

abcmultiactive

abc Multiactive Limited

辰罡科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8131)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2013**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”)
OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK
EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors of abc Multiactive Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purposes only

FINAL RESULTS

The board of directors (the “Board”) of abc Multiactive Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 November 2013, together with the comparative figures in 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 November 2013

	Notes	2013 HK\$'000	2012 HK\$'000
Turnover	4	12,381	14,256
Cost of sales		<u>(2,043)</u>	<u>(1,901)</u>
Gross profit		10,338	12,355
Other revenue	4	429	157
Other gains and losses	5	711	(321)
Software research and development expenses		(4,673)	(5,576)
Selling and marketing expenses		(809)	(884)
Administrative expenses		<u>(7,115)</u>	<u>(6,790)</u>
Loss from operating activities	7	(1,119)	(1,059)
Finance costs	8	<u>(2,408)</u>	<u>(2,186)</u>
Loss before taxation		(3,527)	(3,245)
Taxation	9	<u>–</u>	<u>–</u>
Loss for the year		<u>(3,527)</u>	<u>(3,245)</u>
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>179</u>	<u>(152)</u>
Other comprehensive income/(loss) for the year, net of tax		<u>179</u>	<u>(152)</u>
Total comprehensive loss for the year		<u>(3,348)</u>	<u>(3,397)</u>
Loss for the year attributable to owners of the Company		<u>(3,527)</u>	<u>(3,245)</u>
Total comprehensive loss for the year attributable to owners of the Company		<u>(3,348)</u>	<u>(3,397)</u>
Loss per share			
– Basic and diluted	10	<u>HK(2.20) cents</u>	<u>HK(2.02) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2013

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
Assets			
Non-current asset			
Property, plant and equipment		<u>145</u>	<u>271</u>
Current assets			
Work in progress		–	20
Trade and other receivables	12	942	1,049
Amount due from a related party	13	144	13
Cash and cash equivalents		<u>2,296</u>	<u>8,167</u>
		<u>3,382</u>	<u>9,249</u>
Total assets		<u>3,527</u>	<u>9,520</u>
Capital and reserves			
Share capital	15	16,059	16,059
Reserves		<u>(75,688)</u>	<u>(72,340)</u>
Equity attributable to owners of the Company		<u>(59,629)</u>	<u>(56,281)</u>
Liabilities			
Non-current liabilities			
Promissory notes and interest payable to the related companies	16	45,705	43,990
Amount due to a shareholder	17	5,904	6,052
Amount due to a related party	17	<u>–</u>	<u>4,217</u>
		<u>51,609</u>	<u>54,259</u>
Current liabilities			
Other payables and accruals	14	6,575	6,024
Deferred revenue		3,699	3,538
Amount due to a related company	17	284	376
Amounts due to customers		<u>989</u>	<u>1,604</u>
		<u>11,547</u>	<u>11,542</u>
Total liabilities		<u>63,156</u>	<u>65,801</u>
Total equity and liabilities		<u>3,527</u>	<u>9,520</u>
Net current liabilities		<u>(8,165)</u>	<u>(2,293)</u>
Total assets less current liabilities		<u>(8,020)</u>	<u>(2,022)</u>
Net liabilities		<u>(59,629)</u>	<u>(56,281)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2013

	Attributable to owners of the Company					Total equity <i>HK\$'000</i>
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	
At 1 December 2011	16,059	106,118	37,600	(14,264)	(198,397)	(52,884)
Loss for the year	–	–	–	–	(3,245)	(3,245)
Other comprehensive loss for the year	–	–	–	(152)	–	(152)
	–	–	–	(152)	–	(152)
Total comprehensive loss for the year	–	–	–	(152)	(3,245)	(3,397)
At 30 November 2012 and 1 December 2012	16,059	106,118	37,600	(14,416)	(201,642)	(56,281)
Loss for the year	–	–	–	–	(3,527)	(3,527)
Other comprehensive income for the year	–	–	–	179	–	179
	–	–	–	179	–	179
Total comprehensive income/(loss) for the year	–	–	–	179	(3,527)	(3,348)
At 30 November 2013	16,059	106,118	37,600	(14,237)	(205,169)	(59,629)

Notes:

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 2 March 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at 26 Burnaby Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at 17/F, Regent Centre, 88 Queen’s Road Central, Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are design and sales of computer software and provision of professional and maintenance services.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

The directors of the Company consider the Company’s ultimate shareholder to be The City Place Trust (“CPT”), a trust incorporated in Bermuda.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Group incurred a net loss of approximately HK\$3,527,000 and accumulated losses of approximately HK\$205,169,000 for the year ended 30 November 2013. As at 30 November 2013, the Group’s current liabilities exceeded its current assets by approximately HK\$8,165,000 and net liabilities of approximately HK\$59,629,000. Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the success of the Group’s future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

Also, the directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

- (a) The shareholder of the Company, CPT has confirmed that it will not demand repayment of principal and interest payable of approximately HK\$5,904,000 within the next nineteen months after 30 November 2013;
- (b) On 25 November 2013, the promissory notes holder, Active Investments Capital Limited (“Active Investments”), which is the Company’s related company has agreed to extend the expiry date of the promissory notes together with the accrued interests with aggregate amount as at 30 November 2013 of approximately HK\$40,388,000 to 30 June 2015 (*Note 16*); and

- (c) On 25 November 2013, the promissory note holder, Wickham Group Limited (“Wickham”), which is the Company’s related company has agreed to extend the expiry date of the promissory note together with the accrued interest with aggregate amount as at 30 November 2013 of approximately HK\$5,317,000 to 30 June 2015 (*Note 16*).

In view of the above, the directors of the Company are of the opinion that there will be sufficient financial resources available to the Company and the Group to enable it to meet its liabilities as and when they fall due and to continue as a going concern. Accordingly, the directors of the Company have prepared the consolidated financial statements on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied for the first time, the following amendments and new interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1 December 2012.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the ‘statement of comprehensive income’ is renamed as the ‘statement of profit or loss and other comprehensive income’ and the ‘income statement’ is renamed as the ‘statement of profit or loss’. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Except for the above, the application of these new HKFRSs had no material impact on the Group’s consolidated financial performance and positions for the current and prior years. Accordingly, no prior period adjustments had been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 to 2011 Cycle ¹
HKFRS 1 (Amendments)	Government Loans ¹
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities ¹
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance ¹
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ²
HKAS 19 (as revised in 2011)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ²
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets ²
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting ²
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹
HK(IFRIC) – Int 21	Levies ²

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 January 2014

³ No mandatory effective date yet determined but is available for adoption

The directors of the Company is in the process of assessing the potential impact of the new HKFRSs but is not yet in a position to determine whether the new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. The new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

4. TURNOVER AND OTHER REVENUE

The Group is principally engaged in the designing and sale of computer software and the provision of professional and maintenance services for such products. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's turnover and other revenue for the year is as follow:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Turnover:		
Sales of computer software licences, software rental and provision of related services	3,636	5,361
Provision of maintenance services	7,001	7,027
Contract revenue	1,619	1,705
Sales of computer hardware	125	163
	<u>12,381</u>	<u>14,256</u>
Other revenue:		
Interest income on bank deposits	–	1
Rental income	429	156
	<u>429</u>	<u>157</u>

5. OTHER GAINS AND LOSSES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
(Loss)/gain on disposal of property, plant and equipment	(91)	19
Reversal of impairment loss on trade receivables	23	106
Impairment loss on trade receivables	–	(38)
Net foreign exchange gain/(loss)	779	(408)
	<u>711</u>	<u>(321)</u>

6. SEGMENT INFORMATION

The Group was engaged in two business segments, Financial Solutions and CRM Solutions, during the years ended 30 November 2013 and 30 November 2012. The chief operating decision maker regularly reviews the nature of their operations and the products and services. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Financial Solutions		CRM Solutions		Consolidated	
	2013	2012	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	12,118	13,798	263	458	12,381	14,256
Segment results	4,617	5,951	262	12	4,879	5,963
Other revenue					429	157
(Loss)/gain on disposal of property, plant and equipment					(91)	19
Exchange gain/(loss)					779	(408)
Central administration costs					(7,115)	(6,790)
Finance costs					(2,408)	(2,186)
Loss before taxation					(3,527)	(3,245)
Taxation					-	-
Loss for the year					(3,527)	(3,245)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2012: Nil).

Segment results represents the profit earned by each segment without allocation of other revenue, exchange gain/(loss), central administration costs, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Financial Solutions		CRM Solutions		Consolidated	
	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities						
Segment assets	1,947	1,472	68	47	2,015	1,519
Unallocated assets					1,512	8,001
Consolidated total assets					<u>3,527</u>	<u>9,520</u>
Segment liabilities	13,874	13,876	2,769	7,310	16,643	21,186
Unallocated liabilities					46,513	44,615
Consolidated total liabilities					<u>63,156</u>	<u>65,801</u>

For the purposes of monitoring segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

All assets are allocated to reportable segments other than unallocated corporate assets (mainly include cash and cash equivalents that are used by the investment holding companies and prepayment that are prepaid by the investment holding companies).

All liabilities are allocated to reportable segments other than unallocated corporate liabilities (mainly include promissory notes and the related interest payable, other payables and accruals borne by the investment holding companies).

Other segment information

	Financial Solutions		CRM Solutions		Consolidated	
	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information						
Depreciation	130	170	1	3	131	173
Capital expenditure	94	23	-	-	94	23
Reversal of impairment loss on trade receivables	(23)	(106)	-	-	(23)	(106)
Impairment loss recognised in respect of trade receivables	-	33	-	5	-	38
	<u>-</u>	<u>33</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>38</u>

Geographical segments

The Group operates in two principal geographical areas – the PRC and Hong Kong.

The Group's revenue generated from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
PRC	–	–	39	130
Hong Kong	12,381	14,256	106	141
	<u>12,381</u>	<u>14,256</u>	<u>145</u>	<u>271</u>

Information about major customers

One single customer contributed 10% or more to the Group's revenue for the year ended 30 November 2013 (2012: Nil).

7. LOSS FROM OPERATING ACTIVITIES

	2013 HK\$'000	2012 HK\$'000
The Group's loss from operating activities is arrived at after charging:		
Auditors' remuneration	240	205
Depreciation on owned property, plant and equipment	131	173
Operating lease payments in respect of		
– land and buildings	2,265	1,808
– plant and equipment	32	32
Staff costs (excluding directors' remuneration)		
– salaries and allowances	8,905	9,959
– retirement benefit costs	328	350
Cost of computer hardware sold	90	106
	<u>2,408</u>	<u>12,133</u>

8. FINANCE COSTS

	2013 HK\$'000	2012 HK\$'000
Interest on promissory notes		
– wholly repayable within five years (Note 16)	2,242	1,940
Interest on amount due to a shareholder/ a related party/a related company		
– wholly repayable within five years (Note 17)	166	246
	<u>2,408</u>	<u>2,186</u>

9. TAXATION

No provision for Hong Kong profits tax has been made as the Group either had no estimated assessable profits or had estimated tax losses brought forward to set off the estimated assessable profit for the year (2012: Nil).

No provision for the PRC income taxes has been made during the year as the subsidiaries operated in the PRC had no assessable profits for the year (2012: Nil).

No Australian income tax has been provided by the Australian subsidiaries of the Group as they had no assessable profits for the year (2012: Nil).

The Group has tax losses arising in Hong Kong of approximately HK\$71,488,989 (2012: HK\$63,956,505) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised due to the unpredictability of the future profit streams.

No income tax was recognised in other comprehensive income during the year (2012: Nil).

10. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<i>Loss</i>		
Loss for the purpose of basic loss per share (loss for the year attributable to the owners of the Company)	<u><u>(3,527)</u></u>	<u><u>(3,245)</u></u>
<i>Number of shares</i>		
Weighted average number of shares for the purpose of basic loss per share	<u><u>160,590,967</u></u>	<u><u>160,590,967</u></u>
Basic loss per share	<u><u>HK(2.20) cents</u></u>	<u><u>HK(2.02) cents</u></u>

Diluted loss per share for the years ended 30 November 2013 and 2012 were the same as the basic loss per share.

11. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 30 November 2013 (2012: Nil).

12. TRADE AND OTHER RECEIVABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade receivables	322	342
Prepayment, deposits and other receivables	620	707
	<u>942</u>	<u>1,049</u>

The analysis of trade receivables were as follow:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade receivables	1,931	1,974
Less: Impairment loss recognised in respect of trade receivables	(1,609)	(1,632)
At 30 November	<u>322</u>	<u>342</u>

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade debtors. The Group's trading terms with its customers are mainly based on product delivery and user acceptance. The Group allows an average credit period of 0 day to 30 days to its contract customers.

The following is an aged analysis of the trade receivables, net of provision of impairment loss:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current	73	132
31 – 60 days	91	96
61 – 90 days	107	–
Over 90 days	51	114
	<u>322</u>	<u>342</u>

The following is an aged analysis of the trade receivables which are past due but not impaired:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
31 – 60 days	91	96
61 – 90 days	107	–
Over 90 days	51	114
	<u>249</u>	<u>210</u>

For the past due but not impaired trade receivables, although no collateral is held, the Group has assessed the credit worthiness, past payment history and substantial settlement after the reporting date, and considers that the amounts are still recoverable and no further credit provision is required in excess of allowance for doubtful debts. The Group seeks to maintain strict control over its outstanding trade receivables. Overdue balances are reviewed regularly by the management.

The movements in provision for impairment loss on trade receivables are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
At 1 December	1,632	1,700
Reversal of impairment loss on trade receivables	(23)	(106)
Impairment loss recognised on trade receivables	–	38
	<hr/>	<hr/>
At 30 November	<u>1,609</u>	<u>1,632</u>

No further provision for impairment loss recognised in respect of trade receivables (2012: HK\$38,000). For the year ended 30 November 2012, the individually impaired receivables related to customers that were in financial difficulties and the directors of the Company assessed that the amounts are not expected to be recovered.

As at 30 November 2013, there are five customers who represent more than 10% of the total net balance of trade receivables and amounted to approximately HK\$250,000 (2012: HK\$225,000).

The movements in provision for impairment loss in respect of prepayment, deposits and other receivables are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Prepayment, deposits and other receivables	1,030	1,117
Less: Impairment loss recognised in respect of prepayment, deposits and other receivables	(410)	(410)
	<hr/>	<hr/>
At 30 November	<u>620</u>	<u>707</u>

The directors of the Company had assessed the recoverability of prepayment, deposits and other receivables for the year ended 30 November 2013 and considered no further provision for impairment in respect of prepayment, deposits and other receivables is required.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

13. AMOUNT DUE FROM A RELATED PARTY

Details of the amount due from a related party disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

Name of related party	Maximum amount outstanding during the year	2013	2012
	HK\$'000	HK\$'000	HK\$'000
Medic Media Company Ltd. ("Medic Media")	144	144	–
Wing Hong Interior Contracting Ltd. ("Wing Hong")	–	–	13
	<u>144</u>	<u>144</u>	<u>13</u>

The chief executive officer of the Company is the director of and has direct interest in shares of Medic Media.

Wing Hong was indirectly owned by close family member of an executive director of the Company.

The amount due from a related party is unsecured, interest-free and recoverable on demand.

14. OTHER PAYABLES AND ACCRUALS

	2013	2012
	HK\$'000	HK\$'000
Accruals	2,827	2,117
Receipt in advance	2,458	2,496
Other payables	1,290	1,411
	<u>6,575</u>	<u>6,024</u>

15. SHARE CAPITAL

	2013		2012	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	<u>10,000,000,000</u>	<u>1,000,000</u>	<u>10,000,000,000</u>	<u>1,000,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.1 each	<u>160,590,967</u>	<u>16,059</u>	<u>160,590,967</u>	<u>16,059</u>

16. PROMISSORY NOTES AND INTEREST PAYABLE TO THE RELATED COMPANIES

As at 30 November 2013, the promissory notes with principal amount of approximately HK\$37,839,000 (2012: approximately to HK\$38,186,000) payable to the related companies are interest bearing at Hong Kong prime rate for both years ended 30 November 2013 and 2012.

On 25 November 2013, a new promissory note with the principal amount of approximately HK\$25,705,000 was issued by the Company in favour of Active Investments, which is a related company owned by the chief executive officer of the Company, (“Hong Kong Dollar Denominated Promissory Note”) to replace the existing four (4) promissory notes in the principal amounts of HK\$18,205,000, HK\$3,000,000, HK\$2,000,000 and HK\$2,500,000 respectively, which were immediately cancelled after issue of Hong Kong Dollar Denominated Promissory Note.

At the same date, Active Investments has agreed to extend the expiry date of the Hong Kong Dollar Denominated Promissory Note with the aggregate amount as at 30 November 2013 of approximately HK\$31,644,000 (included principal amount of HK\$25,705,000 and accrued interest of approximately HK\$5,939,000) to 30 June 2015. During the year, interest of approximately HK\$1,481,000 was charged to consolidated statement of profit or loss and other comprehensive income (2012: HK\$1,350,000). (*Note 8*)

On 25 November 2013, a new promissory note with the principal amount of approximately CAD1,025,000 (approximately to HK\$7,552,000) was issued by the Company in favour of Active Investments (“Canadian Dollar Denominated Promissory Note”) to replace the existing two (2) promissory notes in the principal amounts of approximately CAD485,000 and CAD540,000 respectively (total aggregate amount approximately to HK\$7,552,000), which were immediately cancelled after issue of Canadian Dollar Denominated Promissory Note.

At the same date, Active Investments has agreed to extend the expiry date of the Canadian Dollar Denominated Promissory Note with the aggregate amount as at 30 November 2013 of approximately CAD1,191,000 (approximately to HK\$8,744,000) (included principal amount of CAD1,025,000 (approximately to HK\$7,500,000) and accrued interest of approximately CAD166,000 (approximately to HK\$1,244,000)) to 30 June 2015. During the year, interest of approximately CAD58,000 approximately to HK\$441,000 was charged to consolidated statement of profit or loss and other comprehensive income (2012: CAD44,000 approximately to HK\$343,000). (*Note 8*)

On 5 June 2013, the Company has fully repaid the promissory note in the amount of CAD300,000 (approximately to HK\$2,258,000) together with the accrued interest of approximately CAD23,000 (approximately to HK\$180,000) to Active Investments. Interest incurred during the current year was being approximately CAD8,000 (approximately to HK\$61,000) (2012: approximately CAD15,000 (approximately to HK\$119,000)) has also been fully repaid. (*Note 8*)

On 25 November 2013, Wickham, a company owned by a close family member of an executive director of the Company, has agreed to extend the expiry date of promissory note with the aggregate amount as at 30 November 2013 of approximately HK\$5,317,000 (included principal amount of HK\$4,634,000 and accrued interest of approximately HK\$683,000) to 30 June 2015. During the year, interest of approximately HK\$259,000 was charged to consolidated statement of profit or loss and other comprehensive income (2012: HK\$247,000). (*Note 8*)

17. AMOUNT DUE TO A SHAREHOLDER/A RELATED PARTY/A RELATED COMPANY

The amounts mainly represent payables for development costs, purchases of software merchandise, royalty fee and expenses paid on behalf of the Group. The balances of amount due to a shareholder and amount due to a related company are approximately HK\$5,904,000 and HK\$284,000 respectively. The balances are interest-free except for approximately HK\$3,297,000 of which carries interest at the annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly for both years ended 30 November 2013 and 2012. The shareholder and a related company have confirmed that they will not demand repayment within the next nineteen months after 30 November 2013.

SUMMARY OF THE INDEPENDENT AUDITORS' REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

The independent auditors' report of the Group's consolidated financial statements for the year ended 30 November 2013 contains a modified auditors' opinion as follow:–

“Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that the Group incurred a net loss of approximately HK\$3,527,000 during the year ended 30 November 2013 and, as of that date, the Group's total liabilities exceeded its total assets by approximately HK\$59,629,000. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.”

BUSINESS REVIEW

Financial Review

The Group recorded a turnover of approximately HK\$12,381,000 for the year ended 30 November 2013, a 13% decrease from approximately HK\$14,256,000 for the same period of the previous year. Of the total turnover amount, HK\$3,636,000 or 29% was generated from software license sales, HK\$1,619,000 or 13% was generated from contract revenue, HK\$7,001,000 or 57% was generated from maintenance services, and HK\$125,000 or 1% was generated from sales of hardware. At 30 November 2013, the Group had approximately HK\$1.2 million worth of contracts that were in progress. The net loss attributable to shareholders for the year ended 30 November 2013 was HK\$3,527,000, whereas the Group recorded a net loss of approximately HK\$3,245,000 for the same period of the previous year.

During the year, the Group continued to exercise prudent cost control measures by implementing tight expenses measures in its operations. The operating expenditures amounted to approximately HK\$12,597,000 for the year ended 30 November 2013, 5% decreased from approximately HK\$13,250,000 for the corresponding period of the previous year.

As a result of the most of the property, plant and equipment in the Group was fully depreciated, depreciation expenses decreased from approximately HK\$173,000 for the year ended 30 November 2012 to approximately HK\$131,000 in the current fiscal year.

The Group did not have any amortisation expenses for the year ended 30 November 2013 due to the write-off of the remaining amounts of goodwill and intellectual property rights at the end of fiscal year 2002.

Subsequent to the year ended 30 November 2013, the Company completed a Rights Issue of 80,295,483 ordinary shares of HK\$0.10 each at a subscription price of HK\$0.10 per share on 27 January 2014 (the “2013 Rights Issue”). Accordingly, the issued share capital of the Company has been increased from HK\$16,059,097 to HK\$24,088,645. These new shares rank pari passu in all respect with the existing shares. Details of the 2013 Rights Issue have been published in the announcement of the Company dated 29 November 2013 and prospectus of the Company dated 8 January 2014, respectively. The net proceeds from the 2013 Rights Issue amounted to approximately HK\$7.51 million which will be used for working capital and/or repayment of loan.

During the year, the Group invested approximately HK\$4,673,000 in developing new modules for its OCTO Straight Through Processing (“STP”) system.

During the year of 30 November 2013, the Group has no provision made for impairment of trade receivables.

Total staff costs (excluding directors’ remuneration) are approximately HK\$9,233,000 for the year ended 30 November 2013, a 10% decrease from approximately HK\$10,309,000 for the same period of the previous year. The decrease was mainly attributed to headcount reductions in China in the early 2013.

Operation Review

For the year ended 30 November 2013, Financial Solutions turnover is HK\$12,118,000, a decrease of 12% when compared to HK\$13,798,000 for the same period of the previous year. The reason of the turnover decrease was mainly attributed to the slowdown in the new sales contract signed in the year 2013. During the year, the Group continued to enhance the features of its OCTOSTP system and focused on product development. To maintain its competitive edge, the development work for new version of our existing trading modules are started in 2013 and the plans are underway to expand the capability of the systems and include new features for stock markets and meet customer needs.

To facilitate more brokerage firms for better planning and preparation Orion Central Gateway (“OCG”) trading platform launch in 2014 by The Stock Exchange’s tentative timeline, the Group has commenced development OCG since the fourth quarter of 2012. In 2013, we centralized our resources in development and integration work of OCG. The first stage of development work including the client enrollment for first batch and offline simulator test for OCG has been completed in the second quarter 2013. We are confident that we are equipped for end-to-end test and market rehearsals to be scheduled in the coming first and second quarter 2014 respectively.

For the year ended 30 November 2013, CRM Solutions turnover is HK\$263,000, a decrease of 43% when compared to HK\$458,000 for the same period of previous year. The decrease was mainly due to the Group changed its role to a business agent with MSI with providing professional services in place of sales of the CRM software for its customers in the Asian Pacific region since August 2012.

Prospects

To maintain our competitiveness in the market, the Group will more focus on our core business and technology development to improve product functionality and expand service dimensions to our customers. To channel our resources to new business development in the high growth solutions area will continue to be top priorities for the Group for 2014. The directors believed that the Group has a well diversified product range that is fitted to the market needs and it is well equipped to face challenges from the market.

We aimed at reaching out to a more diversified business line via seeking new opportunities in Hong Kong and Asian market. To achieve this goal, we will engage more actively in seeking collaboration partners to provide more innovative business solutions.

Corporate Governance Practices

It is the belief of the Board of Directors that corporate governance plays a vital part in maintaining the success of the Company. Various measures have been adopted to ensure that a high level of corporate governance is maintained throughout the operation of the Group.

To comply with all the new code provisions set out in the CG Code and Report contained in Appendix 15 of the GEM Listing Rules, relevant amendments and adoptions has been adopted by the Company in last year, except for the deviations from code provision A.4.3, A.5.6 and C.1.2 as explained below, none of the directors is aware of information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period for the year ended 30 November 2013, in compliance with the Corporate Governance Code (the “CG Code”) set out by the Stock Exchange in Appendix 15 to the GEM Listing Rules. The board will continue to review regularly and take appropriate actions to comply with the Code.

Appointments, Re-election and Removal Director

Code provision A.4.3 of the CG Code, became effective on 1 April 2012, an independent non-executive director serves more than nine (9) years, his further appointment should be subject to a separate resolution to be approved by shareholders.

During the year ended 30 November 2013, Mr. Kwong Sang LIU has served as an independent non-executive director of the Company for more than 9 years. During this years of appointment, Mr, Liu has demonstrated his ability to provide an independent view to the Company’s matters. Notwithstanding his years of service as an independent non-executive director of the Company, the Board is of the view that Mr. Liu is able to continue to fulfill his role as required and thus recommends him for re-election of the AGM. Further, the Company is of the view of Mr. Liu meets the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and is independent in accordance with the terms and guidelines.

Board Diversity Policy

Code provision A.5.6 of the CG Code, became effective on 1 September 2013, the nomination committee (or the Board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report.

To comply with the new code provision A.5.6, the nomination committee will adopt a board diversity policy in 2014 committee meeting. In 2014 meeting, nomination committee members will review the board diversity policy of the Company and the progress of attainment when appropriate to ensure its effectiveness and will discuss any revisions that may be required to be considered and make disclosure of its review results of the Company's corporate governance report annually.

Financial Reporting

Code provision C.1.2 of the CG Code, became effective on 1 April 2012, stipulates that management should provide all members of the Board with monthly updates giving balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

During the year ended 30 November 2013, the management rather than provide monthly updates to all members of the Board. The management of the Company has provided to all Directors quarterly updates with quarterly consolidated financial statement of the Company's performance, position and prospects in sufficient details during the regular Board meetings of the Company. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board. The management discussion and analysis prepared by management and reviewed by the Board of the directors are included in this result announcement.

Audit Committee

Pursuant to the GEM Listing Rules, an audit committee was established on 22 January 2001, comprising three independent non-executive directors, namely Messrs. Kwong Sang Liu, Edwin Kim Ho Wong and William Keith Jacobsen. On 28 September 2004, Mr. Kwong Sang Liu was appointed as independent non-executive director and member of audit committee of the Company. On 29 August 2008, Mr. Edwin Kim Ho Wong was appointed as independent non-executive director and member of audit committee of the Company. Mr. William Keith Jacobsen was appointed as independent non-executive director and member of audit committee of the Company on 10 July 2009. Mr. William Keith Jacobsen is the chairman of the audit committee for the year ended 30 November 2013.

The written terms of reference which describe the authorities and duties of the audit committee were prepared and adopted with reference to “A Guide for the Formation of an Audit Committee” published by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the audit committee should also require it to review arrangement employees of the Company can use to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action and to act as the key representative body for overseeing the Company’s relations with the external auditor. The audit committee provides an important link between the board of directors and the Company’s auditors in matters coming within the scope of the Group audit. It also reviews the financial reporting process and the adequacy and effectiveness of the Group’s internal control system.

During the financial year ended 30 November 2013, the audit committee held four meetings for the purpose of reviewing the Company’s reports and accounts, and providing advice and recommendations to the Board of Directors. The minutes of the audit committee meeting are kept by the Company Secretary.

The Group’s results for the year ended 30 November 2013 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standard.

Purchase, Sale or Redemption of Listed Securities

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities during the year (2012: Nil).

By order of the Board
Joseph Chi Ho Hui
Chairman

As at the date of the announcement, the Board comprises the following directors:

Mr. Joseph Chi Ho HUI (*Executive Director*)
Ms. Clara Hiu Ling LAM (*Executive Director*)
Mr. Terence Chi Yan HUI (*Non-executive Director*)
Mr. Kwong Sang LIU (*Independent Non-executive Director*)
Mr. Edwin Kim Ho WONG (*Independent Non-executive Director*)
Mr. William Keith JACOBSEN (*Independent Non-executive Director*)

Hong Kong, 7 February 2014

This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the day of its posting and the website of the Company at www.hklistco.com.