

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 2014**

**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 2014, together with the comparative figures in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 November 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Turnover	4	19,733	12,381
Cost of sales		(2,723)	(2,043)
Gross profit		17,010	10,338
Other revenue	4	88	429
Other gains and losses	5	257	711
Software research and development expenses		(4,598)	(4,673)
Selling and marketing expenses		(1,366)	(809)
Administrative expenses		(6,869)	(7,115)
Profit/(loss) from operating activities	7	4,522	(1,119)
Finance costs	8	(2,465)	(2,408)
Profit/(loss) before taxation		2,057	(3,527)
Taxation	9	–	–
Profit/(loss) for the year		2,057	(3,527)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		528	179
Other comprehensive income for the year, net of tax		528	179
Total comprehensive profit/(loss) for the year		2,585	(3,348)
Profit/(loss) for the year attributable to owners of the Company		2,057	(3,527)
Total comprehensive profit/(loss) for the year attributable to owners of the Company		2,585	(3,348)
			(Restated)
Earnings/(loss) per share			
– Basic and diluted	10	HK0.86 cents	HK(1.68) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2014

	<i>Notes</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Assets			
Non-current asset			
Property, plant and equipment		93	145
Current assets			
Trade and other receivables	12	1,352	942
Amount due from a related party	13	–	144
Cash and cash equivalents		6,536	2,296
		7,888	3,382
Total assets		7,981	3,527
Capital and reserves			
Share capital	15	24,089	16,059
Reserves		(73,400)	(75,688)
Equity attributable to owners of the Company		(49,311)	(59,629)
Liabilities			
Non-current liabilities			
Promissory notes and interest payable to the related companies	16	47,534	45,705
Amount due to a shareholder	17	–	5,904
		47,534	51,609
Current liabilities			
Other payables and accruals	14	5,305	6,575
Deferred revenue		3,570	3,699
Amount due to a related company	17	264	284
Amounts due to customers		619	989
		9,758	11,547
Total liabilities		57,292	63,156
Total equity and liabilities		7,981	3,527
Net current liabilities		(1,870)	(8,165)
Total assets less current liabilities		(1,777)	(8,020)
Net liabilities		(49,311)	(59,629)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2014

	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 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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income/(loss) for the year	–	–	–	179	(3,527)	(3,348)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 November 2013 and 1 December 2013	16,059	106,118	37,600	(14,237)	(205,169)	(59,629)
Profit for the year	–	–	–	–	2,057	2,057
Other comprehensive income for the year	–	–	–	528	–	528
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	–	–	–	528	2,057	2,585
Issue of ordinary shares upon rights issue	8,030	–	–	–	–	8,030
Expenses attributable to rights issue	–	(297)	–	–	–	(297)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 November 2014	<u>24,089</u>	<u>105,821</u>	<u>37,600</u>	<u>(13,709)</u>	<u>(203,112)</u>	<u>(49,311)</u>

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 on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

As at 30 November 2014, the Group’s current liabilities exceeded its current assets by approximately HK\$1,870,000 and net liabilities of approximately HK\$49,311,000. 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) On 21 November 2014, 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 2014 of approximately HK\$41,944,000 to 30 June 2016 (*Note 16*); Active Investments provides financial support for the continuing operations of the Company so as to enable it to meet its liabilities as they fall due and carry on its business without a significant curtailment of operations in the twelve months from 30 November 2014; and

- (b) On 21 November 2014, 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 2014 of approximately HK\$5,590,000 to 30 June 2016 (*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 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 2013.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 to 2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

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 2010-2012 Cycle ³
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle ⁵
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ⁷
HKFRS 9	Financial Instruments ⁷
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ⁵
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operation ⁵
HKFRS 14	Regulatory Deferral Accounts ⁴
HKFRS 15	Revenue from contracts with customers ⁶
HKAS 1 (Amendments)	Disclosure Initiative ⁵
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ⁵
HKAS 19 (2011) (Amendments)	Defined benefit plans: Employee Contribution ²
HKAS 27 (Amendments)	Equity Method in Separate Financial Statement ⁵
HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets ¹
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC) – Int 21	Levies ¹

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

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

³ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

⁴ Effective for first annual HKFRS financial statements beginning on or 1 January 2016

⁵ Effective for annual periods beginning on or after 1 January 2016

⁶ Effective for annual periods beginning on or after 1 January 2017

⁷ Effective for annual periods beginning on or after 1 January 2018

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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Turnover:		
Sales of computer software licences, software rental and provision of related services	9,584	3,636
Provision of maintenance services	6,216	7,001
Contract revenue	3,893	1,619
Sales of computer hardware	40	125
	<u>19,733</u>	<u>12,381</u>
Other revenue:		
Interest income on bank deposits	1	–
Rental income	87	429
	<u>88</u>	<u>429</u>
5. OTHER GAINS AND LOSSES		
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss on disposal of property, plant and equipment	–	(91)
Reversal of impairment loss on trade receivables	12	23
Impairment loss recognised on trade receivables	(23)	–
Exchange gain	268	779
	<u>257</u>	<u>711</u>

6. SEGMENT INFORMATION

The Group was engaged in two business segments, Financial Solutions and CRM Solutions, during the years ended 30 November 2014 and 2013. 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	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	19,676	12,118	57	263	19,733	12,381
Segment results	10,978	4,617	57	262	11,035	4,879
Other revenue					88	429
Loss on disposal of property, plant and equipment					-	(91)
Net foreign exchange gain					268	779
Central administration costs					(6,869)	(7,115)
Finance costs					(2,465)	(2,408)
Profit/(loss) before taxation					2,057	(3,527)
Taxation					-	-
Profit/(loss) for the year					2,057	(3,527)

Revenue reported above represents revenue generated from external customers. There were no intersegment sales during the year (2013: Nil).

Segment results represents the profit earned by each segment without allocation of other revenue, exchange gain, 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	
	2014	2013	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets and liabilities						
Segment assets	4,971	1,947	212	68	5,183	2,015
Unallocated assets					2,798	1,512
					<u>7,981</u>	<u>3,527</u>
Consolidated total assets					<u>7,981</u>	<u>3,527</u>
Segment liabilities	7,382	13,874	1,534	2,769	8,916	16,643
Unallocated liabilities					48,376	46,513
					<u>57,292</u>	<u>63,156</u>
Consolidated total liabilities					<u>57,292</u>	<u>63,156</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	
	2014	2013	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other segment information						
Depreciation	64	130	1	1	65	131
Capital expenditure	13	94	–	–	13	94
Reversal of impairment loss on trade receivables	(12)	(23)	–	–	(12)	(23)
Impairment loss recognised in respect of trade receivables	23	–	–	–	23	–
	<u>23</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>23</u>	<u>–</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	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
PRC	–	–	32	39
Hong Kong	19,733	12,381	61	106
	<u>19,733</u>	<u>12,381</u>	<u>93</u>	<u>145</u>

Information about major customers

Included in revenue arising from sales of Financial Solutions of approximately HK\$19,676,000 million (2013: approximately HK\$12,118,000) are revenue of approximately HK\$7,798,000 (2013: approximately HK\$1,338,000) which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue for both years ended 30 November 2014 and 2013.

7. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	2014 HK\$'000	2013 HK\$'000
The Group's profit/(loss) from operating activities is arrived at after charging:		
Auditors' remuneration	250	240
Depreciation on owned property, plant and equipment	65	131
Operating lease payments in respect of		
– land and buildings	2,039	2,265
– plant and equipment	32	32
Staff costs (excluding directors' remuneration)		
– salaries and allowances	8,970	8,905
– retirement benefit costs	341	328
Cost of computer hardware sold	22	90
	<u>22</u>	<u>90</u>

8. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest on promissory notes		
– wholly repayable within five years (Note 16)	2,325	2,242
Interest on amount due to a shareholder/a related party		
– wholly repayable within five years (Note 17)	140	166
	<u>140</u>	<u>166</u>
	<u>2,465</u>	<u>2,408</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 (2013: 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 (2013: Nil).

No Australian income tax has been provided by the Australian subsidiaries of the Group as they had no assessable profits for the year (2013: Nil).

The Group has tax losses arising in Hong Kong of approximately HK\$69,175,000 (2013: approximately to HK\$71,489,000) 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 (2013: Nil).

No income tax was recognised in other comprehensive income during the year (2013: Nil).

10. EARNINGS/(LOSS) PER SHARE

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

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Earnings/(loss)</i>		
Earnings/(loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the year attributable to the owners of the Company)	<u>2,057</u>	<u>(3,527)</u>
	2014	2013 (Restated)
<i>Number of shares</i>		
Weighted average number of shares for the purpose of basic earnings/(loss) per share	<u>239,278,848</u>	<u>210,003,571</u>
Basic earnings/(loss) per share	<u>HK0.86 cents</u>	<u>HK(1.68) cents</u>

The weighted average of ordinary shares for the purpose of calculating basic earnings/(loss) per share for the year ended 30 November 2014 have been adjusted for the effects of rights issue completed on 27 January 2014. The rights issue has be reflected retrospectively by restating the opening weighted average number of ordinary shares at 1 December 2012.

The Group had no potentially dilutive ordinary shares in issue during the years ended 30 November 2014 and 2013. Diluted earnings/(loss) per share for the years ended 30 November 2014 and 2013 were the same as the basic earnings/(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 2014 (2013: Nil).

12. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	545	322
Prepayment, deposits and other receivables	807	620
	<u>1,352</u>	<u>942</u>

The analysis of trade receivables were as follow:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	2,165	1,931
Less: Impairment loss recognised in respect of trade receivables	(1,620)	(1,609)
	<u>545</u>	<u>322</u>
At 30 November	<u>545</u>	<u>322</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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current	409	73
31 – 60 days	14	91
61 – 90 days	–	107
Over 90 days	122	51
	<u>545</u>	<u>322</u>

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
31 – 60 days	14	91
61 – 90 days	–	107
Over 90 days	122	51
	<hr/> 136 <hr/>	<hr/> 249 <hr/>

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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At 1 December	1,609	1,632
Reversal of impairment loss on trade receivables	(12)	(23)
Impairment loss recognised on trade receivables	23	–
	<hr/> 1,620 <hr/>	<hr/> 1,609 <hr/>

Included in provision for impairment loss recognised in respect of trade receivables are individually impaired trade receivables with balance of approximately HK\$23,000 (2013: HK\$Nil). The individually impaired receivables related to customers that were in financial difficulties and the directors assessed that the amounts are not expected to be recovered.

As at 30 November 2014, there are five customers who represent more than 10% of the total net balance of trade receivables and the amounted to approximately HK\$497,000 (2013: approximately to HK\$250,000).

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Prepayment, deposits and other receivables	1,217	1,030
Less: Impairment loss recognised in respect of prepayment, deposits and other receivables	(410)	(410)
	<hr/>	<hr/>
At 30 November	807	620
	<hr/> <hr/>	<hr/> <hr/>

The directors of the Company had assessed the recoverability of prepayment, deposits and other receivables for the year ended 30 November 2014 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 the Hong Kong Companies Ordinance are as follows:

Name of related party	Maximum amount outstanding during the year		
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Medic Media Company Ltd. ("Medic Media")	144	–	144
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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

14. OTHER PAYABLES AND ACCRUALS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Accruals	1,384	2,827
Receipt in advance	3,022	2,458
Other payables	899	1,290
	<hr/>	<hr/>
	5,305	6,575
	<hr/> <hr/>	<hr/> <hr/>

15. SHARE CAPITAL

	2014		2013	
	<i>Number of shares</i>	<i>Amount HK\$'000</i>	<i>Number of shares</i>	<i>Amount HK\$'000</i>
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:				
At 1 December, ordinary shares of HK\$0.1 each	160,590,967	16,059	160,590,967	16,059
Issue of new shares (<i>Note a</i>)	<u>80,295,483</u>	<u>8,030</u>	–	–
At 30 November, ordinary shares of HK\$0.1 each	<u>240,886,450</u>	<u>24,089</u>	<u>160,590,967</u>	<u>16,059</u>

Note:

- (a) On 27 January 2014, 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. 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. The net proceeds from rights issue used in working capital and repayment of loan.

16. PROMISSORY NOTES AND INTEREST PAYABLE TO THE RELATED COMPANIES

As at 30 November 2014, the promissory notes payable to the related companies are interest bearing at Hong Kong prime rate for both years ended 30 November 2014 and 2013.

On 21 November 2014, 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 2014 of approximately HK\$33,262,000 (included principal amount of HK\$25,705,000 and accrued interest of approximately HK\$7,557,000) to 30 June 2016. During the year, interest of approximately HK\$1,619,000 was charged to consolidated statement of profit or loss and other comprehensive income (2013: HK\$1,481,000). (*Note 8*)

On 21 November 2014, Active Investments has agreed to extend the expiry date of the Canadian Dollar Denominated Promissory Note with the aggregate amount as at 30 November 2014 of approximately CAD1,252,000 (approximately to HK\$8,682,000) (included principal amount of CAD1,025,000 (approximately to HK\$7,004,000) and accrued interest of approximately CAD227,000 (approximately to HK\$1,678,000)) to 30 June 2016. During the year, interest of approximately CAD61,000 (approximately to HK\$434,000) was charged to consolidated statement of profit or loss and other comprehensive income (2013: CAD58,000 approximately to HK\$441,000). (*Note 8*)

On 21 November 2014, 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 2014 of approximately HK\$5,590,000 (included principal amount of HK\$4,635,000 and accrued interest of approximately HK\$955,000) to 30 June 2016. During the year, interest of approximately HK\$272,000 was charged to consolidated statement of profit or loss and other comprehensive income (2013: HK\$259,000). (*Note 8*)

17. AMOUNT DUE TO A SHAREHOLDER/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 which carries interest at the annual Canadian prime rate as quoted by Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly and amount due to a related company is interest-free for both years ended 30 November 2014 and 2013. On 30 September 2014, the Group has fully repaid the outstanding loan together with accrued interest in the amount of CAD833,000 (approximately to HK\$5,805,000) to The CPT, a shareholder of the Company. During the year, the interest of amount due to a shareholder approximately HK\$140,000 was charged to consolidated statement of profit or loss and other comprehensive income. (Note 8)

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 2014 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's total liabilities exceeded its total assets by approximately HK\$49,311,000. This condition, 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\$19,733,000 for the year ended 30 November 2014, a 59% increase from approximately HK\$12,381,000 for the same period of the previous year. Of the total turnover amount, approximately HK\$9,584,000 or 49% was generated from software license sales, approximately HK\$3,893,000 or 20% was generated from contract revenue, approximately HK\$6,216,000 or 31% was generated from maintenance services, and approximately HK\$40,000 was generated from sales of hardware. At 30 November 2014, the Group had approximately HK\$789,000 worth of contracts that were in progress. The net profit attributable to shareholders for the year ended 30 November 2014 was HK\$2,057,000, whereas the Group recorded a net loss of approximately HK\$3,527,000 for the same period of the previous year.

During the year, the operating expenditures amounted to approximately HK\$12,833,000 for the year ended 30 November 2014, 2% increase from approximately HK\$12,597,000 for the corresponding period of the previous year. The increase was mainly attributed to sales commission increment reflecting increase in sales during the 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\$131,000 for the year ended 30 November 2013 to approximately HK\$65,000 in the current fiscal year.

The Group did not have any amortisation expenses for the year ended 30 November 2014 due to the write-off of the remaining amounts of goodwill and intellectual property rights at the end of fiscal year 2002.

During the year, the Group invested approximately HK\$4,598,000 in developing new modules for its OCTO Straight Through Processing (“STP”) system.

During the year of 30 November 2014, the Group has made provision of approximately HK\$23,000 for impairment of trade receivables.

Total staff costs (excluding directors’ remuneration) are approximately HK\$9,311,000 for the year ended 30 November 2014, remains stable when compared to approximately HK\$9,233,000 for the same period of the previous year.

The board of directors of the Company resolved to liquidate and dissolve its Australia subsidiaries of the Company, Multiactive Software Pty Limited and Maximizer Software Pty Limited on 21 November 2014. Details of the proposed voluntary liquidation of overseas subsidiaries have been published in the announcement of the Company at the same date. The application of the liquidation of both subsidiaries to the Australia Corporation Law of Australian Securities and Investments Commission in the process. The dissolution of Multiactive Software Pty Limited and Maximizer Software Pty Limited will not have any material effect on the share capital and shareholdings of the major shareholders of the Company. As of 21 November 2014, the preliminary unaudited loss of the liquidation is estimated approximately HK\$10.9 million, which was combined of the unaudited gain on written off subsidiary liabilities of approximately HK\$950,000 and unaudited loss on foreign currency translation adjustment of approximately HK\$13.8 million from exchange reserve to profit and loss account. The final gain or loss in connection with the liquidation will be assessed after completion.

As at 30 November 2014, the Australia subsidiaries of the Company have total assets of approximately HK\$2,000 and total liabilities of approximately HK\$1,133,000.

Operation Review

For the year ended 30 November 2014, Financial Solutions turnover is approximately HK\$19,676,000, an increase of 62% when compared to approximately HK\$12,118,000 for the same period of the previous year. During the year under review, the increases of turnover were contributed by successfully concluded and delivered its OCTOSTP software licensed products and providing related professional services to customers resulted from new contract sales and the new launch of Shanghai-Hong Kong Stock Connect at the fourth quarter of 2014. Furthermore, the Group successfully expanded its revenue stream from our channel partner’s innovative OTC derivatives solutions and achieved the satisfactory results in 2014.

During the year, the Group put great effort to work with our customers for implementation Orion Central Gateway (“OCG”). Followed the implement works including the batch of end-to-end test and market rehearsal has been completed, the Group successfully implemented OCG products in the market in the fourth quarter of 2014.

The Group’s OCTOSTP products have many different add-on modules to enable the Group to meet the changing needs of its extensive customer. In terms of extendibility, the Group has commenced development for new modules and its products improvement. Apart from this, the Group continued to strengthen its business performance in diversified solutions products.

Due to the software maintenance contract expiration of the last CRM customer in March 2014, CRM Solutions turnover is approximately HK\$57,000, a decrease of 78% when compared to approximately HK\$263,000 for the same period of previous year. Due to market competitiveness and efficient resources utilization, the Group will more focus its core business in Financial Solutions market and take a role of providing professional services to its CRM Solutions customers.

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 2015. 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.

Moving forward, 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. We also continue to improve operational effectiveness in order to drive our business for continued growth.

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.

The Stock Exchange has issued the amendments on Corporate Governance Code and Corporate Governance Report (the “CG Code and Report”) contained in Appendix 15 of the GEM Listing Rules effective on 1 April 2012 which set out the principles and the code provisions which the Company is expected to apply and comply.

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, except for the deviations from code provision A.4.3 and C.1.2 as explained below, none of the directors is aware of information that would reasonable indicate that the Company is not, or was not, for any parts of the accounting period for the year ended 30 November 2014, in compliance with CG Code and Report 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 and Report, 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.

Mr. Kwong Sang LIU has served as an independent non-executive director of the Company for more than 9 years. 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 annual general meeting. 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. This deviated from the requirements of code provision A.4.3.

To comply with code provision A.4.3, Mr. Liu's further appointment has been proposed and approved by the shareholders at the annual general meeting of the Company held on 28 March 2014, and is subject to a separate resolution to be approved by shareholders in 2015.

Financial Reporting

Code provision C.1.2 of the CG Code and Report, 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 details.

During the year ended 30 November 2014, rather than provide monthly updates, the management of the Company has provided to the Board 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. Kwong Sang Liu is the chairman of the audit committee for the year ended 30 November 2014.

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 reporting year 2014, 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 2014 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 (2013: 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. 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: 30 January 2015

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.