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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2021 together with the comparative figures for 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	53,669	46,048
Cost of sales		(29,769)	(21,566)
Gross profit		23,900	24,482
Other net gains/(losses)	4	5,828	(5,154)
Selling and distribution costs		(684)	(1,113)
Administrative costs		(29,153)	(35,482)
Finance costs	5	(12,132)	(15,922)
Net impairment losses on financial assets		(11,862)	(529)
Share of results of an associate	11	1,059	1,570

		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Loss before tax	<i>6</i>	(23,044)	(32,148)
Income tax (expense)/credit	<i>7</i>	(3,014)	144
Loss for the period		<u>(26,058)</u>	<u>(32,004)</u>
Loss for the period attributable to:			
Owners of the Company		(26,302)	(30,579)
Non-controlling interests		244	(1,425)
		<u>(26,058)</u>	<u>(32,004)</u>
Loss per share			
Basic and diluted	<i>9</i>	<u>(1.29) HK cents</u>	<u>(1.50) HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(26,058)	(32,004)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising from the translation of foreign operations	<u>4,160</u>	<u>(4,262)</u>
Other comprehensive income for the period, net of tax	<u>4,160</u>	<u>(4,262)</u>
Total comprehensive income for the period	<u>(21,898)</u>	<u>(36,266)</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	<u>(22,028)</u>	<u>(35,394)</u>
Non-controlling interests	<u>130</u>	<u>(872)</u>
	<u>(21,898)</u>	<u>(36,266)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021	31 December 2020
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	307,900	317,019
Interest in an associate	<i>11</i>	154,639	153,580
Financial assets at fair value through profit or loss		7,020	7,020
Intangible assets	<i>12</i>	17,116	17,087
		<hr/> 486,675	<hr/> 494,706
CURRENT ASSETS			
Inventories		10,565	5,601
Properties held for sale		546,132	540,391
Trade and bills receivables	<i>13</i>	34,306	32,437
Prepayments, deposits and other receivables		59,035	55,813
Loan receivables	<i>14</i>	187,782	218,508
Restricted bank deposits	<i>15</i>	1,890	1,890
Cash and bank balances		16,207	11,598
		<hr/> 855,917	<hr/> 866,238
CURRENT LIABILITIES			
Trade and other payables	<i>16</i>	170,783	164,487
Rental received in advance		18,557	17,124
Contract liabilities		5,334	3,672
Amount due to an associate		66,662	66,698
Amount due to a shareholder		28,223	33,646
Amounts due to non-controlling interests		1,190	2,530
Interest-bearing borrowings		266,678	198,562
Lease liabilities		51	272
Tax payable		15,225	13,280
		<hr/> 572,703	<hr/> 500,271
NET CURRENT ASSETS		<hr/> 283,214	<hr/> 365,967
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 769,889	<hr/> 860,673

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	231,530	300,390
Lease liabilities	162	188
Deferred tax liabilities	1,515	1,515
	<u>233,207</u>	<u>302,093</u>
NET ASSETS	<u>536,682</u>	<u>558,580</u>
CAPITAL AND RESERVES		
Share capital	203,257	203,257
Reserves	322,316	344,344
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>525,573</u>	<u>547,601</u>
Non-controlling interests	11,109	10,979
TOTAL EQUITY	<u>536,682</u>	<u>558,580</u>

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 business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Unit 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 2021, Super Fame Holdings Limited ("Super Fame"), a company incorporated in British Virgin Islands, is the immediate holding company and Ms. Yeung So Lai ("Ms. Yeung") and Mr. Lee Chi Shing Caesar ("Mr. Lee") 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 2020, 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 2020, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020.

2. ADOPTION OF REVISED 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 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021. 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 2021, 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:

Amendment to HKFRS 16

Covid-19-Related Rent Concessions

The application of the 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	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15:		
Electronics products – manufacturing and sale of electronics products	31,169	20,907
Nursery education – providing nursery education for children	452	785
Property management – providing management services for landlords and tenants	6,548	7,127
Regulated financial services – providing asset management services	4,655	4,506
	42,824	33,325
Revenue scoped out of HKFRS 15:		
Money lending	10,845	12,723
	53,669	46,048

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 <i>HK\$'000</i> (Unaudited)	Nursery education <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	Property development and management <i>HK\$'000</i> (Unaudited)	Regulated financial services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended 30 June 2021						
Segment revenue	31,169	452	10,845	6,548	4,655	53,669
Inter-segment revenue	-	-	-	-	-	-
Reportable segment revenue	<u>31,169</u>	<u>452</u>	<u>10,845</u>	<u>6,548</u>	<u>4,655</u>	<u>53,669</u>
Segment profit/(loss)	<u>648</u>	<u>(85)</u>	<u>(3,055)</u>	<u>(799)</u>	<u>(1,512)</u>	<u>(4,803)</u>
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	<u>20,907</u>	<u>785</u>	<u>12,723</u>	<u>7,127</u>	<u>4,506</u>	<u>46,048</u>
Segment profit/(loss)	<u>(1,420)</u>	<u>(2,939)</u>	<u>8,827</u>	<u>161</u>	<u>(905)</u>	<u>3,724</u>
At 30 June 2021 (Unaudited)						
Reportable segment assets	64,313	281	188,859	610,497	10,889	874,839
Reportable segment liabilities	<u>44,479</u>	<u>2,841</u>	<u>440</u>	<u>160,483</u>	<u>1,729</u>	<u>209,972</u>
At 31 December 2020 (Audited)						
Reportable segment assets	45,451	444	220,170	602,847	24,051	892,963
Reportable segment liabilities	<u>26,438</u>	<u>2,738</u>	<u>572</u>	<u>156,222</u>	<u>2,127</u>	<u>188,097</u>
Six months ended 30 June						
			2021		2020	
			<i>HK\$'000</i>		<i>HK\$'000</i>	
			(Unaudited)		(Unaudited)	
Reportable segment (loss)/profit			(4,803)		3,724	
Share of results of associates			1,059		1,570	
Other net loss			-		(3,789)	
Unallocated corporate costs			(7,180)		(19,412)	
Unallocated corporate net finance cost			(12,120)		(14,241)	
Loss before tax			(23,044)		(32,148)	

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	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
The People's Republic of China ("PRC")		
Mainland China	38,169	28,818
Hong Kong (place of domicile)	15,500	17,230
	53,669	46,048

Timing of revenue recognition

	Six months ended 30 June									
	Electronics products		Nursery education		Property management		Regulated financial services		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Timing of revenue recognition										
At a point in time	31,169	20,907	-	-	-	-	-	-	31,169	20,907
Transferred over time	-	-	452	785	6,548	7,127	4,655	4,506	11,655	12,418
	31,169	20,907	452	785	6,548	7,127	4,655	4,506	42,824	33,325

4. OTHER NET GAINS/(LOSSES)

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank deposit and balances	4	2
Rental income	4,183	115
Impairment losses on intangible assets	–	(2,786)
Fair value change in financial assets at fair value through profit or loss	–	(3,789)
Others	1,641	1,304
	<u>5,828</u>	<u>(5,154)</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings and bank overdrafts and other borrowings	12,126	14,429
Interest on lease liabilities	6	1,493
	<u>12,132</u>	<u>15,922</u>

6. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	11,183	11,010
Impairment loss on trade receivables	1,813	529
Impairment loss on loan receivables	10,049	–
Net impairment losses on financial assets	11,862	529
Cost of inventories recognised as expense	<u>24,732</u>	<u>17,239</u>

7. INCOME TAX EXPENSE/(CREDIT)

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current income tax – Hong Kong:		
Provision for the period	–	310
Over-provision in respect of prior years	(33)	–
	<u>(33)</u>	<u>310</u>
Current income tax – PRC:		
Provision for the period	<u>3,047</u>	<u>6</u>
Deferred tax	–	(460)
Income tax expense/(credit) for the period	<u><u>3,014</u></u>	<u><u>(144)</u></u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2021 (six months ended 30 June 2020: 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 2020: 25%).

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2021 is based on the loss attributable to owners of the Company of HK\$26,302,000 (six months ended 30 June 2020: loss of HK\$30,579,000) and the weighted average number of 2,032,571,385 (six months ended 30 June 2020: 2,032,571,385) ordinary shares.

The basic and diluted loss per share are the same for the six months ended 30 June 2021 and 2020 as there were no potential dilutive shares outstanding.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, additions to property, plant and equipment amounted to HK\$2,555,000 (six months ended 30 June 2020: HK\$965,000).

11. INTEREST IN AN ASSOCIATE

	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Movements of interest in an associate are as follows:		
At 1 January 2021/1 January 2020	153,580	150,349
Capital contribution to associate	–	3,171
Share of results of an associate	1,059	60
	<u>154,639</u>	<u>153,580</u>
At 30 June 2021/31 December 2020	<u>154,639</u>	<u>153,580</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 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 2021, 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

12. INTANGIBLE ASSETS

	License <i>HK\$'000</i>	Goodwill <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2020 (Audited)	9,786	14,458	24,244
Impairment	–	(8,271)	(8,271)
Disposal	(600)	–	(600)
Currency realignment	–	1,714	1,714
	<u>9,186</u>	<u>7,901</u>	<u>17,087</u>
At 31 December 2020 and 1 January 2021 (Audited)	9,186	7,901	17,087
Currency realignment	–	29	29
	<u>–</u>	<u>29</u>	<u>29</u>
At 30 June 2021 (Unaudited)	9,186	7,930	17,116
	<u>9,186</u>	<u>7,930</u>	<u>17,116</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.

13. TRADE AND BILLS RECEIVABLES

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Trade receivables	41,314	36,640
Less: Impairment provision	(8,714)	(6,901)
	<u>32,600</u>	<u>29,739</u>
Trade receivables–net	32,600	29,739
Bills receivables	1,706	2,698
	<u>1,706</u>	<u>2,698</u>
	34,306	32,437
	<u>34,306</u>	<u>32,437</u>

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0-60 days	11,574	12,587
61-90 days	5,479	3,823
91-120 days	2,261	2,741
Greater than 120 days	23,706	20,187
	<u>43,020</u>	<u>39,338</u>

The Group allows credit periods ranging from 0 to 120 days (31 December 2020: 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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Loan receivables	281,705	302,382
Less: Impairment provision	(93,923)	(83,874)
Loan receivables-net	<u>187,782</u>	<u>218,508</u>

As at 30 June 2021, loan receivables with aggregate gross principal amount of HK\$260,010,000 and gross interest receivables of HK\$21,695,000 (31 December 2020: gross principal amount of HK\$277,400,000 and gross interest receivables of HK\$24,982,000) were due from thirteen (31 December 2020: fourteen) independent third parties. The interest rates of the loans receivables range from 6% to 15% per annum (2020: 6% to 15% per annum). Three (31 December 2020: three) of the loan receivables are secured by share charges of the borrowers, and thirteen (31 December 2020: thirteen) 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 2021, a bank deposit of approximately HK\$1,890,000 (31 December 2020: HK\$1,890,000) was pledged for banking facility amounting to HK\$90,000,000 granted to the Group.

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Restricted bank deposits	<u>1,890</u>	<u>1,890</u>

16. TRADE AND OTHER PAYABLES

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Trade payables	20,929	14,498
Accruals and other payables	<u>149,854</u>	<u>149,989</u>
	<u>170,783</u>	<u>164,487</u>

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

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
0-60 days	15,309	6,352
61-90 days	2,002	2,528
Greater than 90 days	<u>3,618</u>	<u>5,618</u>
	<u>20,929</u>	<u>14,498</u>

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Superactive Group Company Limited (the “Company”, together with its subsidiaries referred as the “Group”) recorded revenue of approximately HK\$53,669,000 for the six months ended 30 June 2021 (the “period under review”), an increase by 16.55% when compared with approximately HK\$46,048,000 for the six months ended 30 June 2020.

The Group continued to brace for a challenging environment during the period under review. Gross profit margin was 44.53% during the period under review, representing a decrease of 8.64% from 53.17% in the corresponding period of last year. During the period under review, the loss for the period decreased from a loss of approximately HK\$32,004,000 for the corresponding period of last year to a loss of approximately HK\$26,058,000 for the period under review. The decrease of loss was mainly due to the increase in rental income, and no impairment losses on intangible assets and fair value change in financial assets at fair value through profit or loss have been made during 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 PRC. In the first half of 2021, 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 58.08% (six months ended 30 June 2020: 45.40%), 20.21% (six months ended 30 June 2020: 27.63%), 8.67% (six months ended 30 June 2020: 9.79%), 0.84% (six months ended 30 June 2020: 1.70%) and 12.20% (six months ended 30 June 2020: 15.48%) 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\$31,169,000 to revenue (six months ended 30 June 2020: HK\$20,907,000), representing an increase of 49.08% when compared with the corresponding period of 2020. The increase in sales was mainly due to the impact on the outbreak of the COVID-19 to the production and operations declined during the period under review when compared with the corresponding period in last year.

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 needs for large sums of funds. In the first half of 2021, the interest income for the provision of money lending services has generated of approximately HK\$10,845,000 (six months ended 30 June 2020: HK\$12,723,000), representing a decrease of 14.76% when compared with the corresponding period of 2020. The interest rate of the lendings ranging from 6% per annum to 15% per annum (six months ended 30 June 2020: 6% per annum to 15% annum) on the principals from HK\$5,000,000 to HK\$47,000,000 (six months ended 30 June 2020: HK\$2,000,000 to HK\$51,000,000).

The expected credit losses ("ECLs") on loan receivables are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The broke out of COVID-19 has an impact on the economic environment and the Company's expectation of the possibilities of default may arise from the borrower and the loss when they are default may increase. The Group, therefore, has recognised a provision of ECLs on loan receivables of approximately HK\$10,049,000 (six months ended 30 June 2020: nil).

Provision of Regulated Financial Services

In the first half of 2021, the service income from provision of regulated financial services has generated of approximately HK\$4,655,000 (for the six months ended 30 June 2020: HK\$4,506,000), representing an increase of 3.31% when compared with the corresponding period of 2020.

Provision of Nursery Education Services

The Group provide management service for other third-party kindergartens. In the first half of 2021, the service income from provision of nursery education services has generated approximately of HK\$452,000 (for the six months ended 30 June 2020: HK\$785,000), representing a decrease of 42.42% when compared with the corresponding period of 2020. The decrease was mainly due to the kindergarten in Chengdu was disposed of during 2020.

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

The Group is currently engaged in the manufacturing of electronics products, property development and management, provision of money lending services, provision of regulated financial services and provision of nursery education services. In addition to the principal business, the Group also participates in other business investments with development potential. The manufacturing of electronics products and the provision of money lending services contribute to the largest turnover of the Group with the principal business. On the contrary, the turnover and proportion of provision of nursery education services have gradually decreased.

The Group is constantly looking for investment opportunities to develop and integrate the business of the Group. With the strengthening of the regulation of nursery education in the PRC and the impact of the outbreak of the COVID-19, the Group has gradually reduced its investment in nursery education services and considering the closing of nursery education services under the prerequisite of operating difficulties.

The COVID-19 pandemic will continue to have an impact on the social economy around the world. The impact will vary per city and country depending on the vaccination rate, as well as the lifting of restrictions. The PRC and Hong Kong will similarly continue to have lingering uncertainties, with occasional surges in COVID-19 cases, similar to other countries and regions, but it is still developing in the direction of gradual control. With the gradual control of the epidemic, the economic and investment mentality will be expected to improve. The rigid demand for residential properties and commercial properties will emerge, and property development and management will likely become the focus of the Group's future development.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group adopted a prudent funding and treasury policy regarding to its overall business operation. As at 30 June 2021, the Group has cash and cash equivalents of approximately HK\$16,207,000 (31 December 2020: HK\$11,598,000) which included approximately HK\$2,772,000, RMB11,258,000 and US\$229,000. The Group had interest-bearing borrowings of approximately HK\$498,208,000 (31 December 2020: HK\$498,952,000) of which HK\$266,678,000 were repayable on demand or within one year, HK\$10,066,000 were repayable in the second year, HK\$221,464,000 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 2021 was 37.11% (31 December 2020: 36.66%). As at 30 June 2021, the gearing ratio of the Group was 0.90 (31 December 2020: 0.87). 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\$536,682,000 (31 December 2020: HK\$558,580,000), with a current ratio (ratio of current assets to current liabilities) of 1.49 (31 December 2020: 1.73).

CHARGE ON ASSETS

As at 30 June 2021, the share equity of (i) Superactive Financial Group Company Limited, 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 Jiaxin Enterprise Management Company Limited, the holding company of a group operating the manufacturing of transformers; (iv) Edisoft Investment Limited, the holding companies of a group operating Lijiang Project, and its subsidiaries; (v) Shenzhen Baike Enterprise Management Co., Ltd., the holding company of a subsidiary operating Lijiang Project; and (vi) Next Millions Limited, the holding company of a subsidiary operating the money lending services, 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 and Restricted Bank Deposits were pledged to a bank to secure the Group's 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 2021.

EMPLOYEES

As at 30 June 2021, the Group had a staff force of approximately 250 employees (31 December 2020: approximately 250 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 (the "Board") of directors (the "Directors") of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 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.

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2021 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, 30 August 2021

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.