

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 2017**

**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 2017, together with the comparative figures in 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 November 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Turnover	4	14,704	18,400
Cost of sales		<u>(3,461)</u>	<u>(4,644)</u>
Gross profit		11,243	13,756
Other gains and losses	5	648	316
Software research and development expenses		(5,463)	(6,050)
Selling and marketing expenses		(967)	(978)
Administrative expenses		<u>(8,257)</u>	<u>(8,827)</u>
Loss from operating activities	8	(2,796)	(1,783)
Finance costs	9	<u>(3,032)</u>	<u>(2,512)</u>
Loss before taxation		(5,828)	(4,295)
Income tax expense	10	<u>–</u>	<u>–</u>
Loss for the year		<u>(5,828)</u>	<u>(4,295)</u>
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		–	(9)
Release of exchange reserve upon de-registration of a subsidiary		<u>180</u>	<u>–</u>
Other comprehensive income/(loss) for the year, net of tax		<u>180</u>	<u>(9)</u>
Total comprehensive loss for the year		<u>(5,648)</u>	<u>(4,304)</u>
Loss for the year attributable to owners of the Company		<u>(5,828)</u>	<u>(4,295)</u>
Total comprehensive loss for the year attributable to owners of the Company		<u>(5,648)</u>	<u>(4,304)</u>
			(Restated)
Loss per share			
– Basic and diluted	11	<u>HK (2.07) cents</u>	<u>HK (1.61) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Assets			
Non-current asset			
Property, plant and equipment		<u>561</u>	<u>725</u>
Current assets			
Amounts due from customers		–	516
Trade and other receivables	13	1,560	1,735
Cash and cash equivalents		<u>1,660</u>	<u>2,098</u>
		<u>3,220</u>	<u>4,349</u>
Total assets		<u>3,781</u>	<u>5,074</u>
Capital and reserves			
Share capital	15	30,111	24,089
Reserves		<u>(78,813)</u>	<u>(78,422)</u>
Equity attributable to owners of the Company		<u>(48,702)</u>	<u>(54,333)</u>
Liabilities			
Non-current liability			
Promissory notes and interest payables to the related companies	16	<u>45,700</u>	<u>–</u>
Current liabilities			
Other payables and accruals	14	4,799	4,387
Deferred revenue		1,733	1,594
Amount due to a related company		235	224
Amounts due to customers		16	851
Promissory notes and interest payables to the related companies	16	<u>–</u>	<u>52,351</u>
		<u>6,783</u>	<u>59,407</u>
Total liabilities		<u>52,483</u>	<u>59,407</u>
Total equity and liabilities		<u>3,781</u>	<u>5,074</u>
Net current liabilities		<u>(3,563)</u>	<u>(55,058)</u>
Total assets less current liabilities		<u>(3,002)</u>	<u>(54,333)</u>
Net liabilities		<u>(48,702)</u>	<u>(54,333)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2017

	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>	
As at 1 December 2015	24,089	105,821	37,600	(200)	(217,339)	(50,029)
Loss for the year	–	–	–	–	(4,295)	(4,295)
Other comprehensive loss for the year	–	–	–	(9)	–	(9)
Total comprehensive loss for the year	–	–	–	(9)	(4,295)	(4,304)
As at 30 November 2016 and 1 December 2016	24,089	105,821	37,600	(209)	(221,634)	(54,333)
Loss for the year	–	–	–	–	(5,828)	(5,828)
Other comprehensive income for the year	–	–	–	180	–	180
Total comprehensive income/ (loss) for the year	–	–	–	180	(5,828)	(5,648)
Issue of ordinary shares upon the rights issue (<i>Note 15</i>)	6,022	6,022	–	–	–	12,044
Transaction costs attributable to the rights issue	–	(765)	–	–	–	(765)
As at 30 November 2017	<u>30,111</u>	<u>111,078</u>	<u>37,600</u>	<u>(29)</u>	<u>(227,462)</u>	<u>(48,702)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2017

1. CORPORATE INFORMATION

abc Multiactive Limited (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 Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at 23/F., On Hing Building, No.1 On Hing Terrace, 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 included the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”). 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, a trust incorporated in Bermuda.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis 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.

The Group incurred a net loss of approximately HK\$5,828,000 (2016: approximately HK\$ 4,295,000) for the year ended 30 November 2017. As at 30 November 2017, the Group’s current liabilities exceeded its total assets by approximately HK\$3,002,000 (2016: approximately HK\$ 54,333,000). 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:

The promissory notes holder, Active Investments Capital Limited (“Active Investments”) with the aggregate amount of approximately HK\$45,700,000, which is a related company of the Company and Maximizer International Limited, a shareholder of the Company, have agreed to provide 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 2017.

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 new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are effective for the Group’s financial year beginning on or after 1 December 2016.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle
HKFRS 10, 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements

The application of the above new and revised HKFRSs in the current year has had no material effect on the Group’s financial performance and position for the current and prior years and on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle ⁵
HKFRS 2 (Amendments)	Classification and Measurement of Share-Based Payment Transaction ²
HKFRS 4 (Amendments)	Insurance Contracts ²
HKFRS 9	Financial Instruments ²
HKFRS 9 (Amendments)	Clarifications to HKFRS 9 Financial Instruments ³
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
HKFRS 17	Insurance Contracts ⁶
HKAS 7 (Amendments)	Disclosure Initiative ¹
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses ¹
HKAS 28 (Amendments)	Investments in Associates and Joint Ventures ³
HKAS 40 (Amendments)	Transfers of Investment Property ²
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ²
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatment ³

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

⁴ Effective for annual periods beginning on or after a date to be determined. Early adoption is permitted.

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

⁶ Effective for annual periods beginning on or after 1 January 2021.

The Group is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application but is not yet in a position to state whether the above new and revised HKFRSs will have a significant impact on the Group's financial performance and position.

4. TURNOVER

The Group is principally engaged in the design and sales of computer software and provision of professional and maintenance services. All significant intra-group transactions have been eliminated on consolidation.

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Turnover:		
Sales of computer software licences, software rental and provision of related services	2,691	4,244
Provision of maintenance services	5,541	5,669
Contract revenue	6,122	5,699
Sales of computer hardware	350	2,788
	<hr/> 14,704 <hr/>	<hr/> 18,400 <hr/>

5. OTHER GAINS AND LOSSES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss on disposal of property, plant and equipment	–	(50)
Impairment loss recognised on trade receivables (<i>Note 13</i>)	–	(12)
Reversal of impairment loss on trade receivables (<i>Note 13</i>)	12	–
Written off of receipt in advance	838	367
Loss on de-registration of a subsidiary (<i>Note 6</i>)	(228)	–
Net exchange gain	26	11
	<hr/> 648 <hr/>	<hr/> 316 <hr/>

6. LOSS ON DE-REGISTRATION OF A SUBSIDIARY

On 24 July 2017, the Group de-registered a wholly-owned subsidiary in People's Republic of China (the "PRC"), abc Multiactive (Shenzhen) Limited, which was a dormant company:

Analysis of net assets over which control was lost

	2017 <i>HK\$'000</i>
Current assets	
Trade receivables	14
Prepayments	34
	<hr/>
Net assets disposed of	48
	<hr/> <hr/>

The deregistered subsidiary did not have significant contribution to the Group's revenue, loss and cash flow for the year ended 30 November 2017.

Loss on de-registration of a subsidiary

	2017 <i>HK\$'000</i>
Net assets disposed of	(48)
Release of exchange reserve	(180)
	<hr/>
Loss on de-registration of a subsidiary (<i>Note 5</i>)	(228)
	<hr/> <hr/>

7. SEGMENT INFORMATION

The Group was engaged in two business segments, financial solutions (“Financial Solutions”) and customer relationship management solutions (“CRM Solutions”), during the years ended 30 November 2017 and 2016. 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		Total	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>14,704</u>	<u>18,400</u>	<u>-</u>	<u>-</u>	<u>14,704</u>	<u>18,400</u>
Segment results	<u>4,813</u>	<u>6,728</u>	<u>-</u>	<u>-</u>	<u>4,813</u>	<u>6,728</u>
Loss on disposal of property, plant and equipment	-	(50)	-	-	-	(50)
Impairment loss recognised on trade receivables	-	(12)	-	-	-	(12)
Reversal of impairment loss on trade receivables	12	-	-	-	12	-
Written off of receipt in advance	838	367	-	-	838	367
Loss on de-registration of a subsidiary					(228)	-
Net exchange gain					26	11
Central administration costs					(8,257)	(8,827)
Finance costs					(3,032)	(2,512)
Loss before taxation					(5,828)	(4,295)
Income tax expense					-	-
Loss for the year					<u>(5,828)</u>	<u>(4,295)</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2016: Nil).

Segment results represent the profit earned by each segment without allocation of loss on disposal of property, plant and equipment, impairment loss recognised on trade receivables, reversal of impairment loss on trade receivables, written off of receipt in advance, loss on de-registration of a subsidiary, net exchange gain, central administration costs, finance costs and income tax expense. 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		Total	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities						
Segment assets	2,306	3,677	57	68	2,363	3,745
Unallocated assets					1,418	1,329
Consolidated total assets					3,781	5,074
Segment liabilities	5,410	5,709	287	336	5,697	6,045
Unallocated liabilities					46,786	53,362
Consolidated total liabilities					52,483	59,407

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 company and prepayments that are prepaid by the investment holding company).

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

Other segment information

	Financial Solutions		CRM Solutions		Total	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information						
Depreciation on property, plant and equipment	228	146	-	-	228	146
Capital expenditure	64	723	-	-	64	723

Geographical segments

The Group operates in one principal geographical area – 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	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Hong Kong	<u>14,704</u>	<u>18,400</u>	<u>561</u>	<u>725</u>

Information about major customers

Included in revenue arising from provision of Financial Solutions of approximately HK\$14,704,000 (2016: approximately HK\$18,400,000) are revenue of approximately HK\$5,088,000 (2016: approximately HK\$4,793,000) which arose from services provided to the Group's major customers.

Revenue from customers of the corresponding years over 10% of the total revenue of the Group are as follows:

	2017 HK\$'000	2016 HK\$'000
Customer A	1,926	2,887
Customer B (Note)	–	1,906
Customer C (Note)	1,662	–
Customer D (Note)	<u>1,500</u>	<u>–</u>

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

8. LOSS FROM OPERATING ACTIVITIES

	2017 HK\$'000	2016 HK\$'000
Loss from operating activities is arrived at after charging:		
Auditors' remuneration	280	280
Depreciation on property, plant and equipment	228	146
Operating lease payments in respect of		
– land and buildings	2,400	2,081
– plant and equipment	46	32
Staff costs (excluding directors' remuneration)		
– salaries and allowances	10,478	10,596
– retirement benefit costs	356	358
Cost of computer hardware sold	<u>310</u>	<u>2,251</u>

9. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on promissory notes (<i>Note 16</i>)	<u>3,032</u>	<u>2,512</u>

10. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits for the years ended 30 November 2017 and 2016.

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 (2016: Nil).

The Group has tax losses arising in Hong Kong of approximately HK\$68,572,000 (2016: approximately HK\$62,952,000) 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 (2016: Nil).

11. LOSS PER SHARE

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<i>Loss</i>		
Loss for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	<u>(5,828)</u>	<u>(4,295)</u>
	2017	2016 (Restated)
<i>Number of shares</i>		
Weighted average number of shares for the purpose of basic loss per share	<u>282,070,671</u>	<u>267,046,064</u>

The calculation of loss per share is based on the loss attributable to owners of the Company for the year of approximately HK\$5,828,000 (2016: approximately HK\$4,295,000) and the weighted average number of 282,070,671 (2016: 267,046,064 (restated)).

For the year ended 30 November 2016, the weighted average number of ordinary shares for the purpose of calculating basic loss per share has been restated and adjusted for the effect of rights issue completed during the year ended 30 November 2017.

Diluted loss per share for the years ended 30 November 2017 and 2016 was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding for both years presented.

12. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 30 November 2017 (2016: Nil).

13. TRADE AND OTHER RECEIVABLES

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	316	411
Prepayment, deposits and other receivables	1,244	1,324
	<u>1,560</u>	<u>1,735</u>

The analysis of trade receivables were as follow:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	332	464
Less: Impairment loss recognised in respect of trade receivables	(16)	(53)
	<u>316</u>	<u>411</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 receivables. The Group's trading terms with its customers are mainly based on product delivery and user acceptance. The Group allows a credit period range from 0 day to 30 days to its contract customers.

The following is an aged analysis of the trade receivables (based on invoices date), net of provision of impairment loss:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current	201	–
31 – 60 days	6	70
61 – 90 days	20	16
Over 90 days	89	325
	<u>316</u>	<u>411</u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
31 – 60 days	6	70
61 – 90 days	20	16
Over 90 days	89	325
	<u>115</u>	<u>411</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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
As at 1 December	53	461
Impairment loss recognised on trade receivables (<i>Note 5</i>)	–	12
Reversal of impairment loss on trade receivables (<i>Note 5</i>)	(12)	–
Amount written off as uncollectible	(25)	(420)
	<u>16</u>	<u>53</u>

No provision for impairment loss recognised in respect of trade receivables for the year ended 30 November 2017 (2016: individually impaired trade receivables with balance of approximately HK\$12,000). 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 2017, there are five (2016: four) customers who represent more than 10% of the total net balance of trade receivables and amounted to approximately HK\$296,000 (2016: approximately HK\$381,000).

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Prepayment, deposits and other receivables	1,654	1,734
Less: Impairment loss recognised in respect of prepayment, deposits and other receivables	(410)	(410)
As at 30 November	<u>1,244</u>	<u>1,324</u>

The directors of the Company had assessed the recoverability of prepayment, deposits and other receivables for the year ended 30 November 2017 and considered no further provision for impairment in respect of prepayment, deposits and other receivables is required (2016: Nil).

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.

14. OTHER PAYABLES AND ACCRUALS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Accruals	2,603	2,072
Receipt in advance	1,485	1,597
Other payables	711	718
	<u>4,799</u>	<u>4,387</u>

15. SHARE CAPITAL

	2017		2016	
	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				
At the beginning of the year	240,886,450	24,089	240,886,450	24,089
Issue of ordinary shares upon the rights issue (<i>Note</i>)	<u>60,221,612</u>	<u>6,022</u>	–	–
At the end of the year	<u>301,108,062</u>	<u>30,111</u>	<u>240,886,450</u>	<u>24,089</u>

Note:

On 23 June 2017, the Group completed a rights issue of 60,221,612 rights shares at the subscription price of HK\$0.20 per rights share on the basis of one rights share for every four existing shares held on the record date and the board lot size of the shares for trading on the Stock Exchange has been changed from 2,000 shares to 10,000 shares with effect on 28 June 2017. Accordingly, the issued share capital of the Company has been increased from HK\$24,088,645 to HK\$30,110,806. These new shares rank pari passu in all respect with the existing shares. The net proceeds from the rights issue amounted to approximately HK\$11.28 million after expenses. On 30 June 2017, the Company has fully repaid the two promissory notes in the amount of approximately HK\$9.64 million (included two promissory notes in the principal amounts of approximately CAD1,025,000 (approximately to HK\$6,183,000) and HK\$1,000,000 respectively together with their accrued interests of approximately CAD399,000 (approximately to HK\$2,406,000) and HK\$53,000 respectively) to Active Investments Capital Limited. The remaining of the net proceeds of approximately HK\$1.64 million will be applied towards the general working capital of the Group.

16. PROMISSORY NOTES AND INTEREST PAYABLES TO THE RELATED COMPANIES

- (i) The Hong Kong Dollar Denominated Promissory Note issued to Wickham Group Limited (“Wickham”), a company owned by a close family member of an executive director of the Company, with the aggregate amount as at 30 November 2016 of approximately HK\$6,178,000 (included principal amount of approximately HK\$4,635,000 and accrued interest of approximately HK\$1,543,000). The promissory note is interest bearing at 5% effective Hong Kong prime rate established by the Hongkong and Shanghai Banking Corporation Limited and had to be repaid on or before 30 June 2017. During the year, interest of approximately HK\$181,000 was charged to consolidated statement of profit or loss and other comprehensive income (2016: approximately HK\$301,000). (*Note 9*)

On 30 June 2017, the outstanding principal amount was approximately HK\$4,635,000 and its accrued interest was approximately HK\$1,724,000. A new promissory note with the principal amount of approximately HK\$6,359,000 was issued by the Company in favour of Wickham (“Hong Kong Dollar Denominated Promissory Note to Wickham”) which was unsecured, interest bearing at effective Hong Kong prime rate established by the Hongkong and

Shanghai Banking Corporation Limited plus 3%, and maturing on 1 March 2019. During the year, interest of approximately HK\$85,000 was charged to consolidated statement of profit or loss and other comprehensive income. *(Note 9)*

On 31 August 2017, Wickham had assigned its Hong Kong Dollar Denominated Promissory Note including interest receivable from the Company in the total amount of approximately HK\$6,444,000 to Active Investments Capital Limited (“Active Investments”), which is a related company wholly-owned by the chief executive officer of the Company. The terms and conditions were remained unchanged as previous Hong Kong Dollar Promissory Note with Wickham. As at 30 November 2017, the Hong Kong Dollar Denominated Promissory Note issued to Active Investments with the aggregate amount of approximately HK\$6,575,000 (included principal amount of approximately HK\$6,444,000 and accrued interest of approximately HK\$131,000). During the year, interest of approximately HK\$131,000 was charged to consolidated statement of profit or loss and other comprehensive income. *(Note 9)*

- (ii) The two Hong Kong Dollar Denominated Promissory Notes issued to Active Investments with the aggregate amounts as at 30 November 2016 of approximately HK\$37,781,000 (included principal amount of approximately HK\$26,705,000 and accrued interest of approximately HK\$11,076,000). The promissory notes are interest bearing at 5% effective Hong Kong prime rate established by the Hongkong and Shanghai Banking Corporation Limited and have to be repaid on or before 30 June 2017.

On 30 June 2017, the Company has fully repaid a promissory note in the principal amount of approximately HK\$1,000,000 together with the accrued interests of approximately HK\$53,000 to Active Investments. During the year, interest of approximately HK\$30,000 was charged to consolidated statement of profit or loss and other comprehensive income (2016: approximately HK\$23,000). *(Note 9)*

On 30 June 2017, the outstanding principal amount was approximately HK\$25,705,000 and its accrued interest was approximately HK\$12,134,000. A new promissory note with the principal amount of approximately HK\$37,839,000 was issued by the Company in favour of Active Investments (“Hong Kong Dollar Denominated Promissory Note to Active Investments”) which was unsecured, interest bearing at effective Hong Kong prime rate established by the Hongkong and Shanghai Banking Corporation Limited plus 3%, and maturing on 1 March 2019. As at 30 November 2017, the Hong Kong Dollar Denominated Promissory Notes issued to Active Investments with the aggregate amount of approximately HK\$39,125,000 (included principal amount of approximately HK\$37,839,000 and accrued interest of approximately HK\$1,286,000). During the year, interest of approximately HK\$2,367,000 was charged to consolidated statement of profit or loss and other comprehensive income (2016: approximately HK\$1,794,000). *(Note 9)*

- (iii) The Canadian Dollar Denominated Promissory Note issued to Active Investments with the aggregate amount as at 30 November 2016 of approximately CAD1,383,000 (approximately to HK\$8,392,000) (included principal amount of approximately CAD1,025,000 (approximately to HK\$5,915,000) and accrued interest of approximately CAD358,000 (approximately to HK\$2,477,000)). The promissory note is interest bearing at 5% effective Hong Kong prime rate established by the Hongkong and Shanghai Banking Corporation Limited and had to be repaid on or before 30 June 2017. On 30 June 2017, the Company has fully repaid the promissory note in the principal amount of approximately CAD1,025,000 (approximately to HK\$6,183,000) together with the accrued interests of approximately CAD399,000 (approximately to HK\$2,406,000) to Active Investments. During the year, interest of approximately CAD41,000 (approximately to HK\$238,000) was charged to consolidated statement of profit or loss and other comprehensive income (2016: CAD68,000 (approximately to HK\$394,000)). (Note 9)

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

The following is an extract of the independent auditors' report on the Group's consolidated financial statement for the year ended 30 November 2017:

“We draw attention to Note 3 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$5,828,000 during the year ended 30 November 2017 and, as of that date, the Group's current liabilities exceeded its total assets by approximately HK\$3,002,000. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

BUSINESS REVIEW

Financial Review

The Group recorded a turnover of approximately HK\$14,704,000 for the year ended 30 November 2017 (the “Year”), decreased by 20% from approximately HK\$18,400,000 for the same period last year. Of the total turnover amount, approximately HK\$2,691,000 or 18% was generated from software license sales, approximately HK\$6,122,000 or 42% was generated from contract revenue, approximately HK\$5,541,000 or 38% was generated from maintenance services, and approximately HK\$350,000 or 2% was generated from sales of computer hardware. The net loss attributable to shareholders for the Year was approximately HK\$5,828,000, whereas the Group recorded a net loss of approximately HK\$4,295,000 for the same period last year.

The Group's operating expenditures for the Year amounted to approximately HK\$14,687,000 decreased by 7% from approximately HK\$15,855,000 for the corresponding period last year. The decrease was mainly attributed to the reduced administrative expenses for the Year without office relocation expenses incurred in 2016.

Due to Hong Kong office relocation in the second half year of 2016, there were additional spending on office renovation and purchase of office equipment. Depreciation expenses increased from approximately HK\$146,000 for the same period last year to approximately HK\$228,000 for the Year.

The Group did not have any amortisation expenses during the Year, due to the written-off of the remaining amounts of goodwill and intellectual property rights at the end of the fiscal year 2002.

During the Year, the Group spent approximately HK\$5,463,000 in developing new modules for its OCTO Straight Through Processing (“STP”) system (“OCTOSTP”).

The Group has no provision made for impairment of trade receivables during the Year.

Total staff costs (excluding directors’ remuneration) were approximately HK\$10,834,000 for the Year, remains stable when compared to approximately HK\$10,954,000 for the same period last year.

On 23 June 2017, the Group completed a rights issue of 60,221,612 rights shares at the subscription price of HK\$0.20 per rights share on the basis of one rights share for every four existing shares held on the record date and the board lot size of the shares for trading on the Stock Exchange has been changed from 2,000 shares to 10,000 shares with effect on 28 June 2017. Accordingly, the issued share capital of the Company has been increased from HK\$24,088,645 to HK\$30,110,806. These new shares rank pari passu in all respect with the existing shares. The net proceeds from the rights issue amounted to approximately HK\$11.28 million after expenses. On 30 June 2017, the Company has fully repaid the two promissory notes in the amount of approximately HK\$9.64 million (included two promissory notes in the principal amounts of approximately CAD1,025,000 (approximately to HK\$6,183,000) and HK\$1,000,000 respectively together with their accrued interests of approximately CAD399,000 (approximately to HK\$2,406,000) and HK\$53,000 respectively) to Active Investments Capital Limited. The remaining of the net proceeds of approximately HK\$1.64 million will be applied towards the general working capital of the Group.

On 24 July 2017, the de-registration of abc Multiactive (Shenzhen) Limited, has been completed. The audited loss on de-registration of a subsidiary was approximately HK\$228,000.

At the date of this announcement, the application of de-registration of Maximizer Asia (Shanghai) Limited is in the process. The financial position of the subsidiary is included in the audited consolidated financial statements which did not have significant impact to the Group’s results for the year ended 30 November 2017.

To cope with business restructuring of the Group, the Group's subsidiary Maximizer Asia Limited has changed its company name to abc Fintech Recruiters Limited on 5 December 2017.

Operation Review

For the Year, the turnover from Financial Solutions is approximately HK\$14,704,000, a decrease of 20% when compared to approximately HK\$18,400,000 for the same period last year. Of the total audited turnover from Financial Solutions, turnover of approximately HK\$13,289,000 represents sales of self-developed software, and revenue generated from resales of third parties' software, hardware and other products are approximately HK\$1,415,000. The reasons of the turnover decreases were mainly attributed to reduce in sales of computer hardware from customers and lesser software license sales during the Year comparing to the same period last year.

According to The Stock Exchange's tentative timeline, the new trading platform, the Orion Trading Platform – Securities Market (OTP-C) will be tentatively rolled out in early 2018. The OTP-C is to replace the current AMS.3.8 platform. The OTP-C is developed based on open systems which provide greater flexibility to support new functionalities and increased trading capacity for the next decade. To facilitate our customers for better preparation for the launch of the OTP-C, the Group commence for the implementation of system upgrade for the OTP-C during the period. The Group has submitted satisfactory test results for the first stage of end-to-end test session with OTP-C to The Stock Exchange at the end of September 2017 and has also successfully completed the market rehearsals as the final verification of market readiness at the fourth quarter 2017 according to The Stock Exchange's tentative timeline before rollout of OTP-C. During the Year, the Group was awarded the satisfactory result that the new sales contracts with certain brokerage firms for system upgrade for the OTP-C.

Excepted for the OTP-C, the Group continue through integration, implementation and upgrading with the Group's solutions to improve our OCTOSTP and also assist our customers facing technological challenge in the financial industry. At the same time, the Group is also target to widen its revenue channel by sourcing different business models from other channel partners for our customers.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 November 2017 (2016: Nil).

Event after the Reporting Period

The Group did not have any significant events occurred after the reporting period.

Litigation

As at 30 November 2017, the Group had no material litigation (2016: Nil).

Prospects

The Group will continue to cautiously monitor the business environment and continue to strength the competitiveness in the markets, the Group will further focus on our core business and technology development with product functionality improvement and expansion in the service areas we offer to the customers. To channel our resources to the new business development area of high growth solutions will continue to be one of the top priorities of the Group for 2017. It is the belief of the directors that the Group has a well-diversified product range, which maintains its market competitiveness and it is well equipped to face future challenges.

Entering 2018, we target to strive for a better diversified business line by seeking new business opportunities in the market. To achieve the goal, we will engage in seeking partners actively to cooperate in providing more innovative business solutions. We will also continue to deliver our quality service, as well as to improve our financial solutions products, for the continuous business growth of the Group. We believe that the Group has solidified its foundation by refining its operations during the Year. This more efficient infrastructure will point the Group above its competition and towards a long-term profitable business model.

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 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, C.1.2 and C.2.5 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 2017, in compliance with the 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 and Mr. Edwin Kim Ho WONG have served as independent non-executive directors of the Company for more than 9 years. Mr. Liu and Mr. Wong have demonstrated their abilities to provide independent view to the Company's matters. Notwithstanding their years of service as independent non-executive directors of the Company, the Board is of the view that Mr. Liu and Mr. Wong are able to continue to fulfill their roles as required and thus recommends them for re-election at the annual general meeting of the Company. Further, the Company is of the view of Mr. Liu and Mr. Wong meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are 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 and Mr. Wong's further appointments have been proposed and approved by the shareholders at the annual general meeting of the Company held on 31 March 2017, and are subject to a separate resolution to be approved by shareholders in each year.

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 2017, 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.

Internal Audit Function

Code Provision C.2.5 of the CG Code, became effective on 1 January 2016, stipulates that the Group should have an internal audit function. For the year ended 30 November 2017, the Group does not have an internal audit function from the date of Listing since 2000. Taking into account the size, nature and complexity of the operations in the future, the Group considers that the current organization structure and management could provide adequate risk management and internal control of the Group.

The Group has established the internal control committee since 2007. The internal control committee, comprising the executive directors, independent non-executive directors and management team of the Company are responsible to review the effectiveness of the Group's internal control system. There are established control procedures to identify, assess, control and report to each of the four major types of risks consisting of business and market risk, compliance risk, financial and treasury risk and operational risk. In addition, there is regular dialogue with the Group's external auditors so that both are aware of the significant factors which may affect their respective scope of work.

A review of the effectiveness of the Group's system of internal control covering all key controls, including financial, operational and compliance and risk management controls, is conducted annually. For the year 2017, the review bases on a framework which assesses the Group's internal control system into treasury and compliance cycle against control environment, risk management and control and monitoring activities on all major business and operational processes. The examination consists of enquiry, discussion and validation through observation and inspection (if necessary). The result of the review will be reported to the Board and areas of improvement, if any, will be identified and appropriate measures will be put in place to manage the risks.

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 2017.

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 2017, 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 2017 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standard.

Closure of Register of Members

The forthcoming annual general meeting of the Company ("AGM") will be held on Friday, 23 March 2018. For determining the entitlement of the shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 20 March 2018 to Friday, 23 March 2018 (both days inclusive), during which period no transfer of shares of the Company can be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Monday, 19 March 2018.

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 (2016: 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	<i>(Executive Director)</i>
Ms. Clara Hiu Ling LAM	<i>(Executive Director)</i>
Mr. Kwong Sang LIU	<i>(Independent Non-executive Director)</i>
Mr. Edwin Kim Ho WONG	<i>(Independent Non-executive Director)</i>
Mr. William Keith JACOBSEN	<i>(Independent Non-executive Director)</i>

Hong Kong: 2 February 2018

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.