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 2019

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 2019 together with the comparative figures for 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)
Revenue	3	**143,565**	101,938
Cost of sales		**(119,142)**	(85,882)
Gross profit		**24,423**	16,056
Other net gains	4	**22,306**	5,302
Selling and distribution costs		**(3,405)**	(1,393)
Administrative costs		**(40,628)**	(44,992)
Finance costs	5	**(14,654)**	(13,130)
Net impairment losses on financial assets		**(4,635)**	(1,331)
Share of results of associates	11	**1,044**	8,072

		Six months ended 30 June	
		2019	2018
	Notes	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)
Loss before tax	6	**(15,549)**	(31,416)
Income tax expense	7	**(5,853)**	(2,009)
Loss for the period		**(21,402)**	(33,425)
Loss for the period attributable to:			
Owners of the Company		**(20,719)**	(33,012)
Non-controlling interests		**(683)**	(413)
		(21,402)	(33,425)
Loss per share			
Basic and diluted	9	**(1.02) HK cents**	(1.62) HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	Six months ended 30 June **2019** **HK$'000** **(Unaudited)**	2018 HK$'000 (Unaudited)
Loss for the period		**(21,402)**	(33,425)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from the translation of foreign operations		**1,701**	(4,233)
Exchange differences arising from the translation of interest in a foreign associate	11	**–**	10,812
Reclassification adjustments on reserves upon disposal of subsidiaries	17	**(2,395)**	–
Share of other comprehensive income of an associate	11	**–**	305
Other comprehensive income for the period, net of tax		**(694)**	6,884
Total comprehensive income for the period		**(22,096)**	(26,541)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(21,664)**	(26,110)
Non-controlling interests		**(432)**	(431)
		(22,096)	(26,541)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**30 June 2019 HK$'000 (Unaudited)**	31 December 2018 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**343,949**	346,195
Interest in an associate	11	**158,755**	155,611
Financial assets at fair value through profit or loss		**26,086**	26,086
Deferred tax assets		**3,850**	8,789
Land appreciation tax recoverables		**–**	1,738
Prepayments, deposits and other receivables	14	**–**	3,866
Intangible assets	12	**35,696**	35,703
		568,336	577,988
CURRENT ASSETS			
Inventories		**10,982**	41,514
Properties held for sale		**507,061**	507,855
Trade and bills receivables	13	**16,670**	58,039
Prepayments, deposits and other receivables	14	**20,602**	44,679
Loan receivables	15	**282,602**	226,664
Contract assets		**186**	–
Cash and bank balances		**13,426**	28,464
		851,529	907,215

	Notes	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	16	**241,995**	302,652
Deferred revenues		**3,083**	2,170
Contract liabilities		**14,290**	3,782
Amount due to a shareholder		**3,510**	152
Amounts due to non-controlling interests		**4,093**	2,843
Interest-bearing borrowings		**286,565**	286,565
Lease liabilities		**3,622**	–
Tax payable		**12,912**	10,582
		570,070	608,746
NET CURRENT ASSETS		**281,459**	298,469
TOTAL ASSETS LESS CURRENT LIABILITIES		**849,795**	876,457
NON-CURRENT LIABILITIES			
Interest-bearing borrowings		**149,421**	152,704
Lease liabilities		**41,757**	–
Deferred tax liabilities		**1,515**	1,515
		192,693	154,219
NET ASSETS		**657,102**	722,238
CAPITAL AND RESERVES			
Share capital		**203,257**	203,257
Reserves		**470,117**	514,383
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**673,374**	717,640
Non-controlling interests		**(16,272)**	4,598
TOTAL EQUITY		**657,102**	722,238

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 place of its business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 1510, 15/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, 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 2019, 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 HONG KONG FINANCIAL REPORTING STANDARDS ("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 2018, except for the adoption of new standards and interpretations effective as of 1 January 2019. 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 2019, the Group has adopted, for the first time, the following 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 16	Leases
HK (IFRIC) - Int 23	Uncertainty over Income Tax Treatment
Amendments to HKFRS 9	Payment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKAS 19	Plan Amendments, Curtailment or Settlement
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16, 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 16 - Leases

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases — incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of retained profits at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17. Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically office equipment. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

— right-of-use assets that meet the definition of investment property are carried at fair value;

— right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value; and

— right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was approximately 4.24% to 5.04%. To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	HK$'000
Operating lease commitments at 31 December 2018 (audited)	**5,177**
Add: lease payments for the additional periods where the Group considers it reasonable certain that it will exercise the extension options	**59,026**
Less: short term leases with remaining lease term ending on or before 31 December 2019	**(1,151)**
Less: total future interest expenses	**(16,310)**
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	**46,742**
Analysed as	
Current	**2,923**
Non-current	**43,819**
	46,742

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

After the recognition of the right-of-use assets as at 1 January 2019, the Group assessed whether the right-of-use assets was impaired in accordance with the Group's accounting policy for impairment of non-current assets. Right-of-use assets under the nursery education service segment was considered impaired, as the recoverable amount of the cash generating unit was close to zero (details set out in note 17 of the consolidated financial statements for the year ended 31 December 2018). As a result, impairment loss on right-of-use assets amounted to HK$43,040,000 was adjusted to equity as at 1 January 2019.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's condensed consolidated statement of financial position:

	Carrying amount at 31 December 2018 HK$'000 (Audited)	**Impact of HKFRS 16 HK$'000 (Unaudited)**	**Carrying amount at 1 January 2019 HK$'000 (Unaudited)**
Line items in the condensed consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property and equipment	346,195	4,029	350,224
Total non-current assets	577,988	4,029	582,017
Prepayments, deposits and other receivables	44,679	(327)	44,352
Total current assets	907,215	(327)	906,888
Lease liabilities	–	2,923	2,923
Total current liabilities	608,746	2,923	611,699
Net current assets	298,469	(3,250)	295,219
Total assets less current liabilities	876,457	779	877,236
Lease liabilities	–	43,819	43,819
Total non-current liabilities	154,219	43,819	198,038
Net assets	722,238	(43,040)	679,198
Reserves	514,383	(22,602)	491,781
Non-controlling interests	4,598	(20,438)	(15,840)
Total Equity	722,238	(43,040)	679,198

(c) Lease liabilities

The amount by each financial statements line item affected in the current period by the application of HKFRS 16 as compared to HKAS 17 that was previously in effect before the adoption of HKFRS 16 is as follows:

	For the six months ended 30 June 2019		
	Amounts as reported under HKAS 17 HK$'000 (Unaudited)	**Effects of the adoption of HKFRS 16 HK$'000 (Unaudited)**	**Amounts as reported under HKFRS 16 HK$'000 (Unaudited)**
Condensed consolidated statement of comprehensive income (extract)			
Cost of sales			
Operating lease charges	**(1,679)**	**733**	**(946)**
Depreciation	**(1,001)**	**(696)**	**(1,697)**
Administrative costs			
Operating lease charges	**(6,417)**	**2,079**	**(4,338)**
Depreciation	**(9,659)**	**(458)**	**(10,117)**
Finance costs	**(13,647)**	**(1,007)**	**(14,654)**
Loss for the period attributable to:			
Owners of the Company	**(21,160)**	**441**	**(20,719)**
Non-controlling interests	**(894)**	**210**	**(684)**

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.

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

The Group reportable segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15:		
Electronics products - manufacturing and sale of electronics products	**119,500**	84,152
Nursery education - providing nursery education for children	**3,976**	4,940
Property management - providing management services for landlords and tenants	**3,639**	–
Regulated financial services - providing asset management services	**5,481**	5,852
	132,596	94,944
Revenue scoped out of HKFRS 15:		
Money lending	**10,969**	6,994
	143,565	101,938

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:

	Electronics products HK$'000 (Unaudited)	Nursery education HK$'000 (Unaudited)	Money lending HK$'000 (Unaudited)	Property development and management HK$'000 (Unaudited)	Regulated financial services HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Six months ended 30 June 2019						
Segment revenue	119,500	3,976	10,969	3,639	5,481	143,565
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	119,500	3,976	10,969	3,639	5,481	143,565
Segment profit/(loss)	(16,655)	(1,082)	4,496	(5,494)	435	(18,300)
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)
At 30 June 2019 (Unaudited)						
Reportable segment assets	54,523	1,561	285,358	535,527	27,772	904,741
Reportable segment liabilities	19,837	33,182	903	177,308	4,305	235,535
At 31 December 2018 (Audited)						
Reportable segment assets	154,679	1,991	227,202	541,737	24,495	950,104
Reportable segment liabilities	72,881	7,268	3,329	61,026	2,942	147,446

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Reportable segment loss	**(18,300)**	(2,198)
Share of results of associates	**1,044**	8,072
Other net gains	**22,984**	2,753
Unallocated corporate costs	**(7,683)**	(26,969)
Unallocated corporate net finance cost	**(13,594)**	(13,074)
Loss before tax	**(15,549)**	(31,416)

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 from external customers by geographical market, irrespective of the origin of the goods:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
The People's Republic of China ("PRC")		
Mainland China	**39,981**	5,397
Hong Kong (place of domicile)	**16,451**	13,205
	56,432	18,602
United States of America ("US")	**64,320**	69,320
United Kingdom	**18,990**	8,936
Europe	**3,738**	4,492
Others	**85**	588
	143,565	101,938

4. OTHER NET GAINS

	Note	Six months ended 30 June **2019** **HK$'000** **(Unaudited)**	 2018 HK$'000 (Unaudited)
Interest on bank deposit and balances		**19**	38
Gain on disposal of subsidiaries	17	**13,393**	–
Rental income		**4,280**	4,540
Others		**4,614**	724
		22,306	5,302

5. FINANCE COSTS

	Six months ended 30 June **2019** **HK$'000** **(Unaudited)**	 2018 HK$'000 (Unaudited)
Interest on bank borrowings and bank overdrafts and other borrowings	**13,647**	13,130
Interest on lease liabilities	**1,007**	–
	14,654	13,130

6. LOSS BEFORE TAX

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**11,814**	8,903
(Reversal of impairment loss)/impairment loss on trade receivables	**(79)**	1,331
Impairment loss on other receivables	**1,770**	–
Impairment loss on loan receivables	**2,944**	–
Net impairment losses on financial assets	**4,635**	1,331
Impairment loss on inventories	**819**	2,350
Cost of inventories recognised as expense	**101,618**	67,612

7. INCOME TAX EXPENSE

The income tax expense for the period comprises:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current income tax – Hong Kong:		
Provision for the period	**778**	991
Current income tax – Mainland China:		
Provision for the period	**62**	2,096
Deferred tax	**5,013**	(1,078)
	5,853	2,009

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2019 (six months ended 30 June 2018: 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 2018: 25%).

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2019 is based on the loss attributable to owners of the Company of HK$20,719,000 (six months ended 30 June 2018: loss of HK$33,012,000) and the weighted average number of 2,032,571,385 (six months ended 30 June 2018: 2,032,571,385) ordinary shares.

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Issued ordinary shares at 1 January	**2,032,571,385**	2,032,571,385
Weighted average number of ordinary shares at 30 June	**2,032,571,385**	2,032,571,385
Basic and diluted loss per share (HK cents)	**(1.02)**	(1.62)

Note:

The basic and diluted loss per share are the same for the six months ended 30 June 2019 and 2018 as there were no potential dilutive shares outstanding.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, additions to property, plant and equipment amounted to HK$60,260,000 (six months ended 30 June 2018: HK$348,527,000).

11. INTEREST IN AN ASSOCIATE

	HK$'000 (Unaudited)	HK$'000 (Audited)
Movements of interest in an associate are as follows:		
At 1 January 2019/1 January 2018	**155,611**	221,648
Investment in an associate (note (i))	**–**	151,000
Capital contribution to associate	**2,100**	1,071
Share of profits and total comprehensive income of associates	**1,044**	12,311
Disposal of a subsidiary (note (ii))	**–**	(241,231)
Currency realignment	**–**	10,812
At 30 June 2019/31 December 2018	**158,755**	155,611

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 ("IT City") and two subscription agreements in relation to the application to subscribe for an interest in IT City with a committed capital contribution of HK$51,000,000 in capacity as general partner (through an indirect wholly owned subsidiary of the Company ("GP1")) and HK$100,000,000 in capacity as limited partner (through a direct wholly owned subsidiary of the Company) respectively. The principal purpose of IT City is to invest in properties that can consolidate and promote the development of the IT industry and its related supporting facilities. According to the limited partnership agreement, the management, policies and control of the IT City shall be vested exclusively in the general partners who, acting unanimously, may make such investment decisions as they shall determine, having given consideration to the investment objective and investment strategy of 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) On 20 July 2018, interest in an associate relating to 27.9% of equity interest in Yuji Development Corporation ("Yuji") was disposed upon the disposal of Rise Up International Limited ("Rise Up"), wholly owned subsidiary of the Company. Rise Up is an investment holding company which holds the Group's 27.9% interest equity in Yuji.

As at 30 June 2019, the Group had an interest in the following associate:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Total capital HK$'000	Proportion of 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	60%	28.57%	IT properties investment

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

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Current assets	**266,814**	260,770
Total assets	**266,814**	260,770
Current liabilities	**(6,877)**	(2,720)
Total liabilities	**(6,877)**	(2,720)
Net asset	**259,937**	258,050
Share of an associate's net assets	**158,755**	155,611
Revenue	**6,044**	7,791
Total comprehensive income for the period	**1,887**	264
Share of profit and total comprehensive income of an associate (net of tax)	**1,044**	3,540

12. INTANGIBLE ASSETS

	License	Goodwill	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2018 (Audited)	78,500	38,611	117,111
Acquisition of subsidiaries:			
– Electronic products	–	19,538	19,538
– Property development and management	–	3,883	3,883
Regulated financial services business			
– Addition of license	600	–	600
Impairment	(69,314)	(34,720)	(104,034)
Currency realignment	–	(1,395)	(1,395)
At 31 December 2018 and 1 January 2019 (Audited)	9,786	25,917	35,703
Currency realignment	–	(7)	(7)
At 30 June 2019 (Unaudited)	9,786	25,910	35,696

The intangible assets comprise licenses and goodwill from business combinations. License mainly represent the nursery education license and Type 1, Type 4, Type 5, Type 6 and Type 9 regulated activities licenses as defined under Securities and Futures Ordinance ("SFO") Chapter 571 of the Laws of Hong Kong. These licenses were considered to have indefinite useful lives and will be tested for impairment annually and whenever there is an indication that it may be impaired.

13. TRADE AND BILLS RECEIVABLES

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Trade receivables	**17,580**	59,394
Less: Impairment provision	**(1,679)**	(3,169)
Trade receivables – net	**15,901**	56,225
Bills receivables	**769**	1,814
	16,670	58,039

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

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
0-60 days	**8,832**	40,877
61-90 days	**2,322**	3,894
91-120 days	**820**	3,654
Greater than 120 days	**6,375**	12,783
	18,349	61,208

The Group allows credit periods ranging from 0 to 60 days (31 December 2018: 0 to 120 days) to its trade customers depending on their credit status and geographical location. The Directors consider that the carrying amounts of trade and bills receivables approximate to their fair values.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Prepayments, deposits and other receivables	**20,602**	41,815
Other tax recoverable	**–**	6,730
	20,602	48,545
Less: Non-current portion		
Other tax recoverable	**–**	3,866
	20,602	44,679

15. LOAN RECEIVABLES

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Loan receivables	**297,475**	238,593
Less: Impairment provision	**(14,873)**	(11,929)
	282,602	226,664

As at 30 June 2019, loan receivables with aggregate gross principal amount of HK$289,000,000 and gross interest receivables of HK$8,475,000 (31 December 2018: gross principal amount of HK$225,269,000 and gross interest receivables of HK$13,324,000) were due from thirteen (31 December 2018: nine) independent third parties. The interest rates of the loan receivables range from 6% to 15% per annum (2018: 6% to 15% per annum). Three of the loan receivables are secured by share charges of the borrowers, and eleven of the loan receivables are guaranteed by independent third parties. All loan receivables which were repayable within twelve months from the end of the reporting period were classified as current assets at the reporting date.

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

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
0-60 days	**4,406**	3,325
61-90 days	**1,433**	1,582
91-120 days	**1,336**	1,382
Over 120 days	**290,300**	232,304
	297,475	238,593

All loan receivables are neither past due nor impaired.

16. TRADE AND OTHER PAYABLES

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Trade payables	**48,568**	95,174
Accruals and other payables	**193,427**	207,478
	241,995	302,652

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

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
0-60 days	**4,537**	25,556
61-90 days	**2,440**	10,266
Greater than 90 days	**41,591**	59,352
	48,568	95,174

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

17. DISPOSAL OF SUBSIDIARIES

On 6 May 2019, the Group entered into a sale and purchase agreement (as amend and supplemented by a supplemented agreement) with a purchaser pursuant to which the Group agreed to sell entired issued share capital of a subsidiary, Alford Industries Limited ("Alford") to an independent third party at a consideration of HK$59,000,000. The disposal of Alford was completed on 30 May 2019. The net assets of Alford and its subsidiary at the disposal date were as follows:

	Note	HK$'000
Net assets disposed of:		
Property, plant and equipment		**7,633**
Inventories		**26,697**
Trade receivables		**41,799**
Prepayments, deposits and other receivables		**8,419**
Cash and cash equivalents		**27,085**
Trade and other payables		**(51,894)**
Contract liabilities		**(1,923)**
Tax payable		**(6,674)**
Lease liabilities		**(3,140)**
		48,002
Translation reserve		**(2,395)**
		45,607

	Note	HK$'000
Consideration		**59,000**
Less: Net assets disposed of		**(45,607)**
Gain on disposal	4	**13,393**

	HK$'000
Net cash inflow arising on disposal:	
Cash consideration	**59,000**
Cash and cash equivalents disposed of	**(27,085)**
	31,915

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

The Company recorded revenue of approximately HK$143,565,000 for the six months ended 30 June 2019 (the "period under review"), an increase by 40.84% when compared with approximately HK$101,938,000 for the six months ended 30 June 2018.

The Group continued to brace for a challenging environment during the period under review. Gross profit margin was 17.01% during the period under review, representing an increase of 1.26% from 15.75% in the corresponding period of last year. During the period under review, the loss for the period decreased from a loss of HK$33,425,000 for the corresponding period of last year to a loss of HK$21,402,000 for the period under review. The decrease of loss was mainly attributable to the gain on disposal of subsidiary approximately of HK$13,393,000.

BUSINESS REVIEW AND SEGMENT ANALYSIS

The Group has started its strategic reform journey since 2017 and continued to the period under review. In the past, the main business of the Group was the manufacturing of electronics products. As of the date of interim report, the Group is principally engaged in the business of provision of money lending services and regulated financial services in Hong Kong; and manufacturing of electronics products, provision of nursery education services and property development in the PRC. In the first half of 2019, income from the manufacturing 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 83.24% (six months ended 30 June 2018: 82.55%), 7.64% (six months ended 30 June 2018: 6.86%), 3.82% (six months ended 30 June 2018: 5.74%), 2.77% (six months ended 30 June 2018: 4.85%) and 2.53% (six months ended 30 June 2018: 0.00%) of total revenue respectively.

Manufacturing of Electronics Products

During the period under review, the segment of manufacturing electronics products includes the manufacturing of baby monitors and semi-products and the manufacturing of transformers. The segment of manufacturing electronics products contributed approximately of HK$119,500,000 to revenue (six months ended 30 June 2018: HK$84,152,000 and representing an increase of 42.00% when compared with the corresponding period of 2018), in which approximately of HK$87,580,000 (six months ended 30 June 2018: HK$84,152,000 and representing an increase of 4.07% when compared with the corresponding period of 2018) was generated from manufacturing of baby monitors and semi-products and approximately of HK$31,920,000 (six months ended 30 June 2018: HK$Nil) was generated from manufacturing of transformers. The main markets for baby monitors and semi-products and transformer are the US and the PRC respectively.

During the period under review, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital of Alford, in which Alford with its subsidiary ("Alford Group") are principally engaged in design and distribution of baby monitor and semi-product at a consideration of HK$59,000,000 (the "Alford Disposal"). The Alford Disposal has been completed on 30 May 2019. Detailed information related to the Alford Disposal, please refer to the announcement of the Company dated 6 May 2019, 29 May 2019, 30 May 2019 and 31 May 2019 and the circular of the Company dated 28 June 2019. Upon the completion of the Alford Disposal, the financial results of the Alford Group would no longer be consolidated in the consolidated financial statements of the Group, and the manufacturing of transformers became the only stream in the business segment of manufacturing of electronic products.

Provision of Money Lending Services

The Group's provision of money lending services business is mainly for high-quality customers who are willing to pay high interest rates to meet their urgent needs for large sums of funds. In the first half of 2019, the interest income for the provision of money lending services has generated of approximately HK$10,969,000 (six months ended 30 June 2018: HK$6,994,000, and representing an increase of 56.83% when compared with the corresponding period of 2018). The interest rate of the lendings ranging from 6% per annum to 15% per annum (six months ended 30 June 2018: 10% per annum to 15% annum) on the principals from HK$2,000,000 to HK$51,000,000 (six months ended 30 June 2018: HK$7,800,000 to HK$51,000,000).

Provision of Regulated Financial Services

In the first half of 2019, the service income from provision of regulated financial services has generated of approximately HK$5,481,000 (for the six months ended 30 June 2018: HK$5,852,000, and representing a decrease of 6.34% when compared with the corresponding period of 2018).

Provision of nursery education services

The Group has a kindergarten in Chengdu, the PRC to provide nursery school education; and provide management service for other third-party kindergartens. In the first half of 2019, the service income from provision of nursery education services has generated approximately of HK$3,976,000 (for the six months ended 30 June 2018: HK$4,940,000, and representing a decrease of 19.51% when compared with the corresponding period of 2018).

Property Development and management

Lijiang Underground Walkway: Lijiang underground walkway is underground walkway and civil air defense project and located at the underground of Minzhu Road and Fuhui Road, Lijiang city, Yunan province, the PRC. 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 has been completed and is being delivered to those shop that have been pre-sold before the Group's acquired of the project. A subsidiary of the Group is providing property management services for the Lijiang Underground Walkway Project.

PROSPECTIVE AND OUTLOOK

Throughout the first half of 2019, Sino-US trade disputes continued, without any signs of alleviation. The United States imposes tariffs on Chinese goods, which has led to a decline in US demand for Chinese goods, affecting Chinese exports and slowing China's economic growth. Although the Group has disposed of Alford Group, it can significantly reduce the Group's reliance on the US market and the negative impact of market shrinkage on earnings. However, with the increase in the proportion of China's domestic demand market, the Group still needs to face the negative impact of China's economic slowdown on the market.

Looking forward to the second half of 2019, the Group will focus on strengthening its existing business. The Group is actively promoting the Lijiang Underground Walkway Project to enhance its commercial value and will sell it in the stock property at the appropriate time. As China strengthened its control to mergers and acquisitions of private kindergartens last year and disrupted the development plan of the Group's nursey education. However, nursery education business is still vast, and the Group is currently researching and developing the nursery education business in Southeast Asia.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group adopted a prudent finding and treasury policy regarding to its overall business operation. As at 30 June 2019, the Group has cash and cash equivalents of approximately HK$13,426,000 (31 December 2018: HK$28,464,000) which included approximately HK$8,750,000 and RMB4,106,000. The Group had interest-bearing borrowings of approximately HK$435,986,000 (31 December 2018: HK$439,269,000) of which HK$286,565,000 were repayable on demand or within one year, HK$6,565,000 were repayable in the second year, HK$142,856,000 were repayable in the third to fifth years, inclusive. 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 2019 was 30.71% (31 December 2018: 29.58%). As at 30 June 2019, the gearing ratio of the Group was 0.65 (31 December 2018: 0.57). 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$657,102,000 (31 December 2018: HK$722,238,000), with a current ratio (ratio of current assets to current liabilities) of 1.49 (31 December 2018: 1.49).

CHARGE ON ASSETS

As at 30 June 2019, the share equity of (i) Chengdu One Two Three Aozhong Education Investment Company Limited, the operating company of the nursery education in PRC; (ii) Superactive Financial Group Company Limited, the operating company of the regulated financial services; (iii) Link Complex Limited, a company which held the 18% unlisted equity shares of a company which is for provision of real-time kinematic solution; and (iv) Shenzhen Jiaxin Enterprises Management Company Limited, the holding company of a group operating the manufacturing of transformers were pledged to secure the Company's bonds issued on 29 December 2017. In addition, the office properties included in Land and Building under the Property, Plant and Equipment were pledged to a bank to secure the Group's term loans.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong dollars and Renminbi. 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 2019.

EMPLOYEES

As at 30 June 2019, the Group had a staff force of approximately 250 employees (31 December 2018: approximately 600 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 2019 (for the six months ended 30 June 2018: 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Throughout the period under review, the Company complied with all applicable code provisions of the CG Code, save as disclosed below:

Under Code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual. The Company does not at present have an officer with the title CEO. The daily operation and management of the Company are monitored by the executive Directors. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company's strategies.

Under Code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. However, due to their other business commitment, Mr. Chiu Sze Wai Wilfred and Mr. Leung Man Man, independent non-executive Directors, did not attend the annual general meeting of the Company held on 30 May 2019.

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

This unaudited interim condensed consolidated financial statements for the six months ended 30 June 2019 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 2019

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 Ms. Hu Gin Ing, Mr. Chow Wai Leung William and Mr. Leung Man Man.