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 2018

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 2018 together with the comparative figures for 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**101,938**	99,870
Cost of sales		**(85,882)**	(92,000)
Gross profit		**16,056**	7,870
Other net gains		**5,302**	996
Selling and distribution costs		**(1,393)**	(2,266)
Administrative costs		**(46,323)**	(20,089)
Finance costs	*4*	**(13,130)**	(5)
Share of results of associates	*10*	**8,072**	9,801
Loss before tax	*5*	**(31,416)**	(3,693)
Income tax expense	*6*	**(2,009)**	(2,592)
Loss for the period		**(33,425)**	(6,285)
Loss for the period attributable to:			
Owners of the Company		**(33,012)**	(6,034)
Non-controlling interests		**(413)**	(251)
		(33,425)	(6,285)
Loss per share			
Basic and diluted	*8*	**(1.62) HK cents**	(0.45) HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Loss for the period		**(33,425)**	(6,285)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from the translation of foreign operations		**(4,233)**	769
Exchange differences arising from the translation of interest in a foreign associate	*10*	**10,812**	9,491
Share of other comprehensive income of an associate		**305**	163
Other comprehensive income for the period, net of tax		**6,884**	10,423
Total comprehensive income for the period		**(26,541)**	4,138
Total comprehensive income for the period attributable to:			
Owners of the Company		**(26,110)**	4,301
Non-controlling interests		**(431)**	(163)
		(26,541)	4,138

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**348,819**	9,442
Interest in an associate	*10*	**51,754**	221,648
Financial assets at fair value through profit or loss	*11*	**100,509**	–
Available-for-sale financial assets	*11*	**–**	25,010
Deferred tax assets		**11,885**	9,269
Land appreciation tax recoverables		**3,131**	2,782
Prepayments, deposits and other receivables	*14*	**6,802**	65,857
Intangible assets	*12*	**117,111**	117,111
		640,011	451,119
CURRENT ASSETS			
Inventories		**21,454**	24,917
Trade receivables	*13*	**33,865**	51,961
Properties under development held for sale		**498,649**	498,854
Prepayments, deposits and other receivables	*14*	**68,137**	63,764
Loans receivables	*15*	**111,153**	58,803
Cash and bank balances		**63,496**	108,131
		796,754	806,430
Assets associated with disposal group classified as held for sale	*16*	**241,289**	–
TOTAL CURRENT ASSETS		**1,038,043**	806,430

	Notes	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	*17*	**159,911**	152,856
Deferred revenues		**–**	1,660
Contract liabilities		**3,805**	–
Receipt in advance		**21,400**	–
Amounts due to a shareholder		**2,700**	9,500
Amounts due to non-controlling interests		**1,778**	1,801
Interest-bearing bank borrowings	*18*	**5,125**	3,021
Tax payable		**11,204**	11,539
		205,923	180,377
Liabilities associated with disposal group classified as held for sale	*16*	**11,043**	–
TOTAL CURRENT LIABILITIES		**216,966**	180,377
NET CURRENT ASSETS		**821,077**	626,053
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,461,088**	1,077,172
NON-CURRENT LIABILITIES			
Other paybles	*17*	**116,150**	117,693
Deferred tax liabilities		**18,844**	28,133
Bonds payable	*18*	**300,000**	–
Interest-bearing bank borrowings	*18*	**121,307**	–
		556,301	145,826
NET ASSETS		**904,787**	931,346
CAPITAL AND RESERVES			
Share capital		**203,257**	203,257
Reserves		**691,839**	717,967
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**895,096**	921,224
Non-controlling interests		**9,691**	10,122
TOTAL EQUITY		**904,787**	931,346

Notes:

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. The address of the registered office and principal of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 1206, 12/F., China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong, respectively. 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 30 June 2018, Super Fame Holdings Limited, 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.

The unaudited condensed consolidated interim financial statements of the Group (the "Interim Financial Statements") are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. Each entity in the Group maintains its books and records in its own functional currency.

2. ADOPTION OF NEW OR REVISED HKFRSs

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the accounting period from 1 January 2018, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that affect the Group and are adopted for the first time for the current period's financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Other than as explained below regarding the impact of HKFRS 9 and HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on the interim financial information.

The nature and the impact of the changes are described below:

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The impacts relate to the classification and measurement and the impairment requirements are summarised as follows:

(i) Classification and measurement

Except for trade receivables, under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss or amortised cost. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's financial assets are as follows:

– Debt instruments at amortised cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

– Financial assets at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition. Financial assets in this category are the Group's quoted debt instruments that meet the SPPI criterion and are held within a business model both to collect cash flows and to sell. Under HKAS 39, the Group's quoted debt instruments were classified as available-for-sale ("AFS") financial assets.

– Financial assets at fair value through profit or loss include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in profit or loss.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model. The accounting for derivatives embedded in financial liabilities and in nonfinancial host contracts has not changed from that required by HKAS 39.

(ii) Impairment

HKFRS 9 requires an impairment on trades receivables, loan receivables and other receivables that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on its trade receivables and loan receivables. The Group applied general approach and recorded twelve-month expected losses on its other receivables. The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Financial assets at fair value through profit or loss
	HK$'000
Carrying amount previously reported at 31 December 2017	–
Effect arising from initial application of HKFRS 9:	
Reclassification from available-for-sale financial assets	25,010
Carrying amount under HKFRS 9 at 1 January 2018	25,010

At the date of initial application of HKFRS 9 on 1 January 2018, the Group's unlisted equity investment of HK$25,010,000 were reclassified from available-for-sale financial assets to financial assets at fair value through profit or loss.

No material additional impairment has been recognised upon application of expected loss approach on 1 January 2018.

Except as described above, the application of HKFRS 9 had no material impact on the amounts reported set out in these condensed consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from total invoiced value of goods supplied less discounts and returns, tuition services rendered; interest income from financial assets and financial services provided.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

Summary of effects arising from initial application of HKFRS 15

As at 1 January 2018, advance payments from customers included in deferred revenues of HK$1,660,000 were reclassified to contract liabilities.

As at 30 June 2018, advance payments from customers of HK$3,805,000 were classified as contract liabilities and the amount shall remain as it is and included in deferred revenues without application of HKFRS 15.

Except as described above, the application of HKFRS 15 has had no material impact on the amounts reported set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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 financial services provided. 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$'000* (Unaudited)	**Property development** *HK$'000* (Unaudited)	**Regulated financial services** *HK$'000* (Unaudited)	**Total** *HK$'000* (Unaudited)
Six months ended 30 June 2018						
Segment revenue	**84,152**	**4,940**	**6,994**	**–**	**5,852**	**101,938**
Inter-segment revenue	**–**	**–**	**–**	**–**	**4,314**	**4,314**
Reportable segment revenue	**84,152**	**4,940**	**6,994**	**–**	**10,166**	**106,252**
Segment profit/(loss)	**(6,684)**	**(1,885)**	**5,945**	**(2,247)**	**2,673**	**(2,198)**
Six months ended 30 June 2017						
Segment revenue	99,110	760	–	–	–	99,870
Segment profit/(loss)	412	(950)	(1,660)	–	–	(2,198)
At 30 June 2018						
Reportable segment assets	**96,302**	**132,199**	**113,308**	**549,093**	**21,274**	**912,176**
Reportable segment liabilities	**45,187**	**24,079**	**1,582**	**50,678**	**3,609**	**125,135**
At 31 December 2017						
Reportable segment assets	114,998	131,731	59,413	600,633	14,125	920,900
Reportable segment liabilities	58,214	23,593	259	90,729	1,594	174,389

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reportable segment loss	**(2,198)**	(2,198)
Share of results of associates	**8,072**	9,801
Unallocated corporate costs	**(24,216)**	(11,879)
Unallocated corporate net finance (cost)/credit	**(13,074)**	583
Loss before tax	**(31,416)**	(3,693)

The unallocated corporate costs mainly comprise staff cost (including directors' remuneration), legal and professional fee, depreciations 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	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The People's Republic of China (the "PRC")		
Mainland China	**5,397**	1,153
Hong Kong (place of domicile)	**13,205**	1,160
	18,602	2,313
United States of America ("US")	**69,320**	69,230
United Kingdom ("UK")	**8,936**	11,397
Europe (other than UK)	**4,492**	9,782
Others	**588**	7,148
	101,938	99,870

4. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings and bank overdrafts and other borrowings	**13,130**	5

5. LOSS BEFORE TAX

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**8,903**	990
Impairment loss/(reversal of impairment loss) on trade receivables, net	**1,331**	(139)
Impairment loss on inventories	**2,350**	1,255
Cost of inventories recognised as expense	**67,612**	88,636

6. INCOME TAX EXPENSE

The income tax expense for the period comprises:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax – Hong Kong:		
Provision for the period	**991**	179
Current income tax – Mainland China:		
Provision for the period	**2,096**	195
Withholding tax on dividend income	**–**	3,132
Deferred tax	**(1,078)**	(914)
	2,009	2,592

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2018 (six months ended 30 June 2017: 16.5%), except for the first HK$2,000,000 of qualified entity's assessable profit is calculated at 8.25%, which is in accordance with the new two-tiered profit tax rates with effect from the year of assessment 2018/19.

PRC Enterprise Income Tax has been provided on estimated assessable profits of the subsidiaries' operations in the PRC at 25% (six months ended 30 June 2017: 25%).

No withholding tax is levied on profit distribution upon declaration of the undistributed earnings of an associate for the six months ended 30 June 2018 (six months ended 30 June 2017: 20%).

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2018 is based on the loss attributable to owners of the Company of HK$33,012,000 (six months ended 30 June 2017: loss of HK$6,034,000) and the weighted average number of 2,032,571,385 (six months ended 30 June 2017: 1,327,217,667) ordinary shares.

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Issued ordinary shares at 1 January	**2,032,571,385**	1,318,279,590
Issue of shares upon acquisition of a subsidiary *(note (i))*	**–**	8,938,077
Weighted average number of ordinary shares at 30 June	**2,032,571,385**	1,327,217,667
Basic and diluted loss per share (HK cents) *(note (ii))*	**(1.62)**	(0.45)

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 Limtied ("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 2018 and 2017 as there were no potential dilutive shares outstanding.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, additions to property, plant and equipment amounted to HK$348,527,000 (six months ended 30 June 2017: HK$186,586,000).

10. INTEREST IN AN ASSOCIATE

	Note	**HK$'000** **(Unaudited)**	HK$'000 (Audited)
Movements of interest in an associate are as follows:			
At 1 January 2018/1 January 2017		**221,648**	155,317
Investment in an associate *(note (i))*		**51,000**	–
Payment of management fee		**1,071**	–
Share of profits and total comprehensive income of associates		**8,454**	53,582
Dividend declared/received *(note (ii))*		**–**	–
Currency realignment		**10,812**	12,749
Transfered to assets associated with disposal group classified as held for sale *(note (iii))*	*16*	**(241,231)**	–
At 30 June 2018/31 December 2017		**51,754**	221,648

Notes:

(i) On 2 May 2018, the Group entered into the limited partnership agreement in relation to the operation of IT City Development Fund LP (the "IT City") and two subscription agreements to in relation to the application to subscribe for an interest in IT City with a committed capital contribution of HK$51,000,000 in respect of general partner ("GP1" being indirect wholly owned subsidiary of the Group) and HK$100,000,000 in respect of limited partner (being direct wholly owned subsidiary of the Group) respectively. The principal purpose of IT City is to invest in properties that can consolidate and promote the development of the IT industry and its related supporting facilities. According to the limited partnership agreement, the management, policies and control of the Partnership 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 the IT City and the advice of the investment committee of the 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.

(ii) Pursuant to the resolution of Yuji Development Corporation ("Yuji") passed on 9 May 2018, board of directors of Yuji resolved to recommend a final dividend of NTD 1.184128 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 NTD 1.184128 each in the share capital of Yuji.

(iii) As at 30 June 2018, interest in an associate relating to Yuji have been classified as held for sale as the Group has decided to dispose Rise Up International Limited ("Rise Up"), wholly owned subsidiary of the Group. Rise Up is an investment holding company which holds approximately 27.9% interest in Yuji. Please refer to note 16 to the condensed consolidated financial statements for details.

As at 30 June 2018, 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	Proportion of capital contributed by the Group	Proportion of voting rights held by the Group as general partner	Principal activities
IT City	Limited partnership	Cayman Islands	Hong Kong	255,250,000	20%	28.57%	IT properties investment

The summarised financial information in respect of IT City is set out below:

	30 June 2018 *HK$'000* **(Unaudited)**
Current assets	**254,828**
Total assets	**254,828**
Non-current liabilities	**(509)**
Total liabilities	**(509)**
Net assets	**254,319**
Share of an associate's net assets	**50,864**
Revenue	**–**
Loss and total comprehensive income for the period	**(932)**
Share of loss and total comprehensive income of an associate (net of tax)	**(317)**

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Available-for-sale financial assets		
– Unlisted private fund, at cost *(note (i))*	**–**	25,000
Financial assets at fair value through profit or loss		
– Unlisted equity investment *(note (ii))*	**100,509**	–
	100,509	25,000

Notes:

(i) 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.

(ii) The unlisted equity investment consists of 40% of the interest in IT City established ultimately for IT properties investment. The Group does not has significant influence over IT City as limited partner because the Group does not have voting power in the Investment Committee through its 40% interest in IT City.

12. INTANGIBLE ASSETS

	License	**Goodwill**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2017 (Audited)	–	–	–
Acquisition of subsidiaries:			
– Nursery education service	69,314	34,720	104,034
– Money lending business	–	409	409
– Regulated financial services business	9,186	3,482	12,668
At 30 June 2018 (Unaudited), 1 January 2018 and 31 December 2017 (Audited)	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 of 2017. 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. TRADE AND OTHER RECEIVABLES

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**36,092**	52,857
Less: Impairment provisions	**(2,227)**	(896)
Trade receivables – net	**33,865**	51,961

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

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0–60 days	**24,405**	36,279
61–90 days	**1,518**	3,622
91–120 days	**2,124**	11,308
Greater than 120 days	**8,045**	1,648
	36,092	52,857

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Prepayments, deposits and other receivables	**68,137**	63,764
Other tax recoverable	**6,802**	6,590
Deposits for acquisition of properties	**–**	59,267
	74,939	129,621
Less: Non-current portion		
Other tax recoverable	**6,802**	6,590
Deposits for acquisition of properties	**–**	59,267
	6,802	65,857
	68,137	63,764

15. LOANS RECEIVABLES

As at 30 June 2018, loans receivables with aggregate gross principal amount of HK$105,870,000 and gross interest receivables of HK$5,283,000 (31 December 2017: gross principal amount of HK$57,869,000 and gross interest receivables of HK$934,000 were due from four (31 December 2017: three) 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 two 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:

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
0 – 60 days	**9,000**	50,581
61 – 90 days	**–**	–
91 –120 days	**66,230**	–
Over 120 days	**35,923**	8,222
	111,153	58,803

All loan receivables are neither past due nor impaired.

16. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As at 30 June 2018, the major classes of assets and liabilities related to Rise Up, wholly owned subsidiary of the Group, have been classified as held for sale following the Group's decision to dispose Rise Up made during the period. Rise Up is an investment holding company which holds approximately 27.9% interest in Yuji, a company principally engaged in the provision of after-life services in Taiwan. The disposal of Rise Up has been completed on 20 July 2018.

The disposal of Rise Up does not constitute discontinued operation as it does not represent a major line of business or geographical area of operation.

(a) Assets and liabilities associated with disposal group classified as held for sale

	30 June 2018 *HK$'000* (Unaudited)
Interest in an associate	**241,231**
Cash and bank balances	**58**
Assets held for sales	**241,289**
Deferred tax liabilities	**11,043**
Liabilities held for sales	**11,043**

(b) Cumulative income or expenses included in other comprehensive income relating to disposal group classified as held for sale

	30 June 2018 *HK$'000* (Unaudited)
Exchange differences arising from the translation of interest in a foreign associate	**17,265**
Share of other comprehensive income	**4**
	17,269

17. TRADE AND OTHER PAYABLES

	30 June 2018 ***HK$'000*** **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Trade payable	**65,889**	122,454
Accruals and other payables	**210,172**	148,095
	276,061	270,549
Less: Non-current portion		
Other payables *(note)*	**116,150**	117,693
	159,911	152,856

Note: The amount represented the purchase consideration in the acquisition of Shenzhen City Qianhai Wanke Financial Services Company Limited ("Qianhai Wanke") and its subsidiary amounted to RMB100,000,000 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:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0–60 days	**19,069**	31,933
61–90 days	**6,765**	6,259
Greater than 90 days	**40,055**	84,262
	65,889	122,454

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

18. BORROWINGS

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current:		
Secured bank borrowings *(note (i))*	**121,307**	–
Secured bond payables *(note (ii))*	**300,000**	–
	421,307	–
Current:		
Secured bank borrowings *(note (i))*	**5,125**	3,021
Total	**426,432**	3,021

Notes:

(i) As at 30 June 2018, the bank borrowings were secured by (i) corporate guarantees provided by the Company; (ii) pledged buildings with carrying amounts of approximately HK$340,420,000 (31 December 2017: secured by corporate guarantee).

(ii) As at 30 June 2018, bond payable were pledged by share equity of (i) Chengdu One Two Three Aozhong Education Investment Company Limited, the immediate holding of operating company of the provision of nursery education services in PRC; (ii) Superactive Financial Group Company Limited (formerly known as Shining International Holdings Limited) ("Superactive Financial Group"), the operating company of the provision of regulated financial services in Hong Kong; and (iii) Rise Up, a company which held the equity shares of an associate, Yuji. The bond payable bears interest at the rate of 8% per annum.

(iii) As at 30 June 2018, all borrowings were denominated in HK$ (31 December 2017: denominated in US dollars.)

(iv) The effective interest rates on the Group's floating rate bank borrowings range from 2.10% to 3.02% per annum.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

The Group recorded revenue of approximately HK$101,938,000 for the six months ended 30 June 2018 (the "period under review"), an increase by 2.07% when compared with approximately HK$99,870,000 for the six months ended 30 June 2017.

The Group continued to brace for a challenging environment during the period under review. Gross profit margin was 15.75% during the period under review, representing an increase of 7.87% from 7.88% in the corresponding period of last year. The increase was mainly due to the gross profit margin of the newly acquired business (ranging from 56.02% to 100.00%) which was much higher than the original business of the Group (manufacturing and sales of electronic products). The gross profit margin of manufacturing and sales of electronic products decreased from 7.88% in the corresponding period of last year to 2.46% in the period under review. The decrease was mainly due to the decrease in turnover, which led to an increase in average fixed cost, which in turn to increase the average cost and the decline in gross profit margin. During the period under review, the loss for the period increased significantly from a loss of HK$6,285,000 for the corresponding period of last year to a loss of HK$33,425,000 for the period under review. The increase of loss was mainly attributable to the increase in finance costs for the HK$300 million bonds issued at the end of last year and the mortgage loans of the newly acquired company's offices. In addition, the newly acquired company's offices also began to accrue its depreciation expenses (which is a non-cash item) after the completion of the acquisition during the period under review, which also increased the loss for the period under review.

BUSINESS REVIEW AND SEGMENT ANALYSIS

The Group started its strategic reform journey in 2017 and continued to the period under review. In the past, the main business of the Group was the manufacturing of electronics products. In 2017, the Group promoted its business through the acquisition to provision of nursery education services, property development, provision of money lending services and provision of regulated financial services. As of the date of this announcement, the Group strengthened its manufacturing of electronic products business by the establishment of online stores to sell their own products and through the acquisition of Shenzhen Jiaxin Enterprise Management Co., Ltd. ("Shenzhen Jiaxin") to start manufacturing and sales of transformers.

The Group is principally engaged in the business of manufacturing and sales of electronics products, provision of money lending services and regulated financial services in Hong Kong; and provision of nursery education services and property development in the PRC during the period under review. In the first half of 2018, income from the manufacturing and sales of electronics products, interest income from provision of money lending services, service income from provision of regulated financial services, service income from provision of nursery education services and income from property development accounted for approximately 82.55% (six months ended 30 June 2017: 99.24%), 6.86% (six months ended 30 June 2017: 0.00%), 5.74% (six months ended 30 June 2017: 0.00%), 4.85% (six months ended 30 June 2017: 0.76%) and 0.00% (six months ended 30 June 2017: 0.00%) of total revenue respectively.

Manufacturing and Sales of Electronics Products

During the period under review, incomes from manufacturing and sales electronics products contributed approximately HK$84,152,000 (six months ended 30 June 2017: HK$99,110,000) which representing a decrease of 15.09% when compared with the corresponding period of 2017. Baby monitors and semi product are the principal products of the segment during the period under review with sales revenues accounting for 92.0% and 8.0% of total income of manufacturing and sales electronics products respectively. The manufacturing and sales electronics products continued to perform well in developed markets. The US and the UK remained the top two market segments generating 82.37% and 10.62% of total sales of 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 Company Limited (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.

The Group's money lending services business is mainly for high-quality customers who are willing to pay high interest rates to meet their urgent needs for short-term large sums of funds. In the first half of 2018, the interest income for the provision of money lending services has generated of approximately HK$6,994,000 (six months ended 30 June 2017: nil).

Provision of Regulated Financial Services

In April 2017, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of Superactive Financial Group, a company incorporated in Hong Kong with limited liability and 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, at the consideration of HK$12,500,000. The acquisition of Superactive Financial Group was completed in October 2017.

During the period under review, Superactive Financial Group mainly provided financial advisory services and asset management services. In June 2018, Superactive Financial Group is licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 1 (dealing in securities) regulated activities. The Group is actively preparing for the securities trading business.

In the first half of 2018, the service income from provision of regulated financial services has generated of approximately HK$10,166,000 (for the six months ended 30 June 2017: nil).

Provision for nursery education services

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$58,120,000. Speed Fame and its subsidiaries are principally engaged in the provision of nursery education in Chengdu, the PRC.

Speed Fame and its subsidiaries operate a kindergarten in Chengdu, the PRC to provide pre-school education; and provide management service for other third-party kindergartens. In addition to the Chengdu campus, the Group is looking for a location suitable for the new campus. However, considering the location, size and required rent of the new campus and the tuition fees that the local citizens can afford, the suitable location has not yet been found.

In the first half of 2018, the service income from provision of nursery education services has generated of approximately HK$4,940,000 (for the six months ended 30 June 2017: HK$760,000).

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 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.

Acquisition of Assets

The Group has acquired of the following assets in the first half of 2018.

1. The Group entered into the provisional agreements and the formal 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 on 7 November 2017 and 20 November 2017. 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. The Group considered that the acquisition of office units presents a good opportunity to broaden its fixed asset base and provide capital appreciation potential to the Group. Also, the office units will be used as the Group's head office and principal place of business in Hong Kong to achieve rental saving.

2. On 2 May 2018, the Group entered into the limited partnership agreement in relation to the operation of IT City and two subscription agreements to in relation to the application to subscribe for an interest in the IT City with a committed capital contribution of HK$51,000,000 in respect of general partner and HK$100,000,000 in respect of limited partner respectively. The principal purpose of the IT City is to invest in properties that can consolidate and promote the development of the IT industry and its related supporting facilities. The Group believed that the subscriptions will help the Group to seize the investment opportunities and further diversify the Group's investment portfolio.

PROSPECTIVE AND OUTLOOK

As the world's largest emerging economy, the PRC economic development trend remains strong. Looking ahead, the "One Belt, One Road" project and the Guangdong-Hong Kong-Macao Bay Area will further strengthen the Hong Kong's position as a foreign investment gateway of the PRC. The Hong Kong Government and regulatory authorities continue to strengthen the development of the local financial market through various means. Hong Kong Exchanges and Clearing Limited officially accepts listed applications for weighted voting rights while Hong Kong stocks increase their daily quota. With Hong Kong's advantage in the capital market, it can provide domestic companies with comprehensive financing options, thereby consolidating their leading position as an international financial center. In the future, the Group will strive to strengthen its ability to provide financial services in the capital markets of Hong Kong, and will continue to expand our business scope, make good use of the resources of the Group and seize opportunities to promote business expansion to a higher level.

For the PRC property market, the Group expects that the PRC monetary policies will be moderately loose with a more proactive fiscal policy, and the scale of financing and liquidity in the market will maintain at a reasonably adequate level. The central government will maintain its policy on regulating the property market, and the local governments will assume major responsibility for adjustment and control, and will develop different strategies for different cities to ensure the stable development of the property development industry. The policy of financial de-leveraging is expected to remain, which will bring more mergers and acquisitions opportunities to the industry. The transactions in the property market will remain stable with performance differentiated across regional markets. Industrial concentration will be further enhanced.

With the outbreak of Sino-US trade war in the first half of 2018, international trade market uncertainty and volatility increased. The Group believes that it is possible that the Sino-US trade war will continuously affect the global economic situation in the next few years. As US is the largest market for the Group for the manufacturing and sales electronics products, the Sino-US trade war will inevitably have a direct impact on the Group's business. Through the acquisition of Shenzhen Jiaxin, the Group increased its business scope of manufacturing and sales of electronics products to the transformer product market to increase the domestic sales to ease the impact of the Sino-US trade war. Looking ahead, the Group believed that the second half of 2018 is still a challenge period. The climbing of raw material costs, increasing governmental measures and rising manufacturing costs in Mainland China as well as the exchange rate movement in Renminbi poses challenges to the Group.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group adopted a prudent finding and treasury policy regarding to its overall business operation. As at 30 June 2018, the Group has cash and cash equivalents of approximately HK$63,496,000 (31 December 2017: HK$108,131,000) which included approximately HK$10,351,000, RMB26,591,000 and US$2,758,000. The Group had interest-bearing borrowings of approximately HK$426,432,000 (31 December 2017: HK$3,021,000) of which HK$5,125,000 were repayable on demand or within one year, HK$305,125,000 were repayable in the second, HK$116,182,000 were repayable in the third to fifth years, inclusive; and the remaining's were repayable after the fifth year. The Group's borrowings carried interest at fixed or floating interest rates.

The Group's total bank and other borrowings divided by total assets as at 30 June 2018 was 25.41% (31 December 2017: 0.24%). As at 30 June 2018, the gearing ratio of the Group was 0.40 (31 December 2017: zero). This ratio is calculated as net debt divided by total capital and the 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.

The Group had net asset value of approximately HK$904,787,000 (31 December 2017: HK$931,346,000), with a current ratio (ratio of current assets to current liabilities) of 4.78 (31 December 2017: 4.47).

CHARGE ON ASSETS

As at 30 June 2018, the office buildings were pledged to secure te bank borrowings of the Group; and the share equity of (i) Chengdu One Two Three Aozhong Education Investment Company Limited, the immediate holding of the operating company of the provision of nursery education services in PRC; (ii) Superactive Financial Group, the operating company of the provision of regulated financial services in Hong Kong; and (iii) Rise Up, 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. 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 30 June 2018.

EMPLOYEES

As at 30 June 2018, the Group had a staff force of approximately 450 employees (31 December 2017: approximately 480 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).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: nil).

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

The Company or any of its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities during the period under review.

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 period under review, the Company complied with all applicable code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules 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 period under review.

AUDIT AND RISK COMMITTEE

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

This unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018 have been reviewed by the Audit and Risk Committee, who are of the opinion that these interim results comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

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, 28 August 2018

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.