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 2017

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 (the "Group") for the year ended 31 December 2017 together with the comparative figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	4	**206,526**	141,267
Cost of sales		**(186,507)**	(122,268)
Gross profit		**20,019**	18,999
Other net gains	5	**63,368**	3,309
Selling and distribution costs		**(4,902)**	(4,045)
Administrative costs		**(53,336)**	(26,824)
Finance costs		**(223)**	(9)
Share of results of an associate	10	**54,122**	16,333

	Notes	2017 HK$'000	2016 HK$'000
Profit before tax	*6*	**79,048**	7,763
Income tax expense	*7*	**(10,074)**	(4,277)
Profit for the year		**68,974**	3,486
Profit for the year attributable to:			
Owners of the Company		**69,324**	3,486
Non-controlling interests		**(350)**	–
		68,974	3,486
Earnings per share			
Basic and diluted	*9*	**HK cents 4.74**	HK cents 0.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Profit for the year		**68,974**	3,486
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Investment revaluation reserve written off		**–**	209
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from the translation of foreign operations		**9,476**	(662)
Exchange differences arising from the translation of interest in a foreign associate	*10*	**12,749**	2,926
Share of other comprehensive income of an associate	*10*	**(432)**	131
Other comprehensive income for the year, net of tax		**21,793**	2,604
Total comprehensive income for the year		**90,767**	6,090
Total comprehensive income for the year attributable to:			
Owners of the Company		**91,014**	6,090
Non-controlling interests		**(247)**	–
		90,767	6,090

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,442**	4,232
Interest in an associate	*10*	**221,648**	155,317
Available-for-sale financial assets	*11*	**25,010**	–
Deferred tax assets		**9,269**	–
Land appreciation tax recoverables		**2,782**	–
Prepayments, deposits and other receivables	*15*	**65,857**	–
Intangible assets	*12*	**117,111**	–
		451,119	159,549
CURRENT ASSETS			
Inventories		**24,917**	24,608
Properties under development held for sale	*13*	**498,854**	–
Trade receivables	*14*	**51,961**	30,067
Prepayments, deposits and other receivables	*15*	**63,764**	5,923
Loans receivables	*16*	**58,803**	–
Cash and bank balances		**108,131**	313,616
		806,430	374,214
CURRENT LIABILITIES			
Trade and other payables	*17*	**152,856**	53,362
Deferred revenues		**1,660**	–
Amount due to a shareholder		**9,500**	–
Amount due to non-controlling interests		**1,801**	–
Interest-bearing bank borrowings		**3,021**	641
Tax payable		**11,539**	8,010
		180,377	62,013
NET CURRENT ASSETS		**626,053**	312,201
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,077,172**	471,750

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT LIABILITIES			
Other payables	*17*	**117,693**	–
Deferred tax liabilities		**28,133**	1,704
		145,826	1,704
NET ASSETS		**931,346**	470,046
CAPITAL AND RESERVES			
Share capital		**203,257**	131,828
Reserves		**717,967**	338,218
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**921,224**	470,046
Non-controlling interests		**10,122**	–
TOTAL EQUITY		**931,346**	470,046

Notes:

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 1206, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, 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 2017, Super Fame Holdings Limited ("Super Fame"), a company incorporated in 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.

In order to symbolise 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.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual improvement to HKFRSs 2014-2016 Cycle	Amendments to HKFRS12, Disclosure of Interests in Other Entities

The adoption of these amendments has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised 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 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for annual periods beginning on or after 1 January 2019

[3] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

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

(c) Functional and presentation currency

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.

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 for their decisions about resources allocation to the Group's business components and their review of these components' performance. During the year, the Group has acquired nursery education business, money lending business, property development business and regulated financial services business which have been identified as reportable segments.

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 consumer electronics products; (ii) provision of nursery education service; (iii) money lending business; (iv) property development business; and (v) regulated financial services business.

Revenue represents the total invoiced value of goods supplied less discounts and returns; tuition fees received and receivable for tuition services rendered; interest income from financial assets and professional fee received and receivable for regulated financial service provided. The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	Consumer electronics products	Nursery education	Money lending	Property development	Regulated financial services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2017						
Segment revenue	**200,404**	**5,188**	**934**	**–**	**–**	**206,526**
Inter-segment revenue	**–**	**–**	**–**	**–**	**1,100**	**1,100**
Reportable segment revenue	**200,404**	**5,188**	**934**	**–**	**1,100**	**207,626**
Segment profit/(loss)	**834**	**(2,389)**	**(226)**	**(3,065)**	**30**	**(4,816)**
Other information:						
Additions to segment non-current assets	**878**	**2,172**	**–**	**749**	**–**	**3,799**
Net finance credit	**(48)**	**(2)**	**–**	**(101)**	**–**	**(151)**
Depreciation of property, plant and equipment	**1,311**	**287**	**–**	**48**	**1**	**1,647**
Income tax expense/(credit)	**472**	**–**	**–**	**(1,222)**	**–**	**(750)**
Reversal of impairment loss on trade receivables	**(159)**	**–**	**–**	**–**	**–**	**(159)**
Impairment loss on inventories	**992**	**–**	**–**	**–**	**–**	**992**
2016						
Segment revenue	141,267	–	–	–	–	141,267
Segment profit	5,545	–	–	–	–	5,545
Other information:						
Additions to segment non-current assets	1,813	–	–	–	–	1,813
Net finance credit	(393)	–	–	–	–	(393)
Depreciation of property, plant and equipment	1,035	–	–	–	–	1,035
Income tax expense	1,010	–	–	–	–	1,010
Impairment loss on trade receivables	174	–	–	–	–	174
Reversal of impairment loss on inventories	(1,778)	–	–	–	–	(1,778)

	2017	2016
	HK$'000	*HK$'000*
Reportable segment (loss)/profit	**(4,816)**	5,545
Share of results of an associate	**54,122**	16,333
Other net gains	**58,210**	172
Unallocated corporate costs *(note)*	**(28,854)**	(15,729)
Unallocated corporate net finance credit	**386**	1,442
Profit before tax	**79,048**	7,763

Note:

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

	2017	2016
	HK$'000	*HK$'000*
Segment assets		
Consumer electronics products	**114,998**	101,773
Nursery education	**131,731**	–
Money lending	**59,413**	–
Property development	**600,633**	–
Regulated financial services	**14,125**	–
Total reportable segment assets	**920,900**	101,773
Interest in an associate	**221,648**	155,317
Available-for-sale financial assets	**25,010**	–
Prepayments, deposits and other receivables	**87,139**	5,923
Elimination of inter-segment receivables	**(150)**	–
Unallocated corporate assets *(note)*	**3,002**	270,750
Total assets	**1,257,549**	533,763

Note:

The unallocated corporate assets mainly represents cash and bank balances retained at corporate level.

	2017	2016
	HK$'000	*HK$'000*
Segment liabilities		
Consumer electronics products	**58,214**	48,533
Nursery education	**23,593**	–
Money lending	**259**	–
Property development	**90,729**	–
Regulated financial services	**1,594**	–
Total reportable segment liabilities	**174,389**	48,533
Deferred tax liabilities	**9,289**	1,704
Unallocated corporate liabilities (note)	**24,982**	13,480
Elimination of inter-segment payables	**(150)**	–
Other payables-non-current	**117,693**	–
Total liabilities	**326,203**	63,717

Note:

The unallocated corporate liabilities mainly represents amount due to a shareholder.

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:

	2017	2016
	HK$'000	*HK$'000*
The People's Republic of China ("PRC")		
Mainland China	**6,525**	700
Hong Kong (place of domicile)	**2,191**	151
	8,716	851
United States of America ("US")	**156,206**	104,447
United Kingdom ("UK")	**19,768**	16,586
Europe	**12,778**	13,055
Others	**9,058**	6,328
	206,526	141,267

Information about major customers

For the year ended 31 December 2017, revenue from two customers (2016: three customers) of the manufacture of customer electronic products segment with whom transactions have exceeded 10% of the Group's revenue for the year as detailed below:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**80,058**	54,641
Customer B	**52,642**	50,006
Customer C	**N/A**	23,202
	132,700	127,849

5. OTHER NET GAINS

		2017	2016
	Note	***HK$'000***	*HK$'000*
Interest on bank deposit and balances		**760**	1,844
Gain on disposal of property, plant and equipment		**–**	76
Loss on disposals of subsidiaries		**(1,100)**	–
Gain on bargain purchase of subsidiaries	*18(a)(iii)*	**60,190**	–
Others		**3,518**	1,389
		63,368	3,309

6. PROFIT BEFORE TAX

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

	2017	2016
	HK$'000	*HK$'000*
Staff costs including Directors' emoluments:		
Directors' emoluments	**11,788**	3,060
Staff salaries, allowance and welfare	**31,933**	24,152
Retirement benefit scheme contributions	**2,706**	2,049
Total employee costs	**46,427**	29,261
Auditors' remuneration	**1,230**	922
Cost of inventories recognised as expenses	**156,556**	122,268
Depreciation of property, plant and equipment	**2,037**	1,327
Exchange (gains)/losses	**(91)**	2,037
Minimum lease payment in respect of rented premises	**6,856**	2,666
(Reversal of impairment loss)/impairment loss on trade receivables	**(159)**	174
Impairment loss/(reversal of impairment loss) on inventories	**992**	(1,778)

7. INCOME TAX EXPENSE

The income tax expense for the year comprises:

	2017	2016
	HK$'000	*HK$'000*
Current income tax – PRC		
Provision for the year	**1,587**	1,010
Under provision in prior years	**42**	–
	1,629	1,010
Withholding tax on dividend income from an associate in Taiwan	**3,132**	3,298
Deferred tax	**5,313**	(31)
	10,074	4,277

No Hong Kong Profits Tax has been provided for the year ended 31 December 2017 as the Group had no estimated assessable profits arising in or derived from Hong Kong (2016: nil).

PRC Enterprise Income Tax has been provided on estimated assessable profits of the subsidiaries' operations in the PRC at 25% (2016: 25%).

Taiwan withholding tax is levied on profit distribution upon declaration of the undistributed earnings of an associate for the year ended 31 December 2017 at the rate of 20% (2016: 20%).

8. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: nil).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit attributable to owners of the Company of HK$69,324,000 (2016: HK$3,486,000) and the weighted average number of 1,463,758,150 (2016: 1,318,279,590) ordinary shares.

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

	2017	2016
Issued ordinary shares at 1 January	**1,318,279,590**	1,331,707,590
Issued of shares upon acquisition of a subsidiary (note (i))	**22,967,408**	–
Effect of open offer shares issued (note (ii))	**122,511,152**	–
Treasury shares	**–**	(9,942,590)
Cancellation of treasury shares	**–**	(3,485,410)
Weighted average number of ordinary shares at 31 December	**1,463,758,150**	1,318,279,590
Basic and diluted earnings per share (HK cents) (note (iii))	**4.74**	0.26

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 partial settlement of consideration.

(ii) On 29 August 2017, the Company proposed to raise approximately HK$338.8 million before expenses by issuing 677,523,795 offer shares at the subscription price of HK$0.5 per offer share on the basis of one (1) offer share for every two (2) existing shares held on the record date (i.e. 14 September 2017). The open offer was completed and share certificates for the offer shares dispatched on 27 October 2017.

(iii) The basic and diluted earnings per share are the same for the years ended 31 December 2017 and 2016 as there were no potential dilutive shares outstanding.

10. INTEREST IN AN ASSOCIATE

	2017	2016
	HK$'000	*HK$'000*
Movements of interest in an associate are as follows:		
At 1 January	**155,317**	152,383
Share of profits and total comprehensive income of an associate	**53,582**	16,496
Dividend declared/received *(note)*	**–**	(16,488)
Currency realignment	**12,749**	2,926
At 31 December	**221,648**	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 New Taiwan dollars ("NTD") 1.184128 per share for the year ended 31 December 2016. The final dividend was issued in form of new and fully paid ordinary shares of NTD 1.184128 each in the share capital of Yuji.

As at 31 December 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** NTD	**Proportion of nominal value of share capital held by the Group**	**Principal activities**
Yuji	Limited by shares	Taiwan	Taiwan	2,034,732,040	27.9%	Provision of funeral related services

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

	2017	2016
	HK$'000	*HK$'000*
Current assets	**867,518**	635,855
Non-current assets	**66,690**	63,203
Total assets	**934,208**	699,058
Current liabilities	**(120,294)**	(123,778)
Non-current liabilities	**(2,695)**	(2,836)
Total liabilities	**(122,989)**	(126,614)
Non-controlling interests	**(16,782)**	(15,751)
Net assets attributable owners of Yuji	**794,437**	556,693
Share of an associate's net assets	**221,648**	155,317
Revenue	**335,809**	105,441
Profit for the year	**193,808**	58,442
Other comprehensive income	**42,361**	11,077
Total comprehensive income	**236,169**	69,519
Share of total comprehensive income of an associate (net of tax)	**53,690**	16,464

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	HK$'000	*HK$'000*
Available-for-sale financial assets		
– Unlisted private fund, at cost *(note)*	**25,010**	–

Note: The unlisted private fund consists of 33.33% of the interest in the trust established ultimately to purchase and manage the commercial property in Australia.

12. INTANGIBLE ASSETS

		License	Goodwill	Total
	Note	***HK$'000***	***HK$'000***	***HK$'000***
At 1 January 2017		–	–	–
Acquisition of subsidiaries:				
– Nursery education service	*18(a)(i)*	69,314	34,720	104,034
– Money lending business	*18(a)(ii)*	–	409	409
– Regulated financial services business	*18(a)(iv)*	9,186	3,482	12,668
At 31 December 2017		78,500	38,611	117,111

The intangible assets represent the nursery education license and Type 4, Type 5, Type 6 and Type 9 regulated activities licenses as defined under Securities and Futures Ordinance purchased as part of business combination during the year. These licenses have been considered to have indefinite lives, it will be tested for impairment annually and wherever there is an indication that it may be impaired.

13. PROPERTIES UNDER DEVELOPMENT HELD FOR SALE

	2017	2016
	HK$'000	*HK$'000*
Land use rights costs	**8,747**	–
Other development costs	**441,271**	–
Capitalised finance costs	**48,836**	–
	498,854	–

The properties under development are all located in the PRC. Properties under development held for sale which are expected to be recovered more than twelve months after the end of the reporting period are classified as current assets as it is expected to be realised in the normal operating cycle of the Group.

14. TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**52,857**	31,122
Less: Impairment provision	**(896)**	(1,055)
Trade receivables – net	**51,961**	30,067

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

	2017	2016
	HK$'000	*HK$'000*
0 - 60 days	**36,279**	18,952
61 - 90 days	**3,622**	3,502
91 - 120 days	**11,308**	6,337
Greater than 120 days	**1,648**	2,331
	52,857	31,122

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Prepayments, deposits and other receivables	**63,764**	5,923
Other tax recoverable	**6,590**	–
Deposits for acquisition of properties	**59,267**	–
	129,621	5,923
Less: Non-current portion		
Other tax recoverable	**6,590**	–
Deposits for acquisition of properties	**59,267**	–
	65,857	–
	63,764	5,923

16. LOANS RECEIVABLES

As at 31 December 2017, the loans receivables with gross principal amount of approximately HK$57,869,000 in aggregate and gross interest receivables of HK$934,000 (2016: Nil) were due from three (2016: Nil) independent third parties. The interest rates of the loans receivables range from 10% to 14% per annum. All loans receivables are secured by share charges of the borrowers and one of the loans receivables is guaranteed by independent third parties. All loans receivables which were repayable within twelve months from the end of the reporting period were classified as current assets at the reporting date.

As at reporting date, the ageing analysis of loans receivables, based on loans' drawdown date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 – 60 days	**50,581**	–
61 – 90 days	**–**	–
91 –120 days	**–**	–
Over 120 days	**8,222**	–
	58,803	–

All loan receivables are neither past due nor impaired.

17. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**122,454**	27,422
Accruals and other payables	**148,095**	25,940
	270,549	53,362
Less: Non-current portion		
Other payables *(note)*	**117,693**	–
	152,856	53,362

Note: The amount represented the purchase consideration in the acquisition of Shenzhen City Qianhai Wanke Financial Services Company Limited ("Qianhai Wanke") amounted to RMB100,000,000 (equivalent to HK$117,693,000) which will be payable on the date falling two years from the date of signing of the formal agreement.

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

	2017	2016
	HK$'000	*HK$'000*
0 - 60 days	**31,933**	21,826
61 - 90 days	**6,259**	3,425
Greater than 90 days	**84,262**	2,171
	122,454	27,422

18. BUSINESS COMBINATION

(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 approximately HK$58,119,000. Speed Fame and its subsidiaries are principally engaged in the provision of nursery education service in Chengdu, the PRC.

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

	Note	**Fair value recognised on acquisition** ***HK$'000***
Cash and bank balances		1,252
Intangible assets	*12*	69,314
Property, plant and equipment		2,618
Trade receivables		600
Prepayments and other receivables		14,578
Trade payables		(117)
Accruals and other payables		(35,452)
Deferred tax liabilities		(17,329)
Amount due to non-controlling interests		(1,696)
Total identifiable net assets at fair value		33,768
Non-controlling interests		(10,369)
		23,399
Goodwill	*12*	34,720
		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)

(ii) Acquisition of entire issued share capital of Superactive Finance Company Limited ("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 fair values of the identifiable assets and liabilities acquired during the year are as follows:

	Note	**Fair value recognised on acquisition** ***HK$'000***
Cash and bank balances		26
Accruals and other payables		(15)
Total identifiable net assets at fair value		11
Goodwill	*12*	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)

(iii) Acquisition of entire issued share capital of Qianhai Wanke

On 29 August 2017, the Group acquired entire issued shares capital of Qianhai Wanke, a company incorporated in the PRC at the consideration of Renminbi ("RMB") 98,017,000 (approximately to HK$115,285,000). Qianhai Wanke and its subsidiary are principally engaged in property development in the PRC.

The fair values of the identifiable assets and liabilities acquired during the year as follows:

	Note	*HK$'000*
Cash and bank balances		935
Property, plant and equipment		92
Deferred tax assets		6,701
Land appreciation tax recoverables		2,725
Amount due from related company		3,529
Properties under development held for sale		477,198
Prepayment and other receivables		12,955
Trade payables		(79,326)
Accruals and other payable		(14,098)
Other borrowings		(235,236)
Total identifiable net assets at fair value		175,475
Less: Purchase consideration		115,285
Gain on bargain purchase	*5*	60,190

	HK$'000
An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:	
Cash and cash equivalents acquired	935
Net inflow of cash and cash equivalents included in cash flows from investing activities	935

(iv) Acquisition of entire issued share capital of Shining International Holdings Limited ("Shining")

On 18 October 2017, the Group acquired entire issued shares capital of Shining, a company incorporated in Hong Kong at the consideration of HK$12,500,000. Shining is principally engaged in provision of regulated financial service activities.

The fair values of the identifiable assets and liabilities acquired during the year as follows:

	Note	***HK$'000***
Cash and bank balances		363
Intangible assets	*12*	9,186
Property, plant and equipment		11
Trade and other receivables		1,003
Accruals and other payables		(19)
Deferred tax liabilities		(1,515)
Amount due to a director		(11)
Total identifiable net assets at fair value		9,018
Goodwill	*12*	3,482
Cash consideration		12,500

	HK$'000
Satisfied by:	
Cash consideration paid	12,500

	HK$'000
An analysis of the cash flows in respect of the acquisition of subsidiary is as follows:	
Consideration settled by cash	(12,500)
Cash and cash equivalents acquired	363
Net outflow of cash and cash equivalents included in cash flows from investing activities	(12,137)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Gross Profit: Revenue comprised of sales of consumer electronics products, services income from provision of nursery education, income from provision of money lending, services income from provision of regulated finance services and sales proceeds of properties delivered, in which the nursery education, money lending, provision of regulated finance services and the property development are the new operating business of the Group. The revenue in 2017 increased by approximately HK$65,259,000 (representing an increase of approximately 46.20%) when compared with 2016. The increment of revenue in 2017 in which approximately HK$5,188,000 is from the services income from provision of nursery education, approximately HK$934,000 is from the income from provision of money lending and the remaining of approximately HK$59,137,000 is from the sales of consumer electronics products. The gross profit increased by approximately HK1,020,000 from HK$18,999,000 in 2016 to HK$20,019,000 in 2017. However, the gross profit margin decreased from 13.45% in 2016 to 9.69% in 2017.

Other net gains: In 2017, other net gains was mainly attributable to the gain on bargain purchase of subsidiaries. The Group has completed to acquire of Qianhai Wanke and its subsidiaries in August 2017. The gain on bargain purchase is the result of the fair value of identifiable net assets of Qianhai Wanke and its subsidiaries over its consideration for the acquisition.

Selling and distribution costs: The selling and distribution costs in the year remained stable when compared with 2016.

Administrative costs: The increase in the year was mainly due to the increase in staff cost and the professional fee.

Share of results of an associate: The amount represented the Group recognised its share of the results for the year of the associate, Yuji, based on the percentage of the equity interest owned by the Group.

SEGMENT ANALYSIS AND REVIEW

During the year, the Group started its strategic transformation journey. In addition to the previous manufacturing consumer electronics products business, the Group diversified its business into money lending, regulated financial service activities, nursery education, and property development.

Segment Analysis

The Group is principally engaged in the manufacturing consumer electronics products, provision of money lending service and regulated financial service activities in Hong Kong; and provision of nursery education service and property development in the PRC during the year. In 2017, the income from the manufacturing of consumer electronics products, interest income from money lending, services income from provision of regulated financial service, income from nursery education and property development income accounted for approximately 97.04% (2016: 100.00%), 0.45% (2016: 0.00%), 0.00% (2016: 0.00%), 2.51% (2016: 0.00%) and 0.00% (2016: 0.00%) of total revenue respectively.

Segment Review

Manufacturing Consumer Electronics Products

During the year, manufacturing consumer electronics products contributed to the revenue approximately HK$200.40 million (2016: HK$141.26 million) which representing an increase of 41.86% when compared with 2016. Baby monitors and semi product are the principal products of this segment during the year with sales revenues accounting for 90% and 10% of total sales of manufacturing consumer electronics products respectively. The manufacturing consumer electronics products continued to perform well in developed markets. The US and the UK remained the top two market segments generating 77.95% and 9.86% of total sales of manufacturing consumer electronics products respectively.

Provision of Money Lending Services

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$0.4 million. During the year, the provision of money lending services has generated approximately HK$0.93 million in revenue since the acquisition of Superactive Finance was completed.

Subject to the contradiction between the borrower's urgency for the use of money and personal privacy and the disclosure requirements and the processing time to get the required approval of the notifiable transactions to comply with the Listing Rules, the Group faced a certain degree of difficulty in engaging in the money lending business. As the Group's revenue, profits and total assets increased, the impact will be reduced.

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$58.12 million. Speed Fame and its subsidiaries are principally engaged in the provision of nursery education in Chengdu, the PRC. During the year, nursery education has generated approximately HK$5.19 million in revenue since the acquisition of Speed Fame was completed.

Regulated Financial Services

In April 2017, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of Shining, a company incorporated in Hong Kong with limited liability, at the consideration of HK$12.50 million. Shining 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 was completed in October 2017. During the year, no revenue from external party has been generated from provision of regulated financial services since the acquisition of Shining was completed.

Property Development

In July 2017, the Group entered into a sale and purchase agreement to acquire 100% equity interest in Qianhai Wanke and its subsidiary at RMB100,000,000 which will be payable on the date falling two years from the date of signing of the formal agreement. The subsidiary group of Qianhai Wanke is the developer of an underground walkway and civil air defense project. The acquisition was completed in August 2017.

The underground walkway and civil air defense project is located at the underground of Minzhu Road and Fuhui Road, Lijiang city, Yunan province, the PRC. The construction has been completed and the final acceptance of the underground walkway project is pending. The gross floor area of the underground walkway 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 walkway project is under pre-sales and expected to be delivered in the first quarter of 2019.

PROSPECTS

The manufacturing consumer electronic products business is highly competitive and the product cycle is short-lived. As the traditional business of the Group, manufacturing consumer electronic products business will need to be strengthened and fine-tuned. To broaden the Group's revenue stream and generate stable and sustainable income, the Company has entered a memorandum of understanding on 28 December 2017 to acquire 60% issued share capital of a PRC company which is principally engaged in supply, manufacture and export of electronic devices in the PRC. With the continued development and maturity of the newly acquired business during the year, the propects of the Group are optimistic. The Group will continue to explore and invest in potential projects and business opportunities with good potential.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2017, the Group has cash and cash equivalents of approximately HK$108.13 million (2016: HK$313.62 million) which included approximately HK$11.89 million, RMB72.34 million and US$1.20 million. The net cash (i.e. cash and cash equivalents net of interest-bearing borrowings) amounted to 105.11 million (2016: HK$312.98 million).

The Group had interest-bearing borrowings of approximately of HK$3.02 million (2016: HK$0.64 million) of which all of them were repayable on demand or within one year. The Group's borrowings carried interest at floating interest rates. The Group's total bank and other borrowings divided by total assets as at 31 December 2017 was 0.24% (2016: 0.12%). As at 31 December 2017, the Group had zero gearing ratio (31 December 2016: zero). This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest-bearing bank borrowings less cash and cash equivalents. 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

As at 31 December 2017, the Group has net asset value of HK$931.35 million (2016: HK$470.05 million), with a liquidity ratio (ratio of current assets to current liabilities) of 447.08% (2016:603.44%).

CHARGE ON ASSETS

As at 31 December 2017, The share equity of (i) Chengdu One Two Three Aozhong Education Investment Company Limited, the operating company of the nursery education in PRC; (ii) Shining, the operating company of the regulated financial services; and (iii) Rise Up International Limited, a company which held the equity shares of the associate were pledged to secure the Company's bonds issued on 29 December 2017.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong dollars, Renminbi, US dollars and New Taiwan dollars. All the Group's borrowings are denominated in US dollars. 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 2017.

EMPLOYEES

As at 31 December 2017, the Group had a staff force of approximately 478 employees (2016: 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 Share Option Scheme). Total staff costs incurred for the year 2017 was approximately HK$46.43 million (2016: HK$29.26 million).

EVENTS AFTER THE REPORTING PERIOD

(i) On 7 November 2017, the Group entered into the provisional agreements in relation to the acquisition of office units in Shun Tak Centre, located in Hong Kong, for an aggregate consideration of HK$320,352,000. The transaction was completed on 9 February 2018. Details please refer to the Company's announcement dated 7 November 2017 and the circular dated 22 December 2017.

(ii) The Group had entered into a memorandum of understanding for acquiring 60% issued share capital in Shenzhen Dowis Electronic Co., Ltd, a company with limited liability incorporated in the PRC. Shenzhen Dowis Electronic Co., Ltd is principally engaged in supply, manufacture and export of electronic devices in the PRC. Details please refer to the Company's announcement dated 28 December 2017.

(iii) On 29 December 2017, the Company has issued bonds to an independent third party for a principal amount of HK$300 million. The bonds were interest-bearing at 8% per annum at issuance and interest were payable quarterly in arrear and will mature on 28 December 2019. The proceeds of the Company's bonds were received on 2 January 2018.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year 2017 (2016: 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct governing Directors' securities transactions. All Directors have confirmed, following 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 all the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. Throughout the year, the Company complied with all applicable code provisions of the CG Code.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three Independent Non-executive Directors, namely Ms. Hu Gin Ing (Chairman), Mr. Chiu Sze Wai Wilfred and Mr. Chow Wai Leung William.

The Audit 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 2017. The Audit 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 BDO LIMITED

The figures in respect of the announcement of the Group's consolidated results for the year ended 31 December 2017 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO 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 BDO Limited on the results announcement.

PUBLICATION OF THE ANNUAL RESULTS AND 2017 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 2017 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, 28 March 2018

As at the date of this announcement, the Board comprises two Executive Directors, namely Ms. Yeung So Lai and Mr. Lee Chi Shing Caesar; and three Independent Non-Executive Directors, namely Mr. Chiu Sze Wai Wilfred, Mr. Chow Wai Leung William and Ms. Hu Gin Ing.