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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the "Board") of directors (the "Directors") of Superactive Group Company Limited (the "Company") announces its unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred as to the "Group") for the six months ended 30 June 2017 together with the comparative figures for 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**99,870**	53,689
Cost of sales		**(92,000)**	(49,807)
Gross profit		**7,870**	3,882
Other income		**996**	1,308
Selling and distribution costs		**(2,266)**	(1,198)
Administrative costs		**(20,089)**	(12,676)
Finance costs	*4*	**(5)**	–
Share of results of an associate	*9*	**9,801**	10,532
(Loss)/profit before tax	*5*	**(3,693)**	1,848
Income tax expense	*6*	**(2,592)**	(2,377)
Loss for the period		**(6,285)**	(529)
Loss for the period attributable to:			
Owners of the Company		**(6,034)**	(529)
Non-controlling interests		**(251)**	–
		(6,285)	(529)
Loss per share			
Basic and diluted	*8*	**(0.45) HK cents**	(0.04) HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Loss for the period		**(6,285)**	(529)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from the translation of foreign operations		**769**	(85)
Exchange differences arising from the translation of interest in a foreign associate	*9*	**9,491**	1,180
Change in fair value on available-for-sale financial assets		**–**	6
Share of other comprehensive income of an associate		**163**	–
Other comprehensive income for the period, net of tax		**10,423**	1,101
Total comprehensive income for the period		**4,138**	572
Total comprehensive income for the period attributable to:			
Owners of the Company		**4,301**	572
Non-controlling interests		**(163)**	–
		4,138	572

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Notes	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**201,107**	4,232
Interest in an associate	*9*	**174,812**	155,317
Goodwill	*10*	**63,348**	–
		439,267	159,549
CURRENT ASSETS			
Inventories		**19,190**	24,608
Trade and other receivables	*11*	**62,386**	35,990
Cash and bank balances		**82,765**	313,616
		164,341	374,214
CURRENT LIABILITIES			
Trade and other payables	*12*	**55,355**	53,362
Deferred revenue		**2,060**	–
Amounts due to a shareholder	*13*	**40,000**	–
Amounts due to non-controlling interests	*13*	**1,727**	–
Interest-bearing bank borrowings		**–**	641
Tax payable		**10,884**	8,010
		110,026	62,013
NET CURRENT ASSETS		**54,315**	312,201
TOTAL ASSETS LESS CURRENT LIABILITIES		**493,582**	471,750
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**830**	1,704
		830	1,704
NET ASSETS		**492,752**	470,046
CAPITAL AND RESERVES			
Share capital		**135,505**	131,828
Reserves		**362,631**	338,218
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**498,136**	470,046
Non-controlling interests		**(5,384)**	–
TOTAL EQUITY		**492,752**	470,046

Notes:

1. GENERAL INFORMATION

In order to symbolize a new start and reflect the Group's direction of future development, on 6 June 2017, the shareholders of the Company at the 2017 annual general meeting approved the change of the Company's name from "United Pacific Industries Limited" to "Superactive Group Company Limited" and to adopt and register the Chinese name of "先機企業集團有限公司" as the secondary name of the Company. The new name and new Chinese name of the Company are effective commencing from 9 June 2017.

The unaudited condensed consolidated interim financial statements of the Group (the "Interim Financial Statements") are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 December 2016, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual HKFRSs, HKASs and Interpretations) as disclosed in note 2 to the Interim Financial Statements.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The Interim Financial Statements do not include all the information and disclosures required in the consolidated financial statements for the year ended 31 December 2016, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2016.

2. ADOPTION OF NEW OR REVISED HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise HKFRSs, HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. 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 for their decisions about resources allocation to the Group's business components and their review of these components' performance. During the period, the Group has acquired nursery education business and money lending business, which have been identified as reportable segment as a result of the significance of their segment results to the overall result of the Group losses. The Group currently has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies as follows:

(i) manufacture of consumer electronics products;

(ii) provision of nursery education service; and

(iii) money lending business.

There were no inter-segment transactions between different operating segments during the six months ended 30 June 2017 and 2016.

Revenue represents the total invoiced value of goods supplied less discounts and returns, tuition fees received and receivable for tuition services rendered and interest income from financial assets.

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the Interim Financial Statements as follows:

	Consumer electronics products *HK$'000* (Unaudited)	**Nursery education** *HK$'000* (Unaudited)	**Money lending** *HK$'000* (Unaudited)	**Total** *HK$'000* (Unaudited)
Six months ended 30 June 2017				
Segment revenue	99,110	760	–	99,870
Segment profit/(loss)	412	(950)	(1,660)	(2,198)
Six months ended 30 June 2016				
Segment revenue	53,689	–	–	53,689
Segment loss	(2,311)	–	–	(2,311)

	Six months ended 30 June	
	2017 ***HK$'000*** **(Unaudited)**	2016 *HK$'000* (Unaudited)
Reportable segment loss	**(2,198)**	(2,311)
Share of results of an associate	**9,801**	10,532
Unallocated corporate costs	**(11,296)**	(6,373)
(Loss)/profit before tax	**(3,693)**	1,848

The unallocated corporate costs mainly comprise staff cost (including directors' remuneration), legal and professional fee, exchange differences and office rental.

Geographical information

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The People's Republic of China (the "PRC")		
Mainland China	**1,153**	135
Hong Kong (place of domicile)	**1,160**	368
	2,313	503
United States of America ("US")	**69,230**	32,761
United Kingdom ("UK")	**11,397**	11,683
Europe (other than UK)	**9,782**	6,212
Others	**7,148**	2,530
	99,870	53,689

4. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank borrowings and bank overdrafts	**5**	–
	5	–

5. (LOSS)/PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**990**	672
(Reversal of impairment loss)/impairment loss on trade receivables, net	**(139)**	213
Impairment loss on inventories	**1,255**	948
Interest income	**(623)**	(929)
Cost of inventories recognised as expense	**88,636**	49,807

6. INCOME TAX EXPENSE

The income tax expense for the period comprises:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax – Hong Kong:		
Provision for the period	**179**	–
Current income tax – Mainland China:		
Provision for the period	**195**	271
Withholding tax on dividend income	**3,132**	3,298
Deferred tax	**(914)**	(1,192)
	2,592	2,377

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

PRC Enterprise Income tax has been provided on estimated assessable profits of the subsidiary operating in Mainland China at 25% (six months ended 30 June 2016: 25%).

Withholding tax is levied on profit distribution upon declaration of the undistributed earnings of an associate for the six months ended 30 June 2017 at the rate of 20% (six months ended 30 June 2016: 20%).

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2017 is based on the loss attributable to owners of the Company of HK$6,034,000 (six months ended 30 June 2016: loss of HK$529,000) and the weighted average number of 1,327,217,667 (six months ended 30 June 2016: 1,318,279,590) ordinary shares.

The calculation of weighted average number of ordinary shares is as follows:

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Issued ordinary shares at 1 January	**1,318,279,590**	1,331,707,590
Issue of shares upon acquisition of a subsidiary *(note (i))*	**8,938,077**	–
Treasury shares	**–**	(13,428,000)
Weighted average number of ordinary shares at 30 June	**1,327,217,667**	1,318,279,590
Basic and diluted loss per share (HK cents) *(note (ii))*	**(0.45)**	(0.04)

Notes:

(i) Pursuant to the sale and purchase agreement dated 18 May 2017 in relation to the acquisition of the entire issued share capital of Speed Fame Enterprises Limited ("Speed Fame"), the Company had issued 36,768,000 new shares at issue price of HK$0.647 at the date of issuance for settlement of partial consideration.

(ii) The basic and diluted loss per share are the same for the six months ended 30 June 2017 and 2016 as there were no potential dilutive shares outstanding.

9. INTEREST IN AN ASSOCIATE

	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Movements of interest in an associate are as follows:		
At 1 January 2017/1 January 2016	**155,317**	152,383
Share of profits and total comprehensive income of an associate	**10,004**	16,496
Dividend declared/received *(note)*	**–**	(16,488)
Currency realignment	**9,491**	2,926
At 30 June 2017/31 December 2016	**174,812**	155,317

Note: Pursuant to the resolution of Yuji Development Corporation ("Yuji") passed on 9 May 2017, board of directors of Yuji resolved to recommend a final dividend of TWD1.184128 per share for the year ended 31 December 2016. The final dividend will be issued in form of new and fully paid ordinary shares of New Taiwan Dollars ("TWD") 1.184128 each in the share capital of Yuji.

As at 30 June 2017, the Group had an interest in the following associate:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Nominal value of share capital TWD	Proportion of nominal value of share capital held by the Group	Principal activities
Yuji	Limited by shares	Taiwan	Taiwan	1,819,303,240	27.9%	Provision of funeral related services

The summarised financial information in respect of the Group's associate is set out below:

	30 June 2017 *HK$'000* **(Unaudited)**	31 December 2016 *HK$'000* (Audited)
Non-current assets	**40,692**	63,203
Current assets	**849,966**	635,855
Total assets	**890,658**	699,058
Current liabilities	**(244,464)**	(123,778)
Non-current liabilities	**(2,996)**	(2,836)
Total liabilities	**(247,460)**	(126,614)
Non-controlling interests	**(16,629)**	(15,751)
Net assets	**626,569**	556,693
Share of an associate's net assets	**174,813**	155,317
Sales	**63,057**	105,441
Profit for the period	**35,049**	58,442
Other comprehensive income	**34,213**	11,077
Total comprehensive income	**69,262**	69,519
Share of profits and total comprehensive income of an associate (net of tax)	**9,964**	16,464

10. GOODWILL

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Cost:		
At 1 January 2017/1 January 2016	**–**	–
Acquisition of subsidiaries	**63,348**	–
At 30 June 2017/31 December 2016	**63,348**	–

The carrying amount of goodwill as at 30 June 2017 are as follows:

	Notes	***HK$'000***
Speed Fame	*14*	62,939
Superactive Finance Company Limited ("Superactive Finance")	*14*	409
		63,348

For the purpose of impairment testing, goodwill has been allocated to each of the individual cash generating units ("CGUs"). As at 30 June 2017, the management of the Group determined that there is no impairment of carrying value of above CGUs including goodwill.

11. TRADE AND OTHER RECEIVABLES

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Trade receivables	**35,531**	31,122
Less: Impairment provisions	**(916)**	(1,055)
Trade receivables – net	**34,615**	30,067
Prepayments and other receivables	**27,771**	5,923
	62,386	35,990

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

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
0–60 days	**22,277**	18,952
61–90 days	**6,695**	3,502
91–120 days	**5,643**	6,337
Greater than 120 days	**916**	2,331
	35,531	31,122

12. TRADE AND OTHER PAYABLES

	30 June 2017 *HK$'000* **(Unaudited)**	31 December 2016 *HK$'000* (Audited)
Trade payables	**29,959**	27,422
Accruals and other payables	**25,396**	25,940
	55,355	53,362

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

	30 June 2017 *HK$'000* **(Unaudited)**	31 December 2016 *HK$'000* (Audited)
0–60 days	**15,076**	21,826
61–90 days	**5,189**	3,425
Greater than 90 days	**9,694**	2,171
	29,959	27,422

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

13. AMOUNTS DUE TO A SHAREHOLDER/NON-CONTROLLING INTERESTS

The amounts due to a shareholder/non-controlling interests are unsecured, interest-free and repayable on demand.

14. BUSINESS COMBINATIONS

(a) Acquisition of subsidiaries

The acquisition of subsidiaries accounted for as business combination are as follows:

(i) Acquisition of entire issued share capital of Speed Fame

On 18 May 2017, the Group acquired entire issued share capital of Speed Fame, a company incorporated in British Virgin Islands with limited liability, for consideration of HK$58,119,000. Speed Fame and its subsidiaries are principally engaged in the provision of nursery education service in Chengdu, the PRC.

The provisional fair values of the identifiable assets and liabilities acquired during the period are as follows:

	Note	**Fair value recognised on acquisition** ***HK$'000***
Cash and bank balances		1,252
Property, plant and equipment		11,015
Trade receivables		13,378
Prepayments and other receivables		737
Trade payables		(104)
Accruals and other payables		(34,625)
Amount due to non-controlling interests		(1,694)
Total identifiable net liabilities at fair value		(10,041)
Non-controlling interests		5,221
		(4,820)
Goodwill	*10*	62,939
		58,119

	HK$'000
Satisfied by:	
Issue of shares	23,789
Cash consideration paid	34,330
	58,119

An analysis of the cash flows in respect of the acquisition of Speed Fame is as follows:

	HK$'000
Consideration settled by cash	(34,330)
Cash and cash equivalents acquired	1,252
Net outflow of cash and cash equivalents included in cash flows from investing activities	(33,078)

As at reporting date, the Group has not finalised the fair value assessments for the intangible assets acquired from the acquisition due to the proximity of the transaction to the reporting date. The relevant fair values of the net liabilities acquired stated above are on a provisional basis.

The acquisition contributed HK$760,000 to the Group's revenue and HK$950,000 to the consolidated loss for the six months ended 30 June 2017.

Had the combination taken place at the beginning of the period, the Group's revenue and consolidated loss would have been HK$103,784,000 and HK$6,443,000 respectively. This pro forma information is for illustration purpose only and is not necessarily an indication of revenue and results of operations of the Group that actively would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of future performance.

None of the goodwill recognised is expected to be deductible for income tax purposes.

(ii) Acquisition of entire issued share capital of Superactive Finance

On 25 May 2017, the Group acquired entire issued share capital of Superactive Finance, a company incorporated in Hong Kong with limited liability, and holds a money lender's license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) at the consideration of HK$420,000. Superactive Finance is principally engaged in money lending business in Hong Kong.

The provisional fair values of the identifiable assets and liabilities acquired during the period are as follows:

	Notes	**Fair value recognised on acquisition** ***HK$'000***
Cash and bank balances		26
Accruals and other payables		(15)
Amount due to a director		(406)
		(395)
Outstanding amount acquired by the Group		406
Total identifiable net assets at fair value		11
Goodwill	*10*	409
Cash consideration		420

	HK$'000
Satisfied by:	
Cash consideration paid	420

An analysis of the cash flows in respect of the acquisition of Superactive Finance is as follows:

	HK$'000
Consideration settled by cash	(420)
Cash and cash equivalents acquired	26
Net outflow of cash and cash equivalents included in cash flows from investing activities	(394)

As at reporting date, the Group has not finalised the fair value assessments for the intangible assets acquired from the acquisition due to the proximity of the transaction to the reporting date. The relevant fair values of the net assets acquired stated above are on a provisional basis.

The acquisition did not contribute any revenue to the Group and contributed HK$1,660,000 to the consolidated loss for the six months ended 30 June 2017.

Had the combination taken place at the beginning of the period, the revenue of the Group and the loss of the Group for the period would been HK$99,870,000 and HK$6,347,000 respectively.

None of the goodwill recognised is expected to be deductible for income tax purposes.

(b) Acquisition of a subsidiary not constitute business combination

On 29 May 2017, the Group entered into sale and purchase agreement to acquire the entire issued share capital of Wealth Long Limited ("Wealth Long"), a company incorporated in Hong Kong with limited liability and the sole legal beneficial owner of a 16-storey serviced industrial building and the shareholder's loan of the consideration of HK$185 million. The acquisition of Wealth Long has been accounted for assets as Wealth Long is principally engaged in property holding and does not carry on business since acquisition completed.

15. EVENT AFTER THE END OF THE REPORTING PERIOD

(i) On 8 August 2017, the Group announced its intention to exercise put option under the put option deed entered between the vendor of Wealth Long (the "Vendor") and a wholly-owned subsidiary of the Company, the purchaser (the "Purchaser") on 29 May 2017, to require the Vendor to purchase from the Purchaser the entire issued share capital of Wealth Long and the entire amount owing by the Purchaser. The completion date for the put option is expected to be on or before 7 September 2017. Details please refer to the announcements of the Company dated 29 May 2017, 7 August 2017 and 8 August 2017 and the circular of the Company dated 28 August 2017.

(ii) On 9 August 2017, the Group entered into a sale and purchase agreement with two independent third parties to acquire the entire equity interest of Shenzhen City Qianhai Wanke Finance Services Company Limited ("Qianhai Wanke"), a company established in the PRC with limited liability (the "Wanke Acquisition") at a consideration of Renminbi ("RMB") 20,000,000. The Wanke Acquisition completed on 29 August 2017. Details of the Wanke Acquisition please refer to the announcements of the Company dated 7 July 2017, 9 August 2017 and 29 August 2017.

(iii) On 29 August 2017, the Group proposed to raise approximately HK$338.8 million before expenses by issuing 677,523,795 new shares ("Offer Shares") at subscription price of HK$0.5 per Offer Share on the basis of one Offer Share for every two existing ordinary shares of the Company held on 14 September 2017 and payable in full upon application ("Proposed Open Offer"). Details of the Proposed Open Offer please refer to announcement of the Company dated 29 August 2017.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

The Group recorded revenue of approximately HK$99,900,000 for the six months ended 30 June 2017 (the "period under review"), a significant increase by 86.0% when compared with approximately HK$53,700,000 for the six months ended 30 June 2016.

The Group continued to brace for a challenging environment during the period under review, incurring a loss of approximately HK$6,300,000 (six months ended 30 June 2016: loss of HK$500,000).

Gross profit margin improved to 7.9% as compared with 7.2% for the six months ended 30 June 2016, reflecting stringent control efforts, especially on labour costs, with more outsourcing to allow flexibility in production arrangements. Cost of materials and overheads were largely maintained at a steady level through continual production process improvements. Administrative costs for the period under review increased to approximately HK$20,100,000 for the six months ended 30 June 2017, as a consequence of increased legal and professional services requirements.

BUSINESS REVIEW

During the period under review, the Group started its strategic transformation journey. In addition to the previous consumer electronics products business and afterlife services business, the Group diversified its business into nursery education and money lending.

The Group is principally engaged in the business of manufacturing of consumer electronics products, provision of nursery education service and money lending business during the period under review. In the first half of 2017, revenues from consumer electronics products, nursery education and money lending accounted for approximately 99.2% (2016: 100.00%), 0.8% (2016: nil) and nil (2016: nil) respectively of the total revenue of the Group.

Consumer Electronics Products

During the period under review, consumer electronics products contributed approximately HK$99,100,000 (six months ended 30 June 2016: HK$53,700,000) which representing an increase of 84.5% when compared with the corresponding period of 2016. Baby monitors, semi product and beauty devices series are the principal products of the segment during the period under review with sales revenues accounting for 83.6%, 6.2% and 3.4% of total sales of consumer electronics products respectively. The consumer electronics products continued to perform well in developed markets. The US and the UK remained the top two market segments generating 69.9% and 11.5% of total sales of consumer electronics products respectively.

Nursery Education

In May 2017, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of Speed Fame, a company incorporated in British Virgin Islands with limited liability at a consideration of approximately HK$58,100,000. Speed Fame and its subsidiaries are principally engaged in the provision of nursery education in Chengdu, the PRC.

During the period under review, nursey education has generated approximately HK$800,000 in revenue since the acquisition of Speed Fame was completed.

Money Lending

In May 2017, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of Superactive Finance (formerly known as Champion Wide Limited), a company incorporated in Hong Kong with limited liability and holds a money lender's licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) at the consideration of approximately HK$400,000 in cash to diversify its business to money lending business in Hong Kong.

No revenue has been generated since the acquisition of Superactive Finance was completed.

Subsequent to the end of the reporting period, Superactive Finance entered into a loan agreement with an independent third party, pursuant to which Superactive Finance has agreed to grant to the borrower, the loan in the principal amount of US$1,000,000 (the "Loan"), bearing interest at a rate of 10% per annum for a period of 12 months (the "Loan Agreement"). The terms of the Loan Agreement (including the interest rate) were arrived at by the parties thereto after arm's length negotiations, with reference to the commercial practice and the amount of the Loan.

Afterlife services

The Group holds a 27.9% interest in Yuji, an after-life services company based in Taiwan. Yuji currently has three columbarium towers and one outdoor cemetery in operation. Its revenue was mainly contributed by the sale of columbarium units and cemetery plots. During the period under review, Yuji contributed a profit of approximately HK$9,800,000 (six months ended 30 June 2016: HK$10,500,000) to the Group.

In May 2017, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of Wealth Long, a company incorporated in Hong Kong with limited liability and the sole legal and beneficial owner of a 16-storey serviced industrial building located at nos. 13-15 Wing Kei Road and nos. 20-22 Wing Lap Street, Kwai Chung, New Territories, Hong Kong (the "Property") and the shareholder's loan at the consideration of HK$185,000,000. It was planned to transform the Property from industrial building to funeral parlour and green funeral facilities and an application form has been submitted to the Food and Environmental Hygiene Department for the operation of the afterlife services business to be carried out in the Property. Having considered the management has doubt to the good title of Wealth Long to the Property and the approval of the amendment to the outline zoning plan to rezone the Property site from "Industrial" to "Other Specified Uses" annotate "Funeral Parlour and Green Funeral Facility", is too remote than expected, the Group exercised the put option on 8 August 2017 to request the original vendor to purchase from the Group the interest in Wealth Long subject to the terms of the put option deed.

PROSPECTIVE AND OUTLOOK

In anticipation that global economy will continue to recover in 2017 at a slow pace, accompanied by new challenges and opportunities, the Group will continue to focus on growing and improving our existing business, while carefully maintaining its diversity of business to broaden the revenue base, with a view to maximising returns to the shareholders of the Company.

Chinese economy still remains strong. The Chinese real estate market continues to heat up during the period under review and the price went up along with the sales volume. Other than the Chinese real estate market, there is substantial mainland capital flowing into Hong Kong capital market. Benefiting from the strong inflows of mainland capital into Hong Kong, the Hong Kong stock market was bullish and the demand for the corporate finance advisory services and asset management services are therefore increasing. Facing of all kinds opportunities, the Group will keep a close eye on the Chinese real estate market and Hong Kong financial services market.

In April 2017, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of Shining International Holdings Limited ("Shining International"), a company incorporated in Hong Kong with limited liability, at the consideration of HK$12,500,000 ("Acquisition of Shining"). Shining International is licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. The Acquisition of Shining would be completed upon the approval of Securities and Futures Commission. Immediately after the completion of the acquisition, the Group would commence a new business segment of financial services in Hong Kong.

Subsequent to the end of the reporting period, the Group entered into a sale and purchase agreement to acquire 100% equity interest in Qianhai Wanke to diversify its business to property development and investment business. The consideration for the Wanke Acquisition will be RMB20,000,000 which will be payable on the date falling two years from the date of signing of the formal agreement. Qianhai Wanke entered into an acquisition agreement with independent third parties for the acquisition of the entire equity interest in the Lijiang Hua Ou Real Estate Company Limited ("Lijiang Hua Ou"), a company established in the PRC with limited liability. Lijiang Hua Ou is the developer and owner of the underground walkway and civil air defense project located at the underground of Minzhu Road and Fuhui Road, Lijiang city, Yunan province, the PRC (the "Underground Workway Project"). The construction has been completed and the final acceptance of the Underground Workway Project is pending. The gross floor area of the Underground Workway Project is approximately 36,583 square metre ("sq. m.") comprising a civil air defense 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 Underground Workway Project is under pre-sales and expected to be delivered in the near future. It is expected that Lijiang Hua Ou can recover its investment and obtain a reasonable return. The Wanke Acquisition completed on 29 August 2017.

In order to strengthen its capital base and provide sufficient capital to support the Wanke Acquisition, the Group proposed to raise approximately HK$338.8 million before expenses by issuing 677,523,795 Offer Shares at subscription price of HK$0.5 per Offer Share on the basis of one Offer Share for every two existing ordinary shares of the Company on 14 September 2017.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group adopted a prudent funding and treasury policy with regard to its overall business operation. As at 30 June 2017, the Group had cash and cash equivalents of approximately HK$82,800,000 (31 December 2016: HK$313,600,000). As at 30 June 2017, the Group had no external borrowings (31 December 2016: HK$600,000) and a nil gearing ratio. Most of the bank balances were in Hong Kong dollars. With the cash and bank balances available, the Group has sufficient financial resources to finance its operations and to meet the financial obligations of its business.

The Group had net asset value of approximately HK$492,800,000 (31 December 2016: HK$470,000,000), with a liquidity ratio (ratio of current assets to current liabilities) of 149.4% (31 December 2016: 603.4%).

FOREIGN EXCHANGE EXPOSURE

Most of the Group's assets and liabilities are denominated in Hong Kong dollars, RMB and TWD. Considering the exchange rate between these currencies is relatively stable, the Group believed that the corresponding exposure to RMB and TWD exchange rate fluctuation was insignificant.

The Group does not undertake any derivative financial instruments or hedging instruments. The Group will constantly review the economic situation and its foreign currency risk profile, continue to actively monitor foreign exchange exposure to minimise the impact of any adverse currency movement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2017, the Group employed approximately 390 employees (31 December 2016: 300 employees).

The remuneration of employees is determined by overall guidelines within the relevant industries. The Group has also adopted certain bonus programs, medical insurance and other welfare and benefit programs for its various categories of employees. The remuneration policy of the Group is reviewed regularly and is in line with the performance, qualification of individual employees and prevailing market condition.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Company's website (www.superactive.com.hk) and the designated website of the Stock Exchange (www.hkexnews.hk). The interim report will be available on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 29 August 2017

As at the date of this announcement, the executive directors of the Company are Ms. Yeung So Lai and Mr. Lee Chi Shing Caesar; and the independent non-executive directors of the Company are Mr. Chiu Sze Wai Wilfred, Mr. Chow Wai Leung William and Ms. Hu Gin Ing.