SUPERACTIVE GROUP COMPANY LIMITED
先機企業集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0176)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "Board") of directors (the "Directors") of Superactive Group Company Limited (the "Company") announces its unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019 together with the comparative figures for the year ended 31 December 2018, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Notes	**2019 HK$'000 (Unaudited)**	2018 HK$'000 (Audited)
Revenue	4	**184,812**	237,525
Cost of sales		**(133,655)**	(195,456)
Gross profit		**51,157**	42,069
Other net gains	5	**11,115**	16,607
Selling and distribution costs		**(4,828)**	(4,567)
Administrative costs		**(70,144)**	(89,254)
Finance costs		**(31,217)**	(26,941)
Impairment of assets	12	**(10,758)**	(107,859)
Net impairment losses on financial assets		**(20,916)**	(35,157)
Share of results of associates	10	**(10,533)**	11,929

	Notes	**2019**	2018
		HK$'000	HK$'000
		(Unaudited)	(Audited)
Loss before tax	6	**(86,124)**	(193,173)
Income tax (expense)/credit	7	**(13,949)**	11,167
Loss for the year		**(100,073)**	(182,006)
Loss for the year attributable to:			
Owners of the Company		**(99,271)**	(174,334)
Non-controlling interests		**(802)**	(7,672)
		(100,073)	(182,006)
Loss per share			
Basic and diluted (HK cents)	9	**(4.88)**	(8.58)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** **HK$'000** **(Unaudited)**	2018 HK$'000 (Audited)
Loss for the year		**(100,073)**	(182,006)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from the translation of foreign operations		**14,532**	(23,176)
Exchange differences arising from the translation of interest in a foreign associate	10	**—**	10,812
Reclassification adjustments to reserves upon disposal of subsidiaries	18	**(2,395)**	(17,269)
Share of other comprehensive income of an associate		**—**	305
Other comprehensive income for the year, net of tax		**12,137**	(29,328)
Total comprehensive income for the year		**(87,936)**	(211,334)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(87,788)**	(203,584)
Non-controlling interests		**(148)**	(7,750)
		(87,936)	(211,334)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	**2019**	2018
		HK$'000	HK$'000
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**334,838**	346,195
Interest in an associate	10	**150,349**	155,611
Financial assets at fair value through profit or loss	11	**22,624**	26,086
Deferred tax assets		**—**	8,789
Land appreciation tax recoverable		**—**	1,738
Prepayments, deposits and other receivables	14	**—**	3,866
Intangible assets	12	**24,244**	35,703
		532,055	577,988
CURRENT ASSETS			
Inventories		**9,726**	41,514
Properties held for sale		**506,699**	507,855
Trade and bills receivables	13	**23,330**	58,039
Prepayments, deposits and other receivables	14	**43,262**	44,679
Loan receivables	15	**246,222**	226,664
Cash and bank balances		**28,428**	28,464
		857,667	907,215
CURRENT LIABILITIES			
Trade and other payables	16	**229,924**	302,652
Rental received in advance		**7,740**	2,170
Contract liabilities	17	**3,095**	3,782
Amount due to a shareholder		**1,129**	152
Amounts due to non-controlling interests		**3,006**	2,843
Interest-bearing borrowings		**270,401**	286,565
Lease liabilities		**581**	—
Tax payable		**5,713**	10,582
		521,589	608,746
NET CURRENT ASSETS		**336,078**	298,469
TOTAL ASSETS LESS CURRENT LIABILITIES		**868,133**	876,457

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	**232,148**	152,704
Lease liabilities	**22,416**	—
Deferred tax liabilities	**1,515**	1,515
	256,079	154,219
NET ASSETS	**612,054**	722,238
CAPITAL AND RESERVES		
Share capital	**203,257**	203,257
Reserves	**417,300**	514,383
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**620,557**	717,640
Non-controlling interests	**(8,503)**	4,598
TOTAL EQUITY	**612,054**	722,238

Notes:

1. GENERAL INFORMATION

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

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In the opinion of the Directors, at 31 December 2019, Super Fame Holdings Limited, a company incorporated in the British Virgin Islands, is the immediate holding company and Ms. Yeung So Lai and Mr. Lee Chi Shing Caesar are the ultimate controlling parties of the Company.

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

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019

The HKICPA has issued a number of new or revised HKFRSs that are first effective for the current accounting period of the Group.

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatment
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKAS 12 and HKAS 23

The impact of the adoption of HKFRS 16 has been summarised below. The other new or revised HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

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) Int 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 and related interpretations as allowed by the transition provision in HKFRS 16. 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.

(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 properties.

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 straight-line basis over the lease term.

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.

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 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.

(iii) Lessor accounting

The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

(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 15%. To ease the transition to HKFRS 16, the Group applied the recognition exemption and practical expedients of not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to short-term leases on 1 January 2019 .

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	**57,870**
Less: short term leases with remaining lease term ending on or before 31 December 2019	**(1,151)**
Less: total future interest expenses	**(37,002)**
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 (Unaudited)	**24,894**
Analysed as	
Current	**1,137**
Non-current	**23,757**
	24,894

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 services segment was considered to be fully impaired as the recoverable amount of the cash generating unit of nursery education services segment was determined to be close to zero (details are set out in note 17 of the consolidated financial statements for the year ended 31 December 2018). As a result, impairment loss on these right-of-use assets amounted to HK$22,248,000 was adjusted to retained profits as at 1 January 2019.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position as at 1 January 2019, the information presented for 2018 has not been restated:

	Carrying amount at 31 December 2018 (Audited) HK$'000	Impact of HKFRS 16 (Unaudited) HK$'000	Carrying amount at 1 January 2019 (Unaudited) HK$'000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	**346,195**	2,697	348,892
Total non-current assets	**577,988**	2,697	580,685
Prepayments, deposits and other receivables	**44,679**	(51)	44,628
Total current assets	**907,215**	(51)	907,164
Lease liabilities	**–**	1,137	1,137
Total current liabilities	**608,746**	1,137	609,883
Net current assets	**298,469**	(1,188)	297,281
Total assets less current liabilities	**876,457**	1,509	877,966
Lease liabilities	**–**	23,757	23,757
Total non-current liabilities	**154,219**	23,757	177,976
Net assets	**722,238**	(22,248)	699,990
Reserves	**514,383**	(9,295)	505,088
Non-controlling interests	**4,598**	(12,953)	(8,355)
Total equity	**722,238**	(22,248)	699,990

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 9 - Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Amendments to HKAS 19 – Plan amendment, curtailment or settlement

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period. Additionally, the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

Amendments to HKAS 28 - Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("LTI") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

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

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

Amendments to HKFRS 3	Definition of a business[1]
Amendments to HKAS 1 and HKAS 8	Definition of material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

[1] Effective for annual periods beginning on or after 1 January 2020.

[2] The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Amendments to HKFRS 3 – Definition of a business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 – Definition of material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 - Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Amendments to HKFRS 10 and HKAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

4. REVENUE AND SEGMENT INFORMATION

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

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

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

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Revenue from contracts with customers within the scope of HKFRS 15:		
Electronics products - manufacturing and sale of electronics products	**131,861**	198,628
Nursery education - providing nursery education for children	**7,124**	8,910
Property management - providing management services for landlords and tenants	**11,846**	1,141
Regulated financial services - providing asset management services	**11,048**	12,221
	161,879	220,900
Revenue scoped out of HKFRS 15:		
Money lending	**22,933**	16,625
	184,812	237,525

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the unaudited consolidated 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)
2019						
Segment revenue	131,861	7,124	22,933	11,846	11,048	184,812
Inter-segment revenue	—	1,047	—	—	—	1,047
Reportable segment revenue	131,861	8,171	22,933	11,846	11,048	185,859
Segment profit/(loss)	(10,067)	(3,835)	(1,649)	1,043	(154)	(14,662)
Other information:						
Additions to segment non-current assets	10,677	—	1,624	436	19	12,756
Net finance (credit)/charge	175	3,311	3	(5)	(1)	3,483
Depreciation of property, plant and equipment	3,583	—	214	1,215	69	5,081
Income tax (credit)/expense	(13)	—	—	13,861	101	13,949
Net impairment losses on financial assets	(5)	(113)	16,855	2,872	1,307	20,916
Impairment loss on inventories	767	—	—	—	—	767
Impairment of assets	10,758	—	—	—	—	10,758

	Electronics products HK$'000 (Audited)	Nursery education HK$'000 (Audited)	Money lending HK$'000 (Audited)	Property development and management HK$'000 (Audited)	Regulated financial services HK$'000 (Audited)	Total HK$'000 (Audited)
2018						
Segment revenue	198,628	8,910	16,625	1,141	12,221	237,525
Inter-segment revenue	—	391	—	—	7,064	7,455
Reportable segment revenue	198,628	9,301	16,625	1,141	19,285	244,980
Segment profit/(loss)	(8,797)	(132,836)	1,792	(2,885)	3,573	(139,153)
Other information:						
Additions to segment non-current assets	5,953	295	—	5,105	264	11,617
Net finance credit	(22)	(2)	—	(11)	—	(35)
Depreciation of property, plant and equipment	1,802	1,136	—	230	38	3,206
Income tax (credit)/expense	591	(17,329)	—	3,023	870	(12,845)
Net impairment losses on financial assets	2,273	20,955	11,929	—	—	35,157
Impairment loss on inventories	4,965	—	—	—	—	4,965
Impairment of assets	—	107,859	—	—	—	107,859

	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
Reportable segment loss	**(14,662)**	(139,153)
Share of results of associates	**(10,533)**	11,929
Other net gains	**(7,565)**	6,133
Unallocated corporate costs (note)	**(25,654)**	(45,217)
Unallocated corporate net finance cost	**(27,710)**	(26,865)
Loss before tax	**(86,124)**	(193,173)

Note:

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

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Segment assets		
Electronics products	**46,396**	154,679
Nursery education	**5,679**	1,991
Money lending	**248,326**	227,202
Property development and management	**551,113**	541,737
Regulated financial services	**25,596**	24,495
Total reportable segment assets	**877,110**	950,104
Unallocated corporate assets		
Interest in an associate	**150,349**	155,611
Financial assets at fair value through profit or loss	**22,624**	26,086
Property, plant and equipment (note (i))	**318,137**	331,913
Prepayments, deposits and other receivables	**443**	22,730
Elimination of inter-segment receivables	**—**	(1,650)
Others (note (ii))	**21,059**	409
Total assets	**1,389,722**	1,485,203

Notes:

(i) This mainly represents office buildings which are used as corporate head office.

(ii) The balance mainly represents cash and bank balances retained at corporate level.

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Segment liabilities		
Electronics products	**21,380**	72,881
Nursery education	**31,893**	7,268
Money lending	**378**	3,329
Property development and management	**146,938**	61,026
Regulated financial services	**3,286**	2,942
Total reportable segment liabilities	**203,875**	147,446
Unallocated corporate liabilities		
Bond payable	**260,000**	280,000
Interest-bearing borrowings	**242,214**	159,269
Other payables	**914**	111,590
Fund contribution payable	**63,700**	59,800
Elimination of inter-segment payables	**—**	(1,650)
Others (note)	**6,965**	6,510
Total liabilities	**777,668**	762,965

Note:

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

Geographical information

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

	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
The People's Republic of China ("PRC")		
Mainland China	**63,698**	35,224
Hong Kong (place of domicile)	**33,981**	29,573
	97,679	64,797
United States of America ("US")	**64,320**	139,015
United Kingdom	**18,990**	23,233
Europe	**3,738**	8,936
Others	**85**	1,544
	184,812	237,525

Information about major customers

For the year ended 31 December 2019, revenue from two customers (2018: one customer) of the manufacture of electronics products segment with whom transactions have exceeded 10% of the Group's revenue for the year as detailed below:

	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
Customer A	**46,913**	98,726
Customer B	**19,437**	N/A
	66,350	98,726

Timing of revenue recognition

	Electronics products		Nursery education		Property management		Regulated financial services		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Timing of revenue recognition										
At a point in time	**131,861**	198,628	**—**	—	**—**	—	**—**	—	**131,861**	198,628
Over time	**—**	—	**7,124**	8,910	**11,846**	1,141	**11,048**	12,221	**30,018**	22,272
	131,861	198,628	**7,124**	8,910	**11,846**	1,141	**11,048**	12,221	**161,879**	220,900

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

	Notes	**2019** **HK$'000** **(Unaudited)**	2018 HK$'000 (Audited)
Trade and bills receivables	13	**23,330**	58,039
Contract liabilities	17	**3,095**	3,782

5. OTHER NET GAINS

	Notes	**2019** **HK$'000** **(Unaudited)**	2018 HK$'000 (Audited)
Interest on bank deposit and balances		**24**	111
Loss on disposal of property, plant and equipment		**(68)**	(139)
Gain on disposal of subsidiaries	18	**13,321**	1,024
Over provision of payables in relation to properties under development		**—**	5,980
Rental income		**10,894**	8,172
Government grant		**1,067**	—
Exchange differences		**(20,041)**	54
Forfeiture of deposits from tenants and property purchasers		**6,595**	—
Fair value loss on financial assets at fair value through profit or loss		**(3,462)**	(914)
Others		**2,785**	2,319
		11,115	16,607

6. LOSS BEFORE TAX

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

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Staff costs including Directors' emoluments:		
Directors' emoluments	**662**	9,293
Staff salaries, allowance and welfare	**36,705**	39,532
Retirement benefit scheme contributions	**3,451**	3,865
Total staff costs	**40,818**	52,690
Auditors' remuneration	**1,105**	1,213
Cost of inventories recognised as expenses	**119,676**	159,820
Depreciation of property, plant and equipment	**23,098**	19,499
Exchange difference	**20,041**	(54)
Minimum lease payment for leases previously classified as operating leases under HKAS 17	**—**	9,584
Short term leases expenses	**3,571**	—
Impairment loss on intangible assets (note 12)	**10,758**	104,034
Impairment loss on property, plant and equipment	**—**	3,825
Impairment of assets	**10,758**	107,859
Net impairment loss on trade receivables	**2,168**	2,273
Net impairment loss on other receivables	**1,892**	20,955
Impairment loss on loan receivables	**16,856**	11,929
Net impairment losses on financial assets	**20,916**	35,157
Impairment loss on inventories	**767**	4,965

7. INCOME TAX (EXPENSE)/CREDIT

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

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Current income tax		
Provision for the year	**(5,258)**	(3,936)
Over/(under) provision in prior years	**68**	(548)
	(5,190)	(4,484)
Deferred tax	**(8,759)**	15,651
Income tax (expense)/credit	**(13,949)**	11,167

PRC Enterprise Income Tax has been provided on estimated assessable profits of the subsidiaries' operations in the PRC at 25% (2018: 25%).

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

8. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss attributable to owners of the Company of HK$99,271,000 (2018: HK$174,334,000) and the weighted average number of 2,032,571,385 (2018: 2,032,571,385) ordinary share.

	2019	2018
	(Unaudited)	(Audited)
Basic and diluted loss per share (HK cents) (note)	**(4.88)**	(8.58)

Note:

The basic and diluted loss per share are the same for the years ended 31 December 2019 and 2018 as there were no dilutive potential ordinary shares outstanding.

10. INTEREST IN AN ASSOCIATE

As at 31 December 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

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Movements of interest in an associate are as follows:		
At 1 January	**155,611**	221,648
Investment in an associate (note (i))	**—**	151,000
Capital contribution to associate	**5,271**	1,071
Share of profits and total comprehensive income of associates	**(10,533)**	12,311
Disposal of a subsidiary (note (ii))	**—**	(241,231)
Currency realignment	**—**	10,812
At 31 December	**150,349**	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 IT industry and its related supporting facilities. According to the limited partnership agreement, the management, policies and control of IT City shall be vested exclusively in the general partners who, acting unanimously, may make such investment decisions as they shall determine, having given consideration to the investment objective and investment strategy of IT City and the advice of the investment committee of IT City (the "Investment Committee"). GP1 shall be entitled to appoint two members to the Investment Committee, which demonstrates its significant influence over IT City.

(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.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Financial assets at fair value through profit or loss		
— Unlisted equity investment	**22,624**	26,086

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

12. INTANGIBLE ASSETS

		License	**Goodwill**	**Total**
	Notes	**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	6	(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
Impairment	6	—	(10,758)	(10,758)
Currency realignment		—	(701)	(701)
At 31 December 2019 (Unaudited)		9,786	14,458	24,244

The intangible assets comprise licenses and goodwill from business combinations. License mainly represent the nursery education license which was fully impaired in 2018 and Type 1, Type 4, Type 5, Type 6 and Type 9 regulated activities licenses as defined under Securities and Futures Ordinance 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. During the year ended 31 December 2019, impairment loss of HK$10,758,000 was recognised on goodwill relating to the acquisition of subsidiaries engaged in manufacturing and sale of electronics products.

13. TRADE AND BILLS RECEIVABLES

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Trade receivables	**26,421**	59,394
Less: Impairment provision	**(3,883)**	(3,169)
Trade receivables – net	**22,538**	56,225
Bills receivables	**792**	1,814
	23,330	58,039

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

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
0 - 60 days	**12,663**	40,877
61 - 90 days	**1,858**	3,894
91 - 120 days	**2,107**	3,654
Greater than 120 days	**10,585**	12,783
	27,213	61,208

The Group allows credit periods ranging from 0 to 120 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

	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
Prepayments, deposits and other receivables	**43,262**	41,815
Other tax recoverable	**—**	6,730
	43,262	48,545
Less: Non-current portion		
Other tax recoverable	**—**	3,866
	—	3,866
	43,262	44,679

15. LOAN RECEIVABLES

	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
Loan receivables	**275,007**	238,593
Less: Impairment provision	**(28,785)**	(11,929)
Loan receivables - net	**246,222**	226,664

As at 31 December 2019, loan receivables with aggregate gross principal amount of HK$264,000,000 and gross interest receivables of HK$11,007,000 (2018: gross principal amount of HK$225,269,000 and gross interest receivables of HK$13,324,000) were due from twelve (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 (2018: five) of the loan receivables are secured by share charges of the borrowers, and ten (2018: six) of the loan receivables are guaranteed by independent third parties. The Group does not have the right to sell or re-pledge the shares held as collateral in the absence of default by the borrowers. All loan receivables which were repayable within twelve months from the end of the reporting period were classified as current assets at the reporting date.

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

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
0 - 60 days	**4,104**	3,325
61 - 90 days	**1,505**	1,582
91 - 120 days	**2,377**	1,382
Over 120 days	**267,021**	232,304
	275,007	238,593

16. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Trade payables	**20,839**	95,174
Accruals and other payables	**209,085**	207,478
	229,924	302,652

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

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
0 - 60 days	**15,077**	25,556
61 - 90 days	**2,167**	10,266
Greater than 90 days	**3,595**	59,352
	20,839	95,174

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

17. CONTRACT LIABILITIES

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Contract liabilities arising from:		
Provision of nursery service	**404**	810
Provision of properties management services	**2,691**	2,346
Manufacturing of electronics products	**—**	626
	3,095	3,782

Revenue recognised in relation to contract liabilities

	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Balance as at 1 January	**3,782**	2,371
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(1,859)**	(2,371)
Disposal of subsidiaries (note 18)	**(1,923)**	—
Increase in contract liabilities as a result of payments received in advance	**3,095**	3,782
Balance as at 31 December	**3,095**	3,782

18. DISPOSAL OF SUBSIDIARIES

On 6 May 2019, the Group entered into a sale and purchase agreement (as amended and supplemented by a supplemental agreement) with a purchaser pursuant to which the Group agreed to sell the entire issued share capital of a subsidiary, Alford Industries Limited ("Alford") to an independent third party at a cash consideration of HK$59,000,000. Details of the disposal of Alford are set out in the Company's announcements dated 6 May 2019, 29 May 2019, 30 May 2019 and 31 May 2019. The disposal of Alford was completed on 30 May 2019. The net assets of Alford together with its subsidiaries (the "Alford Group") on 30 May 2019 were as follows:

	Notes	**30 May 2019 HK$'000 (Unaudited)**
Net assets disposed of:		
Property, plant and equipment		**7,573**
Inventories		**26,697**
Trade receivables		**41,799**
Prepayments, deposits and other receivables		**8,419**
Cash and cash equivalents		**27,085**
Trade and other payables		**(51,893)**
Contract liabilities	17	**(1,923)**
Tax payable		**(6,603)**
Lease liabilities		**(3,080)**
		48,074
Translation reserve		**(2,395)**
		45,679

	Notes	**HK$'000**
Consideration		**59,000**
Less: Net assets disposed of		**(45,679)**
Gain on disposal	5	**13,321**

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Gross Profit: Revenue comprised of sales of electronics products, tuition fee from the provision of nursery education service, interest income from the provision of money lending, management fee received from property management services provided and services income from the provision of regulated financial services. The revenue in 2019 decreased by approximately HK$52,713,000 (representing a decrease of approximately 22.19% when compared with 2018) from HK$237,525,000 in 2018 to HK$184,812,000 in 2019. The decrease in revenue was mainly due to the disposal of the business of manufacturing of baby monitors and semi-products on 30 May 2019. The gross profit increased by approximately HK$9,088,000 (representing an increase of approximately 21.60% when compared with 2018) from HK$42,069,000 in 2018 to HK$51,157,000 in 2019. The gross profit margin increased by approximately 9.97% from 17.71% in 2018 to 27.68% in 2019.

Other net gains: The other net gains in 2019 were mainly attributable to the gain on disposal of subsidiaries of approximately HK$13,321,000, rental income of approximately HK$10,894,000, and net of loss on exchange of approximately HK$20,041,000.

Selling and distribution costs: The selling and distribution costs in the year remained stable as in 2018.

Administrative costs: The decrease was mainly due to no administrative costs for the business of manufacturing of baby monitors and semi-products recognised after the completion of the disposal on 30 May 2019.

Finance costs: The increase in the year was mainly due to interest recognised on the lease liabilities upon the adoption of HKFRS 16 in 2019.

Impairment of assets: The impairment was mainly recognised for the goodwill for the subsidiaries of the manufacturing electronics products.

Net impairment losses on financial assets: The net impairment losses on financial assets for the year comprises the impairment loss on trade receivables, other receivables and loan receivables. The impairment was recognised according to the expected credit loss rates which are based on the actual loss experience over the previous years adjusted for forward-looking information available to the Group without undue cost and effort.

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

SEGMENT ANALYSIS

Manufacturing Electronics Products

During the year, the segment of manufacturing electronics products includes the manufacturing of baby monitors and semi-products and manufacturing of transformers. The segment of manufacturing electronics products contributed approximately HK$131,861,000 to revenue (2018: HK$198,628,000 representing a decrease of 33.61% when compared with 2018), in which approximately HK$87,580,000 (2018: HK$174,238,000 and representing a decrease of 49.74% when compared with 2018) was generated from manufacturing of baby monitors and semi-products and approximately HK$44,281,000 (2018: HK$24,390,000 and representing an increase of 81.55% when compared with 2018) was generated from manufacturing of transformers. The business of manufacturing of baby monitors and semi-products was disposed during the year. The main market for the business of the manufacturing of transformers is the PRC.

Provision of Nursery Education Services

During the year, the segment of the provision of nursery education services contributed approximately HK$7,124,000 to revenue (2018: HK$8,910,000, representing a decrease of 20.04% when compared with 2018).

Provision of Money Lending Services

During the year, the segment of the provision of money lending services contributed approximately HK$22,933,000 to revenue (2018: HK$16,625,000, representing an increase of 37.94% when compared with 2018). The terms of the lendings were from 4 days to 1 year (2018: from 7 days to 1 year) at the interest rate from 6% per annum to 15% per annum (2018: from 6% per annum to 15% per annum) on the principals from HK$2,000,000 to HK$51,000,000 (2018: from HK$7,869,000 to HK$51,000,000).

Property Development and Management

Lijiang Underground Walkway: The Lijiang Underground Walkway is located at the underground of Minzhu Road and Fuhui Road, Lijiang City, Yunan Province, the PRC. The construction and the final acceptance were completed in 2018 and those shops that have been pre-sold before the Group's acquisition have been delivered to the respective buyers. The gross floor area of the underground walkway project is approximately 36,583 square metre ("sq. m.") comprising a civil air defence work structure of approximately 13,730 sq. m., 741 units of the saleable shop premises with a total gross floor area of approximately 19,923 sq. m., a non-saleable property utility room of approximately 15 sq. m. and a commercial function room of approximately 2,915 sq. m.. The Lijiang Underground Walkway is now held-for-sales purpose but in the meantime, the shop premises will be leased to generate rental income and management fee income. During the year, the management fee income generated was approximately HK$11,846,000 (2018: HK$1,141,000).

Provision of Financial Services

During the year, the segment of the provision of financial services contributed approximately HK$11,048,000 to revenue (2018: HK$12,221,000, represented a decrease of 9.60% when compared with 2018). The revenue of the provision of financial services was generated from the asset management services.

BUSINESS OVERVIEW

For the year ended 31 December 2019, the revenue of the Group decreased to approximately HK$184.81 million as compared to approximately HK$237.53 million for the year ended 31 December 2018, representing a decrease of approximately 22.19%. The decrease in revenue was primarily attributable to the disposal of Alford Group in May 2019. The Alford Group has only contributed to revenue of approximately HK$87.58 million for the year ended 31 December 2019, while it has contributed to revenue of approximately HK$174.24 million for the year ended 31 December 2018. The Group's gross profit increased by approximately HK$9.09 million from approximately HK$42.07 million for the year ended 31 December 2018 to approximately HK$51.16 million for the year ended 31 December 2019. Gross profit margin increased from approximately 17.71% for the year ended 31 December 2018 to approximately 27.68% for the year ended 31 December 2019 due to the proportion of revenue contribution from money lending business has increased from 7.00% in the year 2018 to 12.41% in 2019. The gross profit margin in the money lending business is much higher than other business segments.

The Group recorded a loss of approximately HK$100.07 million for the year ended 31 December 2019 compared to a loss of approximately HK$182.01 million for the year ended 31 December 2018. The decline in the loss for the year was mainly due to the impairment of assets decrease from approximately HK$107.86 million for the year ended 31 December 2018 to approximately HK$10.76 million for the year ended 31 December 2019.

After the completion of the disposal of Alford Group in May 2019, the manufacturing of transformers became the sole business in the segment of manufacturing of electronics products. The revenue of manufacturing of transformers contributed to approximately HK$44.28 million (representing of 23.96%) of the total revenue of the Group. The revenue in the manufacturing of transformers for the year did not show a significant increase as initially expected. With the development of other businesses, the importance of manufacturing of electronics products to the Group will gradually decrease.

PROSPECTS

With the formal signing of the first phase of the Sino-US trade agreement, the tensions resulting from the Sino-US trade dispute and the external economic situations are likely to be alleviated. However, the novel coronavirus ("COVID-19") first broke out in China and Hong Kong and has spreaded to Europe and the United States, which has undoubtedly presented difficult challenges and causing pessimistic sentiment on the business environment of China and Hong Kong.

With the outbreak of the COVID-19 epidemic, it is expected that the operating results for 2020 will be adversely affected. However, we are not yet able to reasonably quantify the potential magnitude of such impact on our financial performance at the date of this announcement. While adjusting resource allocation, the Group will work hard to explore sources of business growth.

The Board will continue its best endeavour to seek suitable merger and acquisition opportunities and/or business collaboration for further business expansion.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2019, the Group had cash and cash equivalents of approximately HK$28,428,000 (2018: HK$28,464,000) which included approximately HK$26,812,000 and RMB1,447,000.

The Group had interest-bearing borrowings of approximately HK$502,549,000 (2018: HK$439,269,000) of which approximately HK$270,401,000 (2018: HK$286,565,000) were repayable on demand or within one year; approximately HK$10,066,000 (2018: HK$6,565,000) were repayable in the second year; and approximately HK$222,082,000 (2018: HK$146,139,000) were repayable in the third to fifth years, inclusive. The Group's total bank and other borrowings divided by total assets as at 31 December 2019 was 36.16% (2018: 29.58%). As at 31 December 2019, the gearing ratio of the Group was 0.77 (31 December 2018: 0.57). This ratio is calculated as net debt divided by total equity. Net debt is calculated as total interest-bearing borrowings less cash and cash equivalents. With the cash and bank balances available, and other current assets could be converted to cash within a year, the Group has sufficient financial resources to finance its operations and to meet the financial obligations of its business.

As at 31 December 2019, the Group has a net asset value of HK$612,054,000 (2018: HK$722,238,000), with a liquidity ratio (ratio of current assets to current liabilities) of 1.64 (2018: 1.49).

CHARGE ON ASSETS

As at 31 December 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, 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; (iv) Shenzhen Jiaxin Enterprise Management Company Limited, the holding company of a group operating the manufacturing of transformers; and (v) Joint Faith Enterprises Limited and Joint Faith Enterprises Management (SZ) Company Limited, the holding companies of a group operating Lijiang Project were pledged to secure the Company's bond 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, Renminbi ("RMB") and US dollars. All the Group's borrowings are denominated in Hong Kong dollars and RMB. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its financial position exposure as at 31 December 2019.

EMPLOYEES

As at 31 December 2019, the Group had staff force of approximately 300 employees (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). Total staff costs incurred for the year 2019 was approximately HK$40,818,000 (2018: approximately HK$52,690,000).

EVENTS AFTER THE REPORTING PERIOD

COVID-19 Epidemic

After the outbreak of COVID-19 epidemic in China in early 2020, a series of effective prevention and control measures continued to be implemented throughout China. As at the date of this announcement, China's prevention and control efforts have yielded positive results, and the COVID-19 epidemic situation continues to improve.

The Group has been closely monitoring developments of COVID-19 epidemic and continuously assessing its impact on the financial position and operating performance of the Group. At present, the Group is still in the progress of assessing its impact, and could not reasonably estimate relevant impacts of COVID-19 epidemic on the Group.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: nil).

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE CODE

The Company has adopted all the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. Throughout the year, the Company complied with all applicable code provisions of the CG Code 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.

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, Mr. Chiu Sze Wai Wilfred (retired on 30 May 2019) and Mr. Leung Man Man (appointed on 17 April 2019).

The Audit and Risk Committee has, together with the Board reviewed and approved the accounting principles and practices adopted by the Group and the annual results for the year ended 31 December 2019. The Audit and Risk Committee has also reviewed the effectiveness of the risk management and internal control systems of the Company and considers them to be effective and adequate.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to the COVID-19 coronavirus outbreak. The unaudited annual results contained in this announcement have not been agreed with the Company's auditor as required under Rule 13.49(2) of the Listing Rules. An announcement relating to the audited results will be made when the auditing process has been completed by the Company's auditor in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

The Audit and Risk Committee has reviewed with the Board financial reporting matters including the unaudited consolidated financial statements for the year ended 31 December 2019 contained herein.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND 2019 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.superactive.com.hk). The Company's 2019 annual report containing all the information required under the Listing Rules will be dispatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 31 March 2020

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