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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 2020

The board (the “Board”) of directors (the “Directors”) of Superactive Group Company Limited (the “Company”) announces its consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2020 together with the comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	4	101,129	184,812
Cost of sales		(58,862)	(133,655)
Gross profit		42,267	51,157
Other net gains	5	9,619	11,115
Selling and distribution costs		(1,743)	(4,828)
Administrative costs		(52,884)	(70,144)
Finance costs		(28,726)	(31,217)
Impairment of assets	6	(9,629)	(10,758)
Net impairment loss on financial assets		(63,525)	(20,916)
Share of results of an associate		60	(10,533)
Loss before tax	6	(104,561)	(86,124)
Income tax expense	7	(1,588)	(8,963)
Loss for the year		(106,149)	(95,087)

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(108,257)	(94,285)
Non-controlling interests		2,108	(802)
		<u>(106,149)</u>	<u>(95,087)</u>
Loss per share			
Basic and diluted (<i>HK cents</i>)	<i>9</i>	<u>(5.33)</u>	<u>(4.64)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
Loss for the year		(106,149)	(95,087)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from the translation of foreign operations		31,003	14,456
Reclassification adjustments reserves upon disposal of subsidiaries	18	<u>(1,779)</u>	<u>(2,395)</u>
Other comprehensive income for the year, net of tax		<u>29,224</u>	<u>12,061</u>
Total comprehensive income for the year		<u>(76,925)</u>	<u>(83,026)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		(77,866)	(82,878)
Non-controlling interests		<u>941</u>	<u>(148)</u>
		<u>(76,925)</u>	<u>(83,026)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		317,019	334,838
Interest in an associate	10	153,580	150,349
Financial assets at fair value through profit or loss	11	7,020	22,624
Intangible assets	12	17,087	24,244
		<u>494,706</u>	<u>532,055</u>
CURRENT ASSETS			
Inventories		5,601	9,726
Properties held for sale		540,391	506,699
Trade and bills receivables	13	32,437	23,330
Prepayments, deposits and other receivables	14	55,813	43,262
Loan receivables	15	218,508	246,222
Restricted bank deposits		1,890	2,340
Cash and bank balances		11,598	26,088
		<u>866,238</u>	<u>857,667</u>
CURRENT LIABILITIES			
Trade and other payables	16	164,487	166,167
Rental received in advance		17,124	7,740
Contract liabilities	17	3,672	3,095
Amount due to an associate		66,698	63,757
Amount due to a shareholder		33,646	1,129
Amounts due to non-controlling interests		2,530	3,006
Interest-bearing borrowings		198,562	270,401
Lease liabilities		272	581
Tax payable		13,280	803
		<u>500,271</u>	<u>516,679</u>
NET CURRENT ASSETS		<u>365,967</u>	<u>340,988</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>860,673</u>	<u>873,043</u>

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	300,390	232,148
Lease liabilities	188	22,416
Deferred tax liabilities	1,515	1,515
	<u>302,093</u>	<u>256,079</u>
NET ASSETS	<u>558,580</u>	<u>616,964</u>
CAPITAL AND RESERVES		
Share capital	203,257	203,257
Reserves	344,344	422,210
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	547,601	625,467
Non-controlling interests	10,979	(8,503)
TOTAL EQUITY	<u>558,580</u>	<u>616,964</u>

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, 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 2020, 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 NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amended HKFRSs

Hong Kong Institute of Certified Public Accountants has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

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

The adoption of the above amendments did not have any significant impact on the Group's results and financial position for the current or prior periods. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

(b) Amended HKFRSs that have been issued but are not yet effective

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

Amendments to HKAS 1 and HK Interpretation 5 (2020)	Classification of Liabilities as Current or Non-current and Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁵
Amendments to HKAS 16	Proceeds before Intended Use ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
Annual Improvements to HKFRSs 2018-2020 ³	

¹ Effective for annual periods beginning on or after 1 June 2020.

² Effective for annual periods beginning on or after 1 January 2021.

³ Effective for annual periods beginning on or after 1 January 2022.

⁴ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

⁵ Effective for annual periods beginning on or after 1 January 2023.

⁶ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Interpretation 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Interpretation 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The Directors do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The Director is currently assessing the impact that the application of the amendments will have on the consolidated financial statements.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Directors do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

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 situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The Directors anticipate that the application of these amendments may have an impact on the consolidated financial statements in future periods should such transaction arise.

Amendment to HKFRS 16, Covid-19-Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the Covid-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

The Directors anticipate that the application of these amendments may have an impact on the consolidated financial statements in future periods should such transaction arise.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “Reform”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The Directors do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Annual Improvements to HKFRSs 2018-2020

Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The Directors do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

3. BASIS OF PREPARATION

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.

These consolidated financial statements have been prepared in accordance with HKFRSs which collectively include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also include applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

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

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, being the chief operating decision makers, 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:

	2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Electronics products – manufacturing and sale of electronics products	55,005	131,861
Nursery education – providing nursery education for children	1,756	7,124
Property management – providing management services for landlords and tenants	11,231	11,846
Regulated financial services – providing asset management services	8,042	11,048
	76,034	161,879
Revenue scoped out of HKFRS 15:		
Money lending	25,095	22,933
	101,129	184,812

The total presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

	Electronics products <i>HK\$'000</i>	Nursery education <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Property development and management <i>HK\$'000</i>	Regulated financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
2020						
Segment revenue	55,005	1,756	25,095	11,231	8,042	101,129
Inter-segment revenue	-	-	-	-	-	-
Reportable segment revenue	<u>55,005</u>	<u>1,756</u>	<u>25,095</u>	<u>11,231</u>	<u>8,042</u>	<u>101,129</u>
Segment profit/(loss)	<u>(8,665)</u>	<u>6,841</u>	<u>(38,216)</u>	<u>1,594</u>	<u>(156)</u>	<u>(38,602)</u>
Other information:						
Additions to segment non-current assets	2,031	-	202	2,300	-	4,533
Net finance (credit)/charge	32	1,659	5	(4)	-	1,692
Depreciation of property, plant and equipment	2,193	-	355	1,279	41	3,868
Income tax expense	43	-	178	1,234	133	1,588
Net impairment loss on financial assets	306	3,576	55,089	2,829	1,725	63,525
Impairment loss on inventories	432	-	-	-	-	432
Impairment of assets	<u>8,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,271</u>
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	<u>131,861</u>	<u>8,171</u>	<u>22,933</u>	<u>11,846</u>	<u>11,048</u>	<u>185,859</u>
Segment profit/(loss)	<u>(10,067)</u>	<u>(3,835)</u>	<u>(1,649)</u>	<u>1,043</u>	<u>(154)</u>	<u>(14,662)</u>
Other information:						
Additions to segment non-current assets	10,702	-	1,624	436	19	12,781
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)	-	-	8,875	101	8,963
Net impairment loss on financial assets	(5)	(113)	16,855	2,872	1,307	20,916
Impairment loss on inventories	767	-	-	-	-	767
Impairment of assets	<u>10,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,758</u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Reportable segment loss	(38,602)	(14,662)
Share of results of an associate	60	(10,533)
Other net gains	(14,726)	(7,565)
Unallocated corporate costs (<i>note</i>)	(24,263)	(25,654)
Unallocated corporate net finance cost	(27,030)	(27,710)
	<u>(104,561)</u>	<u>(86,124)</u>

Note:

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Segment assets		
Electronics products	45,451	46,396
Nursery education	444	5,679
Money lending	220,170	248,326
Property development and management	602,847	551,113
Regulated financial services	24,051	25,596
	<u>892,963</u>	<u>877,110</u>
Total reportable segment assets	892,963	877,110
Unallocated corporate assets		
Interest in an associate	153,580	150,349
Financial assets at fair value through profit or loss	7,020	22,624
Property, plant and equipment (<i>note (i)</i>)	298,629	318,137
Prepayments, deposits and other receivables	535	443
Others (<i>note (ii)</i>)	8,218	21,059
	<u>1,360,945</u>	<u>1,389,722</u>
Total assets	1,360,945	1,389,722

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.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Segment liabilities		
Electronics products	26,438	21,380
Nursery education	2,738	31,893
Money lending	572	378
Property development and management	156,222	142,028
Regulated financial services	2,127	3,286
	<hr/>	<hr/>
Total reportable segment liabilities	188,097	198,965
Unallocated corporate liabilities		
Bond payable	260,000	260,000
Other interest-bearing borrowings	237,902	242,214
Interest payable	11,163	914
Fund contribution payable	66,698	64,771
Others (<i>note</i>)	38,505	5,894
	<hr/>	<hr/>
Total liabilities	802,365	772,758

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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
The People's Republic of China ("PRC")		
Mainland China	67,992	63,698
Hong Kong (place of domicile)	33,137	33,981
	<hr/>	<hr/>
	101,129	97,679
United States of America ("US")	–	64,320
United Kingdom	–	18,990
Europe	–	3,738
Others	–	85
	<hr/>	<hr/>
	101,129	184,812

Information about major customers

For the year ended 31 December 2020, revenue from three customers (2019: two customers) (all in the manufacture of electronics products segment) with whom transactions have exceeded 10% of the Group's revenue for the year as detailed below:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A	19,162	N/A
Customer B	17,573	19,437
Customer C	12,542	N/A
Customer D	N/A	46,913
	<u>49,277</u>	<u>66,350</u>

Timing of revenue recognition

	Electronics products		Nursery education		Property development and management		Regulated financial services		Total	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Timing of revenue recognition										
At a point in time	55,005	131,861	-	-	-	-	-	-	55,005	131,861
Over time	-	-	1,756	7,124	11,231	11,846	8,042	11,048	21,029	30,018
	<u>55,005</u>	<u>131,861</u>	<u>1,756</u>	<u>7,124</u>	<u>11,231</u>	<u>11,846</u>	<u>8,042</u>	<u>11,048</u>	<u>76,034</u>	<u>161,879</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade and bills receivables	32,437	23,330
Contract liabilities	3,672	3,095
	<u>32,437</u>	<u>23,330</u>

The contract liabilities mainly related to the advance consideration received from customers. The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for sale of goods and services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sale of goods and services which had an original expected duration of one year or less.

5. OTHER NET GAINS

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on bank deposit and balances		5	24
Loss on disposal of property, plant and equipment		–	(68)
Gain on disposal of subsidiaries	18	13,827	13,321
Rental income		8,025	10,894
Government grant (<i>note</i>)		985	1,067
Exchange differences		(15)	(20,041)
Forfeiture of deposits from tenants and property purchasers		320	6,595
Fair value loss on financial assets at FVTPL		(15,604)	(3,462)
Others		2,076	2,785
		<u>9,619</u>	<u>11,115</u>

Note:

During the year ended 31 December 2020, the Group received government funding support of HK\$910,000 from the Employment Support Scheme under the Anti-epidemic Fund launched by the Hong Kong SAR Government. The Group does not have any unfulfilled obligation related to this subsidy as at 31 December 2020.

6. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Staff costs including Directors' emoluments:		
Directors' emoluments	934	662
Staff salaries, allowance and welfare	27,665	36,705
Retirement benefit scheme contributions	1,384	3,451
	<u>29,983</u>	40,818
Total staff costs	29,983	40,818
Auditors' remuneration	1,303	1,105
Cost of inventories recognised as expenses	42,251	119,676
Depreciation of property, plant and equipment	22,129	23,098
Exchange differences	15	20,041
Short term leases expenses	322	3,571
Impairment loss on intangible assets (<i>note 12</i>)	8,271	10,758
Impairment loss on property, plant and equipment	1,358	–
Impairment of assets	9,629	10,758
Net impairment loss on trade receivables	2,784	2,168
Net impairment loss on other receivables	5,652	1,892
Net impairment loss on loan receivables	55,089	16,856
Net impairment loss on financial assets	63,525	20,916
Net impairment loss on inventories	432	767

7. INCOME TAX EXPENSE

The income tax expense for the year comprises:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax – Hong Kong Profits tax		
Charged for the year	<u>(310)</u>	<u>(101)</u>
Current tax – PRC tax		
Charged for the year	(809)	(171)
(Under)/over provision in respect of prior years	<u>(469)</u>	<u>68</u>
	<u>(1,278)</u>	<u>(103)</u>
	<u>(1,588)</u>	<u>(204)</u>
Deferred tax		
Charged for the year	–	(4,986)
Under provision in respect of prior years	<u>–</u>	<u>(3,773)</u>
	<u>–</u>	<u>(8,759)</u>
Income tax expense	<u>(1,588)</u>	<u>(8,963)</u>

PRC enterprise income tax has been provided on estimated assessable profits of the subsidiaries' operations in the PRC at 25% (2019: 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 for the year ended 31 December 2020 (2019: 16.5%), except for the first HK\$2,000,000 of the qualified entity's assessable profit which is calculated at 8.25% (2019: 8.25%).

8. DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: 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\$108,257,000 (2019: HK\$94,285,000) and the weighted average number of 2,032,571,385 ordinary shares.

The basic and diluted loss per share are the same for the years ended 31 December 2020 and 2019 as there were no dilutive potential ordinary shares outstanding during each of the respective years.

10. INTEREST IN AN ASSOCIATE

As at 31 December 2020 and 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 <i>HK\$'000</i>	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
						2020	2019
						<i>HK\$'000</i>	<i>HK\$'000</i>
Movements of interest in an associate are as follows:							
At 1 January						150,349	155,611
Capital contribution to associate						3,171	5,271
Share of results of an associate						60	(10,533)
At 31 December						<u>153,580</u>	<u>150,349</u>

Note:

- (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 the capacity as general partner (through an indirect wholly-owned subsidiary of the Company (“GP1”)) and HK\$100,000,000 in the 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.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Financial assets at fair value through profit or loss		
– Unlisted equity investment	<u>7,020</u>	<u>22,624</u>

The unlisted equity investment represents 18% equity interest in ORBiz International Limited which was established for provision of real-time kinematic solution. The equity of Link Complex Limited, which 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

	<i>Notes</i>	License <i>HK\$'000</i>	Goodwill <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2019		9,786	25,917	35,703
Impairment	6	–	(10,758)	(10,758)
Currency realignment		–	(701)	(701)
At 31 December 2019 and 1 January 2020		9,786	14,458	24,244
Impairment	6	–	(8,271)	(8,271)
Disposal		(600)	–	(600)
Currency realignment		–	1,714	1,714
At 31 December 2020		<u>9,186</u>	<u>7,901</u>	<u>17,087</u>

The intangible assets comprise licenses and goodwill from business combinations. License mainly represent the 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. During the year ended 31 December 2020, impairment loss of HK\$8,271,000 (2019: HK\$10,758,000) was recognised on goodwill relating to acquisition of subsidiaries engaged in manufacturing and sale of electronic products and the related goodwill was fully impaired on 31 December 2020.

The Directors assessed the impairment of licenses under the regulated financial services business segments at the CGU level. Based on the results of the assessments, the directors are of the opinion that there was no impairment of licenses under the regulated financial services business segment as at 31 December 2020 (2019: nil).

13. TRADE AND BILLS RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	36,640	26,421
Less: impairment provision	(6,901)	(3,883)
Trade receivables – net	<u>29,739</u>	<u>22,538</u>
Bills receivables	2,698	792
	<u>32,437</u>	<u>23,330</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 - 60 days	12,587	12,663
61 - 90 days	3,823	1,858
91 - 120 days	2,741	2,107
Over 120 days	20,187	10,585
	<u>39,338</u>	<u>27,213</u>

The Group allows credit periods ranging from 0 to 120 days (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. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Prepayments, deposits and other receivables	53,812	43,262
Other tax recoverable	2,001	–
	<u>55,813</u>	<u>43,262</u>

15. LOAN RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loan receivables	302,382	275,007
Less: impairment provision	(83,874)	(28,785)
	<u>218,508</u>	<u>246,222</u>

As at 31 December 2020, loan receivables with aggregate gross principal amount of HK\$277,400,000 and gross interest receivables of HK\$24,982,000 (2019: gross principal amount of HK\$264,000,000 and gross interest receivables of HK\$11,007,000) were due from fourteen (2019: twelve) independent third parties. The interest rates of the loan receivables range from 6% to 15% per annum (2019: 6% to 15% per annum.) Three (2019: three) of the loan receivables are secured by share charges of the borrowers, and thirteen (2019: ten) 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.

16. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	14,498	20,839
Accruals and other payables	149,989	145,328
	<u>164,487</u>	<u>166,167</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 - 60 days	6,352	15,077
61 - 90 days	2,528	2,167
Over 90 days	5,618	3,595
	<u>14,498</u>	<u>20,839</u>

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

17. CONTRACT LIABILITIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Contract liabilities arising from:		
Provision of nursery service	–	404
Provision of properties management services	3,373	2,691
Manufacturing of electronic products	299	–
	<u>3,672</u>	<u>3,095</u>

Revenue recognised in relation to contract liabilities

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Balance as at 1 January	3,095	3,782
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	(2,846)	(1,859)
Disposal of subsidiaries (<i>note 18</i>)	(249)	(1,923)
Increase in contract liabilities as a result of advanced payments received	3,672	3,095
	<u>3,672</u>	<u>3,095</u>
Balance as at 31 December	<u>3,672</u>	<u>3,095</u>

18. DISPOSAL OF SUBSIDIARIES

On 3 July 2020, the Group entered into a sale and purchase agreement with a purchaser pursuant to which the Group agreed to sell the entire share capital held of a subsidiary, Chengdu One Two Three Aozhong Education Investment Company Limited (“Chengdu”), together with shareholder’s loan of RMB13,118,314 to an independent third party at a consideration of RMB10,000. The disposal of Chengdu was completed in July 2020. The net liabilities of the Chengdu on 30 June 2020 were as follows:

	<i>Notes</i>	30 June 2020 <i>HK\$’000</i>
Net liabilities disposed of:		
Prepayments, deposits and other receivables		848
Cash and cash equivalents		305
Trade and other payables		(11,494)
Contract liabilities	17	(249)
Lease liabilities		(23,545)
		<hr/>
		(34,135)
Translation reserve		1,779
Non-controlling interests		18,541
		<hr/>
		(13,815)
		<hr/> <hr/>
		<i>HK\$’000</i>
Consideration		12
Add: Net liabilities disposed of		13,815
		<hr/>
Gain on disposal	5	13,827
		<hr/> <hr/>
		<i>HK\$’000</i>
Net cash outflow arising on disposal:		
Cash consideration		12
Cash and cash equivalents disposed of		(305)
		<hr/>
		(293)
		<hr/> <hr/>

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 2020 decreased by approximately HK\$83,683,000 (representing a decrease of approximately 45.28% when compared with 2019) from HK\$184,812,000 in 2019 to HK\$101,129,000 in 2020. The decrease in revenue was mainly due to the impact of the outbreak of the COVID-19 and the disposal of the business of manufacturing baby monitors and semi-products on 30 May 2019. The gross profit decreased by approximately HK\$8,890,000 (representing a decrease of approximately 17.38% when compared with 2019) from HK\$51,157,000 in 2019 to HK\$42,267,000 in 2020. The gross profit margin increased by approximately 14.12%, from 27.68% in 2019 to 41.80% in 2020.

Other net gains: The other net gains in 2020 were mainly attributable to the gain on disposal of subsidiaries of approximately HK\$13,827,000, rental income of approximately HK\$8,025,000, and fair value loss on financial assets at FVTPL of approximately HK\$15,604,000.

Selling and distribution costs: The decrease was mainly due to no sales and distribution costs were accrued in 2020 for the manufacturing of baby monitors and semi-finished products which were sold in 2019.

Administrative costs: The decrease was mainly due to no administrative costs for manufacturing baby monitors and semi-products recognised during 2020.

Finance costs: The decrease was mainly due to the decrease in interest recognised in the lease liabilities.

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

Net impairment loss on financial assets: The net impairment loss 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 associate: The amount represented the Group's share of the results of the associate, IT City Development Fund LP, on an equity basis.

BUSINESS REVIEW

The Group is principally engaged in the provision of money lending service and provision of financial service in Hong Kong; and manufacturing of electronics products, provision of nursery education service and property development and management in the People's Republic of China (the "PRC") during the year. In 2020, the income from the manufacturing of electronics products, interest income, services income from the provision of financial service, income from nursery education and property development and management income accounted for approximately 54.39% (2019: 71.35%), 24.81% (2019: 12.41%), 7.95% (2019: 5.98%), 1.74% (2019: 3.85%) and 11.11% (2019: 6.41%) of total revenue respectively.

Manufacturing Electronics Products

During the year, the segment of manufacturing electronics products includes the manufacturing of transformers. The manufacturing of electronics products contributed approximately HK\$55,005,000 to revenue (2019: HK\$131,861,000 representing a decrease of 58.29% when compared with 2019). Revenue solely from manufacturing of transformers in 2020 increased by 24.22% compared with 2019. 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\$1,756,000 to revenue (2019: HK\$7,124,000, representing a decrease of 75.35% when compared with 2019). The decrease was mainly due to the outbreak of COVID-19, which caused the suspension of kindergarten for most of the year, and the kindergarten in Chengdu was disposed of during the year.

Provision of Money Lending Services

During the year, the segment of the provision of money lending services contributed approximately HK\$25,095,000 to revenue (2019: HK\$22,933,000, representing an increase of 9.43% when compared with 2019). The interest rate of the lendings ranging from 6% per annum to 15% per annum (2019: from 6% per annum to 15% per annum) on the principals from HK\$2,000,000 to HK\$51,000,000 (2019: from HK\$2,000,000 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\$11,231,000 (2019: HK\$11,846,000).

Provision of Financial Services

During the year, the segment of the provision of financial services contributed approximately HK\$8,042,000 to revenue (2019: HK\$11,048,000, representing a decrease of 27.21% when compared with 2019). The revenue of the provision of financial services was generated from the asset management services.

Disposal of subsidiaries

In July 2020, the Group entered a sales and purchase agreement with an independent third party to dispose of Chengdu One Two Three Aozhong Education Investment Company Limited, a non-wholly owned subsidiary held the kindergarten in Chengdu at a consideration of RMB10,000.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2020, the Group had cash and cash equivalents of approximately HK\$11,598,000 (2019: HK\$26,088,000) which included approximately HK\$7,216,000 and Renminbi ("RMB") 3,677,000.

The Group had interest-bearing borrowings of approximately HK\$498,952,000 (2019: HK\$502,549,000) of which approximately HK\$198,562,000 (2019: HK\$270,401,000) were repayable on demand or within one year; approximately HK\$79,908,000 (2019: HK\$10,006,000) were repayable in the second year; and approximately HK\$220,482,000 (2019: HK\$222,082,000) 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 2020 was 36.66% (2019: 36.16%). As at 31 December 2020, the gearing ratio of the Group was 0.87 (2019: 0.77). 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 2020, the Group has a net asset value of HK\$558,580,000 (2019: HK\$616,964,000), with a liquidity ratio (ratio of current assets to current liabilities) of 1.73 (2019: 1.66).

CHARGE ON ASSETS

As at 31 December 2020, the share equity of (i) Superactive Financial Group, the operating company of the regulated financial services; (ii) Link Complex Limited, a company which held the 18% unlisted equity shares of a company which is for provision of real-time kinematic solution; (iii) Shenzhen Jiixin Enterprise Management Company Limited, the holding company of a group operating the manufacturing of transformers; and (iv) 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 HK\$ and RMB. All the Group's borrowings are denominated in HK\$ 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 2020.

EMPLOYEES

As at 31 December 2020, the Group had staff force of approximately 250 employees (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). Total staff costs incurred for 2020 were approximately HK\$29,983,000 (2019: approximately HK\$40,818,000).

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2020 and up to the date of this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for 2020 (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 year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of 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 year.

CORPORATE GOVERNANCE CODE

The Company has adopted all the code provisions in the CG Code as set out in Appendix 14 of the Listing Rules. Throughout the year, the Company complied with 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.

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.

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 2020. 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.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the announcement of the Group's consolidated results for the year ended 31 December 2020 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the results announcement.

PUBLICATION OF THE ANNUAL RESULTS AND 2020 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 2020 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 2021

At the date of this announcement, the executive Directors are Ms. Yeung So Lai and Mr. Lee Chi Shing Caesar; and the independent non-executive Directors are Ms. Hu Gin Ing, Mr. Chow Wai Leung William and Mr. Leung Man Man.