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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 2021

The board (the “Board”) of directors (the “Directors”) of Superactive Group Company Limited (the “Company”) announces its unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Revenue	4	132,217	101,129
Cost of sales		<u>(83,215)</u>	<u>(58,862)</u>
Gross profit		49,002	42,267
Other net gains	5	10,136	9,619
Selling and distribution costs		(1,406)	(1,743)
Administrative costs		(56,490)	(52,884)
Finance costs		(24,643)	(28,726)
Impairment of assets		(4,810)	(9,629)
Net impairment loss on financial assets		(27,400)	(63,525)
Share of results of an associate	10	<u>(3,022)</u>	<u>60</u>
Loss before tax	6	(58,633)	(104,561)
Income tax expense	7	<u>(21,345)</u>	<u>(1,588)</u>

	<i>Notes</i>	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Loss for the year		(79,978)	(106,149)
Loss for the year attributable to:			
Owners of the Company		(80,417)	(108,257)
Non-controlling interests		439	2,108
		(79,978)	(106,149)
Loss per share			
Basic and diluted (HK cents)	<i>9</i>	(3.96)	(5.33)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 HK\$'000 (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Loss for the year	(79,978)	(106,149)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising from the translation of foreign operations	12,257	27,445
Reclassification adjustments of reserves upon disposal of subsidiaries	<u>—</u>	<u>1,779</u>
Other comprehensive income for the year, net of tax	<u>12,257</u>	<u>29,224</u>
Total comprehensive income for the year	<u>(67,721)</u>	<u>(76,925)</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	(67,928)	(77,866)
Non-controlling interests	<u>207</u>	<u>941</u>
	<u>(67,721)</u>	<u>(76,925)</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 HK\$'000 (Unaudited)	2020 <i>HK\$'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS			
Property, plant and equipment		299,483	317,019
Interest in an associate	<i>10</i>	152,219	153,580
Financial assets at fair value through profit or loss	<i>11</i>	8,720	7,020
Intangible assets	<i>12</i>	12,363	17,087
		<hr/> 472,785	<hr/> 494,706
CURRENT ASSETS			
Inventories		8,765	5,601
Properties held for sale		602,664	540,391
Trade and bills receivables	<i>13</i>	45,987	32,437
Prepayments, deposits and other receivables	<i>14</i>	12,379	55,813
Amount due from non-controlling interests		295	–
Loan receivables	<i>15</i>	168,675	218,508
Restricted bank deposits		1,890	1,890
Cash and bank balances		5,686	11,598
		<hr/> 846,341	<hr/> 866,238
CURRENT LIABILITIES			
Trade and other payables	<i>16</i>	205,735	164,487
Rental received in advance		2,395	17,124
Contract liabilities	<i>17</i>	3,200	3,672
Amount due to an associate	<i>10</i>	68,031	66,698
Amount due to a shareholder		16,723	33,646
Amounts due to non-controlling interests		–	2,530
Interest-bearing borrowings		267,529	198,562
Lease liabilities		52	272
Tax payable		32,116	13,280
		<hr/> 595,781	<hr/> 500,271
NET CURRENT ASSETS		<hr/> 250,560	<hr/> 365,967
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 723,345	<hr/> 860,673

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	231,055	300,390
Lease liabilities	135	188
Deferred tax liabilities	1,296	1,515
	<u>232,486</u>	<u>302,093</u>
NET ASSETS	<u>490,859</u>	<u>558,580</u>
CAPITAL AND RESERVES		
Share capital	203,257	203,257
Reserves	276,416	344,344
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	479,673	547,601
Non-controlling interests	11,186	10,979
TOTAL EQUITY	<u>490,859</u>	<u>558,580</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 2021, 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:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to Hong Kong Accounting Standard ("HKAS") 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform—Phase 2

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

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

The Directors of the Group anticipate that the application of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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 HKFRSs, 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:

	2021 HK\$'000 (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Revenue from contracts with customers within the scope of HKFRS 15:		
Electronics products – manufacturing and sale of electronics products	89,969	55,005
Nursery education – providing nursery education for children	672	1,756
Property management – providing management services for landlords and tenants	12,641	11,231
Regulated financial services – providing asset management services	6,930	8,042
	110,212	76,034
Revenue scoped out of HKFRS 15:		
Money lending	22,005	25,095
	132,217	101,129

The total presented for the Group's operating segments reconciles to the Group's key financial figures as presented in the consolidated 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)
2021						
Segment revenue	89,969	672	22,005	12,641	6,930	132,217
Inter-segment revenue	-	-	-	-	-	-
Reportable segment revenue	<u>89,969</u>	<u>672</u>	<u>22,005</u>	<u>12,641</u>	<u>6,930</u>	<u>132,217</u>
Segment profit/(loss)	<u>1,314</u>	<u>(502)</u>	<u>(8,206)</u>	<u>871</u>	<u>(4,979)</u>	<u>(11,502)</u>
Other information:						
Additions to segment non-current assets	5,968	-	-	-	-	5,968
Net finance (credit)/charge	386	-	5	(12)	-	379
Depreciation of property, plant and equipment	2,997	-	343	2,127	31	5,498
Income tax expense/(credit)	-	-	-	21,347	(2)	21,345
Net impairment loss on financial assets	182	-	22,321	2,542	2,355	27,400
Impairment of assets	-	-	-	-	4,810	4,810
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
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	8,271	-	-	-	-	8,271

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Reportable segment loss	(11,502)	(38,602)
Share of results of an associate	(3,022)	60
Other net gains	1,700	(14,726)
Unallocated corporate costs (<i>note</i>)	(21,560)	(24,263)
Unallocated corporate net finance cost	(24,249)	(27,030)
	<u>(58,633)</u>	<u>(104,561)</u>
Loss before tax	<u>(58,633)</u>	<u>(104,561)</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).

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Segment assets		
Electronics products	67,411	45,451
Nursery education	158	444
Money lending	169,687	220,170
Property development and management	617,923	602,847
Regulated financial services	18,797	24,051
	<u>873,976</u>	<u>892,963</u>
Total reportable segment assets	873,976	892,963
Unallocated corporate assets		
Interest in an associate	152,219	153,580
Financial assets at fair value through profit or loss	8,720	7,020
Property, plant and equipment (<i>note (i)</i>)	280,361	298,629
Prepayments, deposits and other receivables	267	535
Others (<i>note (ii)</i>)	3,583	8,217
	<u>1,319,126</u>	<u>1,360,944</u>
Total assets	<u>1,319,126</u>	<u>1,360,944</u>

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.

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Segment liabilities		
Electronics products	46,550	26,438
Nursery education	3,056	2,738
Money lending	623	572
Property development and management	179,916	156,222
Regulated financial services	2,048	2,127
	<hr/>	<hr/>
Total reportable segment liabilities	232,193	188,097
Unallocated corporate liabilities		
Bond payable	250,000	260,000
Other interest-bearing borrowings	236,548	237,902
Interest payable	20,772	11,163
Fund contribution payable	68,031	66,698
Others (<i>note</i>)	20,723	38,504
	<hr/>	<hr/>
Total liabilities	828,267	802,364
	<hr/> <hr/>	<hr/> <hr/>

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:

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
The People's Republic of China ("PRC")		
Mainland China	103,282	67,992
Hong Kong (place of domicile)	28,935	33,137
	<hr/>	<hr/>
	132,217	101,129
	<hr/> <hr/>	<hr/> <hr/>

Information about major customers

For the year ended 31 December 2021, revenue from three customers (2020: three 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:

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Customer A	18,690	19,162
Customer B	26,105	17,573
Customer C	28,167	12,542
	72,962	49,277

Timing of revenue recognition

	Electronics products		Nursery education		Property development and management		Regulated financial services		Total	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)								
Timing of revenue recognition										
At a point in time	89,969	55,005	-	-	-	-	-	-	89,969	55,005
Over time	-	-	672	1,756	12,641	11,231	6,930	8,042	20,243	21,029
	89,969	55,005	672	1,756	12,641	11,231	6,930	8,042	110,212	76,034

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

	<i>Notes</i>	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Trade and bills receivables	13	45,987	32,437
Contract liabilities	17	3,200	3,672

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

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Interest on bank deposit and balances	15	5
Gain on disposal of subsidiaries	–	13,827
Rental income	5,082	8,025
Government grant (<i>note</i>)	2,392	985
Exchange differences	(5)	(15)
Forfeiture of deposits from tenants and property purchasers	–	320
Fair value gain/(loss) on financial assets at fair value through profit or loss	1,700	(15,604)
Others	952	2,076
	<u>10,136</u>	<u>9,619</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:

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Staff costs including Directors' emoluments:		
Directors' emoluments	610	934
Staff salaries, allowance and welfare	31,878	27,665
Retirement benefit scheme contributions	3,455	1,384
	<hr/>	<hr/>
Total staff costs	35,943	29,983
Auditors' remuneration	1,300	1,303
Cost of inventories recognised as expenses	74,736	42,251
Depreciation of property, plant and equipment	22,607	22,129
Exchange differences	5	15
Short term leases expenses	60	322
Impairment loss on intangible assets (<i>note 12</i>)	4,810	8,271
Impairment loss on property, plant and equipment	–	1,358
Impairment of assets	4,810	9,629
Net impairment loss on trade receivables (<i>note 13</i>)	2,923	2,784
Net impairment loss on other receivables	2,156	5,652
Net impairment loss on loan receivables	22,321	55,089
Net impairment loss on financial assets	27,400	63,525
Impairment loss on inventories	–	432
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX EXPENSE

The income tax expense for the year comprises:

	2021 HK\$'000 (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Current tax – Hong Kong profits tax		
Charged for the year	<u>(217)</u>	<u>(310)</u>
Current tax – PRC tax		
Charged for the year	(10,530)	(809)
Under provision in respect of prior years	<u>(10,817)</u>	<u>(469)</u>
	<u>(21,347)</u>	<u>(1,278)</u>
	(21,564)	(1,588)
Deferred tax		
Credited for the year	219	–
Under provision in respect of prior years	<u>–</u>	<u>–</u>
	<u>219</u>	–
Income tax expense	<u>(21,345)</u>	<u>(1,588)</u>

PRC enterprise income tax has been provided on estimated assessable profits of the subsidiaries' operations in the PRC at 25% (2020: 25%).

PRC Land Appreciation Tax is levied at progressive rates from 30% to 60% (2020: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including land costs, borrowings costs and all property development expenditures.

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 2021 (2020: 16.5%), except for the first HK\$2,000,000 of the qualified entity's assessable profit which is calculated at 8.25% (2020: 8.25%).

8. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: nil).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Financial assets at fair value through profit or loss		
– Unlisted equity investment	<u>8,720</u>	<u>7,020</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 2020 (Audited)		9,786	14,458	24,244
Impairment	6	–	(8,271)	(8,271)
Disposal		(600)	–	(600)
Currency realignment		<u>–</u>	<u>1,714</u>	<u>1,714</u>
At 31 December 2020 and 1 January 2021 (Audited)		9,186	7,901	17,087
Impairment	6	(1,329)	(3,481)	(4,810)
Currency realignment		<u>–</u>	<u>86</u>	<u>86</u>
At 31 December 2021 (Unaudited)		<u>7,857</u>	<u>4,506</u>	<u>12,363</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 assessed for impairment annually and whenever there is an indication that it may be impaired. During the year ended 31 December 2021, impairment loss of HK\$3,481,000 was recognised on goodwill relating to acquisition of subsidiaries engaged in regulated financial services and the related goodwill was fully impaired on 31 December 2021 (2020: HK\$8,271,000 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, impairment loss of HK\$1,329,000 was recognised on licenses under the regulated financial services business segment as at 31 December 2021 (2020: nil).

13. TRADE AND BILLS RECEIVABLES

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Trade receivables	54,290	36,640
Less: impairment provision	<u>(9,938)</u>	<u>(6,901)</u>
Trade receivables – net	<u>44,352</u>	<u>29,739</u>
Bills receivables	<u>1,635</u>	<u>2,698</u>
	<u>45,987</u>	<u>32,437</u>

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

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
0 – 60 days	33,971	12,587
61 – 90 days	1,343	3,823
91 – 120 days	1,126	2,741
Over 120 days	<u>19,485</u>	<u>20,187</u>
	<u>55,925</u>	<u>39,338</u>

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

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Prepayments, deposits and other receivables	11,575	53,812
Other tax recoverable	<u>804</u>	<u>2,001</u>
	<u>12,379</u>	<u>55,813</u>

15. LOAN RECEIVABLES

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Loan receivables	274,870	302,382
Less: impairment provision	<u>(106,195)</u>	<u>(83,874)</u>
Loan receivables – net	<u>168,675</u>	<u>218,508</u>

As at 31 December 2021, loan receivables with aggregate gross principal amount of HK\$239,900,000 and gross interest receivables of HK\$34,970,000 (2020: gross principal amount of HK\$277,400,000 and gross interest receivables of HK\$24,982,000) were due from fourteen (2020: fourteen) independent third parties. The interest rates of the loan receivables range from 6% to 15% per annum (2020: 6% to 15% per annum.) Three (2020: three) of the loan receivables are secured by share charges of the borrowers, and twelve (2020: thirteen) 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

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Trade payables	25,865	14,498
Accruals and other payables	<u>179,870</u>	<u>149,989</u>
	<u>205,735</u>	<u>164,487</u>

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

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
0 – 60 days	13,624	6,352
61 – 90 days	1,506	2,528
Over 90 days	<u>10,735</u>	<u>5,618</u>
	<u>25,865</u>	<u>14,498</u>

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

17. CONTRACT LIABILITIES

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Contract liabilities arising from:		
Provision of properties management services	1,360	3,373
Manufacturing of electronic products	1,840	299
	<u>3,200</u>	<u>3,672</u>

Revenue recognised in relation to contract liabilities

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Balance as at 1 January	3,672	3,095
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	(3,672)	(2,846)
Disposal of subsidiaries	–	(249)
Increase in contract liabilities as a result of advanced payments received	3,200	3,672
Balance as at 31 December	<u>3,200</u>	<u>3,672</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Gross Profit: Revenue comprised of sales of electronics products, services income 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 2021 increased by approximately HK\$31,088,000 (representing an increase of approximately 30.74% when compared with 2020) from HK\$101,129,000 in 2020 to HK\$132,217,000 in 2021. The increase in revenue was mainly due to the increase in the sales of electronics products. The outbreak of COVID-19 at the end of 2019 caused the production and operation of the business of electronics products in 2020 to be affected due to the suspension. And in 2021, the epidemic was gradually brought under control, and the impact on business operations was gradually reduced. The gross profit increased by approximately HK\$6,735,000 (representing an increase of approximately 15.93% when compared with 2020) from approximately HK\$42,267,000 in 2020 to approximately HK\$49,002,000 in 2021. The gross profit margin decreased by approximately 4.74%, from 41.80% in 2020 to 37.06% in 2021.

Other net gains: The other net gains in 2021 were mainly attributable to the rental income of approximately HK\$5,082,000, and fair value gain on financial assets at fair value through profit or loss of approximately HK\$1,700,000.

Administrative costs: The increase was mainly due to an increase in business development costs.

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

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. Due to the continuation of the epidemic in 2021, when estimating the loss given default of loan receivables in 2021, the base rate of the given default rate increased by 10% in 2021 when compared with 2020. As a result, an additional impairment loss on financial assets of approximately HK\$22,000,000 was recognised in 2021.

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 regulated financial service in Hong Kong; and manufacturing of electronics products, provision of nursery education service and property development and management in the PRC during the year. In 2021, the income from the manufacturing of electronics products, interest income from money lending service, services income from the provision of regulated financial service, income from nursery education and property development and management income accounted for approximately 68.05% (2020: 54.39%), 16.64% (2020: 24.81%), 5.24% (2020: 7.95%), 0.51% (2020: 1.74%) and 9.56% (2020: 11.11%) 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\$89,969,000 to revenue (2020: HK\$55,005,000 representing an increase of 63.57% when compared with 2020). 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\$672,000 to revenue (2020: HK\$1,756,000, representing a decrease of 61.73% when compared with 2020). The decrease was mainly due to the kindergarten in Chengdu was disposed of during 2020.

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 customers, including individuals and corporations.

During the year, the segment of the provision of money lending services contributed approximately HK\$22,005,000 to revenue (2020: HK\$25,095,000, representing a decrease of 12.31% when compared with 2020).

As at 31 December 2021, loan receivables with the aggregate gross principal amount of HK\$239,900,000 and gross interest receivables of HK\$34,970,000 (2020: gross principal amount of HK\$277,400,000 and gross interest receivables of HK\$24,982,000) were due from fourteen (2020: fourteen) independent third parties. The interest rates of the loan receivables range from 6% to 15% per annum (2020: 6% to 15% per annum.) on the principals from HK\$5,000,000 to HK\$47,000,000 (2020: from HK\$2,000,000 to HK\$51,000,000). Three (2020: three) of the loan receivables are secured by share charges of the borrowers, and twelve (2020: thirteen) 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.

The amount of loans receivables due from the largest borrower and the five largest borrowers accounted for 17.61% (2020: 17.07%) and 54.58% (2020: 56.61%), respectively, of loan receivables of the Company as at 31 December 2021.

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 and conduct checks on the value of the collateral from time to time 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 HKFRS 9 issued by the Hong Kong Institute of Certified Public Accountants. 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 assets' 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 debtors and the economic environment, to calculate the provision of the impairment. The impairment is a non-cash item.

No loan receivable has been recognised as bad debts during the year ended 31 December 2021 (2020: nil).

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\$12,641,000 (2020: HK\$11,231,000).

Provision of Regulated Financial Services

During the year, the segment of the provision of regulated financial services contributed approximately HK\$6,930,000 to revenue (2020: HK\$8,042,000, representing a decrease of 13.83% when compared with 2020). The revenue of the provision of regulated financial services was generated from the asset management services.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2021, the Group had cash and cash equivalents of approximately HK\$5,686,000 (2020: HK\$11,598,000) which included approximately HK\$1,221,000 and Renminbi (“RMB”) 3,647,000.

The Group had interest-bearing borrowings of approximately HK\$498,584,000 (2020: HK\$498,952,000) of which approximately HK\$267,529,000 (2020: HK\$198,562,000) were repayable on demand or within one year; approximately HK\$143,395,000 (2020: HK\$79,908,000) were repayable in the second year; approximately HK\$86,199,000 (2020: HK\$220,482,000) were repayable in the third to fifth years, inclusive; and approximately HK\$1,461,000 were repayable after five years. The Group’s total bank and other borrowings divided by total assets as at 31 December 2021 was 37.80% (2020: 36.66%). As at 31 December 2021, the gearing ratio of the Group was 1.00 (2020: 0.87). 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 2021, the Group has a net asset value of HK\$490,859,000 (2020: HK\$558,580,000), with a liquidity ratio (ratio of current assets to current liabilities) of 1.42 (2020: 1.73).

CHARGE ON ASSETS

As at 31 December 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 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 2021.

EMPLOYEES

As at 31 December 2021, the Group had staff force of approximately 250 employees (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). Total staff costs incurred for 2021 were approximately HK\$35,943,000 (2020: approximately HK\$29,983,000).

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for 2021 (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 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.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2021 has not been completed due to the outbreak of COVID-19, both the auditor and the Company had staff, who were responsible for the audit of the Company were diagnosed with COVID-19 during the audit and needed to be quarantined, which significantly affect the progress of the audit. The unaudited annual results contained in this announcement have not been agreed with the Company's auditor as required under Rule 13.49(2) of the Listing Rules. An announcement relating to the audited results will be made when the auditing process has been completed by the Company's auditor in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

The Audit and Risk Committee has reviewed with the Board financial reporting matters including the unaudited consolidated financial statements for the year ended 31 December 2021 contained herein.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2021 as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

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

PUBLICATION OF THE ANNUAL RESULTS AND 2021 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 2021 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 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 Ms. Hu Gin Ing, Mr. Chow Wai Leung William and Mr. Leung Man Man.