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SuperRobotics Holdings Limited
超人智能控股有限公司

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

(Stock Code: 8176)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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 small and mid-sized 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.

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*This announcement, for which the directors (the "**Directors**" and each the "**Director**") of SuperRobotics Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") collectively and individually accept full 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, 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 2020 together with the comparative audited figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
Revenue	*3*	**55,013**	88,155
Cost of sales		**(58,670)**	(65,461)
Gross (loss)/profit		**(3,657)**	22,694
Other income		**4,959**	3,407
Other losses, net		**(27,623)**	(57,714)
Selling and distribution expenses		**(12,184)**	(15,897)
Administrative expenses		**(85,533)**	(113,974)
Operating loss	*4*	**(124,038)**	(161,484)
Finance costs		**(12,181)**	(4,283)
Loss before income tax		**(136,219)**	(165,767)
Income tax credit	*5*	**4,334**	1,454
Loss for the year		**(131,885)**	(164,313)
Loss for the year attributable to:			
Equity holders of the Company		**(109,602)**	(168,425)
Non-controlling interests		**(22,283)**	4,112
		(131,885)	(164,313)
Loss per share for loss attributable to equity holders of the Company:			
Basic and diluted loss per share	*6*	**(21.65) Cents**	(33.27) Cents

	Note	2020 *HK$'000*	2019 *HK$'000*
Loss for the year		**(131,885)**	(164,313)
Other comprehensive (loss)/income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(10,470)**	3,635
Release of exchange reserve upon liquidation of a subsidiary		**978**	—
Other comprehensive (loss)/income for the year		**(9,492)**	3,635
Total comprehensive loss for the year		**(141,377)**	(160,678)
Total comprehensive loss for the year attributable to:			
Equity holders of the Company		**(112,752)**	(164,800)
Non-controlling interests		**(28,625)**	4,122
		(141,377)	(160,678)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
Assets			
Non-current assets			
Property, plant and equipment		**11,787**	24,668
Right-of-use assets		**2,349**	22,315
Intangible assets	*8*	**18,266**	53,217
Deposits		**1,196**	3,764
		33,598	103,964
Current assets			
Inventories		**10,801**	27,867
Tax recoverable		**732**	—
Trade receivables	*9*	**6,487**	15,627
Deposits, prepayments and other receivables		**12,636**	7,120
Restricted bank deposits		**19,017**	18,970
Cash and cash equivalents		**57,966**	32,708
		107,639	102,292
Total assets		**141,237**	206,256
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital		**50,622**	50,622
Reserves		**(75,226)**	(30,211)
		(24,604)	20,411
Non-controlling interests		**(93,939)**	6,607
Total (deficits)/equity		**(118,543)**	27,018

	Note	2020	2019
	Note	***HK$'000***	*HK$'000*
Liabilities			
Non-current liabilities			
Deferred taxation		—	3,482
Other borrowings		**156,478**	53,930
Amounts due to directors		**17,067**	10,617
Interest payable		**15,097**	—
Lease liabilities		**1,874**	11,064
		190,516	79,093
Current liabilities			
Trade payables	*10*	**1,521**	7,350
Accruals and other payables		**25,681**	38,738
Other borrowings		—	2,000
Tax payables		—	1,281
Contract liabilities		**32,529**	38,574
Lease liabilities		**9,533**	12,202
		69,264	100,145
Total liabilities		**259,780**	179,238
Total equity and liabilities		**141,237**	206,256
Net (liabilities)/assets		**(118,543)**	27,018

1 GENERAL INFORMATION

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.

Pursuant to a special resolution passed by the shareholders at the annual general meeting of the Company held on 2 June 2020, the English name of the Company is changed from "SuperRobotics Limited" to "SuperRobotics Holdings Limited" and the Chinese name of the Company is changed from "超人智能有限公司" to "超人智能控股有限公司". The change of name became effective on 5 June 2020.

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's shares are listed on GEM of 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated 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

The Group has applied the following new and amended standards for the first time for the annual reporting period commencing 1 January 2020:

HKFRS 1 and HKAS 8 (Amendment)	Definition of Material
HKFRS 3 (Amendment)	Definition of a Business
HKFRS 7, HKFRS 9 and HKAS 39 (Amendment)	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The Group also elected to adopt the following amendments early.

HKFRS 16 (Amendment)	COVID-19-Related Rent Concession

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods, except for the Amendment to HKFRS 16 set out above (see also Note 2.4).

2.2 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Going concern

During the year ended 31 December 2020, the Group incurred a net loss of HK$131,885,000 and had a net cash used in operating activities of HK$48,297,000. As at 31 December 2020, the Group had a shareholders' deficits of HK$118,543,000 and net current assets of HK$38,375,000 including cash and cash equivalents of HK$57,966,000 and long-term borrowings of HK$156,478,000. Subsequent to the year end in January 2021, the Group repaid approximately HK$47,432,000 long-term borrowings which further reduced the cash and cash equivalents of the Group.

The Coronavirus Disease 2019 ("COVID-19") outbreak that led to a series of severe administrative control and precautionary measures taken by governments and authorities in Mainland China and Hong Kong disrupted the operations of the Group's robotics business in Mainland China and its beauty business in Hong Kong.

The factory of the Group's robotics business was closed for an extended period after Chinese New Year and was only able to gradually resume normal operations in March 2020. Demand and sales order also slowed down afterwards during 2020. For the Group's beauty therapy services, the operations had been suspended intermittently throughout the year 2020 by the government which brought significant adverse impact on the business.

The duration and intensity of the COVID-19 outbreak and related containment measures remained uncertain. If the present situation in respect of the COVID-19 outbreak continued and the restrictions and control measures are prolonged, the Group's operating performance and cash flows may continue to be adversely affected.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

(i) in addition to the borrowings obtained from 惠州市金達勝投資有限公司 (Huizhou Jindasheng Investment Limited or "HJIL"), a then independent third party amounting to RMB37,000,000 (equivalent to HK$43,875,000) under a facility for 2 years, which has been extended to 4 years during the year ended 31 December 2020 ("Facility I"), the Group has entered into another borrowing facility agreement with HJIL on 1 March 2020 for a borrowing facility with a limit of RMB80 million that bears interest at 15% per annum, secured by the Group's entire equity interest in a subsidiary, 深圳市安澤智能機器人有限公司 ("Anzer") and repayable 24 months from date of draw down ("Facility II"). Interest shall be payable upon repayment of principal under both Facility I and Facility II. HJIL subsequently became a non-controlling shareholder of Anzer in June 2020. As at 31 December 2020, drawn downs under Facility I and Facility II as long-term borrowings amounted to RMB37,000,000 (equivalent to HK$43,875,000) and RMB76,638,000 (equivalent to HK$90,877,000) respectively. In early January 2021, the Group repaid RMB40,000,000 (equivalent to HK$47,432,000) of the long-term borrowings under Facility II but further took out an aggregate amount of approximately RMB7,500,000 (equivalent to HK$8,894,000) up to the date of approval of these consolidated financial statements. As at 31 March 2021, approximately RMB35,862,000 (equivalent to HK$42,525,000) is still available from Facility II. It is expected that borrowings will continue to be available for drawn down under this facility as and when needed in the next twelve months;

(ii) the Group is closely monitoring the development of COVID-19 and continuously assessing the impact to the Group's operation. The Group has already scaled down its robotics business in Mainland China and relocated its research center in Canada to Mainland China to reduce costs during the year ended 31 December 2020. For the beauty therapy business, the Group is also taking measures to contain operating costs to mitigate the negative impact; and

(iii) the Group will continue to take active measures to improve profitability and cash flows through various initiatives, such as, leveraging capital investments made in automation to reduce production costs, reduce the material costs through the use of in-house developed components and software, control the staff costs through streamlining headcounts; purchase equipment through leasing arrangements and building stronger relationships with major customers to secure more recurring orders to improve the Group's cash flows from operations.

The directors of the Company have reviewed the Group's cash flow projection covering a period of twelve months from 31 December 2020 prepared by the management and have considered the possible downward changes in its operating performance. They are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2020. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2.4 Changes in accounting policies

The Group has early adopted Amendment to HKFRS 16 – COVID-19-Related Rent Concessions retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (b) any reduction in lease payments affects only payments due on or before 30 June 2021; and (c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totalling HK$936,000 have been accounted for as negative variable lease payments and recognised in the consolidated statement of comprehensive income for the year ended 31 December 2020, with a corresponding adjustment to the lease liabilities. There is no impact on the opening balance of equity at 1 January 2020.

3 SEGMENT INFORMATION

The Group's operating segments have been determined based on the information reported to and reviewed by the executive directors, being the Group's chief operating decision-maker, which are used for the purposes of assessing performance and making strategic decisions. The Group's operating segments are structured and managed separately according to the nature of their operations, and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments. The Group currently has three operating segments:

(a) Sale of beauty products

(b) Provision of therapy services

(c) Provision of engineering products and related services *(Note)*

Note:

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

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 2020

	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	**1,299**	**30,960**	**22,754**	**55,013**
Timing of revenue recognition				
At a point in time	**1,299**	**30,960**	**22,754**	**55,013**
	1,299	**30,960**	**22,754**	**55,013**
Results				
Segment (loss)/profit	**(5,515)**	**4,446**	**(100,733)**	**(101,802)**
Interest income from bank deposits				**107**
Finance costs				**(12,181)**
Unallocated corporate income				**9,034**
Unallocated corporate expenses				**(31,377)**
Loss before income tax				**(136,219)**
Income tax credit *(Note 5)*				**4,334**
Loss for the year				**(131,885)**

At 31 December 2020

	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	**4,893**	**58,031**	**75,905**	**138,829**
Unallocated corporate assets				**2,408**
Consolidated total assets				**141,237**
Liabilities				
Segment liabilities for operating segments	**5**	**29,852**	**180,588**	**210,445**
Unallocated corporate liabilities				**49,335**
Consolidated total liabilities				**259,780**

For the year ended 31 December 2020

	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 results and segment assets					
Additions to property, plant and equipment	—	**792**	**57**	—	**849**
Amortisation of other intangible assets	—	—	**6,730**	—	**6,730**
Depreciation of property, plant and equipment	—	**1,230**	**5,957**	**261**	**7,448**
Impairment of goodwill	—	—	**21,037**	—	**21,037**
Impairment of other intangible assets	—	—	**6,047**	—	**6,047**
Impairment of property, plant and equipment	—	—	**6,194**	—	**6,194**
Impairment of right-of-use assets	—	—	**7,862**	—	**7,862**
Share-based compensation	—	—	**250**	—	**250**

For the year ended 31 December 2019

	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	2,503	49,986	35,666	88,155
Timing of revenue recognition				
At a point in time	2,503	49,986	35,666	88,155
	2,503	49,986	35,666	88,155
Results				
Segment (loss)/profit	(2,912)	10,659	(147,176)	(139,429)
Interest income from bank deposits				222
Finance costs				(4,283)
Unallocated corporate income				3,185
Unallocated corporate expenses				(25,462)
Loss before income tax				(165,767)
Income tax credit *(Note 5)*				1,454
Loss for the year				(164,313)

At 31 December 2019

	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	257	65,430	137,824	203,511
Unallocated corporate assets				2,745
Consolidated total assets				206,256
Liabilities				
Segment liabilities for operating segments	627	38,942	65,591	105,160
Unallocated corporate liabilities				74,078
Consolidated total liabilities				179,238

For the year ended 31 December 2019

	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 results and segment assets					
Additions to property, plant and equipment	—	115	7,542	—	7,657
Amortisation of other intangible assets	—	—	6,866	—	6,866
Depreciation of property, plant and equipment	—	1,356	6,012	273	7,641
Impairment of goodwill	—	—	57,144	—	57,144
Share-based compensation	—	—	4,176	—	4,176

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2019: Nil).

Segments results represent (loss incurred)/profit earned by each segment without allocating certain administration items including directors' emoluments, other income, partial other losses, finance costs and income tax credit. 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, 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	**2020**	2019
	HK$'000	*HK$'000*
Sales of beauty products	**1,299**	2,503
Provision of therapy services	**30,960**	49,986
Provision of engineering products and related services	**22,754**	35,666
	55,013	88,155

Geographical information

The Group mainly operates in Hong Kong, Mainland China and Canada. The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		**Non-current assets**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**32,259**	52,489	**22,347**	11,142
Mainland China	**18,764**	34,564	**10,853**	31,627
Canada	**3,990**	1,102	**398**	61,195
	55,013	88,155	**33,598**	103,964

Information about major customers

Revenue from one customer (2019: one customer) from "provision of engineering products and related services" operating segment, individually contributing over 16% of the total revenue of the Group, is HK$8,922,000 (2019: HK$27,063,000).

4 OPERATING LOSS

Operating loss has been arrived at after charging:

	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration		
— audit services	**1,580**	1,580
— non-audit services	**54**	54
Depreciation of property, plant and equipment	**7,448**	7,641
Amortisation of other intangible assets (included in cost of sales) *(Note 8)*	**6,730**	6,866
Depreciation of right-of-use assets	**11,038**	11,423
Impairment of other intangible assets (included in cost of sales)	**6,047**	—
Provision for impairment of inventories	**4,303**	306
Write-off of inventory	**4,588**	—
Operating lease rentals in respect of rental premises	**1,823**	3,681
Staff costs (including directors' emoluments)	**65,130**	74,629

5 INCOME TAX CREDIT

	2020	2019
	HK$'000	*HK$'000*
Hong Kong profits tax:		
— Current taxation	**(390)**	(1,819)
Canada corporation income tax incentive *(note)*	**1,338**	1,425
Deferred taxation	**3,386**	1,848
Income tax credit	**4,334**	1,454

Note:

One of the Company's subsidiaries in Canada claimed a refundable tax credit as being a qualifying corporation for qualified expenditures on scientific research and experimental development performed in Ontario. The amount of HK$1,338,000 (2019: HK$1,425,000) 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 equity holders of the Company is based on the following data:

	2020	2019
	HK$'000	*HK$'000*
Loss for the year attributable to equity holders of the Company	**109,602**	168,425

	2020	2019
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic loss per share (in thousands)	**506,220**	506,220

Diluted loss per share for the year ended 31 December 2020 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 2020 (2019: Nil).

8 INTANGIBLE ASSETS

	Goodwill *HK$'000*	Other intangible assets *HK$'000*	Total *HK$'000*
Cost			
At 1 January 2019	94,025	33,399	127,424
Exchange differences	3,129	1,380	4,509
At 31 December 2019 and 1 January 2020	97,154	34,779	131,933
Exchange differences	1,379	608	1,987
At 31 December 2020	98,533	35,387	133,920
Accumulated amortisation and impairment			
At 1 January 2019	—	14,037	14,037
Amortisation charge *(Note 4)*	—	6,866	6,866
Impairment loss	57,144	—	57,144
Exchange difference	—	669	669
At 31 December 2019 and 1 January 2020	57,144	21,572	78,716
Amortisation charge *(Note 4)*	—	6,730	6,730
Impairment loss *(Note (ii))*	21,037	6,047	27,084
Exchange difference	2,086	1,038	3,124
At 31 December 2020	80,267	35,387	115,654
Carrying amount			
At 31 December 2020	18,266	—	18,266
At 31 December 2019	40,010	13,207	53,217

Impairment of other intangible assets of HK$6,047,000 has been included in costs of sales for the year ended 31 December 2020.

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

Goodwill arose from the acquisition of Engineering Services Inc. ("ESI") of HK$80,267,000 was allocated to the provision of engineering products and related services CGU (the "Robotics CGU").

Other intangible assets, arose from the acquisition of the ESI, represents the patents registered in various countries. Other intangible assets are amortised over the estimated useful life of 5 years. For the year ended 31 December 2020, amortisation of HK$6,730,000 (2019: HK$6,866,000) has been charged to "cost of sales" in the consolidated statement of comprehensive income.

(i) Impairment assessment of Beauty Products and Services CGU

The Group reviewed the goodwill allocated to the Beauty Products and Services CGU for impairment assessment as at 31 December 2020. The recoverable amount of Beauty Products and Services CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period, and a pre-tax discount rate of 17.5% per annum (2019: 16.9% per annum).

The financial budgets are prepared based on a five-year business plan having considered the past performance, achievement of business targets, stability of core business developments and sustainability of business growth. The financial projections assume a terminal growth rate of 2% (2019: 2%) per annum beyond the five-year period taking into account of long term gross domestic product growth, inflation rate and other relevant economic factors.

The directors assessed the recoverable amount of the Beauty Products and Services CGU with reference to the valuations performed by Vigers Appraisal and Consulting Limited ("Vigers"), an independent qualified professional valuer, and determined that no impairment loss is required for the years ended 31 December 2020 and 2019 as the recoverable amounts exceed the carrying amounts.

The directors of the Company believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGU to exceed its recoverable amount.

(ii) Impairment assessment of Robotics CGU

As at 31 December 2020, non-financial assets of the Group's Robotics CGU mainly included intangible assets (including goodwill and other intangible assets), property, plant and equipment, and right-of-use assets attributable to the Robotics CGU of HK$86,314,000, HK$16,113,000 and HK$7,862,000 respectively, before impairment provision. For the purpose of impairment assessment, the recoverable amount of Robotics CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period, and a pre-tax discount rate of 22.5% (2019: 22.1%) per annum.

The financial budgets are prepared based on a five-year business plan considering the past performance, achievement of business targets, stability of core business development and sustainability of business growth. The financial budgets have also taken into consideration the developments of the Robotics CGU's business, including changes in the product mix, refinement of the targeted customer segments as well as the resulting changes to expected costs and margins. It has also taken into consideration of the result of scale down of the business and relocation of research and development function during the year ended 31 December 2020 in respond to cost saving initiatives partially a result from the adverse impact brought by COVID-19. The financial projections assume gross margins of approximately 30%-35% (2019: 27%-35%) and a terminal growth rate of 2% (2019: 2%) per annum beyond the five-year period taking into account of long term gross domestic product growth, inflation rate and other relevant economic factors.

The directors assessed the recoverable amount of the Robotics CGU with reference to the valuations performed by Vigers. As at 31 December 2020, the carrying amount of the Robotics CGU was reduced to its recoverable amount through recognition of an impairment loss of approximately HK$21,037,000 (2019: HK$57,144,000), HK$6,047,000 (2019: Nil), HK$6,194,000 (2019: Nil) and HK$7,862,000 (2019: Nil) in respect of goodwill, other intangible assets, property, plant and equipment, and right-of use assets, respectively. These losses are included in the consolidated statement of comprehensive income. The impairment is mainly a result of the difficult market environment which was further accelerated by the adverse effect brought by COVID-19 leading to the scale down of the operations during the year and the relocation of the CGU's research centre from Canada to Mainland China which affected the CGU's growth momentum.

If the gross margin used in the value-in-use calculation for the Robotics CGU deviate by 3% from management's estimates at 31 December 2020, the recoverable amount of Robotics CGU would not be significantly affected (2019: HK$47,853,000 higher or lower than the estimate amount).

If the pre-tax discount rate applied to the cash flow projections of this CGU had been 1% lower or higher than management's estimates, the recoverable amount of Robotics CGU would not be significantly affected (2019: HK$8,874,000 higher or lower than the estimate amount).

9 TRADE RECEIVABLES

The Group allows credit periods to customers ranging from 0 day to 120 days.

The ageing analysis of trade receivables net of loss allowance, presented based on invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
0 — 30 days	**2,296**	9,951
31 — 60 days	**503**	683
61 — 90 days	**499**	262
Over 90 days	**3,904**	5,405
	7,202	16,301
Less: Provision for impairment of trade receivables	**(715)**	(674)
Trade receivables, net	**6,487**	15,627

The carrying amounts of the Group's trade receivables approximate their fair values.

10 TRADE PAYABLES

As at 31 December 2020, the ageing analysis of trade payables by invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
0 — 30 days	**1,268**	7,350
31 — 60 days	**108**	—
61 — 90 days	**10**	—
Over 90 days	**135**	—
	1,521	7,350

The carrying amounts of the Group's trade payables approximate their fair values.

BUSINESS REVIEW

The Group is principally engaged in the sale of beauty products and provision of therapy services, as well as the provision of engineering products and related services. For the sale of beauty products, the Group offers a variety of beauty products and a variety of medical skincare products. 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 mainly offers robotic products. For the provision of engineering related services, the Group provides equipment installation, support and maintenance services for robotics and automation systems.

Due to the increased competition and once-in-a-century COVID-19 epidemic, the performance of the Beauty Business as a whole faced with unprecedented challenges. The revenue derived from the sale of beauty products and the provision of therapy services rendered has reduced by 48.1% to approximately HK$1.3 million and reduced by 38.1% to approximately HK$31.0 million respectively for the year ended 31 December 2020. The gross profit generated from the Beauty Business was reduced by approximately 53.3% to approximately HK$11.3 million for the year under review.

For the Engineering Business, during the financial year of 2020, the Group continued to develop and improve its robotic products. The Group has also driving the commercialization of its products at steady pace through domestic platforms, upon which large-scale of civil application can be expected. For the period under review, the revenue of the Engineering Business has decreased by 36.2% and contributed a total revenue of approximately HK$22.8 million to the total turnover of the Group.

FINANCIAL REVIEW

During the year under review, the Group recorded a turnover of approximately HK$55.0 million (for the financial year ended 31 December 2019: approximately HK$88.2 million), of which approximately HK$1.3 million (for the financial year ended 31 December 2019: approximately HK$2.5 million), HK$30.9 million (for the financial year ended 31 December 2019: approximately HK$50.0 million) and HK$22.8 million (for the financial year ended 31 December 2019: HK$35.7 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$32.2 million to the turnover of the Group, representing approximately 58.5% of the turnover, of which approximately HK$1.3 million and HK$30.9 million were generated from the sale of beauty products and provision of therapy services respectively. The Engineering Business contributed approximately HK$22.8 million to the turnover of the Group, representing approximately 41.5% of the turnover.

For the year ended 31 December 2020, the gross loss was approximately HK$3.7 million and the gross loss margin was approximately 6.6% (for the financial year ended 31 December 2019: gross profit margin of 25.7%). The Beauty Business in aggregate contributed approximately HK$11.3 million gross profit to the Group, while the Engineering Business recorded a gross loss of approximately HK$15.0 million. The decrease in gross profit margin is due to decrease in revenue generated by both Beauty and Engineering Business.

During the year under review, other income was approximately HK$5.0 million (for the financial year ended 31 December 2019: approximately HK$3.4 million). The other income was mainly attributable to interest income on bank deposits of approximately HK$0.1 million and sundry income of approximately HK$4.9 million, which mainly consists of government grants received during the year.

The other losses (net) for the financial year ended 31 December 2020 mainly consists of impairment loss of goodwill of approximately HK$21.0 million (for the financial year ended 31 December 2019: approximately HK$57.1 million), impairment loss of property, plant and equipment of approximately HK$6.2 million (for the financial year ended 31 December 2019: NIL), impairment loss on right-of-use assets of approximately HK$7.9 million (for the financial year ended 31 December 2019: NIL), and gain on liquidation of a subsidiary of approximately HK$8.3 million (for the financial year ended 31 December 2019: NIL). The impairment loss on the goodwill, property, plant and equipment and right-of-use assets mainly relates to the provision of engineering products and related services CGU (the Robotics CGU). For the purpose of impairment assessment, the recoverable amount of Robotics CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period. The financial budgets are prepared based on a five-year business plan considering the past performance, achievement of business targets, stability of core business development and sustainability of business growth. The financial budgets have also taken into consideration the developments of the Robotics CGU's business, including changes in the product mix, refinement of the targeted customer segments as well as the resulting changes to expected costs and margins. It has also taken into consideration of the result of scale down of the business and relocation of research and development function during the year ended 31 December 2020 in respond to cost saving initiatives partially a result from the adverse impact brought by COVID-19. The directors assessed the recoverable amount of the Robotics CGU with reference to the valuations performed by a professional valuer. The impairment is mainly a result of the difficult market environment which was further accelerated by the adverse effect brought by COVID-19 leading to the scale down of the operations during the year and the relocation of the CGU's research centre from Canada to Mainland China which affected the CGU's growth momentum.

The selling and distribution costs for the year ended 31 December 2020 was approximately HK$12.2 million (for the financial year ended 31 December 2019: approximately HK$15.9 million). The selling and distribution costs of the Beauty Business and the Engineering Business accounted for approximately 31.1% or HK$3.8 million and approximately 68.9% or HK$8.4 million of the total selling and distribution costs, respectively. The decrease in selling and distribution costs was mainly due to a decrease in sales commission expenses incurred by Beauty Business amounting to approximately HK$1.0 million and decrease in selling and distribution expenses incurred by Engineering Business amounting to approximately HK$2.2 million.

The administrative expenses for the year ended 31 December 2020 was approximately HK$85.5 million (for the financial year ended 31 December 2019: approximately HK$114.0 million). The administrative expenses mainly consist of depreciation expense of HK$11.0 million (for the financial year ended 31 December 2019: approximately HK$11.3 million), employee related expense of approximately HK$40.1 million (for the financial year ended 31 December 2019: approximately HK$43.5 million), research and development expense of approximately HK$3.0 million (for the financial year ended 31 December 2019: approximately HK$25.4 million), director's remuneration of approximately HK$11.6 million (for the financial year ended 31 December 2019: approximately HK$14.6 million) and other administrative expense of approximately HK$19.8 million (for the financial year ended 31 December 2019: approximately HK$19.2 million).

The finance costs for the year ended 31 December 2020 of approximately HK$12.2 million (for the financial year ended 31 December 2019: approximately HK$4.3 million) was mainly attributable to interest on long-term loans.

The consolidated loss amounted to approximately HK$131.9 million for the year ended 31 December 2020 (for the financial year ended 31 December 2019: approximately HK$164.3 million), of which a loss of approximately HK$1.4 million (for the financial year ended 31 December 2019: HK$6.6 million), a loss of HK$89.2 million (for the financial year ended 31 December 2019: HK$82.8 million) and a loss of HK$41.3 million (for the financial year ended 31 December 2019: HK$88.1 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 2020, the Group had a total secured borrowing of approximately HK$134.8 million, which was secured over 50.5% (as at 31 December 2019: 99%) shares of a subsidiary indirectly held by the Company and carried an effective interest rate of 15.0%. The Group also had unsecured borrowings of approximately HK$21.7 million, which carried an effective interest rate of 10.3%.

The total secured and unsecured borrowings of the Group is approximately HK$156.5 million, out of which approximately HK$Nil million is matured within one year and approximately HK$112.6 million is matured between one and two years and approximately HK$43.9 million is matured between two and five years.

Approximately HK$21.7 million of the borrowings are denominated in Hong Kong dollars and approximately HK$134.8 million of the borrowings are denominated in Renminbi.

As at 31 December 2020, the Group had total assets of approximately HK$141.2 million (31 December 2019: approximately HK$206.3 million), including cash and cash equivalents of approximately HK$58.0 million (31 December 2019: approximately HK$32.7 million).

On 29 April 2020, 深圳市帝光實業有限公司 (Shenzhen Shi Diguang Industrial Company Limited[#]) ("**Shenzhen Diguang**"), an indirect non-wholly owned subsidiary of the Company and principally engaged in the development and manufacturing of robotics products, and 惠州市金達勝投資有限公司 (Huizhou Shi Jindasheng Investment Company Limited[#]) ("**Huizhou Jindasheng**") entered into the debt capitalisation agreement in relation to (i) the increase in the registered capital of Shenzhen Diguang from RMB500,000 to RMB980,000 (the "**Capital Increase**"); and (ii) the capitalisation of part of the principal amount of the debt owed by Shenzhen Diguang to Huizhou Jindasheng in the sum of RMB4,900,000 into the equity interest in the registered capital in the amount of RMB480,000 in Shenzhen Diguang (representing approximately 48.98% of the equity interest in Shenzhen Diguang upon completion of the Capital Increase).

CAPITAL STRUCTURE

As at 31 December 2020, the total issued share capital of the Company was HK$50,621,967 (31 December 2019: HK$50,621,967) divided into 506,219,666 (31 December 2019: 506,219,666) ordinary shares of HK$0.1 each.

USE OF NET PROCEEDS FROM ISSUANCE OF ORDINARY SHARES

Net proceeds from the subscription of 21,000,000 new Shares of the Company which was completed on 4 August 2017 were HK$130.0 million. The use of proceeds is as follows:

Intended use	Net proceeds *'million*	Utilisation up to 31 December 2017 *'million*	Utilisation up to 31 December 2018 *'million*	Utilisation up to 31 December 2019 *'million*	**Utilisation up to 31 December 2020** ***'million***	Remaining balance *'million*
Construction of production plants	50.0	16.8	27.9	35.6	**38.3**	11.7 *(Note)*
General working capital	80.0	40.1	80.0	80.0	**80.0**	—
	130.0	56.9	107.9	115.6	**118.3**	11.7

Note: The remaining balance is expected to be utilized within the year ending 31 December 2022 instead of the year ended 31 December 2020 as initially planned. The change in utilization period is due to uncertainty faced by the Group arising from the outbreak of the COVID-19 virus and fluctuation of economy in the PRC and the world. As a result, the Group intends to maintain current production capacity and only expand our production capacity when the Group's assessment on the impact from the outbreak of the COVID-19 virus becomes clearer.

GEARING RATIO

The gearing ratio, expressed as percentage of total borrowings to (deficits)/equity attributable to owners of the Company, was approximately 636% (31 December 2019: approximately 274%). The increase in gearing ratio is due to increase in other borrowings.

PLEDGE OF ASSETS

As at 31 December 2020, the Group's restricted bank deposits of approximately HK$19.0 million (as at 31 December 2019: approximately HK$19.0 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 when in need.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no material contingent liabilities.

EMPLOYEES

As at 31 December 2020, the Group had 134 employees (as at 31 December 2019: 228 employees). Total staff costs including directors' emolument for the year ended 31 December 2020 amounted to approximately HK$65.1 million (for the financial year ended 31 December 2019: approximately HK$74.6 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 2020.

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 2020.

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.

SUBSEQUENT EVENT

There is no significant event after the reporting date.

INDUSTRY OUTLOOK

Affected by the COVID-19 epidemic, the development of various industries around the world has slowed down. Major countries in the world have adopted various measures to stimulate economic development and hedge the impact of the epidemic. The epidemic in the year of 2020 has also brought great impact on the Chinese economy, while new infrastructure investment has become a hot spot to reboot the market. The Standing Committee of the Political Bureau of the CPC Central Committee held a meeting and pointed out the necessity to speed up the construction of new infrastructure such as 5G networks and artificial intelligence. Therefore, artificial intelligence has become the main battlefield for consumer investment among the seven major areas of new infrastructure. The spread of the epidemic has also caused uncertainties in all links of the global industrial chain. Under the background of the steady economic recovery, the development of infrastructure for emerging artificial intelligence industries is in line with the direction of economic transformation and has become one of the main drivers for new infrastructure. The emerging artificial intelligence industry can not only accelerate construction and development, but also make the industry show its "counter-cyclical" attributes. From the action plan of National Internet Plus to the "Thirteenth Five-Year Plan" related plans, artificial intelligence is clearly regarded as a strategic emerging industry, to which key support is given. It is planned to arrange an estimated budget of 560 million yuan as state allocation. By 2023, it is planned to complete key general technologies and key field technologies, initially establish an artificial intelligence standard system, and take the lead in key industries like manufacturing, transportation, finance, security, furniture, elderly care, environmental protection, education, health care, justice and so on. According to the forecast report released by the National Research Institute, in 2018, China's intelligent robot market reached 53.59 billion yuan, a year-on-year increase of 14.4%, and in 2019, the number reached 58.87 billion yuan, a year-on-year increase of 9.8%. By 2021, the scale of China's robot market is expected to reach 81.3 billion yuan, with an average annual compound growth rate of 15.8% in the next five years (2021-2025), and it is expected to reach 146.3 billion yuan in 2025.

Benefiting from the rapid development of information technology and artificial intelligence, as well as favorable policies at the national level, the market scale of service robots in China will also expand rapidly. With the further implementation of artificial intelligence in the fields of finance, retail, manufacturing, education, agriculture, tourism, etc., the integration of different technologies will provide more possibilities for the implementation of artificial intelligence technology, and will also create greater market for intelligent robots. The Group expects that the advancement of robotics and its applications will speed up the process of commercial implementation. The AI intelligent service robots of our Group will have a broad market and are expected to continue to expand in scale. Digital twin technology and solutions have greatly improved the efficiency of the service industry, and industry applications have gradually deepened. The group's epidemic prevention service robots, disinfection and cleaning robots and other epidemic-specific intelligent robots will also continue to be optimized, escorting users in the long-term epidemic prevention and control battle.

In order to cope with our country's increasing labor costs and the aging population, smarter and more efficient artificial intelligence has received strong support from the government. Artificial intelligence has been involved in the government report for three consecutive years. The government report proposes to deepen the development and application of big data, artificial intelligence and other research and development to expand "intelligence plus" and to empower the transformation and upgrading of manufacturing. With the arrival of the first year of 5G commercial use, 5G technology empowers the industrial field and promotes the new development of intelligent manufacturing. The deep integration of artificial intelligence technology and manufacturing has become an inevitable trend. The compound annual growth rate of artificial intelligence technology in the manufacturing industry during the forecast period from 2019 to 2027 can reach 39.7%, and it is expected to reach 27 billion US dollars by 2027. With the accelerated implementation of 5G network construction, the intelligent, dynamic and fully automated manufacturing process will be realized in the near future. The Group's strategic development idea and prospects are also clearer.

With the help of multiple factors, the scale of the artificial intelligence market continues to expand. Thanks to the maturity of technologies such as smart voice, smart sensing, and machine vision, as well as the integration and development of technologies such as AR, cloud computing, and 5G, artificial intelligence is widely used in all walks of life by means of robotics to provide new kinetic energy for industry development. In order to promote the rapid development of the robotics industry, the State Council has issued a series of policies to implement mass production and application of next-generation robotics, intelligent robot learning and cognition, intelligent home service robots, and intelligent public service robots. The Group will also continue to integrate new technologies to improve the diversity of its robot products, the convenience of use and the wide range of applications, to realize the autonomy, adaptability and intelligence of robots, and to enter a broader consumer market.

Given that the widespread public health crisis has directly harmed the economic activities of the Hong Kong, especially the consumer-oriented and tourism-related industries, which have been hit hard, the directors expect that the beauty business of the Group may continue to experience challenges.

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 2020 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 Dr. Wang Dangxiao. The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2020.

EXTRACT OF INDEPENDENT AUDITOR'S OPINION

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2020.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 2.1(c) to the consolidated financial statements, which indicates that the Group incurred a net loss of HK$131,885,000 and had a net cash used in operating activities of HK$48,297,000 during the year ended 31 December 2020. As at 31 December 2020, the Group had a shareholders' deficit of HK$118,543,000 and net current assets of HK$38,375,000 including cash and cash equivalents of HK$57,966,000 and long-term borrowings of HK$156,478,000. Subsequent to the year end in January 2021, the Group repaid approximately HK$47,432,000 long-term borrowings which further reduced the cash and cash equivalents of the Group. These conditions, along with other matters as described in Note 2.1(c) to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board believes that corporate governance is essential to the success of the Company. The Board is committed to maintaining corporate governance with high standard and ensuring compliance of the legal and regulatory requirements. The Company has put in place governance practices with emphasis on the integrity, quality of disclosures, transparency and accountability for the shareholders of the Company.

As at 31 December 2020 and up to the date of this report, the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

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 2020.

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

Hong Kong, 31 March 2021

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Su Zhituan (Chairman), Mr. Sun Ziqiang, (Vice-chairman); and one non-executive directors, namely Mr. Fan Yu, three independent non-executive directors, namely Mr. Tam B Ray, Billy, Mr. Chu Kin Wang, Peleus and Dr. Wang Dangxiao. 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.