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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 2024

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 2024 together with the comparative figures for 2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	34,718	31,820
Cost of sales		(23,836)	(21,094)
Gross profit		10,882	10,726
Other net gains	4	2,701	2,809
Selling and distribution costs		(553)	(588)
Administrative costs		(30,448)	(25,832)
Finance costs	5	(38,430)	(37,023)
Net reversal of impairment loss on financial assets	6	107	6,916
Share of results of an associate	11	(448)	10,922

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss before tax	6	(56,189)	(32,070)
Income tax (expense)/credit	7	<u>(21)</u>	<u>2,932</u>
Loss for the period		<u>(56,210)</u>	<u>(29,138)</u>
Profit/(Loss) for the period attributable to:			
Owners of the Company		(56,391)	(29,051)
Non-controlling interests		<u>181</u>	<u>(87)</u>
		<u>(56,210)</u>	<u>(29,138)</u>
Loss per share			
Basic and diluted	9	<u>(2.77) HK cents</u>	<u>(1.43) HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(56,210)	(29,138)
Other comprehensive loss		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising from the translation of foreign operations	<u>(9,389)</u>	<u>(18,299)</u>
Other comprehensive loss for the period, net of tax	<u>(9,389)</u>	<u>(18,299)</u>
Total comprehensive loss for the period	<u>(65,599)</u>	<u>(47,437)</u>
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	(66,018)	(47,752)
Non-controlling interests	<u>419</u>	<u>315</u>
	<u>(65,599)</u>	<u>(47,437)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	234,449	244,896
Interest in an associate	<i>11</i>	–	556
Financial assets at fair value through profit or loss		–	–
Financial assets at fair value through other comprehensive income		59,000	59,000
Intangible assets	<i>12</i>	5,884	5,973
		299,333	310,425
CURRENT ASSETS			
Inventories		22,986	18,854
Properties held for sale		526,624	539,519
Trade and bills receivables	<i>13</i>	13,086	17,190
Prepayments, deposits and other receivables		4,545	3,807
Loan receivables	<i>14</i>	13,247	13,592
Restricted bank deposits	<i>15</i>	227	227
Cash and bank balances		9,641	5,809
		590,356	598,998
CURRENT LIABILITIES			
Trade and other payables	<i>16</i>	385,897	344,099
Rental received in advance		8,322	8,301
Contract liabilities		3,785	3,720
Amount due to a shareholder		3,473	2,827
Amount due to non-controlling interests		2,722	2,241
Interest-bearing borrowings		482,457	482,813
Lease liabilities		53	57
Tax payable		18,165	18,732
		904,874	862,790
NET CURRENT LIABILITIES		(314,518)	(263,792)
TOTAL ASSETS LESS CURRENT LIABILITIES		(15,185)	46,633

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	5,778	1,973
Lease liabilities	–	24
Deferred tax liabilities	300	300
	<u>6,078</u>	<u>2,297</u>
NET (LIABILITIES) ASSETS	<u>(21,263)</u>	<u>44,336</u>
CAPITAL AND RESERVES		
Share capital	203,257	203,257
Reserves	(233,862)	(167,844)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	(30,605)	35,413
Non-controlling interests	9,342	8,923
TOTAL (DEFICITS) EQUITY	<u>(21,263)</u>	<u>44,336</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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, Sheung Wan, 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 2024, Super Fame Holdings Limited ("Super Fame"), 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 Certificate 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 2023, 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.

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 2023, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023.

Going concern basis

The Group incurred a net loss attributable to owners of the Company of approximately HK\$56,391,000 for the six months ended 30 June 2024 and as at the same date, its cash and cash equivalents amounted to approximately HK\$9,641,000. In addition, as at 30 June 2024, i) the principal amount and accrued interest of the bond payables of approximately HK\$250,000,000 and approximately HK\$213,796,000 respectively and ii) the principal amount and accrued interest of bank borrowings of approximately HK\$228,856,000 were defaulted in payment. Such default entitled the bondholder and the bank a right to demand immediate repayment from the Group.

These conditions indicate the existence of a material uncertainty that might cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise the Group's asset and discharge the Group's liabilities in the normal course of business.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay the outstanding borrowings and be able to finance its future working capital and financial requirements. The Directors consider that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis taking into account the following facts and assumptions:

- (i) The Group is in the process of negotiating with the Group's bondholder for mediation or extension for repayment of principal and interest of the bond payables;
- (ii) The Group is conducting mediation or extension negotiations with banks on the renewal or deferment of bank borrowings, with reference to the valuation conducted by independent qualified professional valuers and market information. The balance of bank borrowings currently is approximately the same as the value of its pledged property. The Directors will continue to discuss and work out a repayment schedule with the bank and consider sales of the pledged properties to repay the bank loans;
- (iii) The Group has discussions with Super Fame, the shareholder's loan provider. Super Fame is willing to discuss the extension of the shareholder's loan;
- (iv) The Group will seek to obtain additional new financial support including but not limited to borrowing loans and issuing additional equity or debt securities. The Group owned shops in Lijiang could be used as pledged assets for securing alternative financing to repay the bond payables and the bank borrowings; and
- (v) The Directors will continue to implement measures aiming at improving the working capital and cash flows of the Group, including close monitoring of general administrative expenses and operating costs.

The Directors believe that taking into account the above plans and measures, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these interim financial statements. However, should the Group fail to achieve the above-mentioned plans and measures, the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to state them at their realisable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively.

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 2023, except for the adoption of new standards and interpretations effective as of 1 January 2024. 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 2024, 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 HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 executive Directors and management of the Company for their decisions about resources allocation to the Group's business components and their review of these components' performance.

The Group currently has four 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) money lending; (iii) property development and management; and (iv) regulated financial services.

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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15:		
Electronics products – manufacturing and sale of electronics products	27,480	24,012
Property development and management – providing management services for landlords and tenants	3,743	3,001
Regulated financial services – providing asset management services	1,510	2,382
	32,733	29,395
Revenue scoped out of HKFRS 15:		
Money lending	1,985	2,425
	34,718	31,820

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 2024						
Segment revenue	27,480	–	1,985	3,743	1,510	34,718
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	<u>27,480</u>	<u>–</u>	<u>1,985</u>	<u>3,743</u>	<u>1,510</u>	<u>34,718</u>
Segment profit/(loss)	<u>514</u>	<u>–</u>	<u>(3,152)</u>	<u>(3,950)</u>	<u>(835)</u>	<u>(7,423)</u>
Six months ended 30 June 2023						
Segment revenue	24,012	–	2,425	3,001	2,382	31,820
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	<u>24,012</u>	<u>–</u>	<u>2,425</u>	<u>3,001</u>	<u>2,382</u>	<u>31,820</u>
Segment profit/(loss)	<u>(152)</u>	<u>(143)</u>	<u>5,851</u>	<u>1,793</u>	<u>(176)</u>	<u>7,173</u>
At 30 June 2024 (Unaudited)						
Reportable segment assets	52,998	–	11,286	534,996	2,430	610,710
Reportable segment liabilities	<u>(41,502)</u>	<u>–</u>	<u>(1,211)</u>	<u>(154,415)</u>	<u>(327)</u>	<u>(197,455)</u>
At 31 December 2023 (Audited)						
Reportable segment assets	50,634	–	13,881	547,421	2,849	614,785
Reportable segment liabilities	<u>(39,379)</u>	<u>–</u>	<u>(1,215)</u>	<u>(152,810)</u>	<u>(191)</u>	<u>(193,595)</u>

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reportable segment (loss)/profit	(7,423)	7,173
Share of results of an associate	(448)	10,922
Other net gain	–	20
Unallocated corporate costs	(10,085)	(13,326)
Unallocated corporate net finance cost	(38,233)	(36,859)
	<u>(56,189)</u>	<u>(32,070)</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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The People's Republic of China ("PRC")		
Mainland China	31,223	27,013
Hong Kong (place of domicile)	3,495	4,807
	<u>34,718</u>	<u>31,820</u>

Timing of revenue recognition

	Six months ended 30 June							
	Electronics products		Property development and management		Regulated financial services		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Timing of revenue recognition								
At a point in time	27,480	24,012	–	–	–	–	27,480	24,012
Transferred over time	–	–	3,743	3,001	1,510	2,382	5,253	5,383
	<u>27,480</u>	<u>24,012</u>	<u>3,743</u>	<u>3,001</u>	<u>1,510</u>	<u>2,382</u>	<u>32,733</u>	<u>29,395</u>

4. OTHER NET GAINS

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on bank deposit and balances	4	3
Rental income	1,886	1,750
Others	811	1,056
	<u>2,701</u>	<u>2,809</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on bank borrowings and overdrafts and other borrowings	38,429	37,021
Interest on lease liabilities	1	2
	<u>38,430</u>	<u>37,023</u>

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	10,467	12,025
Impairment loss on trade receivables	316	86
Reversal of impairment loss on loan receivables	(423)	(7,002)
Net reversal of impairment loss on financial assets	(107)	(6,916)
Cost of inventories recognised as expense	<u>21,280</u>	<u>18,583</u>

7. INCOME TAX EXPENSE/(CREDIT)

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

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current income tax – Hong Kong:		
Over-provision in respect of prior years	–	(66)
Current income tax – PRC:		
Provision for the period	21	20
Over-provision in respect of prior years	–	(2,886)
	<u>21</u>	<u>(2,866)</u>
Income tax expense/(credit) for the period	<u>21</u>	<u>(2,932)</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2024 (six months ended 30 June 2023: 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 2023: 25%).

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2024 is based on the loss attributable to owners of the Company of HK\$56,391,000 (six months ended 30 June 2023: HK\$29,051,000) and the weighted average number of 2,032,571,385 (six months ended 30 June 2023: 2,032,571,385) ordinary shares.

The basic and diluted loss per share are the same for the six months ended 30 June 2024 and 2023 as there were no potential dilutive shares outstanding.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, additions to property, plant and equipment amounted to HK\$619,000 (six months ended 30 June 2023: HK\$823,000).

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 2024/1 January 2023	556	173,311
Distribution of assets	(108)	(59,000)
Impairment loss	–	(134,911)
Share of results of an associate	(448)	21,156
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At 30 June 2024/31 December 2023	–	556
	<hr/> <hr/>	<hr/> <hr/>

Note:

- (i) On 2 May 2018, the Group entered into a limited partnership agreement in relation to the operation of IT City Development Fund LP (“IT City”) and two subscription agreements in relation to the application to subscribe for an interest in IT City with a committed capital contribution of HK\$51,000,000 in the capacity as general partner (through an indirect wholly-owned subsidiary of the Company (“GP1”)) and HK\$100,000,000 in the capacity as limited partner (through a direct wholly-owned subsidiary of the Company) respectively. The principal purpose of IT City is to invest in properties that can consolidate and promote the development of IT industry and its related supporting facilities. According to the limited partnership agreement, the management, policies and control of IT City shall be vested exclusively in the general partners who, acting unanimously, may make such investment decisions as they shall determine, having given consideration to the investment objective and investment strategy of IT City and the advice of the investment committee of IT City (the “Investment Committee”). GP1 shall be entitled to appoint two members to the Investment Committee, which demonstrates its significant influence over IT City.
- (ii) On 20 December 2022, IT City entered a subscription agreement with Sino Ocean Ventures Limited (“Sino Ocean”) to subscribe to a 1-year convertible bond at a rate of 10% per annum with the principal amount of HK\$302,000,000 (the “Convertible Bonds”). The Convertible Bonds could be converted into shares of Sino Ocean at a conversion price of HK\$18,000,000 per share. According to the subscription agreement, the Convertible Bonds are transferable and the subscription price was satisfied by way of setting off the amount due from Sino Ocean Ventures to IT City.

Sino Ocean has entered a sale and purchase agreement and conditionally agreed to acquire the entire equity shares of an independent third party which held lots of land in Fanling aggregated at approximately 590,000m² for development (the “Transaction”).

Depending on whether the Convertible Bonds have been converted, IT City could (i) transfer the Convertible Bonds, or share of Sino Ocean if the Convertible Bonds are converted, to an independent third party and then refund to its subscribers; (ii) directly refund the subscribers the Convertible Bonds or share of Sino Ocean if the Convertible Bonds converted.
- (iii) On 31 May 2023, IT City exercised the conversion rights in the Convertible Bonds and fully converted them into 18 converted shares of Sino Ocean at an exercise price of HK\$18,000,000 per share.

- (iv) On 8 June 2023, Sino Ocean subdivided its issued and unissued shares of US\$1.00 each into 1,000 subdivided shares of US\$0.001 each in its share capital. As a result, the number of shares held by IT City in Sino Ocean increased from 18 shares to 18,000 shares.
- (v) The limited partnership agreement was terminated on 30 June 2023. On 26 September 2023, IT City distributed 7,493 shares of Sino Ocean to Silver Estate Limited at a consideration of approximately HK\$133.63 million, to fully settle the amount payable to Silver Estate Limited as a limited partner under the limited partnership agreement; and distributed the remaining shares of Sino Ocean to its general partners according to their proportion of capital contribution, in which, 3,572 shares and 6,935 shares of Sino Ocean distributed to IT City Development Fund GP1 Limited and IT City Development Fund GP2 Limited respectively. Accordingly, the Group total held 11,065 shares (representing approximately 40.98%) of Sino Ocean.
- The shares held in Sino Ocean were classified as financial assets at fair value through other comprehensive income due to the Group having no significant influence in Sino Ocean.
- (vi) During the six months ended 30 June 2024, except for certain bank balances reserved settle the budgeted expenses, all the remaining assets of IT City have been distributed to the general partners in proportion to their capital contribution, and on 30 June 2024, a general partners resolution was passed to apply to the Cayman Islands Monetary Authority for the deregistration of IT City.

As at 30 June 2024, the Group had an interest in the following associate:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Total capital HK\$'000	Proportion of capital contributed by the Group	Proportion of voting rights held by the Group as general partner	Principal activities
IT City	Limited partnership	Cayman Islands	Hong Kong	255,250	34%	28.57%	IT properties investment
					Six months ended	31 December	Six months ended
			30 June 2024	30 June 2024		2023	30 June 2023
			HK\$'000	HK\$'000		HK\$'000	HK\$'000
			(Unaudited)	(Unaudited)		(Audited)	(Unaudited)
Net assets/Total comprehensive income			–	(1,318)		1,614	21,679
Proportion of capital contributed by the Group			34%	34%		34%*	60%
Share of net assets/total comprehensive income			–	(448)		556	13,007
Adjustment on effective share of net assets/results of an associate			–	–		–	(5,636)
Adjustment on share of other expenses by the Group			–	–		–	(1,830)
Adjustment on share of other income by the Group			–	–		–	5,381
Share of an associate's net assets/results of an associate (net of tax)			–	(448)		556	10,922

* refer to note (v)

12. INTANGIBLE ASSETS

	License HK\$'000	Goodwill HK\$'000	Total HK\$'000
At 1 January 2023 (Audited)	9,186	4,257	13,443
Impairment	(7,361)	–	(7,361)
Currency realignment	–	(109)	(109)
	<hr/>	<hr/>	<hr/>
At 31 December 2023 and 1 January 2024 (Audited)	1,825	4,148	5,973
Currency realignment	–	(89)	(89)
	<hr/>	<hr/>	<hr/>
At 30 June 2024 (Unaudited)	<u>1,825</u>	<u>4,059</u>	<u>5,884</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 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade receivables	12,750	15,589
Less: Impairment provision	(114)	(205)
	<hr/>	<hr/>
Trade receivables – net	12,636	15,384
	<hr/>	<hr/>
Bills receivables	450	1,806
	<hr/>	<hr/>
	<u>13,086</u>	<u>17,190</u>

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0-60 days	9,613	11,620
61-90 days	2,654	2,506
91-120 days	740	2,780
Over 120 days	193	489
	<hr/>	<hr/>
	<u>13,200</u>	<u>17,395</u>

The Group allows credit periods ranging from 0 to 120 days (31 December 2023: 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 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Loan receivables	177,337	178,105
Less: Impairment provision	<u>(164,090)</u>	<u>(164,513)</u>
Loan receivables – net	<u>13,247</u>	<u>13,592</u>

As at 30 June 2024, loan receivables with aggregate gross principal amount of HK\$145,617,000 and gross interest receivables of HK\$31,720,000 (31 December 2023: gross principal amount of HK\$148,370,000 and gross interest receivables of HK\$29,735,000) were due from nine (31 December 2023: nine) independent third parties. The interest rates of the loan receivables range from 6% to 15% per annum (2023: 6% to 15% per annum). One (31 December 2023: one) of the loan receivables are secured by share charges of the borrowers, and nine (31 December 2023: nine) 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 2024, a bank deposit of approximately HK\$227,000 (31 December 2023: HK\$227,000) was pledged for banking borrowing amounting to HK\$217,331,000 (31 December 2023: HK\$217,281,000) granted to the Group.

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Restricted bank deposits	<u>227</u>	<u>227</u>

16. TRADE AND OTHER PAYABLES

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade payables	24,970	26,630
Accruals and other payables	<u>360,927</u>	<u>317,469</u>
	<u>385,897</u>	<u>344,099</u>

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

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
0-60 days	7,241	8,556
61-90 days	1,829	3,274
Over 90 days	15,900	14,800
	<u>24,970</u>	<u>26,630</u>

At the reporting date, the accruals and other payables is as follows:

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Consideration payable	81,348	83,340
Interest payable	225,495	187,407
Other tax payables	11,249	11,698
Other accruals and payables	42,835	35,024
	<u>360,927</u>	<u>317,469</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded revenue of approximately HK\$34,718,000 for the six months ended 30 June 2024, representing an increase of 9.11% when compared with approximately HK\$31,820,000 for the six months ended 30 June 2023.

The Group continued to brace for a challenging environment during the six months ended 30 June 2024. The gross profit margin was 31.34% during the six months ended 30 June 2024, representing a decrease of 2.37% from 33.71% in the corresponding period of last year. During the six months ended 30 June 2024, the loss for the period increased from approximately HK\$29,138,000 for the corresponding period of last year to approximately HK\$56,210,000 for the six months ended 30 June 2024. The increment losses for the period were mainly due to the turnaround of share of results of an associate from a profit of approximately HK\$10,922,000 for the correspondence period of last year to a loss of approximately HK\$448,000 this period.

Properties held for sale: The properties held for sale are the shop properties held by the Group as stock in the Lijiang underground walkway (the “Lijiang Project”). The Lijiang Project is the unfinished construction project acquired by the Group in 2017. The Group started the finishing and rectification work for the Lijiang Project after acquisition. The finishing work and the rectification work were completed before the end of 2018 and in 2019 respectively. After the finishing work was completed, the Group began to deliver the shop premises to some buyers who had purchased the pre-sold shops before the Group’s acquisition and made preparations for the sales of the unsold shops. Due to the broke out of COVID-19, the sales plan of the Group has been hindered and cannot be carried out normally in these few years. To increase the value of the Lijiang Project and as part of the sales plan, the Group rent out certain shops in the form of short-term leases to increase the number of visitors and customers. Since the Lijiang Project was acquired by the Group, the intention of the Group has never changed, which is to sell the shops for profit and the shops can be launched for sale at any time when the time is ripe. Therefore, the shops of the Lijiang Project are classified as stock properties.

BUSINESS REVIEW AND SEGMENT ANALYSIS

As at 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 and property development and management in the PRC. In the first half of 2024, income from the manufacturing of electronics products, interest income from the provision of money lending services, service income from the provision of regulated financial services and income from the property development and management accounted for approximately 79.15% (six months ended 30 June 2023: 75.46%), 5.72% (six months ended 30 June 2023: 7.62%), 4.35% (six months ended 30 June 2023: 7.49%) and 10.78% (six months ended 30 June 2023: 9.43%) of total revenue respectively.

Manufacturing of Electronics Products

During the six months ended 30 June 2024, the segment of manufacturing electronics products includes the manufacturing of transformers. The segment of manufacturing electronics products contributed approximately HK\$27,480,000 to revenue (six months ended 30 June 2023: HK\$24,012,000), representing an increase of 14.44% when compared with the corresponding period of 2023.

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 profile of individual customers includes but is not limited to professionals and businessmen, while the corporate customer are the private limited companies. The source of customers is mainly past customers or referrals by third parties. Loans are mainly large amounts of guaranteed loans. The sources of funds for the money lending business are funded by the internal resources of the Group.

In the first half of 2024, the segment of provision of money lending services contributed approximately HK\$1,985,000 to revenue (six months ended 30 June 2023: HK\$2,425,000, representing a decrease of 18.14% when compared with the corresponding period of 2023). The decrease in interest income on money lending was due to the net decrease in loan principal in the first half of 2024 (there were no new loans in the second half of 2023 and the first half of 2024, but the principal of approximately HK\$11,745,000, HK\$4,185,000 and HK\$2,753,000 has been recovered from the first and second half of 2023 and the first half of 2024 respectively).

As at 30 June 2024, the total principal amount was HK\$145,617,000 (31 December 2023: HK\$148,370,000) and gross interest receivables of HK\$31,720,000 (31 December 2023: HK\$29,735,000) were due from nine (31 December 2023: nine) independent third parties. The interest rates of the loan receivables range from 6% to 15% per annum (31 December 2023: 6% to 15% per annum) on the principals from HK\$10,000,000 to HK\$23,915,000 (31 December 2023: from HK\$10,000,000 to HK\$23,915,000). One (31 December 2023: one) of the loan receivables are secured by share charges of the borrowers, and nine (31 December 2023: nine) of the loan receivables are guaranteed by individuals. 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 loan receivables can be classified into secured loans and unsecured loans. All loans (including unsecured loans) come with a personal guarantee by individuals, while secured loans offer share charges as collateral in addition to the personal guarantee. As at 30 June 2024, the total principal amount of the secured loans and the unsecured loans were HK\$10,000,000 (31 December 2023: HK\$10,000,000) and HK\$135,617,000 (31 December 2023: HK\$138,370,000) respectively. The secured loans with loan principals were HK\$10,000,000, of which the aggregated principals of loans lent in 2018, 2019 and 2020 were HK\$nil, HK\$5,000,000 and HK\$5,000,000 respectively, with interest rates of 15% per annum and was repayable within 12 months from end of 30 June 2024. The unsecured loans with loan principals ranging from HK\$11,231,000 to HK\$23,915,000, of which the aggregated principals of loans lent in 2018, 2019 and 2020 were HK\$71,074,000, HK\$35,764,000 and HK\$28,779,000 respectively, with interest rates ranging from 6% to 9% per annum and was repayable within 12 months from the end of 30 June 2024.

The principal amount of loans receivables due from the largest borrower and the five largest borrowers accounted for HK\$23,915,000, representing 16.42% (31 December 2023: HK\$23,915,000 and 16.12%) and HK\$97,141,000, representing 66.71% (31 December 2023: HK\$97,399,000 or 65.65%), respectively, of loan receivables of the Company as at 30 June 2024.

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 of 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 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 Group will not proactively require borrowers to renew loans, but will renew loans at the request of the borrowers. The Company has carried out ongoing credit assessments on renewing loans. Leveraging on the extensive experience of the executive directors of the Company in the money lending business, coupled with the credit risk assessment on the loans for loan recoverability, the Directors believe that even though some loans are unsecured, personal guarantees have been provided, the actual risk of default is not high.

As at 30 June 2024, the unsecured loans with an aggregate principal amount of approximately HK\$135,617,000 (31 December 2023: HK\$138,370,000) were due and have not been renewed. Superactive Finance Company Limited (“Superactive Finance”), a subsidiary of the Group engaged in the money lending business, has issued demand letters to the unsecured loan borrowers and their guarantors after they matured in accordance with the policy of Superactive Finance. The directors of Superactive Finance have also actively negotiated the repayment of the loan with the unsecured loan borrowers and their guarantors. During the six months ended 30 June 2024, a total of approximately HK\$2,753,000 has been recovered from the matured unsecured loans. The Group still maintains close communication with unsecured loan borrowers and their guarantors. If the repayment status of unsecured loans is not satisfactory, Superactive Finance will, depending on the circumstances, issue legal letters to the borrower and its guarantor to collect the loan, and may initiate legal proceedings to recover the relevant loan as the case may be.

The interest rate of the loans are independent of each other and has been set after considering credit risk, which in turn includes the possibility of default and the loss given default. The probability of default and default losses are affected by different factors, including but not limited to the referrer of the loans, the reputation of the borrowers and their guarantors, the guarantees provided by the borrowers, the repayment ability and repayment history of the borrowers and guarantors and their assets held, the purpose of the loans, and changes in the economic environment, etc.

The impairment made on the loan receivables is provided and recognised according to the requirement of HKFRS 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 debtors and the economic environment, to calculate the provision of the impairment.

As at 30 June 2024, the provision of impairment loss for loan receivables was HK\$164,090,000, representing a decrease of approximately HK\$423,000 when compared with 31 December 2023. The decrease in expected credit loss ("ECL") in the impairment provision for loan receivables in the first half of 2024 was mainly due to the recovery from the loan receivables which resulted in decreases in provisions of approximately HK\$164,000 and HK\$259,000 in Stage 2 and Stage 3 of ECL respectively. The reversal of impairment loss provision/impairment loss provision is a non-cash item.

The loan receivables classified as Stage 3 of ECL in the provision for impairment are due to the Group's prudent forward-looking assessment of such loan receivables. No loan receivables have been recognised as bad debts during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

Provision of Regulated Financial Services

In the first half of 2024, service income from the provision of regulated financial services has generated approximately HK\$1,510,000 (for the six months ended 30 June 2023: HK\$2,382,000), representing a decrease of 36.61% when compared with the corresponding period of 2023. The decrease in service income was mainly due to one of the funds managed having closed in May 2023.

Property Development and Management

Lijiang Project: The Lijiang Project is located at the underground on Minzhu Road and Fuhui Road, Lijiang City, Yunan Province, the PRC. The gross floor area of the Lijiang Project is approximately 36,583 square metres ("m²"), comprising a civil air defence work structure of approximately 13,730 m², 741 units of the saleable shop premises with a total gross floor area of approximately 19,712 m², a non-saleable property utility room of approximately 226 m² and a commercial function room of approximately 2,915 m². The Lijiang Project is now held-for-sales purposes but in the meantime, the shop premises have been leased to generate rental income and management fee income. A subsidiary of the Group is providing property management services for the Lijiang Project.

During the six months ended 30 June 2024, no revenue (six months ended 30 June 2023: HK\$nil) is generated from the property sales revenue and the management fee income generated was approximately HK\$3,743,000 (six months ended 30 June 2023: HK\$3,001,000).

PROSPECTIVE AND OUTLOOK

The Group is currently mainly engaged in the manufacturing of electronics products, property development and management, provision of money lending services and provision of regulated financial services. In addition to the principal business, the Group also participates in other business investments with development potential. The manufacturing of electronics products contributes 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. It is crucial to note that the overall financial picture of the Group remains challenging. The Group faces a net loss and net liabilities position for the period under review. With the impact of the post-pandemic 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 of money-lending business. 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 its money-lending business.

To address financial challenges and to eliminate doubts about the Group's ability of going concern operations and settlement of debts, the Group may rely on raising funds from the capital market. Besides, in addition to conducting mediation negotiations with creditors or extending debt repayments, the disposal of assets to repay debts should also be one of the best solutions. The Group plans to use the pledge of the Lijiang Project for debt financing, and the proceeds will be used to repay the overdue debts. At the same time, the Group will initially sale of the stock shops of the Lijiang Project or sell the entire interest in the Lijiang Project. The sale consideration will be used to repay the debt financing. Therefore, the Group will focus on property development and management business in the coming, and the stock shops in Lijiang are also ready to be sold.

The Group is looking for a business with a low investment threshold and high cash flow potential to increase cash inflow and expand its revenue base. However, as of the date of this announcement, the Group still has no targeted business.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group's total deficit and total deficit per share as at 30 June 2024 were approximately HK\$21,263,000 (31 December 2023: total equity approximately HK\$44,336,000) and 1.05 HK cents (31 December 2023: total equity per share 2.18 HK cents) respectively. The current ratio (ratio of current assets to current liabilities) as at 30 June 2024 was 0.65 (31 December 2023: 0.69).

As at 30 June 2024, the Group has cash and cash equivalents of approximately HK\$9,641,000 (31 December 2023: HK\$5,809,000) which denominated into HK\$ and RMB approximately HK\$545,000 and RMB8,473,000 respectively.

The Group had interest-bearing borrowings of approximately HK\$486,196,000 (31 December 2023: HK\$484,786,000) of which HK\$482,457,000 were repayable on demand or within one year, HK\$2,568,000 were repayable in the second year, and the remaining of HK\$3,210,000 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 interest-bearing borrowings divided by total assets as at 30 June 2024 was 54.65% (31 December 2023: 53.31%).

CHARGE ON ASSETS

As at 30 June 2024, the share equity of (i) Superactive Financial Group Company Limited, the operating company of the regulated financial services; (ii) Shenzhen Jiaxin Enterprise Management Company Limited, the holding company of a group operating the manufacturing of transformers; (iii) Link Complex Limited, a company which held the 18% unlisted equity shares of a company which is for provision of real-time kinematic solution; (iv) Edisoft Investment Limited, the holding company of a group operating the Lijiang Project, and its subsidiaries; (v) Lijiang Shunjing Business Administration and Management Limited, the company provide management services to the Lijiang Project; and (vi) Superactive Finance, were pledged to secure the Company's bond issued on 29 December 2017. In addition, the office properties included in Land and Buildings 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 2024.

EMPLOYEES

As at 30 June 2024, the Group had a staff force of approximately 300 employees (31 December 2023: approximately 300 employees). Of this, most were stationed in the PRC. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives (such as a share option scheme).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: 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 C1 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 C.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 for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 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 all independent non-executive Directors. As at 30 June 2024, the members of the Audit and Risk Committee are Mr. Tse Ting Kwan (Chairman), Mr. Chow Wai Leung William and Mr. Leung Man Man.

The interim results of the Group have not been reviewed by external auditors. The Audit and Risk Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the financial statements of the Group for the six months ended 30 June 2024.

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, 28 August 2024

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.