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 2020

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 2020 together with the comparative figures for 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	*3*	**46,048**	143,565
Cost of sales		**(21,566)**	(119,142)
Gross profit		**24,482**	24,423
Other net (losses)/gains	*4*	**(5,154)**	22,306
Selling and distribution costs		**(1,113)**	(3,405)
Administrative costs		**(35,482)**	(40,628)
Finance costs	*5*	**(15,922)**	(14,654)
Net impairment losses on financial assets		**(529)**	(4,635)
Share of results of associates	*11*	**1,570**	1,044

		Six months ended 30 June	
		2020	2019
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Loss before tax	*6*	**(32,148)**	(15,549)
Income tax credit/(expense)	*7*	**144**	(5,853)
Loss for the period		**(32,004)**	(21,402)
Loss for the period attributable to:			
Owners of the Company		**(30,579)**	(20,719)
Non-controlling interests		**(1,425)**	(683)
		(32,004)	(21,402)
Loss per share			
Basic and diluted	*9*	**(1.50) HK cents**	(1.02) HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Loss for the period		**(32,004)**	(21,402)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from the translation of foreign operations		**(4,262)**	1,701
Reclassification adjustments on reserves upon disposal of subsidiaries	*17*	**–**	(2,395)
Other comprehensive income for the period, net of tax		**(4,262)**	(694)
Total comprehensive income for the period		**(36,266)**	(22,096)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(35,394)**	(21,664)
Non-controlling interests		**(872)**	(432)
		(36,266)	(22,096)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Notes	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**324,506**	334,838
Interest in an associate	*11*	**151,919**	150,349
Financial assets at fair value through profit or loss		**18,835**	22,624
Intangible assets	*12*	**20,762**	24,244
		516,022	532,055
CURRENT ASSETS			
Inventories		**10,954**	9,726
Properties held for sale		**497,041**	506,699
Trade and bills receivables	*13*	**23,361**	23,330
Prepayments, deposits and other receivables		**57,908**	43,262
Loan receivables	*14*	**282,826**	246,222
Restricted bank deposits	*15*	**1,890**	2,340
Cash and bank balances		**9,090**	26,088
		883,070	857,667
CURRENT LIABILITIES			
Trade and other payables	*16*	**171,550**	166,167
Rental received in advance		**19,716**	7,740
Contract liabilities		**3,311**	3,095
Amount due to an associate		**63,587**	63,757
Amount due to a shareholder		**31,828**	1,129
Amounts due to non-controlling interests		**4,528**	3,006
Interest-bearing borrowings		**271,698**	270,401
Lease liabilities		**490**	581
Tax payable		**173**	803
		566,881	516,679
NET CURRENT ASSETS		**316,189**	340,988
TOTAL ASSETS LESS CURRENT LIABILITIES		**832,211**	873,043

	Notes	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing borrowings		**228,382**	232,148
Lease liabilities		**22,076**	22,416
Deferred tax liabilities		**1,055**	1,515
		251,513	256,079
NET ASSETS		**580,698**	616,964
CAPITAL AND RESERVES			
Share capital		**203,257**	203,257
Reserves		**386,816**	422,210
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**590,073**	625,467
Non-controlling interests		**(9,375)**	(8,503)
TOTAL EQUITY		**580,698**	616,964

Note:

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 2020, 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.

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

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 December 2019, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual HKFRSs, HKASs and Interpretations) as disclosed in note 2 to the Interim Financial Statements.

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

The Interim Financial Statements do not include all the information and disclosures required in the consolidated financial statements for the year ended 31 December 2019, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2019.

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

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards and interpretations effective as of 1 January 2020. 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 2020, the Group has adopted, for the first time, the following HKFRSs issued by the HKICPA that affect the Group and are adopted for the first time for the current period's financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark

The application of the new HKFRSs and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these Interim Financial Statements.

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	
	2020	2019
	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	**20,907**	119,500
Nursery education – providing nursery education for children	**785**	3,976
Property management – providing management services for landlords and tenants	**7,127**	3,639
Regulated financial services – providing asset management services	**4,506**	5,481
	33,325	132,596
Revenue scoped out of HKFRS 15:		
Money lending	**12,723**	10,969
	46,048	143,565

The total 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 2020						
Segment revenue	20,907	785	12,723	7,127	4,506	46,048
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	20,907	785	12,723	7,127	4,506	46,048
Segment profit/(loss)	(1,420)	(2,939)	8,827	161	(905)	3,724
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)
At 30 June 2020 (Unaudited)						
Reportable segment assets	48,054	4,930	284,333	553,010	21,192	911,519
Reportable segment liabilities	22,881	11,695	127	147,890	2,618	185,211
At 31 December 2019 (Audited)						
Reportable segment assets	46,396	5,679	248,326	551,113	25,596	877,110
Reportable segment liabilities	21,380	31,893	378	142,028	3,286	198,965

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reportable segment profit/(loss)	**3,724**	(18,300)
Share of results of associates	**1,570**	1,044
Other net (losses)/gains	**(3,789)**	22,984
Unallocated corporate costs	**(19,412)**	(7,683)
Unallocated corporate net finance cost	**(14,241)**	(13,594)
Loss before tax	**(32,148)**	(15,549)

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	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
PRC		
Mainland China	**28,818**	39,981
Hong Kong (place of domicile)	**17,230**	16,451
	46,048	56,432
US	**–**	64,320
United Kingdom	**–**	18,990
Europe	**–**	3,738
Others	**–**	85
	46,048	143,565

Timing of revenue recognition

	Electronics products		Nursery education		Property management		Regulated financial services		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Timing of revenue recognition										
At a point in time	**20,907**	119,500	**–**	–	**–**	–	**–**	–	**20,907**	119,500
Transferred over time	**–**	–	**785**	3,976	**7,127**	3,639	**4,506**	5,481	**12,418**	13,096
	20,907	119,500	**785**	3,976	**7,127**	3,639	**4,506**	5,481	**33,325**	132,596

4. OTHER NET (LOSSES)/GAINS

		Six months ended 30 June	
		2020	2019
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Interest on bank deposit and balances		**2**	19
Gain on disposal of subsidiaries	*17*	**–**	13,393
Rental income		**115**	4,280
Impairment losses on intangible assets		**(2,786)**	–
Fair value change in financial assets at fair value through profit or loss		**(3,789)**	–
Others		**1,304**	4,614
		(5,154)	22,306

5. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings and bank overdrafts and other borrowings	**14,429**	13,605
Interest on lease liabilities	**1,493**	1,049
	15,922	14,654

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**11,010**	11,814
Impairment loss on trade receivables/(reversal of impairment loss)	**529**	(79)
Impairment loss on other receivables	**–**	1,770
Impairment loss on loan receivables	**–**	2,944
Net impairment losses on financial assets	**529**	4,635
Impairment loss on inventories	**–**	819
Cost of inventories recognised as expense	**17,239**	101,618

7. INCOME TAX (CREDIT)/EXPENSE

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax – Hong Kong: Provision for the period	**310**	778
Current income tax – PRC: Provision for the period	**6**	62
Deferred tax	**(460)**	5,013
Income tax (credit)/expense for the period	**(144)**	5,853

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2020 (six months ended 30 June 2019: 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 2019: 25%).

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2020 is based on the loss attributable to owners of the Company of HK$30,579,000 (six months ended 30 June 2019: loss of HK$20,719,000) and the weighted average number of 2,032,571,385 (six months ended 30 June 2019: 2,032,571,385) ordinary shares.

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(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)*	**(1.50)**	(1.02)

Note:

The basic and diluted loss per share are the same for the six months ended 30 June 2020 and 2019 as there were no potential dilutive shares outstanding.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, additions to property, plant and equipment amounted to HK$965,000 (six months ended 30 June 2019: HK$60,260,000).

11. INTEREST IN AN ASSOCIATE

	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Movements of interest in an associate are as follows:		
At 1 January 2020/1 January 2019	**150,349**	155,611
Capital contribution to associate	**–**	5,271
Share of profits and total comprehensive income of associates	**1,570**	(10,533)
At 30 June 2020/31 December 2019	**151,919**	150,349

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.

As at 30 June 2020, 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 2020 ***HK$'000*** **(Unaudited)**	31 December 2019 *HK$'000* (Audited)
Current assets	**246,617**	237,769
Total assets	**246,617**	237,769
Current liabilities	**(12,784)**	(10,567)
Total liabilities	**(12,784)**	(10,567)
Net asset	**233,833**	227,202
Share of an associate's net assets	**151,919**	150,349
Revenue	**6,072**	12,234
Total comprehensive income for the period	**1,381**	(36,098)
Share of profit and total comprehensive income of an associate (net of tax)	**1,570**	(10,533)

At the date of this interim results announcement, IT City has not identified any potential project for investment. IT City and its general partners are now inviting potential investors to participate in order to increase the fund size and the investment options.

12. INTANGIBLE ASSETS

	License	**Goodwill**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2019 (Audited)	9,786	25,917	35,703
Impairment	–	(10,758)	(10,758)
Currency realignment	–	(701)	(701)
At 31 December 2019 and 1 January 2020 (Audited)	9,786	14,458	24,244
Impairment	(2,786)	–	(2,786)
Currency realignment	–	(696)	(696)
At 30 June 2020 (Unaudited)	7,000	13,762	20,762

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 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**26,571**	26,421
Less: Impairment provision	**(4,361)**	(3,883)
Trade receivables－net	**22,210**	22,538
Bills receivables	**1,151**	792
	23,361	23,330

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

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0-60 days	**8,914**	12,663
61-90 days	**4,687**	1,858
91-120 days	**3,120**	2,107
Greater than 120 days	**11,001**	10,585
	27,722	27,213

The Group allows credit periods ranging from 0 to 120 days (31 December 2019: 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. LOAN RECEIVABLES

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loan receivables	**311,611**	275,007
Less: Impairment provision	**(28,785)**	(28,785)
Loan receivables-net	**282,826**	246,222

As at 30 June 2020, loan receivables with aggregate gross principal amount of HK$300,400,000 and gross interest receivables of HK$11,211,000 (31 December 2019: gross principal amount of HK$264,000,000 and gross interest receivables of HK$11,007,000) were due from fifteen (31 December 2019: twelve) independent third parties. The interest rates of the loans receivables range from 6% to 15% per annum (2019: 6% to 15% per annum). Three of the loan receivables are secured by share charges of the borrowers, and ten 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.

15. RESTRICTED BANK DEPOSITS

As at 30 June 2020, a bank deposit of approximately HK$1,890,000 (31 December 2019: HK$2,340,000) was pledged for banking facility amounting to HK$90,000,000 granted to the Group.

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Restricted bank deposits	**1,890**	2,340

16. TRADE AND OTHER PAYABLES

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**14,902**	20,839
Accruals and other payables	**156,648**	145,328
	171,550	166,167

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

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0-60 days	**10,360**	15,077
61-90 days	**1,720**	2,167
Greater than 90 days	**2,822**	3,595
	14,902	20,839

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 amended and supplemented by a supplemental agreement) with a purchaser pursuant to which the Group agreed to sell entire 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 the 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

18. EVENTS AFTER THE END OF THE REPORTING PERIOD

In July of 2020, the Group entered a sales and purchase agreement with an independent third party to dispose of 123 China Education Development Limited, a non-wholly owned subsidiary indirectly held the kindergarten in Chengdu, at a consideration of RMB10,000.

Except as disclosed above, the Group did not become aware of any significant event requiring disclosure that has taken place after 30 June 2020 and up to the date of this announcement.

19. OTHER MATTERS

On 5 June 2017, Shenzhen City Qianhai Wanke Enterprises Management Company Limited ("Qianhai Wanke") entered into a sales and purchase agreement (the "Acquisition Agreement") with Mr. Fang Zhaoan ("Mr. Fang") and Mr. Xu Lebin (together with Mr. Fang as the "Vendors") for the transfer of the entire equity interest in Lijiang Hua Ou Real Estate Company Limited ("Lijiang Hua Ou").

Under the Acquisition Agreement, the Vendors shall sell and Qianhai Wanke shall acquire the entire equity interest in Lijiang Hua Ou subject to the terms and conditions contained therein.

The total consideration for the acquisition of Lijiang Hua Ou as stated in the Acquisition Agreement shall be settled in the following manner:

(1) a refundable deposit of RMB7,000,000 has been paid by the Lijiang Hua Ou to the Vendors within two working days after signing of the Acquisition Agreement;

(2) the second instalment of RMB280,000,000 shall be settled within five working days after the fulfilment of certain conditions stated in the Acquisition Agreement;

(3) the third instalment of RMB140,000,000 (the "3rd Instalment") shall be settled by payment to the Vendors the net amount of the balance payment (the "Balance Payment") of the pre-sold premises realised by Lijiang Hua Ou after utilising the Balance Payment to settle all debts and liabilities incurred or to be incurred by Lijiang Hua Ou prior to the date on which the Vendors completed the transfer of 70% of the equity interest in Lijiang Hua Ou to Qianhai Wanke (which includes the construction costs of approximately RMB126,000,000 payable by the Lijiang Hua Ou under Lijiang Underground Walkway) (the "Assumed Liabilities"). The Vendors shall be responsible for resolving the disputes with the creditors and debtors during the recovery process and undertake all the benefits and results from the handling of the disputes.

(4) The balance of consideration (the "Balance") of RMB80,000,000 shall be payable by Qianhai Wanke to the Vendors within five working days after the fulfilment of the following conditions:

   (a) the expiry of two years from the date of the Acquisition Agreement;

   (b) the Vendors having completed the clearance of all the Assumed Liabilities;

   (c) Lijiang Underground Walkway having passed the final acceptance and the ownership of Lijiang Underground Walkway having been registered under the name of Lijiang Hua Ou, all the unsold premises having satisfied the conditions for issue of the ownership certificates, and the pre-sold premises having been delivered to the respective owners as per the relevant sale contracts and the application for the ownership certificates of the pre-sold premises having been processed;

   (d) the Vendors having completed the transfer of the remaining 30% equity interest in Lijiang Hua Ou to Qianhai Wanke and the necessary registration procedures; and

   (e) there has been no breach of the Acquisition Agreement by the Vendors.

In June 2020, Qianhai Wanke received an arbitration notice issued by China Guangzhou Arbitration Commission with respect to the dispute in relation to the payment of the balance of the 3rd Instalment and the Balance, between Mr. Fang as the claimant with Qianhai Wanke as the defendant (the "Claim").

Based on the legal opinion obtained by the Company, the conditions for the payment of the balance of the 3rd Instalment and the Balance has not been fully satisfied. The Directors are of the view that the Claim is not valid.

No judgement on the legal proceedings of the Claim has been made at the date of the announcement. For accounting purpose, provision has been made in the consolidated financial statements.

MANAGEMENT’S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded revenue of approximately HK$46,048,000 for the six months ended 30 June 2020 (the “period under review”), a decrease by 67.93% when compared with approximately HK$143,565,000 for the six months ended 30 June 2019. Excluding the impact to revenue as a result of the disposal of Alford Industries Limited completed in May 2019, the decrease narrowed to 17.75%.

The Group continued to brace for a challenging environment during the period under review. Gross profit margin was 53.17% during the period under review, representing an increase of 36.16% from 17.01% in the corresponding period of last year. During the period under review, the loss for the period increased from a loss of HK$21,402,000 for the corresponding period of last year to a loss of HK$32,004,000 for the period under review. The increase of loss was mainly attributable to the gain on disposal of subsidiary approximately of HK$13,393,000 in 2019 and there is no such item in the period under review.

BUSINESS REVIEW AND SEGMENT ANALYSIS

As of the date of the announcement, 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 People’s Republic of China (the “PRC”). In the first half of 2020, 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 45.40% (six months ended 30 June 2019: 83.24%), 27.63% (six months ended 30 June 2019: 7.64%), 9.79% (six months ended 30 June 2019: 3.82%), 1.70% (six months ended 30 June 2019: 2.77%) and 15.48% (six months ended 30 June 2019: 2.53%) of total revenue respectively.

Manufacturing of Electronics Products

During the period under review, the segment of manufacturing electronics products includes the manufacturing of transformers. The segment of manufacturing electronics products contributed approximately of HK$20,907,000 to revenue (six months ended 30 June 2019: HK$119,500,000 and representing a decrease of 82.50% when compared with the corresponding period of 2019). The decrease was mainly due to the business of the manufacturing of baby monitors and semi-products has been disposed in 2019.

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 2020, the interest income for the provision of money lending services has generated of approximately HK$12,723,000 (six months ended 30 June 2019: HK$10,969,000, and representing an increase of 15.99% when compared with the corresponding period of 2019). The interest rate of the lendings ranging from 6% per annum to 15% per annum (six months ended 30 June 2019: 6% per annum to 15% annum) on the principals from HK$2,000,000 to HK$51,000,000 (six months ended 30 June 2019: HK$2,000,000 to HK$51,000,000).

Provision of Regulated Financial Services

In the first half of 2020, the service income from provision of regulated financial services has generated of approximately HK$4,506,000 (for the six months ended 30 June 2019: HK$5,481,000, and representing a decrease of 17.79% when compared with the corresponding period of 2019).

Provision of nursery education services

The Group operates nursery school education and provide management service for other third-party kindergartens. In the first half of 2020, the service income from provision of nursery education services has generated approximately of HK$785,000 (for the six months ended 30 June 2019: HK$3,976,000, and representing a decrease of 80.26% when compared with the corresponding period of 2019). The decrease was mainly due to the outbreak of COVID-19, which caused the kindergarten suspension for most of the period under review.

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.

PROSPECTIVE AND OUTLOOK

Since the Sino-US trade issue occurred in mid-2018, Sino-US relations have been volatile. The ever-increasing Sino-US trade war has created a tense trade situation and made global economic development unsatisfactory. Although the first phase of the Sino-US trade agreement was reached in December 2019 to prevent further tensions, the next phase of Sino-US negotiations is expected to become more difficult due to conflicts caused by other issues. Besides, the 2019 novel coronavirus disease outbreak in early 2020 has worsened the global economic situation. Various countries have implemented isolation measures, interrupting people's daily communication and contact. People's daily activities have to be suspended, and more importantly, production has stopped, which has severely affected the world economy.

Affected by the outbreak of the 2019 novel coronavirus, the suspension of work and production in China's anti-epidemic regime, the sales of electronic products business and kindergarten operation and management business of the Group are inevitably be affected. Compared with the corresponding period of last year, the Group's turnover has decreased significantly from approximately of HK$143,565,000 to approximately of HK$46,048,000. As the Chinese government has adopted effective anti-epidemic measures, the epidemic has been brought under control in China. The Group expects the market condition will gradually improve in the second half of 2020.

The Group is optimistic about the future business environment. Although the epidemic has repeatedly occurred in Hong Kong and other regions, the Group believe that the 2019 novel coronavirus will eventually be resolved. To rebuild the affected global economy, countries will implement different economic policies to aid capital market and induce market demand. The global economy will once again become fierce.

Affected by the "Certain Opinions on In-Dept Reform and Regulated the Development of Pre-school Education" issued by the Central Committee of the Communist Party of China and the State Council of the PRC in November 2018, the Group is cautious about the operation of nursery education as a foreign enterprise. Due to losses has been made in nursery education operation over the years, the Group entered a sales and purchase agreement in July 2020 to dispose of the kindergarten in Chengdu to reduce the operating loss. The Group will still provide nursery education management business in coming. The Group will concentrate its resources to strengthen or reorganise its existing businesses and will focus on real estate-related businesses.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group adopted a prudent funding and treasury policy regarding to its overall business operation. As at 30 June 2020, the Group has cash and cash equivalents of approximately HK$9,090,000 (31 December 2019: HK$26,088,000) which included approximately HK$3,750,000, RMB3,030,000 and US$259,000. The Group had interest-bearing borrowings of approximately HK$500,080,000 (31 December 2019: HK$502,549,000) of which HK$271,698,000 were repayable on demand or within one year, HK$10,066,000 were repayable in the second year, HK$218,316,000 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 2020 was 35.74% (31 December 2019: 36.16%). As at 30 June 2020, the gearing ratio of the Group was 0.84 (31 December 2019: 0.77). This ratio is calculated as net debt divided by total equity and the net debt is calculated as total interest-bearing bank borrowings less cash and cash equivalents and the restricted bank deposits. Most of the bank balances were in Hong Kong dollars. With the cash and bank balances available, and other current assets could be convertible to cash within a year, 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$580,698,000 (31 December 2019: HK$616,964,000), with a current ratio (ratio of current assets to current liabilities) of 1.56 (31 December 2019: 1.66).

CHARGE ON ASSETS

As at 30 June 2020, 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; (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 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 2020.

EMPLOYEES

As at 30 June 2020, the Group had a staff force of approximately 250 employees (31 December 2019: approximately 300 employees). Of this, most were stationed in the PRC. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives (such as share option scheme).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: 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 period under review.

CORPORATE GOVERNANCE CODE

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

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 a 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 2020 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, 31 August 2020

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.