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SuperRobotics Limited
超人智能有限公司

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

(Stock Code: 8176)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

Given the emerging nature of companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange 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**") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

RESULTS

The board of directors (the "**Board**") of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (together the "**Group**") for the year ended 31 December 2017, together with the comparative audited figures for the year ended 31 December 2016 as follows.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*3*	**78,799**	61,521
Cost of sales		**(48,445)**	(106,994)
Gross profit/(loss)		**30,354**	(45,473)
Other income		**757**	307
Other gains/(losses), net		**757**	(1,441)
Selling and distribution expenses		**(8,583)**	(12,217)
Administrative expenses		**(122,694)**	(35,251)
Reversal of impairment loss previously recognised and interest income in respect of other receivables		**—**	51,132
Operating loss	*4*	**(99,409)**	(42,943)
Finance costs		**(6)**	(198)
Loss before income tax		**(99,415)**	(43,141)
Income tax credit/(expense)	*5*	**2,304**	(607)
Loss for the year		**(97,111)**	(43,748)
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**9,629**	(534)
Total other comprehensive income/(loss) for the year		**9,629**	(534)
Total comprehensive loss for the year		**(87,482)**	(44,282)
(Loss)/profit attributable to:			
Owners of the Company		**(99,059)**	(44,946)
Non-controlling interests		**1,948**	1,198
		(97,111)	(43,748)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(89,424)**	(45,480)
Non-controlling interests		**1,942**	1,198
		(87,482)	(44,282)
Loss per share to the owners of the Company for the year			
Basic and diluted (expressed in HK cent per share)	*6*	**(21.36)**	(10.66)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**22,122**	7,026
Intangible assets	*8*	**128,144**	127,166
Deposits		**2,523**	1,479
		152,789	135,671
Current assets			
Inventories		**5,915**	2,645
Tax recoverable		—	260
Trade receivables	*9*	**14,496**	4,312
Deposits, prepayments and other receivables		**13,301**	4,147
Financial assets at fair value through profit or loss		**97,627**	7,052
Restricted bank deposits		**18,727**	12,338
Cash and cash equivalents		**80,434**	152,218
		230,500	182,972
Total assets		**383,289**	318,643
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital — Ordinary shares		**47,622**	45,522
Share capital — Preferred shares		**3,000**	3,000
Reserves		**264,945**	211,525
		315,567	260,047
Non-controlling interests		**2,250**	308
Total equity		**317,817**	260,355

	Note	2017	2016
		HK$'000	*HK$'000*
LIABILITIES			
Current liabilities			
Trade payables	*10*	**821**	965
Accruals and other payables		**25,151**	20,391
Other borrowings		**1,568**	1,960
Tax payables		**360**	277
Deferred revenue		**30,030**	26,143
		57,930	49,736
Non-current liability			
Deferred taxation		**7,542**	8,552
		7,542	8,552
Total liabilities		**65,472**	58,288
Total equity and liabilities		**383,289**	318,643
Net current assets		**172,570**	133,236
Net assets		**317,817**	260,355

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital-ordinary shares *HK$'000*	Share capital-preferred shares *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	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 2016	41,980	3,000	196,380	27,141	192	–	(129,341)	139,352	825	140,177
(Loss)/profit for the year	–	–	–	–	–	–	(44,946)	(44,946)	1,198	(43,748)
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	(534)	–	–	(534)	–	(534)
Total comprehensive (loss)/profit for the year	–	–	–	–	(534)	–	(44,946)	(45,480)	1,198	(44,282)
Placement of new shares	3,542	–	164,758	–	–	–	–	168,300	–	168,300
Share issuing expenses	–	–	(2,125)	–	–	–	–	(2,125)	–	(2,125)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(1,715)	(1,715)
At 31 December 2016 and at 1 January 2017	45,522	3,000	359,013	27,141	(342)	–	(174,287)	260,047	308	260,355
(Loss)/profit for the year	–	–	–	–	–	–	(99,059)	(99,059)	1,948	(97,111)
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	9,635	–	–	9,635	(6)	9,629
Total comprehensive (loss)/profit for the year	–	–	–	–	9,635	–	(99,059)	(89,424)	1,942	(87,482)
Placement of new shares	2,100	–	129,150	–	–	–	–	131,250	–	131,250
Equity-settled share-based compensation	–	–	–	–	–	13,694	–	13,694	–	13,694
At 31 December 2017	47,622	3,000	488,163	27,141	9,293	13,694	(273,346)	315,567	2,250	317,817

Notes:

1 General information

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

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

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

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

2 Basis of preparation

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

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

2.1 New and amended standards adopted by the Group

During the year, the Group has adopted the following new standards, amendments and interpretations to standards, which are mandatory for accounting period beginning on 1 January 2017.

HKAS 7 (Amendment)	Disclosure initiative
HKAS 12 (Amendment)	Recognition of deferred tax assets for unrealised losses
HKFRS 12 (Amendment)	Annual improvement to HKFRS 2014-2016 cycle

The adoption of these new and amended standards did not result in a significant impact to the Group's financial position and results.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017 and have not been applied in preparing these consolidated financial statements.

		Effective for annual periods beginning on or after
HKAS 28 (Amendment)	Investments in associates and joint ventures	1 January 2019
HKAS 40 (Amendment)	Transfers of investment property	1 January 2018
HKFRS 1 and HKAS 28 (Amendments)	Annual improvements to HKFRS 2014-2016 cycle	1 January 2018
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 9 (Amendment)	Prepayment features with negative compensation	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 15 (Amendment)	Clarifications to HKFRS 15	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration	1 January 2018
HK(IFRIC)-Int 23	Uncertainty over income tax treatments (new interpretation)	1 January 2019
Annual improvements projects	Annual improvements to HKFRS 2015-2017 cycle	1 January 2019

Management is in the process of making an assessment of the impact of these new standards and amendments to standards and is not yet in a position to state whether they will have a significant impact to the Group's results of operations and financial position.

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 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

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

For the year ended 31 December 2017

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

At 31 December 2017

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

For the year ended 31 December 2017

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

For the year ended 31 December 2016

	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	6,630	43,409	11,482	61,521
Results				
Segment (loss)/profit	(3,719)	2,856	(82,011)	(82,874)
Reversal of impairment loss previously recognised and interest income in respect of other receivables				51,132
Interest income on bank deposits				90
Unallocated corporate income				217
Unallocated corporate expenses				(11,065)
Financial assets at fair value through profit or loss – fair value losses				(443)
Finance costs				(198)
Loss before income tax				(43,141)
Income tax expense				(607)
Loss for the year				(43,748)

At 31 December 2016

	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	3,891	33,890	138,680	176,461
Unallocated corporate assets				142,182
Consolidated total assets				318,643
Liabilities				
Segment liabilities for operating segments	89	28,572	22,639	51,300
Unallocated corporate liabilities				6,988
Consolidated total liabilities				58,288

For the year ended 31 December 2016

	Sale of beauty products *HK$'000*	Provision of therapy services *HK$'000*	Provision of engineering products and related services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Other segment information					
Amount included in the measure of segment (loss)/profit and segment assets					
Additions to property, plant and equipment	—	2,175	13,538	1,279	16,992
Additions to other intangible assets	—	—	33,407	—	33,407
Amortisation of other intangible assets	—	—	684	—	684
Depreciation of property, plant and equipment	—	1,505	8,552	1,782	11,839

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: 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, prepayment and other receivables, financial assets at fair value through profit or loss, restricted bank deposits and cash and cash equivalents that are not attributable to individual segments. Assets used jointly by individual segments are allocated on the basis of the revenues earned by individual segments; and

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

Entity-wide information

Breakdown of the revenue from all services is as follows:

Analysis of revenue by category	**2017** ***HK$'000***	2016 *HK$'000*
Sales of beauty products	**4,228**	6,630
Provision of therapy services	**42,382**	43,409
Provision of engineering products and related services	**32,189**	11,482
	78,799	61,521

4 Operating loss

Operating loss has been arrived at after charging:

	2017	2016
	HK$'000	*HK$'000*
Auditor's remuneration		
— audit services	**1,560**	1,200
— non-audit services	**610**	580
Depreciation of property, plant and equipment	**4,895**	11,839
Amortisation of other intangible assets	**6,986**	684
Impairment loss recognised in respect of trade receivables	**—**	738
Impairment loss recognised in respect of deposits, prepayments and other receivables	**—**	5,717
Impairment loss recognised in respect of property, plant and equipment	**—**	16,792
Operating lease rentals in respect of rental premises	**13,547**	6,863
Staff costs (including directors' emoluments)	**73,610**	40,952
Write-off of property, plant and equipment	**145**	74
Impairment of inventories	**—**	104
Provision for impairment of inventories	**445**	36

5 Income tax credit/(expense)

Hong Kong profits tax has been provided for at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year. The Group's subsidiaries in Mainland China are subject to the China corporate income tax at a rate of 25% (2016: 25%) on the estimated assessable profit. However, one of the Group's subsidiaries in Mainland China is subject to the China Corporate Income Tax at the rate of 15% for the 3 years ending 31 December 2019, after being assessed as a high and new technology enterprise. No income tax has been provided for the subsidiaries in Canada since the subsidiaries had no assessable profit for the year ended 31 December 2017 (2016: nil).

	2017	2016
	HK$'000	*HK$'000*
Hong Kong profits tax:		
— Current taxation	**(1,070)**	(617)
— Over-provision in prior year	**—**	147
China corporate income tax:		
— Current taxation	**—**	(289)
— Under-provision in prior year	**(9)**	—
Canada corporation income tax incentive *(Note a)*	**1,591**	—
Deferred taxation	**1,792**	152
	2,304	(607)

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$1,591,000 of Ontario innovation tax credit was refunded by Canada Revenue Agency.

6 Loss per share

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

	2017	2016
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**99,059**	44,946

	2017	2016
	'000	*'000*
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**463,792**	421,453

For the years ended 31 December 2017 and 31 December 2016, the computation of diluted loss per share does not assume the conversion of the Company's outstanding preferred shares since their exercise would result in a decrease in loss per share.

Diluted loss per share for the year ended 31 December 2017 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 2017 (2016: Nil).

8 Intangible assets

	Goodwill	Other intangible asset	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1 January 2016	18,266	—	18,266
Acquisition of a subsidiary in provisional amount	75,777	33,407	109,184
Exchange differences	275	121	396
At 31 December 2016 and 1 January 2017	94,318	33,528	127,846
Exchange differences	5,718	2,521	8,239
At 31 December 2017	100,036	36,049	136,085
Amortisation			
At 1 January 2016			
Charge for the year	—	684	684
Exchange difference	—	(4)	(4)
At 31 December 2016 and 1 January 2017	—	680	680
Charge for the year	—	6,986	6,986
Exchange difference	—	275	275
At 31 December 2017	—	7,941	7,941
Carrying amount			
At 31 December 2017	100,036	28,108	128,144
At 31 December 2016	94,318	32,848	127,166

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

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

As of 31 December 2016, the initial accounting has not been completed as the business combination occurred in late November 2016, being close to the Group's year end and when the fair value is not easily determinable. Therefore, management was in the view of accounting for the business combination using provisionally determined amounts for goodwill, other intangible assets (patents) and deferred tax liabilities arising from business combination as of 31 December 2016. During the year ended 31 December 2017, following the finalisation of the provisional fair values for goodwill, other intangible assets (patents) and deferred tax liabilities, there is no change in the fair value of net assets acquired with no restatement of prior period numbers.

Other intangible asset is amortised over the estimated useful life of 5 years. For the year ended 31 December 2017, amortisation of HK$6,986,000 (2016: HK$684,000) has been charged to "cost of sales" in the consolidated statement of comprehensive income.

9 Trade receivables

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

	2017	2016
	HK$'000	*HK$'000*
Current	**14,496**	4,196
1 – 30 days	**—**	116
31 – 60 days	**—**	—
61 – 90 days	**—**	—
Over 90 days	**756**	707
	15,252	5,019
Less: Provision for impairment of trade receivables	**(756)**	(707)
Trade receivables, net	**14,496**	4,312

10 Trade payables

As at 31 December 2017, the ageing analysis of trade payables by invoice date is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**821**	877
31 – 60 days	**—**	88
	821	965

BUSINESS REVIEW

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

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

Despite facing increased competition in the Hong Kong market, the performance of the Beauty Business as a whole has met the expectation of the Board. The revenue derived from the sale of beauty products and the provision of therapy services rendered has reduced by 36.2% and 2.4% to HK$4.2 million and HK$42.4 million, respectively for the year ended 31 December 2017. However, the gross profit generated from the Beauty Business was increased by 3.0% to HK$16.3 million for the year under review.

For Engineering Business, during the financial year of 2017, the Group has completed the acquisition of Anzer and has been expanding its production capacity for its robotics products. Following the acquisition of Anzer, in addition to the development of their own technology and product advantages, the Group has taken an active role in strengthening specialized technology cooperation with other platforms whereas a strategic cooperation framework agreement was entered into with the Chinese Academy of Medical Science Biomedical Engineering Research Institute in late February 2017. During the financial period, the Group has stepped up its marketing efforts to promote robotic products. On 28 July 2017, the Company held a global robotics conference in Shenzhen to launch more than ten new products for police use, commercial use and civilian use. Those products have received wide positive feedback from the participants of the conference. The Group is in the midst of construction of production plant at Shenzhen, the PRC. Upon the completion of the plant, the Group will be able to commence mass production of its various robotics products. For the year under review the revenue of the Engineering Business has increased by 180.3% and contributed a total revenue of HK$32.2 million, which was entirely attributable to sale of robotic products, to the total turnover of the Group. Also, the Engineering Business has generated a gross profit of HK$14.1 million, a significant improvement compared with a gross loss of HK$39.5 million for the financial year ended 31 December 2016.

FINANCIAL REVIEW

During the year under review, the Group recorded a turnover of approximately HK$78.8 million (for the financial year ended 31 December 2016: approximately HK$61.5 million), of which approximately HK$4.2 million (for the financial year ended 31 December 2016: approximately HK$6.6 million), HK$42.4 million (for the financial year ended 31 December 2016: approximately

HK$43.4 million) and HK$32.2 million (for the financial year ended 31 December 2016: HK$11.5 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$46.6 million to the turnover of the Group, representing approximately 59.2% of the turnover, of which approximately HK$4.2 million and HK$42.4 million were generated from the sale of beauty products and provision of therapy services respectively. The Engineering Business contributed approximately HK$32.2 million to the turnover of the Group, representing approximately 40.8% of the turnover.

For the year ended 31 December 2017, the gross profit was approximately HK$30.4 million and the gross profit margin was approximately 38.5% (for the financial year ended 31 December 2016: negative gross margin of 73.9%). The Beauty Business in aggregate contributed approximately HK$16.3 million gross profit to the Group, while the Engineering Business recorded a gross profit of approximately HK$14.1 million. The improvement in gross profit margin was mainly due to decrease in the cost of sales and increase in revenue of the Engineering Business and decrease in impairment loss recognised on certain equipment. As announced by the Company on 30 December 2016, the Company has received a notice of termination of the cooperation agreement dated 24 October 2016 entered into between Shenzhen Donica Networking Technology Co. Ltd., an indirect wholly-owned subsidiary of the Company and an airline company in the PRC (the "**2016 Cooperation Agreement**"). The Directors have assessed the recoverability of certain equipment purchased for the 2016 Cooperation Agreement and determined that the recoverable amount was less than the carrying value of these equipment and, therefore, an impairment loss was recognised in cost of sales for the financial year ended 31 December 2016. There is no such impairment being recognised in the financial year ended 31 December 2017.

During the year under review, other income was approximately HK$0.8 million (for the financial year ended 31 December 2016: approximately HK$0.3 million). The increase in other income was mainly attributable to an increase in interest income on bank deposits of approximately HK$0.2 million and sundry income of approximately HK$0.3 million.

Net other gains or losses was a gain of approximately HK$0.8 million, which was mainly attributable to the gain on disposal of fixed assets of approximately HK$1.1 million, which was offset by change in fair value of investment in listed securities amounted to approximately HK$0.3 million.

The selling and distribution costs for the year ended 31 December 2017 was approximately HK$8.6 million (for the financial year ended 31 December 2016: approximately HK$12.2 million). The selling and distribution costs of the Beauty Business and the Engineering Business accounted for approximately 50.0% or HK$4.3 million and approximately 48.8% or HK$4.2 million of the total selling and distribution costs, respectively. The decrease in selling and distribution costs was mainly due to a decrease in marketing cost incurred by Engineering Business amounting to HK$3.5 million.

The administrative expenses for the year ended 31 December 2017 was approximately HK$122.7 million (for the financial year ended 31 December 2016: approximately HK$35.3 million). The administrative expenses of the Beauty Business accounted for approximately HK$8.0 million or 6.5% of the total administrative expenses. Such expenses mainly comprised staff costs of approximately HK$4.5 million, depreciation expenses of approximately HK$1.4 million, rental expenses of approximately HK$0.7 million and other administrative expenses of HK$1.4 million. The administrative expenses of the Engineering Business accounted for approximately HK$91.6 million or 74.7% of the total administrative expenses. Such expenses mainly comprised staff costs of approximately HK$28.4 million, overseas travelling expenses of approximately HK$5.0 million, research expense of approximately HK$8.4 million, repair and maintenance expenses of approximately HK$8.8 million, rental expenses of approximately HK$5.9 million, share-based compensation of approximately HK$13.7 million and other administrative expenses of approximately HK$21.4 million. In addition, the Group also incurred administrative expenses relating to general corporate activities amounting to approximately HK$23.1 million or 18.8% of the total administrative expenses. The general corporate administrative expenses mainly consisted of legal and professional expenses amounted to approximately HK$3.1 million for the purposes of, among others, share subscription and acquisition of a subsidiary and audit of the financial statements of the Company, directors' remuneration amounted to approximately HK$8.3 million, rental expense of approximately HK$2.6 million, staff cost of approximately HK$4.5 million and other listing and administrative expenses of approximately HK$4.6 million.

The finance costs for the year ended 31 December 2017 of approximately HK$6,000 (for the financial year ended 31 December 2016: approximately HK$0.2 million) was mainly attributable to bank charges.

The consolidated loss amounted to approximately HK$97.1 million for the year ended 31 December 2017 (for the financial year ended 31 December 2016: approximately HK$43.7 million), of which a profit of approximately HK$4.0 million (for the financial year ended 31 December 2016: a loss of approximately HK$0.9 million), a loss of HK$79.6 million (for the financial year ended 31 December 2016: HK$82.0 million) and a loss of HK$21.5 million (for the financial year ended 31 December 2016: a profit of HK$39.2 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 2017, the total borrowings of the Group was approximately HK$1.6 million (as at 31 December 2016: approximately HK$2.0 million). The total borrowings and other financial liabilities are repayable within one year.

As at 31 December 2017, the Group had total assets of approximately HK$383.3 million (31 December 2016: approximately HK$318.6 million), including cash and cash equivalents of approximately HK$80.4 million (31 December 2016: approximately HK$152.2 million).

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

CAPITAL STRUCTURE

(a) Placing of new shares under general mandate

On 16 June 2017, the Company and HKBridge Absolute Return Fund, L.P., (the "**Subscriber**") entered into a subscription agreement (the "**Subscription Agreement**"), pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, an aggregate of 21,000,000 new shares of the Company (the "**Subscription Share(s)**"), at HK$6.25 (the "**Subscription Price**") per Subscription Share on the date of completion (the "**Subscription**"). The gross proceeds from the Subscription were amounted to approximately HK$131.25 million and the net proceeds from the Subscription were amounted to approximately HK$130.00 million. Details of the Subscription were set out in the Company's announcement dated 18 June 2017. The Subscription was completed on 4 August 2017.

As at 31 December 2017, the Company's total number of issued ordinary shares and issued convertible preferred shares were 476,219,666 (as at 31 December 2016: 455,219,666) and 30,000,000 (as at 31 December 2016: 30,000,000), respectively.

(b) Borrowings and obligations under finance lease

As at 31 December 2017, the total borrowings of the Group was approximately HK$1.6 million (as at 31 December 2016: approximately HK$2.0 million), representing a borrowing from Koffman Investment Limited, which is unsecured, non-interest bearing and repayable within one year.

USE OF NET PROCEEDS FROM ISSUANCE OF ORDINARY SHARES

Net proceeds from the allotment and issue of 345,000,000 new shares and 30,000,000 convertible preferred shares of the Company, which was completed on 6 November 2015, were approximately HK$135.0 million and, as at 31 December 2017, the Company had utilised approximately HK$31.7 million for acquiring in-flight WIFI and connection equipment and approximately HK$92.6 million for the development of the Engineering Business. The Company intends to apply the remaining balance of approximately HK$10.7 million as general working capital of the Group.

Net proceeds from the placing of 35,416,666 new shares, which was completed on 14 December 2016 were approximately HK$166.2 million and, as at 31 December 2017, the Company had utilised approximately HK$46.3 million to settle the shareholder's loan due by Engineering Service Inc. ("**ESI**"). Other than the settlement of the shareholder's loan due by ESI, the Company also utilised HK$75.3 million and HK$21.0 million for the general working capital of the Beauty Business and the Engineering Business and the purchase of components and material for the Engineering Business respectively. The Company intends to apply the remaining balance of approximately HK$23.6 million as general working capital.

Net proceeds from the Subscription which was completed on 4 August 2017 were HK$130.0 million and, as at 31 December 2017, the Company had utilised approximately HK$16.8 million and HK$40.1 million for construction and renovation of production plants and general working capital respectively. The Company intends to apply the remaining balance of approximately HK$73.1 million for construction of production plants and general working capital.

GEARING RATIO

The gearing ratio, expressed as percentage of total borrowings to equity attributable to owners of the Company, was approximately 0.5% (31 December 2016: approximately 0.8%). The improvement of gearing ratio was mainly attributable to the (i) increase in the total assets of the Group as a result of the completion of the Subscription and (ii) repayment of the borrowings during the year under review.

PLEDGE OF ASSETS

As at 31 December 2017, the Group's restricted bank deposits of approximately HK$18.7 million (as at 31 December 2016: approximately HK$12.3 million) were deposits held at banks in respect of credit card and instalment sales arrangement for the sale of beauty products and provision of therapy services business.

FOREIGN EXCHANGE RISK

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

COMMITMENTS

As at 31 December 2017, the Group had operating lease commitments and capital commitments of approximately HK$9.1 million (as at 31 December 2016: approximately HK$15.2 million) and HK$Nil (as at 31 December 2016: Nil), respectively.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group had no material contingent liabilities.

EMPLOYEES

As at 31 December 2017, the Group had 201 employees (as at 31 December 2016: 155 employees). Total staff costs including directors emolument for the year ended 31 December 2017 amounted to approximately HK$73.6 million (for the financial year ended 31 December 2016: approximately HK$41.0 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 2017.

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 2017.

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.

OUTLOOK

China's robotics research and development started in the 1970s whereas the robotics market reached RMB14 billion in 2016 with a 56% year-on-year growth in annual sales. Lately, as announced by President Xi Jinping during his important speech at the 19th Communist Party of China National Congress, initiatives including aiming at technological fronts, ramping up disruptive technological innovations, and providing a reinforced underpinning for evolving into a nation with superb scientific and technological power, a digitalized China, and a smart society are to be taken. To facilitate the transition of technological results, the upcoming few years represent a pivotal moment for the tremendous development of robotics in the PRC, particularly the market of robotics which specialises in special services. The rapid popularization of the Internet, the emerging and flourishing artificial intelligence, and the speedy development of information technologies all present new opportunities for the high-speed development of robotics in the PRC. The robotics market would grow by leaps and bounds in a straight-line trajectory, and the whole robotics market is expected to reach approximately RMB20 billion in 2017. Looking ahead, the Group believes there will be enormous potential for market development for the robotics market in the PRC. On the back of artificial intelligence techniques, the next five years would witness the development of a smart city in full swing. The application of intelligent robotics for public services and the modes of services would grow relentlessly. As forecasted by the Report on the Development of the Robotics Industry in China, the global market of robotics would reach USD6.9 billion in the next five years.

In the future, the Group will continue to focus on three robotic production lines: police use, commercial use and civilian use, in accordance with market conditions and the status of product development. The Group will also incorporate its experience in diversified robotic technology so as to commit itself to producing customised robots and providing total mechatronic solutions for customers across various industries. Meanwhile, in view of the unstable supplies from suppliers during the third quarter, the Group will improve its communication with our suppliers, expand procurement channels and actively examine replacement components in the future to reduce uncertainties in supply chain.

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

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. As at the date of this announcement, the Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Chu Kin Wang, Peleus (chairman), Mr. Tam B Ray, Billy and Mr. Tse Joseph. The Audit Committee has reviewed the Group's audited consolidated final results for the financial year ended 31 December 2017 and provided advice and comments thereon.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

Role of chairman and chief executive officer

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Up to 15 December 2017, due to practical necessity of the Group's corporate operating structure, the roles of the Chairman and the Chief Executive Officer are both performed by Mr. Cai Zhaoyang, who oversaw the operation and management of the Group.

On 15 December 2017, Mr. Cai Zhaoyang has resigned as Chief Executive Officer and an executive Director, Mr. Zhang Chong has been appointed as Chief Executive Officer without a fixed term of service. Immediately following and subsequent to this change in management of the Company, the roles of the Chairman and the Chief Executive Officer are separated in accordance with code provision A.2.1 in the CG Code.

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 2017.

By Order of the Board
SuperRobotics Limited
Cai Zhaoyang
Executive Director and Chairman

Hong Kong, 19 March 2018

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Cai Zhaoyang, Mr. Zhang Chong, Mr. Zhang Chongdi and Dr. Andrew Goldenberg; and three independent non-executive directors, namely Mr. Tam B Ray, Billy, Mr. Chu Kin Wang, Peleus and Mr. Tse Joseph.

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.