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)

UNAUDITED FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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.

This announcement, for which the directors of SuperRobotics 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.

UNAUDITED CONSOLIDATED RESULTS

For the reasons explained below under "Review of Unaudited Annual Results", the auditing process for the annual results of the Group has not been completed. In the meantime, the board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	**2019** ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Revenue	*3*	**88,155**	63,739
Cost of sales		**(65,461)**	(44,060)
Gross profit		**22,694**	19,679
Other income		**3,407**	1,889
Other (losses)/gains, net		**(570)**	970
Impairment of goodwill		**(57,144)**	—
Selling and distribution expenses		**(15,897)**	(15,682)
Administrative expenses		**(113,974)**	(136,023)
Operating loss	*4*	**(161,484)**	(129,167)
Finance costs		**(4,283)**	(15)
Loss before income tax		**(165,767)**	(129,182)
Income tax credit	*5*	**1,454**	1,476
Loss for the year		**(164,313)**	(127,706)
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**3,635**	(9,733)
Other comprehensive income/(loss) for the year		**3,635**	(9,733)
Total comprehensive loss for the year		**(160,678)**	(137,439)

	Note	2019 *HK$'000* (unaudited)	2018 *HK$'000* (audited)
(Loss)/profit attributable to:			
Owners of the Company		**(168,425)**	(132,345)
Non-controlling interests		**4,112**	4,639
		(164,313)	(127,706)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(164,800)**	(142,084)
Non-controlling interests		**4,122**	4,645
		(160,678)	(137,439)
Loss per share to the owners of the Company for the year			
Basic and diluted (expressed in HK cent per share)	*6*	**(33.27)**	(27.41)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 *HK$'000* (unaudited)	2018 *HK$'000* (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**24,668**	25,679
Right-of-use assets		**22,315**	—
Intangible assets	*8*	**53,217**	113,387
Deposits		**3,764**	3,609
		103,964	142,675
Current assets			
Inventories		**27,867**	28,900
Trade receivables	*9*	**15,627**	13,536
Deposits, prepayments and other receivables		**7,120**	11,343
Restricted bank deposits		**18,970**	18,729
Cash and cash equivalents		**32,708**	43,604
		102,292	116,112
Total assets		**206,256**	258,787
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital – Ordinary shares		**50,622**	50,622
Reserves		**(30,211)**	130,413
		20,411	181,035
Non-controlling interests		**6,607**	5,425
Total equity		**27,018**	186,460

	Note	2019 *HK$'000* (unaudited)	2018 *HK$'000* (audited)
LIABILITIES			
Current liabilities			
Trade payables	*10*	**7,350**	4,836
Accruals and other payables		**38,738**	29,639
Other borrowings		**2,000**	53
Tax payables		**1,281**	1,491
Contract liabilities		**38,574**	31,149
Lease liabilities		**12,202**	—
		100,145	67,168
Non-current liability			
Deferred taxation		**3,482**	5,159
Other borrowings		**53,930**	—
Amounts due to directors		**10,617**	—
Lease liabilities		**11,064**	—
		79,093	5,159
Total liabilities		**179,238**	72,327
Total equity and liabilities		**206,256**	258,787
Net assets		**27,018**	186,460

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	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 2018 (audited)	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 and at 1 January 2019 (audited)	50,622	–	488,163	27,141	(446)	21,246	(405,691)	181,035	5,425	186,460
(Loss)/profit for the year	–	–	–	–	–	–	(168,425)	(168,425)	4,112	(164,313)
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	3,625	–	–	3,625	10	3,635
Total comprehensive (loss)/profit for the year	–	–	–	–	3,625	–	(168,425)	(164,800)	4,122	(160,678)
Equity-settled share-based compensation	–	–	–	–	–	4,176	–	4,176	–	4,176
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(2,940)	(2,940)
At 31 December 2019 (unaudited)	50,622	–	488,163	27,141	3,179	25,422	(574,116)	20,411	6,607	27,018

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

The Group is 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 standard, amendments to standards and interpretation adopted by the Group

The Group has applied the following new standard, amendments to standards and interpretation for the first time for their annual reporting period commencing 1 January 2019:

HKFRS 16	Leases
Annual improvements projects (Amendment)	Annual Improvements 2015-2017 Cycle
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments (new interpretation)

The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in Note 2.4. Most of the other 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.

2.2 New standard and amendments to standards not yet adopted

Certain new accounting standard and amendments to standards have been published that are not mandatory for 31 December 2019 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.

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendments)	Definition of material	1 January 2020
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Interest rate benchmark reform	1 January 2020
HKFRS 3 (Amendments)	Definition of business	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be announced

2.3 Going concern basis

(i) Going concern

The Group reported loss of the year of HK$164,313,000 and net cash used in operating activities of HK$44,920,000 for the year ended 31 December 2019. The cash and cash equivalents and short-term borrowings were HK$32,708,000 and HK$2,000,000, respectively, at the end of 2019.

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 have 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 is only able to gradually resume normal operations in March 2020. For the Group's beauty therapy services, the short-term psychological impact of the public on the epidemic in Hong Kong has negatively impacted the customer demand for the services. 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 operation performance and cash flow may be adversely affected.

In view of such 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) the Group obtained a borrowing facility of RMB30.7 million from an independent third party (the "Lender") in 2019. The facility bears interest of 10% to 15% per annum and is 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 is repayable by eight tranches starting from April 2021 through December 2021. The Group had subsequently entered into a supplementary agreement with the Lender on 3 January 2020 to increase the limit of the borrowing facility by RMB6.3 million to RMB 37 million which was fully drawn down in January and February 2020. Amounts drawn under the RMB6.3 million facility are repayable 24 months from date of drawdown and bears interest at 15% per annum. Furthermore, the Group is also planning to negotiate with the Lender to convert the loan and interest outstanding under this borrowing facilities to equity interest in an indirect non-wholly owned subsidiary of the Company;

(ii) the Group has entered into a new borrowing facility agreement with the Lender on 1 March 2020 with a limit of RMB80 million that bears interest at 15% per annum, secured by the Group's entire equity interest in Anzer and repayable 24 months from date of draw down. This facility is available for draw down until March 2022 where the Group has drawn down RMB3 million from this facility in March 2020 and will draw down another RMB30 million in April 2020. It is expected that the remaining amount will be drawn down in the second half of year 2020;

(iii) the Group is closely monitoring the development of COVID-19 and continuously assessing the impact to the Group's operation. The Group has communicated with the suppliers and customers of its robotics business in Mainland China and believe that the supply chain will resume to normal in near term. For the beauty therapy business, the Group is taking measures to contain operating costs to mitigate the negative impact;

(iv) 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; using finance lease to purchase equipment and building stronger relationships with major customers to secure more recurring orders to improve the Group's cash flows from operations.

Notwithstanding the above, whether management is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions as described above, and consequently be able to generate adequate financing and operating cash flows to continue as a going concern would depend upon, among other things, the successful implementation of business plan for its robotic business and beauty therapy business to mitigate the negative impact of COVID-19 and improve operation results; and successful drawdown of funds from the above-mentioned borrowing facilities as and when need.

The directors of the Company have reviewed the Group's cash flow projection covering a period of twelve months from 31 December 2019 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 2019. 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

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's consolidated financial statements.

As indicated in Note 2.1 above, the Group has adopted HKFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position of on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.62%.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review — there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected to reassess whether a contract is, or contains a lease at the date of initial application.

(ii) Measurement of lease liabilities

	2019
	HK$'000
	(unaudited)
Operating lease commitments disclosed as at 31 December 2018	**22,449**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**17,245**
(Less): short-term leases not recognised as a liability	**(1,248)**
Add: contracts reassessed as lease contracts	**14,737**
Lease liability recognised as at 1 January 2019	**30,734**
Of which are:	
Current lease liabilities	**9,773**
Non-current lease liabilities	**20,961**
	30,734

(iii) Measurement of right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous contracts that would have required on adjustment to the right-of-use assets at the date of initial application.

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 2019

	Sale of beauty products *HK$'000* **(unaudited)**	**Provision of therapy services** *HK$'000* **(unaudited)**	**Provision of engineering products and related services** *HK$'000* **(unaudited)**	**Consolidated** *HK$'000* **(unaudited)**
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 on 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$'000* (unaudited)	Provision of therapy services *HK$'000* (unaudited)	Provision of engineering products and related services *HK$'000* (unaudited)	Consolidated *HK$'000* (unaudited)
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$'000* (unaudited)	Provision of therapy services *HK$'000* (unaudited)	Provision of engineering products and related services *HK$'000* (unaudited)	Unallocated *HK$'000* (unaudited)	Consolidated *HK$'000* (unaudited)
Other segment information					
Amount included in the measure of segment (loss)/profit 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**
Share-based compensation	**—**	**—**	**4,176**	**—**	**4,176**

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$'000* (audited)	Provision of therapy services *HK$'000* (audited)	Provision of engineering products and related services *HK$'000* (audited)	Consolidated *HK$'000* (audited)
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$'000 (audited)	Provision of therapy services HK$'000 (audited)	Provision of engineering products and related services HK$'000 (audited)	Consolidated HK$'000 (audited)
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$'000 (audited)	Provision of therapy services HK$'000 (audited)	Provision of engineering products and related services HK$'000 (audited)	Unallocated HK$'000 (audited)	Consolidated HK$'000 (audited)
Other segment information					
Amount included in the measure of segment profit/(loss) 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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2018: 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, 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	**2019** ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Sales of beauty products	**2,503**	3,540
Provision of therapy services	**49,986**	49,320
Provision of engineering products and related services	**35,666**	10,879
	88,155	63,739

Information about major customers

Revenue from one customer (2018: one customer) from "provision of engineering products and related services" operating segment, individually contributing over 31% of the total revenue of the Group, is HK$27,063,000 (2018: HK$6,795,000).

4 OPERATING LOSS

Operating loss has been arrived at after charging:

	2019 *HK$'000* (unaudited)	2018 *HK$'000* (audited)
Auditor's remuneration		
— audit services	**1,580**	1,780
— non-audit services	**54**	52
Depreciation of property, plant and equipment	**7,641**	6,540
Amortisation of other intangible assets	**6,866**	7,032
Depreciation charge of right-of-use assets	**11,423**	—
Operating lease rentals in respect of rental premises	**3,681**	15,130
Staff costs (including directors' emoluments)	**74,629**	77,181
Write-off of property, plant and equipment	**—**	15
Provision for impairment of inventories	**306**	—

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 (2018: Same). No income tax has been provided for the subsidiaries in Mainland China and Canada since the subsidiaries had no assessable profit for the year ended 31 December 2019 (2018: Nil).

	2019 *HK$'000* (unaudited)	2018 *HK$'000* (audited)
Hong Kong profits tax:		
— Current taxation	**(1,819)**	(1,908)
Canada corporation income tax incentive *(Note a)*	**1,425**	1,458
Deferred taxation	**1,848**	1,926
	1,454	1,476

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$1,425,000 (2018: HK$1,458,000) 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:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Loss for the year attributable to owners of the Company	**168,425**	132,345

	2019	2018
Number of ordinary shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**506,220**	482,877

Diluted loss per share for the year ended 31 December 2019 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 2019 (unaudited) (2018: Nil).

8 INTANGIBLE ASSETS

	Goodwill	Other intangible asset	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1 January 2018 (audited)	100,036	36,049	136,085
Exchange differences	(6,011)	(2,650)	(8,661)
At 31 December 2018 and 1 January 2019	94,025	33,399	127,424
Exchange differences	3,129	1,380	4,509
At 31 December 2019 (unaudited)	97,154	34,779	131,933
Amortisation			
At 1 January 2018 (audited)	—	7,941	7,941
Charge for the year	—	7,032	7,032
Exchange difference	—	(936)	(936)
At 31 December 2018 and 1 January 2019 (audited)	—	14,037	14,037
Amortisation charge	—	6,866	6,866
Impairment charge	57,144	—	57,144
Exchange difference	—	669	669
At 31 December 2019 (unaudited)	57,144	21,572	78,716
Carrying amount			
At 31 December 2019 (unaudited)	40,010	13,207	53,217
At 31 December 2018 (audited)	94,025	19,362	113,387

As at 31 December 2019, the carrying amount of the engineering products and related services CGU ("Robotics CGU") was reduced to its recoverable amount through recognition of an impairment loss of approximately HK$57,144,000 against goodwill. This loss is included in the consolidated statement of comprehensive income.

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 ("Beauty Products and Services CGU"), which are operating segments.

Goodwill arose from acquisition of ESI Automation Systems Corporation (formerly known as Engineering Services Inc.) ("ESI") of HK$78,888,000 was allocated to the Robotics CGU. Other intangible asset, arose from the acquisition of the ESI, represents the patents registered in various countries.

Other intangible asset is amortised over the estimated useful life of 5 years. For the year ended 31 December 2019, amortisation of HK$6,866,000 (2018: HK$7,032,000) has been charged to "cost of sales" in the consolidated statement of comprehensive income.

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 2019. The recoverable amount of Beauty Products and Services CGU is determined based on a value-in-use calculation which uses cash flow projection based on financial budgets approved by the directors of the Company covering a five-year period, and a pre-tax discount rate of 16.9% per annum (2018: 17.6% per annum).

The financial budgets are prepared based on a five-year business plan having considered the sustainability of business growth, stability of core business developments and achievement of business targets. The financial projection assumes an average growth rate of 2% (2018: 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 recognised for the years ended 31 December 2019 as the recoverable amounts exceeds the carrying amounts (2018: No impairment loss).

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 the their recoverable amounts.

Impairment assessment of Robotics CGU

The Group reviewed the goodwill allocated to the Robotics CGU as at 31 December 2019. The recoverable amount of Robotics CGU is determined based on a value-in-use calculation which uses cash flow projection based on financial budgets approved by the directors of the Company covering a five-year period, and a pre-tax discount rate of 22.1% (2018: 26.8%) per annum.

The financial budgets have taken into consideration the developments of the Robotics CGU's business, including, changes in the product mix, the refinement of the targeted customer segments as well as changes to expected costs and margins due to challenges to procure technology components due to the certain restrictions imposed from the during the negotiation between China and the United States. The financial budgets are prepared based on a five-year business plan considering the sustainability of business growth, stability of core business developments and achievement of business targets. The financial model assumes gross margins of approximately 27% (2018:from 31% to 35%), an average growth rate of 2% (2018: 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. Based on the assessment performed, the Group recognised a goodwill impairment provision of approximately HK$57,144,000 during the year ended 31 December 2019.

If the gross margin rate used in the value-in-use calculation for the Robotics CGU deviate by 3% from management's estimates at 31 December 2019, the recoverable amount of Robotics CGU would be approximately HK$47,853,000 higher or lower than the current 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 be approximately HK$8,874,000 higher or lower than the current 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 were as follow:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**9,951**	4,395
31 – 60 days	**683**	347
61 – 90 days	**262**	7,322
Over 90 days	**5,405**	2,193
	16,301	14,257
Less: Provision for impairment of trade receivables	**(674)**	(721)
Trade receivables, net	**15,627**	13,536

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

10 TRADE PAYABLES

As at 31 December 2019, the ageing analysis of trade payables by invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**7,350**	4,836
	7,350	4,836

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

Despite facing increased competition and a series of social disruptions 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 approximately 29.3% to approximately HK$2.5 million and approximately increased 1.4% to approximately HK$50.0 million respectively for the year ended 31 December 2019. The gross profit generated from the Beauty Business was increased by approximately 0.4% to approximately HK$24.2 million for the year under review.

For the Engineering Business, during the financial year of 2019, the Group continued to develop and improve 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. For the period under review, the revenue of the Engineering Business has increased by approximately 227.8% and contributed a total revenue of approximately HK$35.7 million to the total turnover of the Group.

FINANCIAL REVIEW

During the year under review, the Group recorded a turnover of approximately HK$88.2 million (for the financial year ended 31 December 2018: approximately HK$63.7 million), of which approximately HK$2.5 million (for the financial year ended 31 December 2018: approximately HK$3.5 million), HK$50.0 million (for the financial year ended 31 December 2018: approximately HK$49.3 million) and HK$35.7 million (for the financial year ended 31 December 2018: HK$10.9 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$52.5 million to the turnover of the Group, representing approximately 59.5% of the turnover, of which approximately HK$2.5 million and HK$50.0 million were generated from the sale of beauty products and provision of therapy services respectively. The Engineering Business contributed approximately HK$35.7 million to the turnover of the Group, representing approximately 40.5% of the turnover.

For the year ended 31 December 2019, the gross profit was approximately HK$22.7 million and the gross profit margin was approximately 25.7% (for the financial year ended 31 December

2018: gross profit margin of 30.9%). The Beauty Business in aggregate contributed approximately HK$24.2 million gross profit to the Group, while the Engineering Business recorded a gross loss of approximately HK$1.5 million. The decrease is gross profit margin is due to increase in revenue from the Engineering Business as a portion of the total revenue. As gross profit margin of the Engineering Business is lower than the Beauty Business, the gross profit margin as a whole has decreased.

During the year under review, other income was approximately HK$3.4 million (for the financial year ended 31 December 2018: approximately HK$1.9 million). The other income was mainly attributable to interest income on bank deposits of approximately HK$0.2 million and sundry income of approximately HK$3.2 million.

Net other gains or losses is a loss of approximately HK$57.7 million, (for the financial year ended 31 December 2018: approximately net gains HK$1.0 million) which was mainly attributable to the loss of impairment of goodwill of approximately HK$57.1 million.

The selling and distribution costs for the year ended 31 December 2019 was approximately HK$15.9 million (for the financial year ended 31 December 2018: approximately HK$15.7 million). The selling and distribution costs of the Beauty Business and the Engineering Business accounted for approximately 31.4% or HK$5.0 million and approximately 68.6% or HK$10.9 million of the total selling and distribution costs, respectively. The increase in selling and distribution costs was mainly due to an increase in selling and distribution expenses incurred by Engineering Business amounting to approximately HK$0.6 million.

The administrative expenses for the year ended 31 December 2019 was approximately HK$114.0 million (for the financial year ended 31 December 2018: approximately HK$136.0 million). The administrative expenses of the Beauty Business accounted for approximately HK$11.0 million or 9.7% of the total administrative expenses. Such expenses mainly comprised staff costs of approximately HK$7.0 million, depreciation expenses of approximately HK$0.3 million, depreciation of right-of-use assets of approximately HK$0.5 million, rental expenses of approximately HK$0.2 million and other administrative expenses of approximately HK$3.0 million. The administrative expenses of the Engineering Business accounted for approximately HK$80.4 million or 70.5% of the total administrative expenses. Such expenses mainly comprised staff costs of approximately HK$30.4 million, depreciation expenses of approximately HK$5.3 million, depreciation of right-of-use assets of approximately HK$4.9 million, research expense of approximately HK$25.4 million, share-based compensation of approximately HK$4.2 million, and other administrative expenses of approximately HK$10.2 million. In addition, the Group also incurred administrative expenses relating to general corporate activities amounting to approximately HK$22.6 million or 19.8% of the total administrative expenses. The general corporate administrative expenses mainly consists of directors’ remuneration amounted to approximately HK$14.6 million, staff cost of approximately HK$6.0 million, consulting fee of approximately HK$1.8 million and other listing and administrative expenses of approximately HK$0.2 million.

The finance costs for the year ended 31 December 2019 of approximately HK$4.3 million (for the financial year ended 31 December 2018: approximately HK$15,000) was mainly attributable to interest on long-term loans.

The consolidated loss amounted to approximately HK$164.3 million for the year ended 31 December 2019 (for the financial year ended 31 December 2018: approximately HK$127.7 million), of which a profit of approximately HK$6.6 million (for the financial year ended 31 December 2018: HK$10.7 million), a loss of HK$82.8 million (for the financial year ended 31 December 2018: HK$65.4 million) and a loss of HK$88.1 million (for the financial year ended 31 December 2018: HK$73.0 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 2019, the Group had a total secured borrowing of approximately HK$34.3 million, which was secured over 99% shares of a subsidiary indirectly held by the Company and carried an effective interest rate of 13.7%. The Group also had unsecured borrowings of approximately HK$21.6 million, which carried an effective interest rate of 10.9%.

The total secured and unsecured borrowings of the Group is approximately HK$55.9 million, out of which approximately HK$2.0 million is matured within one year and approximately HK$53.9 million is matured between one and two years.

Approximately HK$21.6 million of the borrowings are denominated in Hong Kong dollars and approximately HK$34.3 million of the borrowings are denominated in Renminbi.

As at 31 December 2019, the Group had total assets of approximately HK$206.3 million (31 December 2018: approximately HK$258.8 million), including cash and cash equivalents of approximately HK$32.7 million (31 December 2018: approximately HK$43.6 million).

CAPITAL STRUCTURE

As at 31 December 2019, the total issued share capital of the Company was HK$50,621,967 (31 December 2018: HK$50,621,967) divided into 506,219,666 (31 December 2018: 506,219,666) ordinary shares of HK$0.1 each.

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. The use of proceeds is as follows:

Intended use	Net proceeds *'million*	Utilisation up to 31 December 2015 *'million*	Utilisation up to 31 December 2016 *'million*	Utilisation up to 31 December 2017 *'million*	Utilisation up to 31 December 2018 *'million*	**Utilisation up to 31 December 2019** ***'million***	Remaining balance *'million*
Acquisition of equipment and developing in-flight WLAN and WIFI Engineering and service business	124.3	19.0	107.8	124.3	124.3	**124.3**	—
General working capital	10.7	—	—	—	—	**10.7**	—
	135.0	19.0	107.8	124.3	124.3	**135.0**	—

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***	Remaining balance *'million*
Construction of production plants	50.0	16.8	27.9	**35.6**	14.4 *(Note)*
General working capital	80.0	40.1	80.0	**80.0**	—
	130.0	56.9	107.9	**115.6**	14.4

Note: The utilization period of the remaining balance is expected to be within the next 24 months instead of 12 months 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 equity attributable to owners of the Company, was approximately 274% (31 December 2018: approximately 0.03%). The increase in gearing ratio is due to increase in other borrowings.

PLEDGE OF ASSETS

As at 31 December 2019, the Group's restricted bank deposits of approximately HK$19.0 million (as at 31 December 2018: 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 when in need.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no material contingent liabilities.

EMPLOYEES

As at 31 December 2019, the Group had 228 employees (as at 31 December 2018: 195 employees). Total staff costs including directors' emolument for the year ended 31 December 2019 amounted to approximately HK$74.6 million (for the financial year ended 31 December 2018: approximately HK$77.2 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 2019.

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 2019.

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

Since early 2020, the epidemic of Coronavirus Disease 2019 ("the COVID-19 outbreak") has spread worldwide, and it has caused disruptions to many business and economic activities.

Due to the COVID-19 outbreak and related precautionary and control measures taken place, the Group postponed the resumption of production in certain factories after the Chinese New Year, and the suppliers' delivery of certain raw materials for production was also delayed in the short term. In order to minimise the impact of the COVID-19 outbreak and changes in the market, the Group has actively coordinated relevant resources and adjusted production and operation arrangements to manage the effects of the disruptions. Up to the date of this announcement, the Group is not yet able to quantify the impact of COVID-19 to the Group's financial performance and position. Nonetheless, the Group will pay close attention to the development of the COVID-19 outbreak, perform further assessment of its impact and take relevant measures.

On 30 March 2020 (after trading hours of the Stock Exchange), 深圳市帝光實業有限公司 (transliterated as Shenzhen Shi Diguang Industrial Company Limited) ("Shenzhen Diguang"), an indirect non-wholly owned subsidiary of the Company, entered into a memorandum of understanding ("MOU") with 惠州市金達勝投資有限公司 (transliterated as Huizhou Shi Jindasheng Investment Company Limited#) ("Huizhou Jindasheng") in relation to capitalisation of the Debt (as defined below) into the equity interest on the registered capital of Shenzhen Diguang (the "Possible Transaction").

Shenzhen Diguang is a company established in the People's Republic of China and, through its subsidiaries, principally engaged in the development and manufacturing of robotics products. As at the date of this announcement, Shenzhen Diguang owed a debt in the amount of approximately RMB42,130,000 to Huizhou Jindasheng (the "Debt").

As at the date of this announcement, the equity interest in Shenzhen Diguang is ultimately owned as to 99% by the Company and as to 1% by a party independent of and not connected with the Company and its connected persons (as defined under the GEM Listing Rules).

Pursuant to the MOU, Shenzhen Diguang and Huizhou Jindasheng shall negotiate in good faith towards one another in ensuring that the Formal Agreement be entered into as soon as possible and in any event within six (6) months from the date of the MOU (or such later date as the parties thereto may agree in writing).

The MOU does not constitute legally binding commitment in respect of the Possible Transaction. The Possible Transaction is subject to execution and completion of a formal agreement.

INDUSTRY OUTLOOK

With the COVID-19 outbreak continuously affecting the livelihood and economy of the whole world, the year 2020 may be a new starting point for China's robotics industry and a major hurdle in the future as well. Based on a comprehensive analysis of various factors such as population structure, application scenarios, industrial policies, and corporate investment confidence, the main development trends of the robotics industry in the near future include the possibly further concentration of market share and the sustainable growth in research and development. Robot companies in the 5G commercial era are expected to deeply integrated with Internet of Industry and the Internet of Things; the demand for collaborative robots is expected to expand rapidly and may become one of the key breakthroughs for local enterprises. With the development of technology, the actual application effect of robots has been upgraded from machine substitution to intelligent manufacturing, and from merely replacing humans to improving enterprise efficiency and the quality of products and services. In addition, national and local policy support has been strengthened, and intelligent upgrading has been strongly assisted, both of which have contributed to providing a relatively favorable environment for the development of the robotics industry. With the transformation and upgrading of China's manufacturing industry, the fields of 3C, semiconductors, new energy, logistics and warehousing will witness tremendous growth in the future, which will help promote the diversified development of industrial robot demand and continue to expand the total domestic market capacity. The service robots in particular, with the rapid advancement of domestic 5G network construction, its ultrawideband, massive connections and ultra-low latency provide a variety of connections and communications between people and people, people and machine and among machines so that it is expected to empower the service robot industry. Because of 5G network, cloud computing and storage are made possible through high-speed and stable data transmission, and robot data collection limits and intelligence are greatly promoted, making service robots become one of the best carriers for 5G technology application services. The Group estimates that 5G commercial is expected to promote China to become the largest market for service robots, and which will be the basis of industrialization. And as high-end intelligent products, service robots and security robots of the Group that keep pace with the times will become a tipping point in the intelligent development of the industry in the future by integrating artificial intelligence, 5G technology and cloud computing technology.

At the same time, the State Council, the National Development and Reform Commission, the Ministry of Science and Technology, and the Ministry of Industry and Information Technology have successively introduced a number of industrial policies to support the development of China's intelligent equipment manufacturing industry. The jointly formulated 'Smart Manufacturing Development Plan' proposes to strengthen overall coordination, improve the innovation system, increase fiscal and taxation support, innovate financial support methods, exert the role of industry organizations, deepen international cooperation and exchanges and so on. IFR estimates that from 2019 to 2021, the global robot sales CAGR will be 1.85%, and the sales volume will reach 11.64% compared with 2019.

Besides, in the face of epidemic nationwide and even affecting the world, the Ministry of Industry and Information Technology issued the ‘Fully Exert the Utility of Artificial Intelligent and Unitedly Resist the Novel Coronavirus Pneumonia Initiative’ on February 4th, and major companies of artificial intelligent responded actively to resist the epidemic. The widespread application and popularization of the robots have also accelerated and promoted the development of the robotics industry, as well as the contactless economy. During the epidemic prevention and control process, products such as consultation robots, temperature measurement robots, disinfection robots, patrolling and security robots, distribution robots and so on have been comprehensively tested in practice, prompting more medical institutions to introduce robots to provide both human and technical support for epidemic prevention and control. The current consensus is that the epidemic is a catalyst that will accelerate the application process of service robots in China. When the epidemic recedes, the broad application prospects of service robots in medical, communications, security and other fields will be well known to the public, and the significant importance of artificial intelligence and robots will become increasingly prominent. At present, domestic service robots share is less than 30%, and the market potential is huge. With the aging trend, rising labor costs and continuous improvement in product performance, the market potential of domestic service robots is expected to continue to be released, and manufacturers with scale and technological competitive advantages will take the lead. As a result, the Group’s future development ideas and prospects have become clearer.

Despite the huge market potential, the Group’s business will be facing tremendous risks in a short period of time once external demand weakens for the reason that the epidemic has impacts on the service industry and manufacturing industry in its duration of time and intensity of influence. The severe global situation of the current epidemic will undoubtedly bring a lot of uncertainty to the domestic and international economy recovery in the short term. The social systems, economic development levels, social culture and actual political conditions of different countries have adversely affected the prevention and control of the epidemic in many ways. Normal global production and trade activities have been severely affected, increasing downward pressure on the global economy and even causing a recession. The global commodity markets have been influenced and the stock market has been further frustrated. Outbreak reductions and delays in resumption of work caused by epidemic prevention and control increase risks at global supply chain, and consumption, investment and import and export will also be affected. The Group needs to be prepared to deal with the worsening situation.

In view of the persistent social conflict in Hong Kong and the severe economic downturn that has seriously affected the industry’s living environment and the consumers, the Board expects that the Group’s Beauty Business may not be optimistic.

AUDIT COMMITTEE

The Board has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. As at 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 unaudited annual results of the Group for the twelve months ended 31 December 2019 and has provided advice and comments thereon.

Following the retirement of Mr. Xie Zhichun, an independent non-executive Director on 8 May 2019, (i) the Company had only two independent non-executive Directors which deviated from the requirement under the Rule 5.05(1) of the Rules Governing the Listing of Securities on the GEM on the Stock Exchange (the "GEM Listing Rules"); (ii) the Company had only two members in the Audit Committee which deviated from the requirement under the Rule 5.28 of the GEM Listing Rules; and (iii) the number of independent non-executive Directors in the remuneration committee of the Company did not meet the majority requirement under Rule 5.34 of the GEM Listing Rules.

On 21 May 2019, Dr. Wang Dangxiao was appointed as an independent non-executive Director. Following the appointment of Dr. Wang, the composition of the Board, the Audit Committee and the remuneration committee of the Company meet the requirements under Rules 5.05(1), 5.28 and 5.34 of the GEM Listing Rules.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to travel and other restrictions in force in parts of China to combat the COVID-19 outbreak. The unaudited annual results contained herein have not been agreed with the Company's auditors as required under Rule 18.49 of the GEM Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. As set out in Note 2.3 in the unaudited annual results announcement, there are events and conditions that may affect the ability of the Group to continue as a going concern. There is no certainty that the auditor would issue an unqualified opinion on the consolidated financial statements in this regard. An announcement relating to the audited results is expected to be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants in late April 2020.

The Audit Committee has reviewed with the management this unaudited annual results announcement and the 2019 unaudited consolidated financial statements. The Audit Committee has no disagreement on any accounting treatments which had been adopted or particulars published in this unaudited annual results announcement.

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 2019 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 2019.

DELAY IN PUBLICATION OF AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019 AND DESPATCH OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The unaudited financial results of the Group for the year ended 31 December 2019 have not been agreed by the auditors of the Company. As a result of the outbreak of the COVID-19, travel restrictions and quarantine measures are imposed by relevant authorities of the PRC. As such, some of important operational and finance staff were not able to return to office to close the books on time and our auditors were not able to carry out the field work as originally planned. The return of various audit confirmations (bank confirmations, debtor and creditor confirmations) is very slow due to limited operation by most of the bank branches, organisations and corporations located in various provinces of the PRC during the outbreak of the COVID-19. These factors have led to a serious delay in our book closing as well as the auditing process. Based on the communication with the auditors of the Company, the Company expects that the annual report of the Company for the year ended 31 December 2019 will be published on or before 30 April 2020. The financial information of the Group for the year ended 31 December 2019 contained herein in respect of the annual results of the Group for the year ended 31 December 2019 have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein, (ii) the proposed date on which the forthcoming annual general meeting will be held, and (iii) the period during which the register of members holding ordinary shares will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting (and the proposed arrangements relating to dividend payment, if any). In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the auditing process. The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Su Zhituan (Chairman), Mr. Sun Ziqiang, (Vice-chairman) and Mr. Fu Hengke; 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 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.