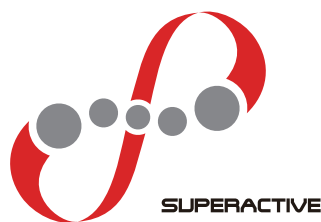


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SUPERACTIVE GROUP COMPANY LIMITED

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 2022

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 2022 together with the comparative figures for 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	<i>3</i>	48,844	53,669
Cost of sales		(27,892)	(29,769)
Gross profit		20,952	23,900
Other net gains	<i>4</i>	9,195	5,828
Selling and distribution costs		(831)	(684)
Administrative costs		(29,468)	(29,153)
Finance costs	<i>5</i>	(12,540)	(12,132)
Net impairment losses on financial assets		(11,533)	(11,862)
Share of results of an associate	<i>11</i>	(6,382)	1,059

		Six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Loss before tax	6	(30,607)	(23,044)
Income tax expense	7	<u>(101)</u>	<u>(3,014)</u>
Loss for the period		<u>(30,708)</u>	<u>(26,058)</u>
Loss for the period attributable to:			
Owners of the Company		(33,335)	(26,302)
Non-controlling interests		<u>2,627</u>	<u>244</u>
		<u>(30,708)</u>	<u>(26,058)</u>
Loss per share			
Basic and diluted	9	<u>(1.64) HK cents</u>	<u>(1.29) HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss for the period	(30,708)	(26,058)
Other comprehensive income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising from the translation of foreign operations	<u>(19,648)</u>	<u>4,160</u>
Other comprehensive income for the period, net of tax	<u>(19,648)</u>	<u>4,160</u>
Total comprehensive income for the period	<u>(50,356)</u>	<u>(21,898)</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	(53,253)	(22,028)
Non-controlling interests	<u>2,897</u>	<u>130</u>
	<u>(50,356)</u>	<u>(21,898)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 June 2022*

		30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	289,864	299,483
Interest in an associate	<i>11</i>	139,931	146,313
Financial assets at fair value through profit or loss		8,720	8,720
Intangible assets	<i>12</i>	12,221	12,363
		<hr/> 450,736	<hr/> 466,879
CURRENT ASSETS			
Inventories		14,483	8,765
Properties held for sale		576,530	602,664
Trade and bills receivables	<i>13</i>	32,566	44,395
Prepayments, deposits and other receivables		14,010	12,379
Amounts due from non-controlling interests		–	295
Loan receivables	<i>14</i>	101,387	112,464
Restricted bank deposits	<i>15</i>	2,990	1,890
Cash and bank balances		8,608	5,686
		<hr/> 750,574	<hr/> 788,538
CURRENT LIABILITIES			
Trade and other payables	<i>16</i>	203,720	205,735
Rental received in advance		1,928	2,395
Contract liabilities		2,616	3,200
Amount due to an associate		67,371	68,031
Amount due to a shareholder		22,181	16,723
Amounts due to non-controlling interests		776	–
Interest-bearing borrowings		404,871	267,529
Lease liabilities		53	52
Tax payable		29,359	32,116
		<hr/> 732,875	<hr/> 595,781
NET CURRENT ASSETS		<hr/> 17,699	<hr/> 192,757
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 468,435	<hr/> 659,636

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	90,237	231,055
Lease liabilities	108	135
Deferred tax liabilities	<u>1,296</u>	<u>1,296</u>
	<u>91,641</u>	<u>232,486</u>
NET ASSETS	<u>376,794</u>	<u>427,150</u>
CAPITAL AND RESERVES		
Share capital	203,257	203,257
Reserves	<u>159,454</u>	<u>212,707</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	362,711	415,964
Non-controlling interests	<u>14,083</u>	<u>11,186</u>
TOTAL EQUITY	<u>376,794</u>	<u>427,150</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 2022, 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 ("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 2021, 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 below.

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 2021, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021.

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 2021, except for the adoption of new standards and interpretations effective as of 1 January 2022. 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 2022, 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	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Amendments to HKFRS 16	Covid-19 Related Rent Concession beyond 30 June 2021

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	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15:		
Electronics products – manufacturing and sale of electronics products	36,353	31,169
Nursery education – providing nursery education for children	–	452
Property management – providing management services for landlords and tenants	3,706	6,548
Regulated financial services – providing asset management services	2,796	4,655
	42,855	42,824
Revenue scoped out of HKFRS 15:		
Money lending	5,989	10,845
	48,844	53,669

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 2022						
Segment revenue	36,353	–	5,989	3,706	2,796	48,844
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	<u>36,353</u>	<u>–</u>	<u>5,989</u>	<u>3,706</u>	<u>2,796</u>	<u>48,844</u>
Segment profit/(loss)	<u>6,687</u>	<u>(248)</u>	<u>(7,908)</u>	<u>(1,392)</u>	<u>496</u>	<u>(2,365)</u>
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>
At 30 June 2022 (Unaudited)						
Reportable segment assets	68,811	131	102,135	587,701	9,722	768,500
Reportable segment liabilities	<u>42,349</u>	<u>3,153</u>	<u>550</u>	<u>169,825</u>	<u>1,017</u>	<u>216,894</u>
At 31 December 2021 (Audited)						
Reportable segment assets	67,411	158	113,475	617,923	17,205	816,172
Reportable segment liabilities	<u>46,550</u>	<u>3,056</u>	<u>623</u>	<u>179,916</u>	<u>2,048</u>	<u>232,193</u>

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reportable segment loss	(2,365)	(4,803)
Share of results of an associate	(6,382)	1,059
Other net gain	144	–
Unallocated corporate costs	(9,805)	(7,180)
Unallocated corporate net finance cost	(12,199)	(12,120)
	<u>(30,607)</u>	<u>(23,044)</u>
Loss before tax	<u>(30,607)</u>	<u>(23,044)</u>

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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The People's Republic of China (the "PRC")		
Mainland China	40,059	38,169
Hong Kong (place of domicile)	8,785	15,500
	<u>48,844</u>	<u>53,669</u>

Timing of revenue recognition

	Six months ended 30 June									
	Electronics products		Nursery education		Property management		Regulated financial services		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	<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	36,353	31,169	–	–	–	–	–	–	36,353	31,169
Transferred over time	–	–	–	452	3,706	6,548	2,796	4,655	6,502	11,655
	<u>36,353</u>	<u>31,169</u>	<u>–</u>	<u>452</u>	<u>3,706</u>	<u>6,548</u>	<u>2,796</u>	<u>4,655</u>	<u>42,855</u>	<u>42,824</u>

4. OTHER NET GAINS

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank deposit and balances	3	4
Rental income	1,761	4,183
Others	7,431	1,641
	<u>9,195</u>	<u>5,828</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank borrowings and bank overdrafts and other borrowings	12,537	12,126
Interest on lease liabilities	3	6
	<u>12,540</u>	<u>12,132</u>

6. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	11,921	11,183
Impairment loss on trade receivables	1,479	1,813
Impairment loss on loan receivables	10,054	10,049
Net impairment losses on financial assets	11,533	11,862
Cost of inventories recognised as expense	<u>24,955</u>	<u>24,732</u>

7. INCOME TAX EXPENSE

The income tax expense for the period comprises:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current income tax – Hong Kong:		
Provision for the period	76	–
Over-provision in respect of prior years	–	(33)
	<u>76</u>	<u>(33)</u>
Current income tax – PRC:		
Provision for the period	25	3,047
Deferred tax	–	–
Income tax expense for the period	<u>101</u>	<u>3,014</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2022 (six months ended 30 June 2021: 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 2021: 25%).

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2022 is based on the loss attributable to owners of the Company of HK\$33,335,000 (six months ended 30 June 2021: HK\$26,302,000) and the weighted average number of 2,032,571,385 (six months ended 30 June 2021: 2,032,571,385) ordinary shares.

The basic and diluted loss per share are the same for the six months ended 30 June 2022 and 2021 as there were no potential dilutive shares outstanding.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, additions to property, plant and equipment amounted to HK\$2,475,000 (six months ended 30 June 2021: HK\$2,555,000).

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 2022/1 January 2021	146,313	153,580
Capital contribution to associate	–	1,661
Impairment	–	(3,415)
Share of results of an associate	(6,382)	(5,513)
At 30 June 2022/31 December 2021	<u>139,931</u>	<u>146,313</u>

Note:

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 2022, 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 2021 (Audited)	9,186	7,901	17,087
Impairment	(1,329)	(3,481)	(4,810)
Currency realignment	—	86	86
	<hr/>	<hr/>	<hr/>
At 31 December 2021 and 1 January 2022 (Audited)	7,857	4,506	12,363
Currency realignment	—	(142)	(142)
	<hr/>	<hr/>	<hr/>
At 30 June 2022 (Unaudited)	<u>7,857</u>	<u>4,364</u>	<u>12,221</u>

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

13. TRADE AND BILLS RECEIVABLES

	30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
Trade receivables	41,003	54,290
Less: Impairment provision	(10,780)	(11,530)
	<hr/>	<hr/>
Trade receivables – net	30,223	42,760
	<hr/>	<hr/>
Bills receivables	2,343	1,635
	<hr/>	<hr/>
	<u>32,566</u>	<u>44,395</u>

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
0-60 days	15,371	33,971
61-90 days	4,188	1,343
91-120 days	1,659	1,126
Over 120 days	<u>22,128</u>	<u>19,485</u>
	<u>43,346</u>	<u>55,925</u>

The Group allows credit periods ranging from 0 to 120 days (31 December 2021: 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 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Loan receivables	273,847	274,870
Less: Impairment provision	<u>(172,460)</u>	<u>(162,406)</u>
Loan receivables – net	<u>101,387</u>	<u>112,464</u>

As at 30 June 2022, loan receivables with aggregate gross principal amount of HK\$245,300,000 and gross interest receivables of HK\$28,547,000 (31 December 2021: gross principal amount of HK\$247,300,000 and gross interest receivables of HK\$27,570,000) were due from thirteen (31 December 2021: thirteen) independent third parties. The interest rates of the loan receivables range from 6% to 15% per annum (2021: 6% to 15% per annum). Three (31 December 2021: three) of the loan receivables are secured by share charges of the borrowers, and twelve (31 December 2021: twelve) 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 2022, a bank deposit of approximately HK\$2,990,000 (31 December 2021: HK\$1,890,000) was pledged for banking facility amounting to HK\$90,000,000 granted to the Group.

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Restricted bank deposits	<u>2,990</u>	<u>1,890</u>

16. TRADE AND OTHER PAYABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade payables	21,613	25,865
Accruals and other payables	<u>182,107</u>	<u>179,870</u>
	<u>203,720</u>	<u>205,735</u>

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
0-60 days	10,041	13,624
61-90 days	3,636	1,506
Over 90 days	<u>7,936</u>	<u>10,735</u>
	<u>21,613</u>	<u>25,865</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

The Group recorded revenue of approximately HK\$48,844,000 for the six months ended 30 June 2022 (the “period under review”), a decrease by 8.99% when compared with approximately HK\$53,669,000 for the six months ended 30 June 2021.

The Group continued to brace for a challenging environment during the period under review. Gross profit margin was 42.90% during the period under review, representing a decrease of 1.63% from 44.53% in the corresponding period of last year. During the period under review, the loss for the period increased from approximately HK\$26,058,000 for the corresponding period of last year to approximately HK\$30,708,000 for the period under review. The increase in loss for the period was mainly due to the turnaround of the results of an associate from a share of profit of approximately HK\$1,059,000 in the corresponding period of last year to a share of loss of approximately HK\$6,382,000 during the period under review.

BUSINESS REVIEW AND SEGMENT ANALYSIS

As of the date of this 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 2022, 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 74.43% (six months ended 30 June 2021: 58.08%), 12.26% (six months ended 30 June 2021: 20.21%), 5.72% (six months ended 30 June 2021: 8.67%), 0.00% (six months ended 30 June 2021: 0.84%) and 7.59% (six months ended 30 June 2021: 12.20%) 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\$36,353,000 to revenue (six months ended 30 June 2021: HK\$31,169,000), representing an increase of 16.63% when compared with the corresponding period of 2021.

Provision of Money Lending Services

The provision of money lending services of the Group focuses on conducting money lending business by providing secured or guaranteed loans to a variety of customers, including individuals and corporations. The source of customers and funds are mainly past customers or referrals by third parties and by the internal resources of the Group respectively.

In the first half of 2022, the segment of the provision of money lending services contributed approximately HK\$5,989,000 to revenue (six months ended 30 June 2021: HK\$10,845,000, representing a decrease of 44.78% when compared with the corresponding period of 2021). As at 30 June 2022, the loan receivables with the aggregate gross principal amount of HK\$245,300,000 and gross interest receivables of HK\$28,547,000 (31 December 2021: gross principal amount of 247,300,000 and gross interest receivables of HK\$27,570,000) were due from thirteen (31 December 2021: thirteen) independent third parties. The interest rates of the loan receivables range from 6% to 15% per annum (31 December 2021: 6% to 15% per annum.) on the principals from HK\$5,000,000 to HK\$47,000,000 (31 December 2021: from HK\$5,000,000 to HK\$47,000,000). Three (31 December 2021: three) of the loan receivables are secured by share charges of the borrowers, and twelve (31 December 2021: twelve) 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 were repayable within twelve months from the end of the reporting period.

As at 30 June 2022, the amount of loan receivables due from the largest borrower and the five largest borrowers accounted for approximately HK\$50,762,000 which represented 18.54% of the total loan receivables (31 December 2021: approximately HK\$48,000,000 and 17.61%) and HK\$152,000,000 which represented 55.51% of the total loan receivables (31 December 2021: approximately HK\$150,000,000 and 54.58%), respectively.

The Group has its credit risk strategy and policy and credit review and risk assessment for the money lending business. It is required to perform an independent assessment on loan applications before the loans are granted. The independent assessment included but was not limited to background checkings, such as the identity documents (identity card or business registration certificate, latest annual return or certificate of incumbency if an overseas company) and income or asset proof of the borrower and guarantor, such as share certificates or bank statements, the evaluation of the value of the collateral and the verification of the authenticity of the information provided, to ensure the recovery ability of the loan. If necessary, the Group will also engage a valuation company to assist in assessing the value of the collateral. After the loan is granted, the Group will still conduct checks on the value of the collateral from time to time. Besides, the Group will conduct a value check on the collateral when the Group perceives that there is a huge fluctuation in the relevant market of the collateral, to ensure that there is no material deterioration in value.

The impairment made on the loan receivables is provided and recognised according to the requirement of HKFRSs 9 issued by the HKICPA. It is a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation of the asset's original effective interest rate. In respect of loan receivables, credit risk arises from a customer's inability and unwillingness to meet its financial obligations to make timely payments under the loans the Group provided. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers (such as the borrowers' current financial status, their past and current repayment records, loan terms, and the value of the collateral) and the economic environment, to make an additional adjustment on top of the basic rate, to calculate the provision of the impairment. The impairment is a non-cash item.

Provision of Regulated Financial Services

In the first half of 2022, service income from provision of regulated financial services has generated of approximately HK\$2,796,000 (for the six months ended 30 June 2021: HK\$4,655,000), representing a decrease of 39.94% when compared with the corresponding period of 2021. The decrease in service income was mainly due to the reduction of the management fee charged to one of the asset funds managed by the financial company from 1% to 0.5% per annum since May 2021.

Provision of Nursery Education Services

The Group provide management service for other third-party kindergartens. In the first half of 2022, no service income from provision of nursery education services is recognised (for the six months ended 30 June 2021: HK\$452,000).

In order to implement the “Certain Opinions on In-Depth Reform and Regulated the Development of Pre-school Education” which was issued in 2018, the State Council of the PRC revised the “Regulations on the Implementation of the Law of the PRC on the Promotion of Private Education” in 2021, which came into force on 1 September of the same year. After the revision, the regulations strengthen the control of private schools, establish the systems for asset and financial management, and require private schools not to damage the interests of the state, schools, teachers and students. To avoid violating the relevant provisions, the Group no longer charges the kindergarten management fees. Therefore, the Group had no service income from the provision of nursery education services during 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 shops that have been pre-sold before the acquisition of the project by the Group. A subsidiary of the Group is providing property management services for the Lijiang Underground Walkway.

PROSPECTIVE AND OUTLOOK

The Group is currently mainly 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 contribute to the largest revenue of the Group with the principal business.

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 China 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. Besides, due to the continuation of the epidemic and the economic downturn, the credit risk of lending has increased significantly. The government has strengthened the supervision and regulation of finance companies and tightened the restrictions on the terms of loans, which also led to operational difficulties. The Group is planning to scale down or even close its money lending business. If a suitable buyer emerges, the Group may consider disposing of the money lending business.

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. China 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. The Group will take a prudent attitude and consolidate its existing business while looking for opportunities in the market. The manufacturing and sales of electronics products and property development and management will be the Group's core businesses before new businesses has been developed.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group adopted a prudent funding and treasury policy regarding to its overall business operation. As at 30 June 2022, the Group has cash and cash equivalents of approximately HK\$8,608,000 (31 December 2021: HK\$5,686,000) which included approximately HK\$1,043,000 and RMB6,458,000. The Group had interest-bearing borrowings of approximately HK\$495,108,000 (31 December 2021: HK\$498,584,000) of which HK\$404,871,000 were repayable on demand or within one year, HK\$5,480,000 were repayable in the second year, HK\$82,849,000 were repayable in the third to fifth years, inclusive, and HK\$1,908,000 were repayable after five years. 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 2022 was 41.21% (31 December 2021: 39.71%). As at 30 June 2022, the gearing ratio of the Group was 1.29 (31 December 2021: 1.15). 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 businesses.

The Group had net asset value of approximately HK\$376,794,000 (31 December 2021: HK\$427,150,000), with a current ratio (ratio of current assets to current liabilities) of 1.02 (31 December 2021: 1.32).

CHARGE ON ASSETS

As at 30 June 2022, 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 borrowings.

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 2022.

EMPLOYEES

As at 30 June 2022, the Group had a staff force of approximately 300 employees (31 December 2021: 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 does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: 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.

CHANGES IN DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, with effect from 23 August 2022, Mr. Lee Chi Shing Caesar, an executive Director of the Company, was appointed as an independent non-executive director of Crown International Company Limited, of which the shares are listed on the Main Board of the Stock Exchange (stock code: 0727). Save as disclosed above, after having made all reasonable enquiry, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the annual report of the Company for the year ended 31 December 2021 and up to the date of this announcement.

AUDIT AND RISK COMMITTEE

The audit and risk committee of the Company (the “Audit and Risk Committee”) comprises all independent non-executive Directors. Ms. Hu Gin Ing, the then independent non-executive Director, retired after the completion of the annual general meeting held on 1 June 2022, and at the same time ceased to be the chairman of each of the Audit and Risk Committee and the remuneration committee of the Company, a member of the nomination and corporate governance committee of the Company. Mr. Tse Ting Kwan was appointed at the same annual general meeting as an independent non-executive Director to fill the casual vacancy occasioned by the retirement of Ms. Hu Gin Ing. Besides, Mr. Tse Ting Kwan was also appointed as the chairman of the Audit and Risk Committee, and a member of each of the remuneration committee and the nomination and corporate governance committee of the Company. As at the date of this announcement, the members of the Audit and Risk Committee are Mr. Tse Ting Kwan (Chairman), Mr. Chow Wai Leung William and Mr. Leung Man Man.

This Interim Financial Statements for the six months ended 30 June 2022 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 2022

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 Mr. Chow Wai Leung William, Mr. Leung Man Man and Mr. Tse Ting Kwan.