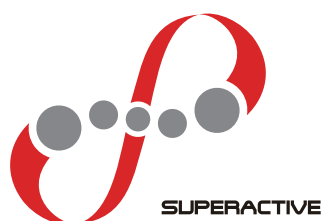


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SUPERACTIVE GROUP COMPANY LIMITED

先機企業集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0176)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “Board”) of directors (the “Directors”) of Superactive Group Company Limited (the “Company”) announces its consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

| | <i>Notes</i> | 2022 HK\$'000 | 2021 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Revenue | 4 | 88,730 | 132,217 |
| Cost of sales | | (55,414) | (83,215) |
| Gross profit | | 33,316 | 49,002 |
| Other net gains | 5 | 8,935 | 10,136 |
| Selling and distribution costs | | (1,596) | (1,406) |
| Administrative costs | | (54,413) | (56,490) |
| Finance costs | | (103,881) | (24,643) |
| Reversal of impairment/(impairment) of assets | | 1,329 | (8,225) |
| Net impairment loss on financial assets at amortised cost | | (5,293) | (85,203) |
| Share of results of an associate | 10 | 25,337 | (5,513) |
| Loss before tax | 6 | (96,266) | (122,342) |
| Income tax credit/(expense) | 7 | 940 | (21,345) |

| | <i>Notes</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|--------------|---------------------------------------|-------------------------|
| Loss for the year | | <u>(95,326)</u> | <u>(143,687)</u> |
| Loss for the year attributable to: | | | |
| Owners of the Company | | (93,426) | (144,126) |
| Non-controlling interests | | <u>(1,900)</u> | <u>439</u> |
| | | <u>(95,326)</u> | <u>(143,687)</u> |
| Loss per share | | | |
| Basic and diluted (HK cents) | <i>9</i> | <u>(4.60)</u> | <u>(7.09)</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Loss for the year | (95,326) | (143,687) |
| Other comprehensive income | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | |
| Exchange differences arising from the translation of foreign operations | <u>(35,463)</u> | <u>12,257</u> |
| Other comprehensive income for the year, net of tax | <u>(35,463)</u> | <u>12,257</u> |
| Total comprehensive income for the year | <u>(130,789)</u> | <u>(131,430)</u> |
| Total comprehensive income for the year attributable to: | | |
| Owners of the Company | (129,561) | (131,637) |
| Non-controlling interests | <u>(1,228)</u> | <u>207</u> |
| | <u>(130,789)</u> | <u>(131,430)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

| | Notes | 2022 HK\$'000 | 2021 HK\$'000 |
|---|-------|------------------|------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 277,668 | 299,483 |
| Interest in an associate | 10 | 173,311 | 146,313 |
| Financial assets at fair value through profit or loss | 11 | 6,049 | 8,720 |
| Intangible assets | 12 | 13,443 | 12,363 |
| | | <u>470,471</u> | <u>466,879</u> |
| CURRENT ASSETS | | | |
| Inventories | | 14,123 | 8,765 |
| Properties held for sale | | 555,219 | 602,664 |
| Trade and bills receivables | 13 | 19,197 | 44,395 |
| Prepayments, deposits and other receivables | 14 | 6,803 | 12,379 |
| Amount due from non-controlling interests | | – | 295 |
| Loan receivables | 15 | 24,378 | 112,464 |
| Restricted bank deposits | | 2,994 | 1,890 |
| Cash and bank balances | | 8,365 | 5,686 |
| | | <u>631,079</u> | <u>788,538</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 16 | 283,707 | 205,735 |
| Rental received in advance | | 2,432 | 2,395 |
| Contract liabilities | 17 | 593 | 3,200 |
| Amount due to an associate | | – | 68,031 |
| Amount due to a shareholder | | 2,093 | 16,723 |
| Amount due to non-controlling interests | | 799 | – |
| Interest-bearing borrowings | | 399,392 | 267,529 |
| Lease liabilities | | 54 | 52 |
| Tax payable | | 26,848 | 32,116 |
| | | <u>715,918</u> | <u>595,781</u> |
| NET CURRENT (LIABILITIES)/ASSETS | | <u>(84,839)</u> | <u>192,757</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>385,632</u> | <u>659,636</u> |

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| NON-CURRENT LIABILITIES | | |
| Interest-bearing borrowings | 87,675 | 231,055 |
| Lease liabilities | 81 | 135 |
| Deferred tax liabilities | 1,515 | 1,296 |
| | <u>89,271</u> | <u>232,486</u> |
| NET ASSETS | <u>296,361</u> | <u>427,150</u> |
| CAPITAL AND RESERVES | | |
| Share capital | 203,257 | 203,257 |
| Reserves | 83,146 | 212,707 |
| | <u>286,403</u> | <u>415,964</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | 286,403 | 415,964 |
| Non-controlling interests | 9,958 | 11,186 |
| | <u>296,361</u> | <u>427,150</u> |
| TOTAL EQUITY | <u>296,361</u> | <u>427,150</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of its business is Room 1510, 15/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In the opinion of the Directors, at 31 December 2022, Super Fame Holdings Limited, a company incorporated in the British Virgin Islands, is the immediate holding company and Ms. Yeung So Lai and Mr. Lee Chi Shing Caesar are the ultimate controlling parties of the Company.

2. BASIS OF PREPARATION

The functional currency and the presentation currency of the Company is Hong Kong dollars ("HK\$"). Each entity in the Group maintains its books and records in its own functional currency.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collectively include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also include applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value.

3. ADOPTION OF NEW OR AMENDED HKFRSs

(a) Adoption of amended HKFRSs

The Hong Kong Institute of Certified Public Accountants has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

| | |
|------------------------|--|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018-2020 |
| Amendments to HKFRS 16 | Covid-19 Related Rent Concession beyond 30 June 2021 |

The adoption of the above amendments did not have any significant impact on the Group's results and financial position for the current or prior periods. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

(b) Amended HKFRSs that have been issued but are not yet effective

The following amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

| | |
|---|--|
| HKFRS 17 | Insurance Contracts and the related Amendments ¹ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ² |
| Amendments to HKAS 8 | Definition of Accounting Estimates ¹ |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies ¹ |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹ |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback ² |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants ² |

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after a date to be determined.

The Directors of the Group anticipate that the application of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE AND SEGMENT INFORMATION

The Group's segment information is based on regular internal financial information reported to the Company's executive Directors and management, being the chief operating decision makers, for their decisions about resources allocation to the Group's business components and their review of these components' performance.

The Group currently has five reportable segments. These segments are managed separately as each business offers different products and services and requires different business strategies as follows: (i) manufacture of electronics products; (ii) provision of nursery education service; (iii) money lending business; (iv) property development and management business; and (v) regulated financial services business.

The following summary describes the operations in each of the Group's reportable segments:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Revenue from contracts with customers within the scope of HKFRS 15: | | |
| Electronics products – manufacturing and sale of electronics products | 66,763 | 89,969 |
| Nursery education – providing nursery education for children | – | 672 |
| Property management – providing management services for landlords and tenants | 5,740 | 12,641 |
| Regulated financial services – providing asset management services | 5,610 | 6,930 |
| | 78,113 | 110,212 |
| Revenue scoped out of HKFRS 15: | | |
| Money lending | 10,617 | 22,005 |
| | 88,730 | 132,217 |

The total presented for the Group's operating segments reconciles to the Group's key financial figures as presented in the consolidated financial statements as follows:

| | Electronics products <i>HK\$'000</i> | Nursery education <i>HK\$'000</i> | Money lending <i>HK\$'000</i> | Property development and management <i>HK\$'000</i> | Regulated financial services <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|--|---|-------------------------------------|---|---|--------------------------|
| 2022 | | | | | | |
| Segment revenue | 66,763 | - | 10,617 | 5,740 | 5,610 | 88,730 |
| Inter-segment revenue | - | - | - | - | - | - |
| Reportable segment revenue | <u>66,763</u> | <u>-</u> | <u>10,617</u> | <u>5,740</u> | <u>5,610</u> | <u>88,730</u> |
| Segment profit/(loss) | <u>(4,595)</u> | <u>(377)</u> | <u>(689)</u> | <u>502</u> | <u>9,445</u> | <u>4,286</u> |
| Other information: | | | | | | |
| Additions to segment non-current assets | 2,650 | - | - | - | - | 2,650 |
| Net finance (credit)/charge | 438 | - | 4 | (6) | - | 436 |
| Depreciation of property, plant and equipment | 2,343 | - | 343 | 1,950 | 2 | 4,638 |
| Income tax (credit)/expense | (16) | - | - | (1,027) | 103 | (940) |
| Net (reversal of impairment loss)/impairment loss on financial assets | 8,416 | - | 3,590 | 265 | (6,978) | 5,293 |
| Reversal of impairment of assets | - | - | - | - | (1,329) | (1,329) |
| 2021 | | | | | | |
| Segment revenue | 89,969 | 672 | 22,005 | 12,641 | 6,930 | 132,217 |
| Inter-segment revenue | - | - | - | - | - | - |
| Reportable segment revenue | <u>89,969</u> | <u>672</u> | <u>22,005</u> | <u>12,641</u> | <u>6,930</u> | <u>132,217</u> |
| Segment profit/(loss) | <u>1,314</u> | <u>(502)</u> | <u>(64,418)</u> | <u>871</u> | <u>(6,571)</u> | <u>(69,306)</u> |
| Other information: | | | | | | |
| Additions to segment non-current assets | 5,968 | - | - | - | - | 5,968 |
| Net finance (credit)/charge | 386 | - | 5 | (12) | - | 379 |
| Depreciation of property, plant and equipment | 2,997 | - | 343 | 2,127 | 31 | 5,498 |
| Income tax expense/(credit) | - | - | - | 21,347 | (2) | 21,345 |
| Net impairment loss on financial assets | 182 | - | 78,532 | 2,542 | 3,947 | 85,203 |
| Impairment of assets | - | - | - | - | 4,810 | 4,810 |

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Reportable segment profit/(loss) | 4,286 | (69,306) |
| Impairment of assets | – | (3,415) |
| Share of results of an associate | 25,337 | (5,513) |
| Other net (loss)/gains | (2,093) | 1,700 |
| Unallocated corporate costs (<i>note</i>) | (20,357) | (21,559) |
| Unallocated corporate net finance cost | (103,439) | (24,249) |
| | <u>(96,266)</u> | <u>(122,342)</u> |
| Loss before tax | <u>(96,266)</u> | <u>(122,342)</u> |

Note:

The unallocated corporate costs mainly comprise staff cost (including Directors' remuneration), legal and professional fee, exchange differences, depreciation and office rental (short term lease).

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Segment assets | | |
| Electronics products | 51,875 | 67,411 |
| Nursery education | 131 | 158 |
| Money lending | 25,046 | 113,475 |
| Property development and management | 566,483 | 617,923 |
| Regulated financial services | 10,360 | 17,205 |
| | <u>653,895</u> | <u>816,172</u> |
| Total reportable segment assets | 653,895 | 816,172 |
| Unallocated corporate assets | | |
| Interest in an associate | 173,311 | 146,313 |
| Financial assets at fair value through profit or loss | 6,049 | 8,720 |
| Property, plant and equipment (<i>note (i)</i>) | 262,099 | 280,361 |
| Prepayments, deposits and other receivables | 242 | 267 |
| Others (<i>note (ii)</i>) | 5,954 | 3,584 |
| | <u>5,954</u> | <u>3,584</u> |
| Total assets | <u>1,101,550</u> | <u>1,255,417</u> |

Notes:

- (i) This mainly represents office buildings which are used as corporate head office.
- (ii) The balance mainly represents cash and bank balances retained at corporate level.

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Segment liabilities | | |
| Electronics products | 37,106 | 46,550 |
| Nursery education | 3,201 | 3,056 |
| Money lending | 623 | 623 |
| Property development and management | 160,233 | 179,916 |
| Regulated financial services | 2,085 | 2,048 |
| | <hr/> | <hr/> |
| Total reportable segment liabilities | 203,248 | 232,193 |
| Unallocated corporate liabilities | | |
| Bond payable | 250,000 | 250,000 |
| Other interest-bearing borrowings | 227,312 | 236,548 |
| Interest payable | 117,887 | 20,772 |
| Fund contribution payable | – | 68,031 |
| Others (<i>note</i>) | 6,742 | 20,723 |
| | <hr/> | <hr/> |
| Total liabilities | 805,189 | 828,267 |

Note:

The balance mainly represents amount due to a shareholder and accrued corporate expenses.

Geographical information

The following provides an analysis of the Group's revenue from external customers by geographical market, irrespective of the origin of the goods:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| The People's Republic of China ("PRC") | | |
| Mainland China | 72,503 | 103,282 |
| Hong Kong (place of domicile) | 16,227 | 28,935 |
| | <hr/> | <hr/> |
| | 88,730 | 132,217 |

Information about major customers

For the year ended 31 December 2022, revenue from three customers (2021: three customers) (all in the manufacture of electronics products segment) with whom transactions have exceeded 10% of the Group's revenue for the year as detailed below:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|------------|-------------------------|-------------------------|
| Customer A | 18,016 | 18,690 |
| Customer B | 16,350 | 26,105 |
| Customer C | 13,605 | 28,167 |
| | <u>47,971</u> | <u>72,962</u> |

Timing of revenue recognition

| | Electronics products | | Nursery education | | Property development and management | | Regulated financial services | | Total | |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------------------|-------------------------|------------------------------|-------------------------|-------------------------|-------------------------|
| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
| Timing of revenue recognition | | | | | | | | | | |
| At a point in time | 66,763 | 89,969 | - | - | - | - | - | - | 66,763 | 89,969 |
| Over time | - | - | - | 672 | 5,740 | 12,641 | 5,610 | 6,930 | 11,350 | 20,243 |
| | <u>66,763</u> | <u>89,969</u> | <u>-</u> | <u>672</u> | <u>5,740</u> | <u>12,641</u> | <u>5,610</u> | <u>6,930</u> | <u>78,113</u> | <u>110,212</u> |

The following table provides information about trade and bills receivables and contract liabilities from contracts with customers.

| | <i>Notes</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|-----------------------------|--------------|-------------------------|-------------------------|
| Trade and bills receivables | 13 | 19,197 | 44,395 |
| Contract liabilities | 17 | <u>593</u> | <u>3,200</u> |

The contract liabilities mainly related to the advance consideration received from customers. The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for sale of goods and services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sale of goods and services which had an original expected duration of one year or less.

5. OTHER NET GAINS

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Interest on bank deposit and balances | 15 | 15 |
| Rental income | 3,211 | 5,082 |
| Government grant (<i>note</i>) | 6,925 | 2,392 |
| Exchange differences | 9 | (5) |
| Forfeiture of deposits from tenants | 664 | – |
| Fair value (loss)/gain on financial assets at FVTPL | (2,671) | 1,700 |
| Others | 782 | 952 |
| | <u>8,935</u> | <u>10,136</u> |

Note:

During the year ended 31 December 2022, the Group received government funding support of HK\$464,000 from the Employment Support Scheme under the Anti-epidemic Fund launched by the Hong Kong SAR Government. The Group does not have any unfulfilled obligation related to this subsidy as at 31 December 2022.

6. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Staff costs including Directors' emoluments: | | |
| Directors' emoluments | 569 | 610 |
| Staff salaries, allowance and welfare | 31,726 | 31,878 |
| Retirement benefit scheme contributions | 3,380 | 3,455 |
| | <hr/> | <hr/> |
| Total staff costs | 35,675 | 35,943 |
| Auditors' remuneration | 1,400 | 1,300 |
| Cost of inventories recognised as expenses | 49,523 | 74,736 |
| Depreciation of property, plant and equipment | 23,701 | 22,607 |
| Exchange differences | (9) | 5 |
| Short term leases expenses | – | 60 |
| (Reversal of impairment loss)/impairment loss on intangible assets (<i>note 12</i>) | (1,329) | 4,810 |
| Impairment loss on interest in an associate (<i>note 10</i>) | – | 3,415 |
| (Reversal of impairment)/impairment of assets | (1,329) | 8,225 |
| Net (reversal of impairment loss)/impairment loss on trade receivables | (5,860) | 4,515 |
| Net impairment loss on other receivables | 7,563 | 2,156 |
| Net impairment loss on loan receivables | 3,590 | 78,532 |
| Net impairment loss on financial assets at amortised cost | <u>5,293</u> | <u>85,203</u> |

7. INCOME TAX CREDIT/(EXPENSE)

The income tax credit/(expense) for the year comprises:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Current tax – Hong Kong profits tax | | |
| Charged for the year | (88) | (217) |
| Over provision in respect of prior years | <u>204</u> | <u>–</u> |
| | <u>116</u> | <u>(217)</u> |
| Current tax – PRC tax | | |
| Charged for the year | (29) | (10,530) |
| Over/(under) provision in respect of prior years | <u>1,072</u> | <u>(10,817)</u> |
| | <u>1,043</u> | <u>(21,347)</u> |
| | <u>1,159</u> | <u>(21,564)</u> |
| Deferred tax | | |
| (Charged)/credited for the year | <u>(219)</u> | <u>219</u> |
| | <u>(219)</u> | <u>219</u> |
| Income tax credit/(expense) | <u><u>940</u></u> | <u><u>(21,345)</u></u> |

PRC enterprise income tax has been provided on estimated assessable profits of the subsidiaries' operations in the PRC at 25% (2021: 25%).

PRC Land Appreciation Tax is levied at progressive rates from 30% to 60% (2021: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including land costs, borrowings costs and all property development expenditures.

In accordance with the new two-tiered profits tax rates regime with effect from the year of assessment 2018/19, Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2022 (2021: 16.5%), except for the first HK\$2,000,000 of the qualified entity's assessable profit which is calculated at 8.25% (2021: 8.25%).

8. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss attributable to owners of the Company of HK\$93,426,000 (2021: HK\$144,126,000) and the weighted average number of 2,032,571,385 ordinary shares.

The basic and diluted loss per share are the same for the years ended 31 December 2022 and 2021 as there were no dilutive potential ordinary shares outstanding during each of the respective years.

10. INTEREST IN AN ASSOCIATE

As at 31 December 2022 and 2021, the Group had an interest in the following associate:

| Name of entity | Form of business structure | Place of incorporation | Principal place of operation | Total capital HK\$'000 | Proportion of voting rights held by the Group as general partner | | Principal activities |
|---|----------------------------|------------------------|------------------------------|---------------------------|--|--------|--------------------------|
| | | | | | Proportion of capital contributed by the Group | | |
| IT City | Limited partnership | Cayman Islands | Hong Kong | 255,250 | 60% | 28.57% | IT properties investment |
| | | | | | 2022 | | 2021 |
| | | | | | HK\$'000 | | HK\$'000 |
| Movements of interest in an associate are as follows: | | | | | | | |
| At 1 January | | | | | 146,313 | | 153,580 |
| Capital contribution to associate | | | | | 1,661 | | 1,661 |
| Impairment (<i>note 6</i>) | | | | | – | | (3,415) |
| Share of results of an associate | | | | | 25,337 | | (5,513) |
| At 31 December | | | | | 173,311 | | 146,313 |

Note:

- (i) On 2 May 2018, the Group entered into the limited partnership agreement in relation to the operation of IT City Development Fund LP (“IT City”) and two subscription agreements in relation to the application to subscribe for an interest in IT City with a committed capital contribution of HK\$51,000,000 in the capacity as general partner (through an indirect wholly-owned subsidiary of the Company (“GP1”)) and HK\$100,000,000 in the capacity as limited partner (through a direct wholly-owned subsidiary of the Company) respectively. The principal purpose of IT City is to invest in properties that can consolidate and promote the development of IT industry and its related supporting facilities. According to the limited partnership agreement, the management, policies and control of IT City shall be vested exclusively in the general partners who, acting unanimously, may make such investment decisions as they shall determine, having given consideration to the investment objective and investment strategy of IT City and the advice of the investment committee of IT City (the “Investment Committee”). GP1 shall be entitled to appoint two members to the Investment Committee, which demonstrates its significant influence over IT City.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Financial assets at fair value through profit or loss | | |
| – Unlisted equity investment | <u>6,049</u> | <u>8,720</u> |

The unlisted equity investment represents 18% equity interest in ORBiz International Limited which was established for provision of real-time kinematic solution. The equity of Link Complex Limited, which owns this unlisted equity investment and a wholly-owned subsidiary of the Company was pledged to secure the Group's bond issued.

12. INTANGIBLE ASSETS

| | <i>Notes</i> | License <i>HK\$'000</i> | Goodwill <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|--------------|------------------------------------|-------------------------------------|----------------------------------|
| At 1 January 2021 | | 9,186 | 7,901 | 17,087 |
| Impairment | 6 | (1,329) | (3,481) | (4,810) |
| Currency realignment | | <u>–</u> | <u>86</u> | <u>86</u> |
| At 31 December 2021 and 1 January 2022 | | 7,857 | 4,506 | 12,363 |
| Reversal of impairment | 6 | 1,329 | – | 1,329 |
| Currency realignment | | <u>–</u> | <u>(249)</u> | <u>(249)</u> |
| At 31 December 2022 | | <u>9,186</u> | <u>4,257</u> | <u>13,443</u> |

The intangible assets comprise licenses and goodwill from business combinations. License mainly represent the Type 4, Type 5, Type 6 and Type 9 regulated activities licenses as defined under Securities and Futures Ordinance (“SFO”) Chapter 571 of the Laws of Hong Kong. These licenses were considered to have indefinite useful lives and will be assessed for impairment annually and whenever there is an indication that it may be impaired. During the year ended 31 December 2021, impairment loss of HK\$3,481,000 was recognised on goodwill relating to acquisition of subsidiaries engaged in regulated financial services and the related goodwill was fully impaired on 31 December 2021.

The Directors assessed the impairment of licenses under the regulated financial services business segments at the CGU level. Based on the results of the assessments, impairment of HK\$1,329,000 was reversed on licenses under the regulated financial services business segment as at 31 December 2022 (2021: impairment loss of HK\$1,329,000).

13. TRADE AND BILLS RECEIVABLES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|----------------------------|-------------------------|-------------------------|
| Trade receivables | 20,797 | 54,290 |
| Less: impairment provision | <u>(3,259)</u> | <u>(11,530)</u> |
| Trade receivables – net | <u>17,538</u> | <u>42,760</u> |
| Bills receivables | <u>1,659</u> | <u>1,635</u> |
| | <u>19,197</u> | <u>44,395</u> |

At the reporting date, the ageing analysis of trade and bills receivables before impairment, based on invoice date, is as follows:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---------------|-------------------------|-------------------------|
| 0 – 60 days | 14,836 | 33,971 |
| 61 – 90 days | 865 | 1,343 |
| 91 – 120 days | 218 | 1,126 |
| Over 120 days | <u>6,537</u> | <u>19,485</u> |
| | <u>22,456</u> | <u>55,925</u> |

The Group allows credit periods ranging from 0 to 120 days (2021: 0 to 120 days) to its trade customers depending on their credit status and geographical location. The Directors consider that the carrying amounts of trade and bills receivables approximate to their fair values.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Prepayments, deposits and other receivables | 6,775 | 11,575 |
| Other tax recoverable | <u>28</u> | <u>804</u> |
| | <u>6,803</u> | <u>12,379</u> |

15. LOAN RECEIVABLES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|----------------------------|-------------------------|-------------------------|
| Loan receivables | 190,374 | 274,870 |
| Less: impairment provision | <u>(165,996)</u> | <u>(162,406)</u> |
| Loan receivables – net | <u><u>24,378</u></u> | <u><u>112,464</u></u> |

As at 31 December 2022, loan receivables with aggregate gross principal amount of HK\$164,300,000 and gross interest receivables of HK\$26,074,000 (2021: gross principal amount of HK\$247,300,000 and gross interest receivables of HK\$27,570,000) were due from ten (2021: thirteen) independent third parties. The interest rates of the loan receivables range from 6% to 15% per annum (2021: 6% to 15% per annum.) Two (2021: three) of the loan receivables are secured by share charges of the borrowers, and ten (2021: twelve) of the loan receivables are secured by individual guarantee. The Group does not have the right to sell or re-pledge the shares held as collateral in the absence of default by the borrowers. All loan receivables which were repayable within twelve months from the end of the reporting period were classified as current assets at the reporting date.

16. TRADE AND OTHER PAYABLES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|-----------------------------|-------------------------|-------------------------|
| Trade payables | 23,512 | 25,865 |
| Accruals and other payables | <u>260,195</u> | <u>179,870</u> |
| | <u><u>283,707</u></u> | <u><u>205,735</u></u> |

At the reporting date, the ageing analysis of trade payables, based on invoice date, is as follows:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--------------|-------------------------|-------------------------|
| 0 – 60 days | 8,813 | 13,624 |
| 61 – 90 days | 2,520 | 1,506 |
| Over 90 days | <u>12,179</u> | <u>10,735</u> |
| | <u><u>23,512</u></u> | <u><u>25,865</u></u> |

The Directors consider that the carrying amounts of trade and other payables approximate to their fair values.

17. CONTRACT LIABILITIES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Contract liabilities arising from: | | |
| Provision of properties management services | 421 | 1,360 |
| Manufacturing of electronic products | 172 | 1,840 |
| | <u>593</u> | <u>3,200</u> |

Revenue recognised in relation to contract liabilities

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Balance as at 1 January | 3,200 | 3,672 |
| Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year | (3,200) | (3,672) |
| Increase in contract liabilities as a result of advanced payments received | 593 | 3,200 |
| Balance as at 31 December | <u>593</u> | <u>3,200</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Gross Profit: Revenue comprised of sales of electronics products, services income from the provision of nursery education service, interest income from the provision of money lending, management fee received from property management services provided and services income from the provision of regulated financial services. However, since the Chengdu Kindergarten was sold in 2020 and owing to the revised "Implementation Regulations of the Private Education Promotion Law of the People's Republic of China" came into effect on 1 September 2021, the Group no longer provides kindergarten management services. Therefore, the segment of nursery education did not provide any income to the Group in 2022.

The revenue in 2022 decreased by approximately HK\$43,487,000 (representing a decrease of approximately 32.89% when compared with 2021) from HK\$132,217,000 in 2021 to HK\$88,730,000 in 2022. The revenue of each business segment in 2022 decreased due to different reasons and will be discussed in "Business Review" below.

The gross profit decreased by approximately HK\$15,686,000 (representing a decrease of approximately 32.01% when compared with 2021) from approximately HK\$49,002,000 in 2021 to approximately HK\$33,316,000 in 2022. However, the gross profit margin has slightly increased by approximately 0.49%, from 37.06% in 2021 to 37.55% in 2022.

Other net gains: The other net gains in 2022 were mainly attributable to the rental income of approximately HK\$3,211,000 (2021: approximately HK\$5,082,000), the government grant of approximately HK\$6,925,000 (2021: approximately HK\$2,392,000) and fair value loss on financial assets at fair value through profit or loss of approximately HK\$2,671,000 (2021: gain on approximately HK\$1,700,000). The fair value loss on financial assets was on the basis of a valuation carried out by an independent qualified professional valuer on 18% equity interest in ORBiz International Limited.

Finance costs: Part of the interest-bearing borrowings of the Group are calculated at floating rates. The increase in finance cost was mainly due to the increase in interest rate in 2022 and increased in interest rate due to the default of the bond payable.

Reversal of impairment/(impairment) of assets: The reversal of impairment of assets in 2022 was the reversal of the impairment loss of HK\$1,329,000 made in 2021 for the licenses of the regulated activities. The reversal of impairment was based on the result of the assessment from the Board at the CGU level. The impairment of assets in 2021 was mainly attributable to the impairment loss on the licence of HK\$1,329,000 and goodwill of HK\$3,481,000 related to the regulated financial service business and the impairment loss on the interest in an associate HK\$3,415,000.

Net impairment loss on financial assets: The net impairment loss on financial assets in 2022 includes the net reversal of impairment loss on trade receivables of approximately HK\$5,860,000, the net impairment loss on other receivables of approximately HK\$7,563,000 and the net impairment loss on loans receivable of approximately HK\$3,590,000. A net reversal of impairment loss/(impairment loss) is recognised by comparing the decrease or increase in expected credit losses between the current period and the prior period. Expected credit losses are recognised based on expected credit loss rates depending on actual loss experience over the past few years and adjusted for forward-looking information that is readily available to the Group without undue cost and effort. Since the gross balances of trade receivables at the end of 2022 have decreased by HK\$33,493,000 when compared with 2021 due to the recovery of certain long outstanding debts, the expected credit losses at the end of the reporting period are therefore less than that in 2021 and the overprovision are reversed and recognised in the statement of profit and loss accordingly.

Share of results of an associate: The amount represented the Group's share of the results of the associate, IT City Development Fund LP, on an equity basis.

Properties held for sale: The properties held for sale are the shop properties held by the Group as stock in Lijiang Underground Walkway (the "Lijiang Project"). The Lijiang Project are the unfinished construction project acquired by the Group in 2017. The Group started the finishing and rectification work for the Lijiang Project after acquisition. The finishing work and the rectification work were completed before the end of 2018 and in 2019 respectively. After the finishing work was completed, the Group began to deliver the shops to some buyers who had purchased the pre-sold before the Group's acquisition and made preparations for the sales of the unsold shops. Due to the broke out of COVID-19, the sales plan of the Group has been hindered and cannot be carried out normally in these few years. In order to increase the value of the Lijiang Project and as part of the sales plan, the Group rent out shops in the form of short-term leases to increase the number of visitors and customers. Since the Lijiang Project has been acquired by the Group, the intention of the Group has never changed, which is to sell the shops for profit and the shops can be launched for sale at any time when the time is ripe. Therefore, the shops in Lijiang Underground Walkway are classified as stock properties. The decrease in value in 2022 was due to the exchange difference arising in translating the Renminbi into Hong Kong dollars.

BUSINESS REVIEW

The Group is principally engaged in the provision of money lending services and provision of regulated financial services in Hong Kong; and manufacturing of electronics products, provision of nursery education services and property development and management in the PRC. As disclosed above, the segment of nursery education did not provide any income to the Group in 2022. In 2022, the income from the manufacturing of electronics products, interest income from money lending services, services income from the provision of regulated financial services, income from nursery education and property development and management income accounted for approximately 75.24% (2021: 68.05%), 11.97% (2021: 16.64%), 6.32% (2021: 5.24%), 0.00% (2021: 0.51%) and 6.47% (2021: 9.56%) of total revenue respectively.

Manufacturing Electronics Products

During the year, the segment of manufacturing electronics products includes the manufacturing of transformers. The manufacturing of electronics products contributed approximately HK\$66,763,000 to revenue (2021: HK\$89,969,000 representing a decrease of 25.79% when compared with 2021). The main market for the business of manufacturing transformers is the PRC. During 2022, two major customers reduced their orders by a total of approximately HK\$24,317,000 or 44.81% to reduce their inventories in anticipation of their product design changes in the coming year.

As per the announcement of the Company dated 21 September 2022, the profit guarantee given by the vendor in relation to the acquisition of the entire equity interest in Shenzhen Jiaxian Enterprises Management Company Limited has been fulfilled.

Provision of Nursery Education Services

During the year, the segment of the provision of nursery education services did not contribute any revenue (2021: HK\$672,000) to the Group. The decrease when compared with 2021 was mainly due to the Group no longer providing nursery education management services.

In order to implement the “Certain Opinions on In-Depth Reform and Regulated the Development of Pre-school Education” which was issued in 2018, the State Council of the PRC revised the “Regulations on the Implementation of the Law of the PRC on the Promotion of Private Education” in 2021, which came into force on 1 September of the same year. After the revision, the regulations strengthen the control of private schools, establish the systems for asset and financial management, and require private schools not to damage the interests of the state, schools, teachers and students. To avoid violating the relevant provisions, the Group no longer charges the kindergarten management fees. Therefore, the Group had no service income from the provision of nursery education services in 2022.

Provision of Money Lending Services

The provision of money lending services of the Group focuses on conducting money lending business by providing secured or guaranteed loans to a variety of customers, including individuals and corporations. The source of customers is mainly past customers or referrals by third parties. Loans are mainly large amounts of guaranteed loans. The source of funds for the lending business is funded by the internal resources of the Group.

During the year, the segment of the provision of money lending services contributed approximately HK\$10,617,000 to revenue (2021: HK\$22,005,000, representing a decrease of 51.75% when compared with 2021). The decrease in interest income on money lending was due to the net decrease in loan principal in 2022 (there were no new loans in 2022, but the principal of approximately HK\$83 million has been recovered). Besides, for the sake of prudence, the principal amount of HK\$111,313,000 that the repayment performance was not in line with the management’s expectation, has been transferred to stage 3 of ECL, and no loan interest income of relevant principal has been recognised in 2022.

As at 31 December 2022, the total principal amount was HK\$164,300,000 (2021: HK\$247,300,000) and gross interest receivables of HK\$26,074,000 (2021: HK\$27,570,000) were due from ten (2021: thirteen) independent third parties. The interest rates of the loan receivables range from 6% to 15% per annum (2021: 6% to 15% per annum.) on the principals from HK\$500,000 to HK\$24,500,000 (2021: from HK\$5,000,000 to HK\$47,000,000). Two (2021: three) of the loan receivables are secured by share charges of the borrowers, and ten (2021: twelve) of the loan receivables are guaranteed by individuals. The Group does not have the right to sell or re-pledge the shares held as collateral in the absence of default by the borrowers. All loan receivables were repayable within twelve months from the end of the reporting period.

The loan receivables can be classified into secured loans and unsecured loans. As at 31 December 2022, total principal amount of the secured loans and the unsecured loans were HK\$10,500,000 (2021: HK\$84,000,000) and HK\$153,800,000 (2021: HK\$163,300,000) respectively. The secured loans with loan principals ranging from HK\$500,000 to HK\$10,000,000, of which the aggregated principals of loans lent in 2018, 2019, 2020, 2021 and 2022 were HK\$nil, HK\$5,000,000, HK\$5,000,000, HK\$500,000 and HK\$nil respectively, with interest rates ranging from 8% to 15% per annum and was repayable within 12 months from the end of 31 December 2022. The unsecured loans with loan principals ranging from HK\$14,700,000 to HK\$24,500,000, of which the aggregated principals of loans lent in 2018, 2019, 2020, 2021 and 2022 were HK\$83,600,000, HK\$37,500,000, HK\$32,700,000, HK\$nil and HK\$nil respectively, with interest rates ranging from 6% to 10% per annum and was repayable within 12 months from the end of 31 December 2022. The unsecured loans were personally guaranteed by their borrowers.

The amount of loans receivables due from the largest borrower and the five largest borrowers accounted for HK\$24,500,000, representing 14.91% (2021: HK\$48,000,000 and 17.61%) and HK\$103,700,000, representing 63.12% (2021: HK\$150,000,000 or 54.58%), respectively, of loan receivables of the Company as at 31 December 2022.

The Group has its credit risk strategy and policy and credit review and risk assessment for the money lending business. It is required to perform an independent assessment on loan applications before the loans are granted. The independent assessment included but was not limited to background checkings, such as the identity documents (identity card or business registration certificate, latest annual return or certificate of incumbency if an overseas company) and income or asset proof of the borrower and guarantor, such as share certificates or bank statements, the evaluation of the value of the collateral and the verification of the authenticity of the information provided, to ensure the recovery ability of the loan. If necessary, the Group will also engage an independent valuer to assist in assessing the value of the collateral. After the loan is granted, the Group will still conduct checks on the value of the collateral from time to time. Besides, the Group will conduct a value check on the collateral when the Group perceives that there is a huge fluctuation in the relevant market of the collateral, to ensure that there is no material deterioration in value.

All loans are renewed at the request of the borrowers. The Company has carried out ongoing credit assessments on renewing loans. Leveraging on the extensive experience of the executive Directors in the money lending business, coupled with the credit risk assessment on the loans for loan recoverability, the Directors believe that even though some loans are unsecured, personal guarantees have been provided, the actual risk of default is not high.

The interest rate of the loans are independent of each other and has been set after considering credit risk, which in turn includes the possibility of default and the loss given default. The probability of default and default losses are affected by different factors, including but not limited to the referrer of the loans, the reputation of the borrowers and their guarantors, the guarantees provided by the borrowers, the repayment ability and repayment history of the borrowers and guarantors and their assets held, the purpose of the loans, and changes in the economic environment, etc.

The impairment made on the loan receivables is provided and recognised according to the requirement of HKFRS 9 issued by the Hong Kong Institute of Certified Public Accountants. It is a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation of the assets' original effective interest rate. In respect of loan receivables, credit risk arises from a customer's inability and unwillingness to meet its financial obligations to make timely payments under the loans the Group provided. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, to calculate the provision of the impairment. The impairment loss is a non-cash item.

No loan receivables have been recognised as bad debts during the year ended 31 December 2022 (2021: nil).

Property Development and Management

Lijiang Underground Walkway: The Lijiang Underground Walkway is located at the underground on Minzhu Road and Fuhui Road, Lijiang City, Yunan Province, the PRC. The construction and the final acceptance were completed in 2018 and those shops that have been pre-sold before the Group's acquisition have been delivered to the respective buyers. The gross floor area of the underground walkway project is approximately 36,583 square metres ("sq. m."), comprising a civil air defence work structure of approximately 13,730 sq. m., 741 units of the saleable shop premises with a total gross floor area of approximately 19,923 sq. m., a non-saleable property utility room of approximately 15 sq. m. and a commercial function room of approximately 2,915 sq.m. The Lijiang Underground Walkway is now held-for-sales purposes but in the meantime, the shop premises will be leased to generate rental income and management fee income. A subsidiary of the Group is providing property management services for the Lijiang Underground Walkway.

During the year, there is still no (2021: HK\$nil) property sales revenue and the management fee income generated was approximately HK\$5,740,000 (2021: HK\$12,641,000).

Provision of Regulated Financial Services

During the year, the segment of the provision of regulated financial services contributed approximately HK\$5,610,000 to revenue (2021: HK\$6,930,000, representing a decrease of 19.05% when compared with 2021). The revenue from the provision of regulated financial services was generated from asset management services. The decrease in service income was mainly due to the reduction of the management fee charged to one of the asset funds managed by the financial company from 1% to 0.5% per annum since May 2021.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2022, the Group had cash and cash equivalents of approximately HK\$8,365,000 (2021: HK\$5,686,000) which included approximately HK\$3,003,000 and RMB4,731,000.

The Group had interest-bearing borrowings of approximately HK\$487,067,000 (2021: HK\$498,584,000) of which approximately HK\$399,392,000 (2021: HK\$267,529,000) were repayable on demand or within one year; approximately HK\$7,977,000 (2021: HK\$143,396,000) were repayable in the second year; approximately HK\$78,208,000 (2021: HK\$86,199,000) were repayable in the third to fifth years, inclusive; and approximately HK\$1,490,000 (2021: HK\$1,460,000) were repayable after five years. The Group's total bank and other borrowings divided by total assets as at 31 December 2022 was 44.22% (2021: 39.71%). As at 31 December 2022, the gearing ratio of the Group was 1.62 (2021: 1.15). This ratio is calculated as net debt divided by total equity. Net debt is calculated as total interest-bearing borrowings less cash and cash equivalents. With the cash and bank balances available, and other current assets could be converted to cash within a year, the Group has sufficient financial resources to finance its operations and to meet the financial obligations of its business.

As at 31 December 2022, the Group has a net asset value of HK\$296,361,000 (2021: HK\$427,150,000), with a liquidity ratio (ratio of current assets to current liabilities) of 0.88 (2021: 1.32).

CHARGE ON ASSETS

As at 31 December 2022, the share equity of (i) Superactive Financial Group Company Limited, the operating company of the regulated financial services; (ii) Link Complex Limited, a company which held the 18% unlisted equity shares of a company which is for provision of real-time kinematic solution; (iii) Shenzhen Jiaxin Enterprise Management Company Limited, the holding company of a group operating the manufacturing of transformers; (iv) Edisoft Investment Limited, the holding companies of a group operating Lijiang Project, and its subsidiaries; (v) Shenzhen Baike Enterprise Management Co., Ltd., the holding company of a subsidiary operating Lijiang Project; and (vi) Next Millions Limited, the holding company of a subsidiary operating the money lending services, were pledged to secure the Company's bond issued on 29 December 2017. In addition, the office properties included in Land and Buildings under Property, Plant and Equipment and Restricted Bank Deposits were pledged to a bank to secure the Group's loans.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's monetary assets, loans and transactions are principally denominated in HK\$ and RMB. All the Group's borrowings are denominated in HK\$ and RMB. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its financial position exposure as at 31 December 2022.

EMPLOYEES

As at 31 December 2022, the Group had a staff force of approximately 300 employees (2021: approximately 300 employees). Of this, most were stationed in the PRC. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives (such as a share option scheme). Total staff costs incurred for 2022 were approximately HK\$35,675,000 (2021: approximately HK\$35,943,000).

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2022 and up to the date of this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not purchased, sold or redeemed any of the Company's listed securities during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct governing Directors' securities transactions. All Directors have confirmed, following a specific enquiry by the Company, that they had complied with the required standards set out in the Model Code throughout the year.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of The Corporate Governance Code And Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules on the Stock Exchange as its own code of corporate governance practices.

During the year ended 31 December 2022, the Company was in compliance with the code provisions set out in the CG Code except for the deviation from code provision C.2.1.

Code provision C.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The office of the chief executive is currently vacant that the roles and duties of which are assumed by the Board. The executive Directors are responsible for the daily management of the business. Therefore, a clear division of responsibilities is in place and a balance of power and authority is ensured.

Save as aforesaid and in the opinion of the Directors, the Company was in compliance with the code provisions set out in the CG Code.

AUDIT AND RISK COMMITTEE

The audit and risk committee of the Company (the “Audit and Risk Committee”) currently consists of three independent non-executive Directors, namely Mr. Tse Ting Kwan (Chairman), Mr. Chow Wai Leung William, and Mr. Leung Man Man.

The Audit and Risk Committee has, together with the Board reviewed and approved the accounting principles and practices adopted by the Group and the annual results for the year ended 31 December 2021. The Audit and Risk Committee has also reviewed the effectiveness of the risk management and internal control systems of the Company and considers them to be effective and adequate.

SCOPE OF WORK OF CONFUCIUS INTERNATIONAL CPA LIMITED

The figures in respect of the announcement of the Group’s consolidated results for the year ended 31 December 2022 have been agreed by the Group’s auditor, Confucius International CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Confucius International CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Confucius International CPA Limited on the results announcement.

EXTRACTS FROM INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2022.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The accompanying consolidated financial statements for the year ended 31 December 2022 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 1 to the consolidated financial statements which indicated that the Group incurred a net loss attributable to owners of the Company of approximately HK\$93,426,000 and as at the same date its cash and cash equivalents amounted to approximately HK\$8,365,000. In addition, as at 31 December 2022, the principal amount and the interest of bond payables of approximately HK\$367,268,000 were not repaid in accordance with the terms of agreements. Such default entitled the bondholder a right to demand immediate repayment from the Group. Based on the cashflow forecast up to 31 March 2024, it indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As explained in note 1 to the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis. Our opinion is not qualified in respect of these matters.

PUBLICATION OF THE ANNUAL RESULTS AND 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.superactive.com.hk). The Company's 2022 annual report containing all the information required under the Listing Rules will be dispatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Superactive Group Company Limited
Yeung So Lai
Chairman

Hong Kong, 31 March 2023

As at the date of this announcement, the executive Directors are Ms. Yeung So Lai and Mr. Lee Chi Shing Caesar; and the independent non-executive Directors are Mr. Chow Wai Leung William, Mr. Leung Man Man and Mr. Tse Ting Kwan.