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 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 GEM 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 2018, together with the comparative figures in 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 November 2018

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Turnover	4	**15,163**	14,704
Cost of sales		**(2,681)**	(3,461)
Gross profit		**12,482**	11,243
Other gains and losses	5	**(2)**	648
Software research and development expenses		**(4,259)**	(5,463)
Selling and marketing expenses		**(954)**	(967)
Administrative expenses		**(9,548)**	(8,257)
Loss from operating activities	7	**(2,281)**	(2,796)
Finance costs	8	**(2,775)**	(3,032)
Loss before taxation		**(5,056)**	(5,828)
Income tax credit	9	**7**	—
Loss for the year		**(5,049)**	(5,828)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Release of exchange reserve upon de-registration of a subsidiary		**29**	180
Other comprehensive income for the year, net of tax		**29**	180
Total comprehensive loss for the year		**(5,020)**	(5,648)

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company		**(5,049)**	(5,828)
Total comprehensive loss for the year attributable to owners of the Company		**(5,020)**	(5,648)
Loss per share			
— Basic and diluted	10	**HK(1.68) cents**	HK (2.07) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
Assets			
Non-current asset			
Property, plant and equipment		**358**	561
Current assets			
Trade and other receivables	12	**2,335**	1,560
Cash and cash equivalents		**2,836**	1,660
		5,171	3,220
Total assets		**5,529**	3,781
Capital and reserves			
Share capital	14	**42,464**	30,111
Reserves		**(58,597)**	(78,813)
Equity attributable to owners of the Company		**(16,133)**	(48,702)
Liabilities			
Non-current liabilities			
Promissory notes and interest payables to the related companies	15	**—**	45,700
Convertible bond	16	**12,810**	—
Deferred tax liability	17	**2,331**	—
		15,141	45,700
Current liabilities			
Other payables and accruals	13	**5,199**	4,799
Deferred revenue		**1,094**	1,733
Amount due to a related company		**228**	235
Amounts due to customers		**—**	16
		6,521	6,783
Total liabilities		**21,662**	52,483
Total equity and liabilities		**5,529**	3,781

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Net current liabilities		**(1,350)**	(3,563)
Total assets less current liabilities		**(992)**	(3,002)
Net liabilities		**(16,133)**	(48,702)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2018

	Attributable to owners of the Company							
	Share capital	**Share premium**	**Contributed surplus**	**Special reserve** *(Note)*	**Convertible bond reserve**	**Exchange reserve**	**Accumulated losses**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 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 *(Note 14)*	6,022	6,022	—	—	—	—	—	12,044
Transaction costs attributable to the rights issue	—	(765)	—	—	—	—	—	(765)
As at 30 November 2017 and 1 December 2017	30,111	111,078	37,600	—	—	(29)	(227,462)	(48,702)
Loss for the year	—	—	—	—	—	—	(5,049)	(5,049)
Other comprehensive income for the year	—	—	—	—	—	29	—	29
Total comprehensive income/(loss) for the year	—	—	—	—	—	29	(5,049)	(5,020)
Issue of convertible preference shares *(Note 14)*	12,353	2,578	—	5,806	—	—	—	20,737
Deemed capital contribution from waiver of promissory notes interest from shareholder *(Note 15)*	—	—	—	2,724	—	—	—	2,724
Issue of convertible bond	—	—	—	2,298	14,168	—	—	16,466
Deferred taxation of convertible bond	—	—	—	—	(2,338)	—	—	(2,338)
As at 30 November 2018	**42,464**	**113,656**	**37,600**	**10,828**	**11,830**	**—**	**(232,511)**	**(16,133)**

Note: Special reserve comprises the gain accounted for as deemed capital contribution which arose from i) the difference between the aggregate fair value of the convertible preference shares and convertible bond issued by the Company and the outstanding amounts of the promissory notes of the Company being settled, net of the related transactions costs, and ii) waiver of interest of promissory notes by Maximizer International Limited, the shareholder of the Company. *(Note 14, 15 and 16)*

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 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, sales of computer hardware and provision of Fintech resources 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 controlling shareholder to be The City Place Trust, a trust incorporated in Bermuda and the Company's immediate holding company to be Maximizer International Limited ("MIL").

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$5,049,000 (2017: approximately HK$5,828,000) for the year ended 30 November 2018. As at 30 November 2018, the Group's current liabilities exceeded its total assets by approximately HK$992,000 (2017: approximately HK$3,002,000). Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis 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 convertible bond holder, MIL, has 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 next twelve months from 30 November 2018.

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") (which included all HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), that are relevant to its operations and effective for annual periods beginning on or after 1 December 2017. A summary of the new and revised HKFRSs are set out below:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle

HKAS 7 (Amendments) Disclosure initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note to the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note to the consolidated financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

Except as described above, the application of other new and revised HKFRSs in the current year has had no material impact on the Group's financial position and financial performance for the current and prior years and/or 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 2015–2017 Cycle[2]
HKFRS 2 (Amendments)	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 3 (Amendments)	Definition of a Business[3]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[2]
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 15 (Amendments)	Clarification to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[5]
HKAS 1 and HKAS 8 (Amendments)	Definition of Material[4]
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement[2]
HKAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures[2]
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle[1]
HKAS 40 (Amendments)	Transfers of Investment Property[1]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatment[2]

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

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

3 Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

4 Effective for annual periods beginning on or after 1 January 2020.

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

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

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 licenses, software rental and provision of related services; provision of maintenance services; sales of computer hardware and provision of Fintech Resources services. All significant intra-group transactions have been eliminated on consolidation.

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

	2018	2017
	HK$'000	*HK$'000*
Turnover:		
Sales of computer software licences, software rental and provision of related services	**1,660**	2,691
Provision of maintenance services	**5,971**	5,541
Contract revenue	**5,354**	6,122
Sales of computer hardware	**1,266**	350
Provision of Fintech resources services	**912**	—
	15,163	14,704

5. OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**1**	—
Sundry income	**25**	—
Reversal of impairment loss on trade receivables *(Note 12)*	**—**	12
Written off of receipt in advance	**—**	838
Loss on de-registration of a subsidiary	**(32)**	(228)
Loss on disposal of property, plant and equipment	**(3)**	—
Net exchange gain	**7**	26
	(2)	648

6. SEGMENT INFORMATION

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.

In previous financial years, the Group had two business segments namely financial solutions ("Financial Solutions") and customer relationship management solutions ("CRM Solutions"). The CRM Solutions segment had ceased operations since 2015, hence no segment results in respect of this segment is presented.

For the year ended 30 November 2018, the Group commenced operations in its Fintech resources segment ("Fintech Resources") due to the reason that the Group has stepped up to provide Fintech Resources services in order to grab the business opportunity by leveraging on the knowledge and experience of the Group's IT professionals in financial industry and the need of IT professionals in view of the rapid development of Fintech industry in recent years. The Fintech resources segment mainly includes services of IT professional secondment and Fintech professional recruitment services to the customers. The Fintech Resources segment not only allows the Group to diversify and step into other services areas besides its own products and services, it also enables the Group to maximize the productivity of its existing IT professionals and create synergy effects.

Segment revenue and results

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

	Financial Solutions		Fintech Resources		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**14,251**	14,704	**912**	—	**15,163**	14,704
Segment results	**6,849**	4,813	**420**	—	**7,269**	4,813
Loss on disposal of property, plant and equipment	**(3)**	—	**—**	—	**(3)**	—
Reversal of impairment loss on trade receivables	**—**	12	**—**	—	**—**	12
Written off of receipt in advance	**—**	838	**—**	—	**—**	838
Bank interest income					**1**	—
Sundry income					**25**	—
Loss on de-registration of a subsidiary					**(32)**	(228)
Net exchange gain					**7**	26
Central administration costs					**(9,548)**	(8,257)
Finance costs					**(2,775)**	(3,032)
Loss before taxation					**(5,056)**	(5,828)
Income tax credit					**7**	—
Loss for the year					**(5,049)**	(5,828)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2017: Nil).

Segment results represent the profit earned by each segment without allocation of loss on disposal of property, plant and equipment, reversal of impairment loss on trade receivables, written off of receipt in advance, bank interest income, sundry income, loss on de-registration of a subsidiary, net exchange gain, central administration costs, finance costs and income tax credit. 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		Fintech Resources		CRM Solutions		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities								
Segment assets	**2,777**	2,306	**99**	—	**—**	57	**2,876**	2,363
Unallocated assets							**2,653**	1,418
Consolidated total assets							**5,529**	3,781
Segment liabilities	**4,326**	5,410	**277**	—	**—**	287	**4,603**	5,697
Unallocated liabilities							**17,059**	46,786
Consolidated total liabilities							**21,662**	52,483

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 convertible bond, deferred tax liability, promissory notes and the related interest payables, other payables and accruals borne by the investment holding company).

Other segment information

	Financial Solutions		Fintech Resources		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information						
Depreciation on property, plant and equipment	**239**	228	**—**	—	**239**	228
Capital expenditure	**39**	64	**—**	—	**39**	64

Geographical segment

The Group's revenue is generated in Hong Kong and all of the Group's non-current assets are located in Hong Kong. Accordingly, no geographical segment information is presented.

Information about major customers

Included in revenue arising from provision of Financial Solutions and Fintech Resources of approximately HK$15,163,000 (2017: approximately HK$14,704,000) are revenue of approximately HK$5,216,000 (2017: approximately HK$5,088,000) 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:

	2018	2017
	HK$'000	*HK$'000*
Customer A	**2,916**	1,926
Customer B	**2,300**	1,662
Customer C *(Note)*	**—**	1,500

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group in 2018.

7. LOSS FROM OPERATING ACTIVITIES

	2018	2017
	HK$'000	*HK$'000*
Loss from operating activities is arrived at after charging:		
Auditors' remuneration		
— Audit services	**280**	280
— Non-audit services	**200**	—
Depreciation on property, plant and equipment	**239**	228
Operating lease payments in respect of		
— land and buildings	**2,490**	2,400
— plant and equipment	**31**	46
Staff costs (excluding directors' remuneration)		
— salaries and allowances	**9,063**	10,478
— retirement benefit costs	**282**	356
Cost of computer hardware sold	**830**	310

8. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on promissory notes *(Note 15)*	**2,724**	3,032
Imputed interest expenses on convertible bond *(Note 16)*	**51**	—
	2,775	3,032

9. INCOME TAX CREDIT

	2018	2017
	HK$'000	*HK$'000*
Deferred tax		
Credit for the year *(Note 17)*	**7**	—

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits for the years ended 30 November 2018 and 2017.

No provision for the PRC income taxes has been made during the year as the subsidiary operated in the PRC had no assessable profits for the year (2017: Nil).

The Group has tax losses arising in Hong Kong of approximately HK$67,066,000 (2017: approximately to HK$68,572,000) 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 (2017: Nil).

10. LOSS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	**(5,049)**	(5,828)

	2018	2017
Number of shares		
Weighted average number of shares for the purpose of basic loss per share	**301,108,062**	282,070,671

The calculation of loss per share is based on the loss attributable to owners of the Company for the year of approximately HK$5,049,000 (2017: approximately HK$5,828,000) and the weighted average number of 301,108,062 shares (2017: 282,070,671 shares).

The calculation of diluted loss per share did not assume the exercise of the convertible bond and convertible preference shares that existed at 30 November 2018 as the assumed exercise of the convertible bond and convertible preference shares would reduce loss per share, therefore anti-dilutive.

Diluted loss per share for the year ended 30 November 2017 was the same as the basic loss per share as there were no potential ordinary shares outstanding during the year.

11. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 30 November 2018 (2017: Nil).

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**1,047**	316
Prepayment, deposits and other receivables	**1,288**	1,244
	2,335	1,560

The analysis of trade receivables was as follows:

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**1,047**	332
Less: Impairment loss recognised in respect of trade receivables	**—**	(16)
	1,047	316

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:

	2018	2017
	HK$'000	*HK$'000*
Current	**166**	201
31–60 days	**6**	6
61–90 days	**—**	20
Over 90 days	**875**	89
	1,047	316

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

	2018	2017
	HK$'000	*HK$'000*
31–60 days	**6**	6
61–90 days	**—**	20
Over 90 days	**875**	89
	881	115

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:

	2018	2017
	HK$'000	*HK$'000*
As at 1 December	**16**	53
Reversal of impairment loss on trade receivables *(Note 5)*	**—**	(12)
Amount written off as uncollectible	**(16)**	(25)
As at 30 November	**—**	16

No provision for impairment loss recognised in respect of trade receivables for the year ended 30 November 2018 (2017: 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 2018, there are three (2017: five) customers who represent more than 10% of the total net balance of trade receivables and amounted to approximately HK$1,019,000 (2017: approximately HK$296,000).

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

	2018	2017
	HK$'000	*HK$'000*
Prepayment, deposits and other receivables	**1,698**	1,654
Less: Impairment loss recognised in respect of prepayment, deposits and other receivables	**(410)**	(410)
As at 30 November	**1,288**	1,244

The directors had assessed the recoverability of prepayment, deposits and other receivables for the year ended 30 November 2018 and considered no further provision for impairment in respect of prepayment, deposits and other receivables is required (2017: 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.

13. OTHER PAYABLES AND ACCRUALS

	2018	2017
	HK$'000	*HK$'000*
Accruals	**3,299**	2,603
Receipt in advance	**461**	1,485
Other payables	**1,439**	711
	5,199	4,799

14. SHARE CAPITAL

Authorised and issued share capital

	2018 Number of shares	2018 Amount HK$'000	2017 Number of shares	2017 Amount HK$'000
Authorised:				
Ordinary shares				
Ordinary shares of HK$0.1 each				
— At the beginning of the year	**10,000,000,000**	**1,000,000**	10,000,000,000	1,000,000
— Re-designated and re-classified to non-voting convertible preference shares *(Note (ii))*	**(1,000,000,000)**	**(100,000)**	—	—
— At the end of the year	**9,000,000,000**	**900,000**	10,000,000,000	1,000,000
Non-voting convertible preference shares				
Non-voting convertible preference shares of HK$0.1 each				
— At the beginning of the year	**—**	**—**	—	—
— Re-designated and re-classified from ordinary shares *(Note (ii))*	**1,000,000,000**	**100,000**	—	—
— At the end of the year	**1,000,000,000**	**100,000**	—	—
Issued and fully paid:				
Ordinary shares				
Ordinary shares of HK$0.1 each				
At the beginning of the year	**301,108,062**	**30,111**	240,886,450	24,089
Issue of ordinary shares upon the rights issue *(Note (i))*	**—**	**—**	60,221,612	6,022
At the end of the year	**301,108,062**	**30,111**	301,108,062	30,111

	2018		2017	
	Number of shares	**Amount**	Number of shares	Amount
		HK$'000		*HK$'000*
Non-voting convertible preference shares				
Non-voting convertible preference shares of HK$0.1 each				
At the beginning of the year	**–**	**–**	–	–
Shares issued for repayment of promissory notes *(Note (iii))*	**123,529,400**	**12,353**	–	–
At the end of the year	**123,529,400**	**12,353**	–	–

Note:

(i) 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 had 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.

(ii) By an ordinary resolution passed on 19 November 2018, the existing authorised share capital of the Company was re-designated and re-classified as 9,000,000,000 ordinary shares of HK$0.10 each and 1,000,000,000 convertible preference shares of HK$0.10 each.

(iii) On 22 November 2018, the Company allotted and issued 123,529,400 convertible preference shares for the settlement of promissory note *(Note 15)*.

Convertible preference shares

On 22 November 2018, the Company issued 123,529,400 non-voting convertible preference shares ("CPSs") of HK$0.17 each with total gross proceeds of HK$20,999,998 to MIL according to the subscription agreement entered into by the Company on 28 August 2018 as amended and restated on 10 October 2018.

The CPSs holders shall have no right to attend or vote at general meetings of the Company, unless a resolution is proposed to vary the rights attached to the CPSs or a resolution is proposed for the winding up of the Company. Subject to compliance with applicable terms, holders of CPSs shall not entitled to any dividend or distribution except for a return of capital upon liquidation of the Company.

Each of the CPSs, without a maturity date, is convertible into one ordinary share of the Company at no additional consideration. Conversion of CPSs into ordinaries shares of the Company, which has no expiry date, can be made at any time after the issuance of the CPSs by serving not less than 15 days' prior written notice to the holders of the CPSs. The Company may at its option at any time during the conversion period redeem the CPSs in whole or in part at the notional value.

Convertible preference shares were equity instruments of the Company and measured at initial recognition at fair value of HK$0.123 per share based on the quoted price of the Company's ordinary shares as at that date.

15. 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. 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. For the year ended 30 November 2017, interest of approximately HK$181,000 was charged to consolidated statement of profit or loss and other comprehensive income. *(Note 8)*

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. For the year ended 30 November 2017, interest of approximately HK$85,000 was charged to consolidated statement of profit or loss and other comprehensive income. *(Note 8)*

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 22 August 2018, the Hong Kong Dollar Denominated Promissory Note issued to Active Investments with the aggregate amount of approximately HK$6,967,000 (included principal amount of approximately HK$6,444,000 and accrued interest of approximately HK$523,000). During the year, interest of approximately HK$392,000 was charged to consolidated statement of profit or loss and other comprehensive income (2017: approximately HK$131,000). *(Note 8)*.

(ii) In the fiscal year 2017, the two interest bearing Hong Kong Dollar Denominated Promissory Notes in the principal amount of approximately HK$25,705,000 and HK$1,000,000 from the Company in favour of Active Investments. The promissory notes are interest bearing respectively 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 an interest bearing 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. For the year ended 30 November 2017, interest of approximately HK$30,000 was charged to consolidated statement of profit or loss and other comprehensive income. *(Note 8)*

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. During the year, interest of approximately HK$2,332,000 was charged to consolidated statement of profit or loss and other comprehensive income. *(Note 8)*

On 21 August 2018, a new Hong Kong Dollar Denominated Promissory Note issued by the Group in favour of Active Investment in the principal amount of HK$5,000,000 for the purpose of providing sufficient working capital to cope with the Group's development plan and improving the financial position of the Group. The principal sum shall bear no interest and will be matured on 1 March 2019.

On 22 August 2018, Active Investments assigned its three promissory notes dated 30 June 2017, 31 August 2017 and 21 August 2018 including interest accrued of two interest bearing promissory notes and a non-interest bearing promissory note in the total amount of approximately HK$53,424,000 (being the initial principal sum of approximately HK$37,839,000, HK$6,444,000 and HK$5,000,000. The amount of approximately HK$3,618,000 and HK$523,000 equivalent to the amount of interest accrued as at 22 August 2018) to MIL under the same terms and conditions as previous promissory notes with Active Investments.

On 24 August 2018, the letter agreement entered into between the Company and MIL pursuant to which MIL waived the amounts equivalent to the interest accrued from 1 December 2017 onward on two interest bearing promissory notes such that the principal amount on the two interest bearing promissory notes has been reduced accordingly. As a result, the three promissory notes were cancelled and a new non-interest bearing promissory note in the aggregate principal sum of approximately HK$50,700,000 (being the initial principal sum of approximately HK$37,839,000, HK$6,444,000 and HK$5,000,000 and the amount of approximately HK$1,286,000 and HK$131,000 equivalent to the amount of interest accrued as at 30 November 2017) was issued by the Company in favour of MIL and will be matured on 1 March 2019. The interest accrued from 1 December 2017 to 22 August 2018, amounting to approximately HK$2,724,000, which were waived by MIL at the time when the promissory notes were assigned to MIL, is accounted for in equity of the Group as deemed capital contribution from MIL.

On 28 August 2018, the Company and MIL entered into the subscription agreement to effect that the promissory note in the total amount of approximately HK$50,700,000 will be set off in full by the issue of the convertible preference shares with total subscription price of approximately HK$50,700,000. On 20 September 2018, the Company updated announcement and announces on 10 October 2018, MIL entered into the amended subscription agreement (the “Amended Agreement”) that the promissory note in the total amount of approximately HK$50,700,000 will be set off in full by the issue of the convertible preference shares with total subscription price of approximately HK$21,000,000 and the convertible bond in the aggregate principal amount of approximately HK$29,700,000. The Amended Agreement with MIL took place and effective on 22 November 2018. The related transaction costs for issue of convertible preference shares and convertible bond was approximately HK$738,000.

(iii) On 30 June 2017, the Company has fully repaid an interest bearing Canadian Dollar Denominated 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. The Canadian Dollar Denominated 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. For the year ended 30 November 2017, interest of approximately CAD41,000 (approximately to HK$238,000) was charged to consolidated statement of profit or loss and other comprehensive income. *(Note 8)*

16. CONVERTIBLE BOND

On 22 November 2018, the Company completed to issue the convertible bond to MIL in an aggregate principal amount of approximately HK$29,700,000 for the settlement of promissory note. The convertible bond bear zero interest with a right to convert the principal amount into ordinary shares of HK$0.17 per share during the period from 22 November 2018 to 21 November 2023.

The convertible bond contains two components: liability and equity components. The equity component is presented in the equity heading "convertible bond reserve" in the consolidated statement of changes in equity. The effective interest rate of the debt component on initial recognition is 17.99% per annum.

The valuation of the convertible bond as at the date of initial recognition was performed by an independent valuer.

The convertible bond recognised in the consolidated statement of financial position as at 30 November 2018 are as follow:

	HK$'000
Fair value of convertible bond	27,402
Less: Equity component on initial recognition, net of transaction cost	(14,168)
Less: Transaction costs attributable to the issue of convertible bond	(475)
Liability component on initial recognition at 22 November 2018	12,759
Imputed interest expenses *(Note 8)*	51
Liability component at 30 November 2018	12,810

During the year, there was no conversion of the convertible bond by MIL.

17. DEFERRED TAX LIABILITY

The movements on the net deferred tax liability during the year are as follows:

	Convertible bond *HK$'000*
At 1 December 2016, 30 November 2017 and 1 December 2017	—
Issue of convertible bond	2,338
Credit to consolidated statement of profit or loss and other comprehensive income *(Note 9)*	(7)
At 30 November 2018	2,331

Deferred income tax assets are recognised for tax losses carried forward to the extent that realization of the related tax benefit through future taxable profits is probable. As at 30 November 2018, no deferred tax asset has been recognised in respect of the unused tax losses (2017: Nil) due to unpredictability of future profit streams. Tax losses of HK$67,066,000 (2017: approximately HK$68,572,000) can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

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 2018:

"We draw attention to Note 3 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$5,049,000 during the year ended 30 November 2018 and, as of that date, the Group's current liabilities exceeded its total assets by approximately HK$992,000. 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$15,163,000 for the year ended 30 November 2018 (the "**Year**"), increased slightly by 3% from that of approximately HK$14,704,000 for the corresponding period last year. Of the total turnover amount, (i) approximately HK$1,660,000 or 11% was generated from software license sales, (ii) approximately HK$5,354,000 or 36% was generated from contract revenue, (iii) approximately HK$5,971,000 or 39% was generated from maintenance services, (iv) approximately HK$1,266,000 or 8% was generated from sales of computer hardware and (v) approximately HK$912,000 or 6% was generated from Fintech resources services. The net loss attributable to shareholders of the Company for the Year was approximately HK$5,049,000, in which approximately HK$2,724,000 was waived interest by Maximizer International Limited on the two interest bearing promissory notes which was finally accounted as deemed capital contribution and charged to special reserve account of the Company. With the exclusion of this, the net loss attributable to shareholders of the Company shall be HK$2,325,000, an improvement of 60% as compared to the corresponding period last year.

The Group started the Year by accelerating its expansion plans but also adopted a more conservative position and implemented various cost control measures as the economic uncertainties placed price pressures on orders received and customers became more cost cautious in purchasing financial solutions products and services in the second half of year 2018. Despite this challenging environment, the Group had exercised prudent measures on cost control policies and decreased its normal operating expenditures as mentioned below.

The Group's operating expenditures for the Year amounted to approximately HK$14,761,000, remained stable when compared to that of approximately HK$14,687,000 for the corresponding period last year. During the Year, the Group had incurred additional professional and consultancy fees of approximately HK$1,340,000 in relation to the engagement of financial and legal advisers to the Group on the advisory to cope with the Stock Exchange issued letters to the Company concerning about the Company's compliance of GEM Listing Rule 17.26 to justify the continued listing of the Company's securities. Excluding this extraordinary expenditure, the operating expenditures would have deducted by approximately 9% for the Year when compared to the corresponding period last year.

During the Year, the Group re-structured the shareholders' loan by way of set off against the outstanding promissory note in the amount of approximately HK$50,700,000 (the "**Promissory Note**") owing by the Group to Maximizer International Limited ("**MIL**") by entering into the convertible preference shares and convertible bond subscription agreement dated 28 August 2018 (as amended and supplemented by a supplemental agreement dated 10 October 2018) (collectively, the "**Subscription Agreement**") with MIL. Pursuant to the Subscription Agreement, the Company has agreed to issue and MIL has agreed to subscribe for the convertible preference shares in the subscription price of approximately HK$21,000,000 and the convertible bond in the principal amount of approximately HK$29,700,000, being the sum of approximately HK$50,700,000 (the "**Subscription**"), to be settled by MIL by way of set off against the Promissory Note in full upon completion of the Subscription. The above capital re-structuring transaction was completed on 22 November 2018.

During the Year, the depreciation expenses amounted to approximately HK$239,000, remained stable when compared to that of approximately HK$228,000 for the corresponding period last year.

The Group did not have any amortisation expenses during the Year.

During the Year, the Group invested approximately HK$4,259,000 in developing new modules for its OCTO Straight Through Processing system ("**OCTOSTP**"). In 2018, the Group devoted most of its research and development resources in developing new C# version of its core brokerage settlement system and upgrade its brokerage trading system to support "Northbound Investor ID" and "Broker-to-Client Assigned Number or BCAN" functions under the Stock Connect with Shanghai and Shenzhen Stock Exchange.

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

Total staff costs (excluding directors' remuneration) were approximately HK$9,345,000 for the Year, a 14% decrease from approximately HK$10,834,000 for the corresponding period last year.

On 24 August 2018, the de-registration of Maximizer Asia (Shanghai) Limited, a wholly-owned subsidiary in the PRC has been completed. The audited loss on written off subsidiary assets was approximately HK$3,000 and audited loss on foreign currency translation adjustment of approximately HK$29,000 was released from exchange reserve to profit and loss account.

Operation Review

For the Year, Financial Solutions remained as the key source of the Group's turnover. The turnover from Financial Solutions and Fintech resources were approximately HK$15,163,000, increased slightly when compared to that of approximately HK$14,704,000 for the corresponding period last year. Of the total audited turnover, turnover of approximately HK$12,985,000 represents sales of self-developed software, turnover of approximately HK$912,000 was generated from Fintech resources services and revenue generated from resales of computer hardware and the third parties' products were approximately HK$1,266,000.

The year of 2018 is a challenging year. The Hong Kong stock market had a bullish beginning in year 2018, the Group's local brokerage customers planned and spent more their resources to upgrade their brokerage system. As a result, the Group benefited and secured several system modification and hardware sales contracts in the first 2 quarters. However, since the second half of year 2018, the performance of Hong Kong stock market was poor. Additionally, the global and Hong Kong economies have been adversely impacted by the recent economic uncertainties (such as the US Sino trade argument and China economy slowdown). With such poor stock market performance and economic uncertainties, both the existing and potential customers of the Group slowdown their IT spending plan and deferred their IT infrastructure or system upgrade projects. As a result, the Group's computer licenses sales and rental services were adversely affected and the growth from the sale of computer hardware was limited during the Year.

The Group put more focus on develop innovative products, advance solutions and reselling computer hardware with a high end model to customers is our target to widen revenue channel. Although the business performance demand on computer hardware was affected by off season in the fourth quarter of year 2018 and recent economic environment slowdown, some of customers would like to holdup the expansion budget to 2019 as effect by the worldwide economy declined during the second half year 2018. Despite the above, the Group continues to closely negotiate with several customers to solve their hardware configuration requirements. In the first two months of financial year 2019, the Group has signed the computer hardware sales contracts with several customers. The Group expects that its turnover from sales of computer hardware will gradually gain momentum in 2019. On the other hand, the Group has setup a new sales team and hired more salesforce in the fourth quarter of year 2018 to expand other customer base to overcome the market challenge in the future.

In order to maintain its competitive edge in the industry, the Group has leveraged its Financial Solutions research and development capabilities and continued to improve its OCTOSTP solutions. Additional value added product and service extensions were also developed during the recent years to cope with the Stock Exchange's several new launch products in PRC and Hong Kong stock trading markets. Currently, "Northbound Investor ID" ("NB"), an investor identification regime for NB trading under the "Shanghai and Hong Kong Stock Connect" and "Shenzhen and Hong Kong Stock Connect" is newly launched. Under the NB model, "Shanghai and Hong Kong Stock Connect" and "Shenzhen and Hong Kong Stock Connect" are required to assign a Broker-to-Client Assigned Number or BCAN to each of the NB trading customers in a standard format and provide investor identification information of such customers to the Stock Exchange. The NB model was implemented in the fourth quarter of year 2018 and the Group has implemented and upgraded its Financial Solutions to fulfill the current market needs. The Group also devoted its resources in developing the new C# version of its core brokerage settlement system. These product and service extensions are also built upon and tightly integrated with the Group's core technology and provided specifically enhanced functionality. During the Year, the Group has signed several service contracts to implement the function of NB. Further, the Group also commenced discussions to upgrade its Financial Solutions with one well known brokerage firms in Singapore that have local operation in Hong Kong.

In 2018, the Group has started to enter into the Fintech resources service market by providing experienced and knowledgeable Fintech professionals secondment and recruitment services to our customers. These new services not only diversified the Group's business line but also provided a more comprehensive services to customers to cover a wider range of Fintech products customization or consultancy services beyond the OCTOSTP Financial Solutions. For the Year, turnover of approximately HK$912,000 was recognised from the provision of Fintech resources services. In the first two months of financial year 2019, the Group continues to explore more opportunity on Fintech resources services and has secured contracts in the total amount of approximately HK$200,000.

The Group targets to strive for expanding and diversifying its business line and seeking new business opportunities in the market. To achieve the goal, the Group expands its customer base from financial related customers to other non-financial related customers and commenced partnership cooperation with hardware and technical service vendors in Hong Kong. For the Year, the Group has signed several business partner agreements with computer hardware suppliers, including one well-known computer hardware supplier for the resell rights of its products in Hong Kong. The Group is also in active negotiation with other potential partners on IT managing service, scanning and storage solutions and CCTV products to cooperate in providing more innovative business solutions. In order to improve the sales performance of each of the Group's business segments, the Group will continue to provide and develop diversified business solutions, such as providing the non-financial solution module, management services solutions and infrastructure services to different customers, as well as to seek more cooperation with different channel partners for our customers. For the continuous business growth, the Group had set up a new business product team to explore more business opportunity in the second half year of 2018. The Group is actively preparing itself to sourcing more diversify business model to the market.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 November 2018 (2017: Nil).

Event after the Reporting Period

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

Litigation

As at 30 November 2018, the Group had no material litigation (2017: Nil).

Prospects

The Group will continue to cautiously monitor the business environment and to strengthen its competitiveness in the market, the Group will further focus on its core business and technology development with product functionality improvement and expansion in the service areas offered to the customers. The Group believes its products together with professional services are technologically competitive and the Group's business shall be benefited from the aggressive technology enhancement by the Stock Exchange and increased number of new market participant in the Hong Kong brokerage industry.

To channel the Group's resources to the development of the existing business segments to achieve high growth will continue to be one of the top priorities of the Group for 2019. The Group will place more resources in providing and improving advanced financial solutions or services to fulfil the Group's customer needs and market demand as well as expanding its customer base. Besides, based on the Group's experience on sourcing computer hardware and existing relationship with its customers, the Group believes that it is capable to extend its customer base to other departments of the brokerage houses and banks as well as explore its product development and hardware sales teams to approach other financial or non-financial corporations in Hong Kong. It is the belief of the directors of the Company that the Group has well-diversified products and services range, which maintains its market competitiveness and it is well equipped to face future challenges.

The Group will continue to keep up with the market trend and the industry requirements. The Group will explore new business opportunities and widen the Group's turnover stream from both existing and potential customers. The Group will also continue to strive for a better diversified business line and seek new business opportunities in the market. To achieve the goal, the Group will actively seek cooperation with partners in providing more innovative business solutions. Further, the Group will also continue to deliver its quality services, as well as to improve our financial solutions products, for the continuous business growth. It is believed that the Group has solidified its foundation by refining its operations in the coming year.

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 2018, 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 23 March 2018, and are subject to a separate resolution to be approved by shareholders in each year.

Mr. William Keith Jacobsen has served as an independent non-executive director of the Company for 9 years in August 2018. During his years of appointment, Mr. Jacobsen has demonstrated his ability to provide an independent view of the Company's matters. The Board is of the view that Mr. Jacobsen is able to continue to fulfil his roles as required and meets the independence guidelines set out in Rule 5.09 of the GEM Listing Rules. Mr. Jacobsen is being eligible and recommended for entering into another 3 years term service contract and subject to approval by the shareholders at the annual general meeting of the Company ("AGM").

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 2018, 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 2018, 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 2018, the review bases on a framework which assesses the Group's internal control system into payment 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. William Keith Jacobsen is the chairman of the audit committee for the Year.

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 auditors. 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 2018, 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 2018 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 Wednesday, 3 April 2019. 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 Friday, 29 March 2019 to Wednesday, 3 April 2019 (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 Thursday, 28 March 2019.

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 (2017: 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, 18 February 2019

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.