HK$Nil), respectively.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no material contingent liabilities.

EMPLOYEES

As at 31 December 2018, the Group had 192 employees (as at 31 December 2017: 201 employees). Total staff costs including directors' emolument for the year ended 31 December 2018 amounted to approximately HK$77.2 million (for the financial year ended 31 December 2017: approximately HK$73.6 million). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme, the employees in the PRC joined the national statutory social security insurance scheme and the employees in Canada joined the government-mandated retirement plan.

SIGNIFICANT INVESTMENT

The Group did not make any significant investment during the year ended 31 December 2018.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND AFFILIATED COMPANIES

The Group did not make any material acquisition or disposal of subsidiaries, associates or affiliated companies during the year ended 31 December 2018.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have any concrete plan for material investments or capital assets for the coming year.

EVENTS AFTER THE REPORTING PERIOD

The Group has no significant event after the reporting period.

OUTLOOK

The development of the artificial intelligence (AI) industry and the emergence of AI enterprises have becoming an unstoppable trend. Since the first venture investments in AI from the U.S. in 1999, the global AI industry has been developing rapidly. It pulled in accumulated venture investments of 191.4 billion in AI sector within 18 years. Up to date, the accumulated funding raised in the U.S. has reached 97.8 billion, representing 50.10% of the total funding raised globally, followed by 63.5 billion in China, representing 33.18% of the total funding raised globally. It is estimated that the number of AI companies will exceed 1,200, with phenomenal accumulated funding reaching RMB200 billion by 2020. At present, global internet giants are promptly mapping out their presence in the sector, expressing their optimistic views towards the development of the AI sector. However, they are not the party. The China government also rolls out national policies aiming at technological fronts, ramping up disruptive technological innovations, and providing a reinforced underpinning for evolving into a nation with superb scientific and technological power, a digitalized China, and a smart society, reflecting its determination and support to the development of AI. The robust development of the robotic industry in China represents enormous potential for market expansion for the Group in the future. The construction of intelligent cities has been in full swing based upon artificial intelligent technology. The wide application of intelligent robotics covers from police use to various aspects such as services and security. The overall global penetration rate of civil security is around 10% at present, while the penetration rate of civil security in the U.S. reaches 50%. The market penetration rate of civil security in China is only 11%, reflecting the larger potentials of civil security robotics market, which is likely to the next hot sector where rapid industrialization will take place. Data suggests that the global investments in robotics and related services by 2019 are expected to be almost doubled as compared to 2015. In view of the growth rate of domestic security industry which will remain at above 10%, the market will continue to expand. The value of domestic security industry in 2018 amounted to over 600 billion. The Group's security robotics has the potential to become the major replenishment for security systems and expand into civil market for the realization of large-scale expansion.

In addition, the emphasis and determination of the China government on developing the major projects of "Core Electronic Devices, High-end Generic Chips and Basic Software"（核高基）have been reflected from the outlines of the mid and long-term national plan for the development of science and technology released by the State Council. The localization of the industry is in full speed. In terms of semi-conductor equipment, the sales of semi-conductor equipment in China reached a high level of US$8.23 billion, representing a year-on-year growth of 27%. However, the domestic production of semi-conductor equipment in China is at a very low level as limited by the core technology development. Riding on the advantages from the national policies on the major projects, the Group intends to explore the huge development potential in the future by propelling the research and development of the business focus of the industrial chain of "Core Electronic Devices, High-end Generic Chips and Basic Software", i.e. semi-conductor equipment. Based on such technology, it further aims to obtain its position in the semi-conductor equipment sector for the more extensive development vision and enormous market potential.

In October 2017, the fifth amendment to the "Operation Certification Rules for Civil Aviation Transportation Carriers with Large Airplanes" promulgated by the Civil Aviation Administration of China officially came into effect, which relaxed the rules on using portable electronic devices on flights and delegated the authority on access to WIFI services to each civil airline. The Board is of the view that such delegation implies that each civil airline is to bear corresponding safety responsibilities on their own. It is estimated that the speed of launching such service may vary among civil airlines and some small and medium-sized civil airlines may not offer WIFI services at present. Therefore, the Board is prudent and concerned about the prospect of in-flight WIFI services.

Due to the contraction of tourism sector in Hong Kong, the Board does not expect any significant growth in the Group's Beauty Business.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The principal responsibilities of the Audit Committee include reviewing the financial statements and reports and considering any significant or unusual items raised by the compliance officer or external auditors before submission to the Board, reviewing the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and making recommendation to the Board on the appointment, re-appointment and removal of external auditors and reviewing the adequacy and effectiveness of the Company's financial reporting, internal control and risk management systems and associated procedures.

As at 31 December 2018 and up to the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chu Kin Wang, Peleus (chairman), Mr. Tam B Ray, Billy and Mr. Xie Zhichun. The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2018.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Stock Exchange issued the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules which sets out the principles and the code provisions which listed issuers are expected to apply and comply.

Save as disclosed below, during the year under review and up to the date of this announcement, the Company has applied the principles as set out in the CG Code that are considered to be relevant to the Company and has complied with most of the code provisions of the CG Code:

Role of chairman and chief executive officer

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. The position of the chairman is held by Mr. Su Zhituan.

The responsibilities of the chairman of the Company is to ensure the Board to work effectively and perform its responsibilities, and all key and appropriate issues are discussed by the Board, draw up and approve the agenda for each board meeting and take into accounts, any matters proposed by others Directors for inclusion in the agenda.

As at 31 December 2018 and up to the date of this report, the Company has not appointed a chief executive officer and is looking for a suitable candidate to act as chief executive officer in order to comply with the CG Code. The office and duties of the chief executive officer in respect of the day-to-day management of the Group's business is handled by the executive Directors collectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own codes of conduct regarding directors' and relevant employees' securities transactions, namely "Code for Securities Transactions by Directors" and "Code for Securities Transactions by Relevant Employees", both of which apply to all directors and relevant employees of the Company in terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry with each of the directors of the Company, all directors have confirmed that they have complied with such code and the required standard of dealings on directors' securities transactions during the year ended 31 December 2018.

By Order of the Board
SuperRobotics Limited
Su Zhituan
Executive Director and Chairman

Hong Kong, 26 March 2019

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Su Zhituan, Mr. Sun Ziqiang, Mr. Chen Min, and Dr. Andrew Goldenberg; and one non-executive directors, namely Mr. Cheng Yu, three independent non-executive directors, namely Mr. Tam B Ray, Billy, Mr. Chu Kin Wang, Peleus and Mr. Xie Zhichun.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company's website at www.superrobotics.com.hk.