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 2019

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.

*This announcement, for which the directors of abc Multiactive Limited (the "**Company**") 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 (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The directors of the Company, 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 report 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 2019, together with the comparative figures in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 November 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Turnover	4	**17,361**	15,163
Cost of sales		**(8,026)**	(2,681)
Gross profit		**9,335**	12,482
Other gains and losses	5	**1,246**	(2)
Software research and development and operating expenses		**(3,969)**	(4,259)
Selling and marketing expenses		**(862)**	(954)
Administrative expenses		**(8,760)**	(9,548)
Net reversal of impairment losses recognised in respect of trade receivables		**19**	–
Loss from operating activities	7	**(2,991)**	(2,281)
Finance costs	8	**(2,363)**	(2,775)
Loss before taxation		**(5,354)**	(5,056)
Income tax credit	9	**389**	7
Loss for the year		**(4,965)**	(5,049)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Release of exchange reserve upon de-registration of a subsidiary		**–**	29
Other comprehensive income for the year, net of tax		**–**	29
Total comprehensive loss for the year		**(4,965)**	(5,020)

	Note	**2019**	2018
		HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company		**(4,965)**	(5,049)
Total comprehensive loss for the year attributable to owners of the Company		**(4,965)**	(5,020)
Loss per share			
– Basic and diluted	10	**HK(1.65) cents**	HK(1.68) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2019

	Notes	2019 HK$'000	2018 HK$'000
Assets			
Non-current asset			
Property, plant and equipment		**226**	358
Current assets			
Trade and other receivables	12	**2,170**	2,335
Contract costs		**672**	–
Cash and cash equivalents		**4,685**	2,836
		7,527	5,171
Total assets		**7,753**	5,529
Capital and reserves			
Share capital	13	**42,464**	42,464
Reserves		**(64,681)**	(58,597)
Equity attributable to owners of the Company		**(22,217)**	(16,133)
Liabilities			
Non-current liabilities			
Promissory notes		**6,560**	–
Convertible bond	14	**15,167**	12,810
Deferred tax liability	15	**1,942**	2,331
		23,669	15,141
Current liabilities			
Other payables and accruals	16	**4,313**	5,199
Deferred revenue		**–**	1,094
Contract liabilities		**1,759**	–
Amount due to a related company		**229**	228
		6,301	6,521
Total liabilities		**29,970**	21,662

	2019	2018
	HK$'000	*HK$'000*
Total equity and liabilities	**7,753**	5,529
Net current assets/(liabilities)	**1,226**	(1,350)
Total assets less current liabilities	**1,452**	(992)
Net liabilities	**(22,217)**	(16,133)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2019

	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 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 13)*	12,353	2,578	–	5,806	–	–	–	20,737
Deemed capital contribution from waiver of promissory notes interest from shareholder	–	–	–	2,724	–	–	–	2,724
Issue of convertible bond *(Note 14)*	–	–	–	2,298	14,168	–	–	16,466
Deferred taxation of convertible bond *(Note 15)*	–	–	–	–	(2,338)	–	–	(2,338)
As at 30 November 2018 as originally presented	42,464	113,656	37,600	10,828	11,830	–	(232,511)	(16,133)
Impact on initial application of HKFRS 9 and HKFRS 15 *(Note 3)*	–	–	–	–	–	–	(1,119)	(1,119)
Restated balance as at 1 December 2018	42,464	113,656	37,600	10,828	11,830	–	(233,630)	(17,252)
Loss and total comprehensive loss for the year	–	–	–	–	–	–	(4,965)	(4,965)
As at 30 November 2019	**42,464**	**113,656**	**37,600**	**10,828**	**11,830**	**–**	**(238,595)**	**(22,217)**

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 13 and 14)*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

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 sales of computer software licences, software rental and provision of related services; provision of maintenance services, sales of computer hardware and provision of fintech resources services.

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").

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.

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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group incurred a net loss of approximately HK$4,965,000 (2018: approximately HK$5,049,000) for the year ended 30 November 2019. As at 30 November 2019, the Group has net liabilities of approximately HK$22,217,000 (2018: approximately HK$16,133,000). 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 immediate holding company, 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 twelve months from 30 November 2019.

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 2018. A summary of the new and revised HKFRSs are set out below:

HKFRS 2 (Amendments)	Classification and Measurement of Share-Based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related amendments
HKFRS 15 (Amendments)	Clarification to HKFRS 15 Revenue from Contracts with Customers
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and financial positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Impact on the consolidated financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated statement of financial position (extract)	As at 30 November 2018 originally presented	Effect of the adoption of HKFRS 9	Effect of the adoption of HKFRS 15	As at 1 December 2018 restated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets				
Trade and other receivables	2,335	(25)	–	2,310
Contract costs	–	–	666	666
Current liabilities				
Other payables and accruals	5,199	–	(461)	4,738
Deferred revenue	1,094	–	(1,094)	–
Contract liabilities	–	–	3,315	3,315
Net current liabilities	(1,350)	(25)	(1,094)	(2,469)
Total assets less current liabilities	(992)	(25)	(1,094)	(2,111)
Net liabilities	(16,133)	(25)	(1,094)	(17,252)
Capital and reserves				
Reserves	(58,597)	(25)	(1,094)	(59,716)
Total equity	(16,133)	(25)	(1,094)	(17,252)

HKFRS 9 Financial Instruments

Impacts on changes in accounting policies of application on HKFRS 9 "Financial Instrument"

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 December 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 December 2018. The difference between carrying amounts as at 30 November 2018 and the carrying amounts as at 1 December 2018 are recognised in the opening accumulated losses, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3 to the consolidated financial statements.

Summary of effects arising from initial application of HKFRS 9

Below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 December 2018.

Classification and measurement of financial assets and financial liabilities at amortised cost

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets and financial liabilities that are within the scope of HKFRS 9 are subsequently measured at amortised cost.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Except for those which had been determined as credit impaired under HKAS 39, the remaining balances are grouped based on internal credit rating and/or past due analysis. The Group has therefore estimated the expected loss rates for the trade receivables on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including deposit, other receivables and cash and cash equivalents, are assessed on 12 month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

All loss allowances of trade receivables as at 30 November 2018 reconciled to the opening loss allowances as at 1 December 2018 are as follows:

	Trade receivables
	HK$'000
At 30 November 2018 – HKAS 39	–
Amounts re-measured through opening accumulated losses	25
At 1 December 2018 – HKFRS 9 (restated)	**25**

The impact of these changes on the group's equity is as follows:

	Accumulated losses *HK$'000*
At 30 November 2018 – HKAS 39	(232,511)
Impairment under ECL model	(25)
At 1 December 2018 – HKFRS 9 (restated)	**(232,536)***

* *Exclude the effect on initial adoption of HKFRS 15.*

HKFRS 15 Revenue from Contracts with Customers and the related Amendments

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 December 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 December 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major sources:

(i) Sales of computer software licences, software rental and provision of related services
(ii) Provision of maintenance services
(iii) Contract revenue
(iv) Sales of computer hardware
(v) Provision of fintech resources services

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in note 3 to the consolidated financial statements.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 December 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previous report at 30 November 2018	Adjustments under HKFRS 15	**Carrying amounts under HKFRS 15 at 1 December 2018***
	HK$'000	*HK$'000*	***HK$'000***
Current asset			
Contract costs	–	666	**666**
Current liabilities			
Other payables and accruals	5,199	(461)	**4,738**
Deferred revenue	1,094	(1,094)	**–**
Contract liabilities	–	3,315	**3,315**
Capital and reserves			
Reserves*	(58,597)	(1,094)	**(59,691)**

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Note:

At 1 December 2018, receipt in advance of approximately HK$461,000 previously included in other payables and accruals was reclassified to contract liabilities.

At 1 December 2018, deferred revenue of approximately HK$1,094,000 which related to unexpired period of the maintenance services agreements was reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position at 30 November 2019 and its consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of profit or loss and other comprehensive income

	As report *HK$'000*	**Adjustments** *HK$'000*	**Amounts without application of HKFRS 15** *HK$'000*
Turnover	17,361	1,045	18,406
Cost of sales	(8,026)	(672)	(8,698)

Impact on the consolidated statement of financial position

	As report *HK$'000*	**Adjustments** *HK$'000*	**Amounts without application of HKFRS 15** *HK$'000*
Current assets			
Contract costs	672	(672)	–
Amounts due from customers	–	264	264
Current liabilities			
Other payables and accruals	4,313	(300)	4,013
Deferred revenue	–	1,278	1,278
Contract liabilities	1,759	(1,759)	–

Impact on the consolidated statement of cash flows

	As report *HK$'000*	Adjustments *HK$'000*	Amounts without application of HKFRS 15 *HK$'000*
Cash flows from operating activities			
(Increase)/decrease in contract cost	(6)	672	666
Increase in amount due from customers	–	(264)	(264)
Decrease in other payables and accruals	(2,646)	(300)	(2,946)
(Decrease)/increase in deferred revenue	(1,094)	1,278	184
Increase in contract liabilities	1,759	(1,759)	–

Note:

Increase in revenue of approximately HK$1,045,000 which represents the increase in amount due from customers and other payables and accruals of approximately HK$264,000 and HK$781,000 would be presented under HKAS 18 and HKAS 11. Increase in cost of sales of approximately HK$672,000 which represents the decrease in contract costs would be presented under HKAS 11 and HKAS 18.

Contract liabilities of approximately HK$1,759,000 was recognised for the received in advance from customers and upon the application of HKFRS 15 which previously was classified as other payables and accruals and deferred revenue under HKAS 18. As such, the decrease in other payables and accruals and deferred revenue received in advance from customers of approximately HK$481,000 and approximately HK$1,278,000 respectively in the consolidated statement of cash flows was classified as increase in contract liabilities.

Except as described above, the application of HKFRS 15 has had no material impact on the amounts reported set out in the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term interests in Associates and Joint Ventures[1]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatment[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for business combinations and assets acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2020.

4. TURNOVER

The Group is principally engaged in the 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:

	2019	2018
	HK$'000	*HK$'000*
Disaggregation of revenue from contracts with customers		
Sales of computer software licences, software rental and provision of related services	**1,601**	1,660
Provision of maintenance services	**4,455**	5,971
Contract revenue	**8,919**	5,354
Sales of computer hardware	**1,426**	1,266
Provision of fintech resources services	**960**	912
Revenue from contracts with customers	**17,361**	15,163
Timing of revenue recognition		
A point in time	**1,426**	1,266
Over time	**15,935**	13,897
Revenue from contracts with customers	**17,361**	15,163

Performance obligations for contracts with customers

Details of performance obligations for contracts with customers for the year ended 30 November 2019 are set out in Note 3 to the consolidated financial statements.

Transaction price allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts as all contract works have an original expected duration of one year or less.

5. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**1**	1
Sundry income	**–**	25
Gain on issuance of promissory note	**1,446**	–
Loss on de-registration of a subsidiary	**–**	(32)
Loss on disposal of property, plant and equipment	**–**	(3)
Written off of trade receivables	**(200)**	–
Net exchange (loss)/gain	**(1)**	7
	1,246	(2)

6. SEGMENT INFORMATION

The Group was engaged in two business segments, namely financial solutions ("Financial Solutions") and fintech resources segment ("Fintech Resources").

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		**Fintech Resources**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**16,401**	14,251	**960**	912	**17,361**	15,163
Segment results	**3,931**	6,849	**573**	420	**4,504**	7,269
Loss on disposal of property, plant and equipment	**–**	(3)	**–**	–	**–**	(3)
Written off of trade receivables	**(200)**	–	**–**	–	**(200)**	–
Gain on issuance of promissory note					**1,446**	–
Bank interest income					**1**	1
Sundry income					**–**	25
Net reversal of impairment losses recognised in respect of trade receivables					**19**	–
Loss on de-registration of a subsidiary					**–**	(32)
Net exchange (loss)/gain					**(1)**	7
Central administration costs					**(8,760)**	(9,548)
Finance costs					**(2,363)**	(2,775)
Loss before taxation					**(5,354)**	(5,056)
Income tax credit					**389**	7
Loss for the year					**(4,965)**	(5,049)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2018: Nil).

Segment results represent the profit earned by each segment without allocation of loss on disposal of property, plant and equipment, written off of trade receivables, gain on issuance of promissory note, bank interest income, sundry income, net reversal of impairment losses recognised in respect of trade receivables, loss on de-registration of a subsidiary, net exchange (loss)/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**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities						
Segment assets	**4,095**	2,777	**156**	99	**4,251**	2,876
Unallocated assets					**3,502**	2,653
Consolidated total assets					**7,753**	5,529
Segment liabilities	**4,895**	4,326	**257**	277	**5,152**	4,603
Unallocated liabilities					**24,818**	17,059
Consolidated total liabilities					**29,970**	21,662

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 note, other payables and accruals borne by the investment holding company).

Other segment information

	Financial Solutions		Fintech Resources		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information						
Depreciation on property, plant and equipment	**227**	239	**–**	–	**227**	239
Written off of trade receivables	**200**	–	**–**	–	**200**	–
Capital expenditure	**95**	39	**–**	–	**95**	39

Geographical segments

The Group's revenue is generated from 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$17,361,000 (2018: approximately HK$15,163,000) are revenue of approximately HK$8,790,000 (2018: approximately HK$5,216,000) 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:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**–***	2,916
Customer B	**–***	2,300
Customer C *(Note (i))*	**6,123**	–*
Customer D *(Note (ii))*	**2,667**	–*

* The customers contributed less than 10% of the total revenue of the Group.

Notes:

(i) Revenue from Financial Solutions.

(ii) Revenue from Fintech Resources and Financial Solutions.

No other single customers contributed 10% or more to the Group's revenue during the years ended 30 November 2019 and 2018 respectively.

7. LOSS FROM OPERATING ACTIVITIES

	2019	2018
	HK$'000	*HK$'000*
Loss from operating activities is arrived at after charging/ (crediting):		
Auditors' remuneration		
– Audit services	**280**	280
– Non-audit services	**–**	200
Depreciation on property, plant and equipment	**227**	239
Operating lease payments in respect of		
– land and buildings	**2,580**	2,490
– plant and equipment	**36**	31
Directors' emoluments	**60**	60
Staff costs (excluding directors' remuneration)		
– salaries and allowances	**8,503**	9,063
– retirement benefit costs	**317**	282
Cost of computer hardware sold	**1,356**	830
Net impairment losses recognised in respect of trade receivables		
– allowance for impairment losses on trade receivables	**6**	–
– reversal of allowance of impairment losses on trade receivables	**(25)**	–
Written off of trade receivables	**200**	–

8. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Imputed interest expenses on promissory note	**6**	2,724
Imputed interest expenses on convertible bond *(Note 14)*	**2,357**	51
	2,363	2,775

9. INCOME TAX CREDIT

	2019	2018
	HK$'000	*HK$'000*
Deferred tax		
Credit for the year *(Note 15)*	**389**	7

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from current year the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits for the years ended 30 November 2019 and 2018.

The Group has tax losses arising in Hong Kong of approximately HK$73,081,000 (2018: approximately to HK$67,066,000) 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 consolidated statement of profit or loss and other comprehensive income during the year (2018: 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:

	2019	2018
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share attributable to owners of the Company	**(4,965)**	(5,049)

	2019	2018
Number of shares		
Weighted average number of shares for the purpose of basic loss per share	**301,108,062**	301,108,062

The calculation of loss per share is based on the loss attributable to owners of the Company for the year of approximately HK$4,965,000 (2018: approximately HK$5,049,000) and the weighted average number of 301,108,062 shares (2018: 301,108,062 shares).

The calculation of diluted loss per share did not assume the exercise of the convertible bond and convertible preference shares existed at 30 November 2019 and 2018 as the exercise of the convertible bond and convertible preference shares would reduce loss per share, therefore anti-dilutive.

Diluted loss per share for the years ended 30 November 2019 and 2018 were the same as the basic loss per share as there were no potential ordinary shares outstanding during both years presented.

11. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 30 November 2019 (2018: Nil).

12. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables, net of impairment	**860**	1,047
Prepayment, deposits and other receivables	**1,310**	1,288
	2,170	2,335

The analysis of trade receivables was as follows:

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**866**	1,047
Less: Allowance for impairment losses on trade receivables	**(6)**	–
	860	1,047

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 presented based on invoices date at the end of the reporting periods:

	2019	2018
	HK$'000	*HK$'000*
Current	**576**	166
31 – 60 days	**192**	6
61 – 90 days	**–**	–
Over 90 days	**98**	875
	866	1,047

Details of impairment assessment of trade receivables for the year ended 30 November 2019 are set out in note 4(b) to the consolidated financial statements.

Comparative information under HKAS 39

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

	2018
	HK$'000
31 – 60 days	6
61 – 90 days	–
Over 90 days	875
	881

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.

As at 30 November 2019, there were three (2018: three) customers who represented more than 10% of the total net balance of trade receivables and amounted to approximately HK$803,000 (2018: approximately HK$1,019,000).

The analysis of prepayment, deposits and other receivables are as follows:

	2019	2018
	HK$'000	*HK$'000*
Prepayment, deposits and other receivables	**1,310**	1,698
Less: Allowance for impairment losses on other receivables	**–**	(410)
	1,310	1,288

The directors had assessed the recoverability of prepayment, deposits and other receivables for the year ended 30 November 2019 and considered no further provision for impairment in respect of prepayment, deposits and other receivables is required (2018: 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.

Details of impairment assessment of deposits and other receivables for the year ended 30 November 2019 are set out in note 4(b) to the consolidated financial statements.

13. SHARE CAPITAL

Authorised and issued share capital

	2019 Number of shares	**2019** Amount *HK$'000*	2018 Number of shares	2018 Amount *HK$'000*
Authorised:				
Ordinary shares				
Ordinary shares of HK$0.1 each				
– At the beginning of the year	**9,000,000,000**	**900,000**	10,000,000,000	1,000,000
– Re-designated and re-classified to non-voting convertible preference shares *(Note (i))*	**–**	**–**	(1,000,000,000)	(100,000)
– At the end of the year	**9,000,000,000**	**900,000**	9,000,000,000	900,000
Non-voting convertible preference shares				
Non-voting convertible preference shares of HK$0.1 each				
– At the beginning of the year	**1,000,000,000**	**100,000**	–	–
– Re-designated and re-classified from ordinary shares *(Note (i))*	**–**	**–**	1,000,000,000	100,000
– At the end of the year	**1,000,000,000**	**100,000**	1,000,000,000	100,000
Issued and fully paid:				
Ordinary shares				
Ordinary shares of HK$0.1 each				
At the beginning and at the end of the year	**301,108,062**	**30,111**	301,108,062	30,111
Non-voting convertible preference shares				
Non-voting convertible preference shares of HK$0.1 each				
At the beginning of the year	**123,529,400**	**12,353**	–	–
Share issued as repayment of promissory notes *(Note (ii))*	**–**	**–**	123,529,400	12,353
At the end of the year	**123,529,400**	**12,353**	123,529,400	12,353

Note:

(i) 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.

(ii) On 22 November 2018, the Company allotted and issued 123,529,400 convertible preference shares for the settlement of promissory notes.

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 ordinary 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.

14. 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 share 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 was performed by independent valuer.

There are no conversion of the convertible bond by the holder for both years ended 30 November 2019 and 2018.

The convertible bond recognised in the consolidated statement of financial position on initial recognition is as follows:

	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	12,759

The movements of the liability component of the convertible bond for the years ended 30 November 2019 and 2018 are set out below:

	HK$'000
Liability component on initial recognition as at 22 November 2018	12,759
Imputed interest expenses *(Note 8)*	51
Liability component as at 30 November 2018 and 1 December 2018	12,810
Imputed interest expenses *(Note 8)*	2,357
Liability component as at 30 November 2019	15,167

15. DEFERRED TAX LIABILITY

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

	Convertible bond ***HK$'000***
As at 1 December 2017	–
Issue of convertible bond	2,338
Credit to consolidated statement of profit or loss and other comprehensive income *(Note 9)*	(7)
As at 30 November 2018 and 1 December 2018	2,331
Credit to consolidated statement of profit or loss and other comprehensive income *(Note 9)*	(389)
As at 30 November 2019	1,942

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 2019, no deferred tax asset has been recognized in respect of the unused tax losses (2018: Nil) due to unpredictability of future profit streams. Tax losses of approximately HK$73,081,000 (2018: approximately HK$67,066,000) can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

16. OTHER PAYABLES AND ACCRUALS

	2019	2018
	HK$'000	*HK$'000*
Accruals	**3,275**	3,299
Receipt in advance	**–**	461
Other payables	**1,038**	1,439
	4,313	5,199

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's consolidated financial statement for the year ended 30 November 2019:

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 November 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards(the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$4,965,000 during the year ended 30 November 2019 and, as of that date, the Group's total liabilities exceeded its total assets by approximately HK$22,217,000. 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$17,361,000 for the year ended 30 November 2019 (the "**Year**"), increased by 14.5% from that of approximately HK$15,163,000 for the corresponding period last year. The gross profit margin of the Group decreased by approximately 25.21% from approximately HK$12,482,000 for the year ended 30 November 2018 to approximately HK$9,335,000 for the year ended 30 November 2019. The drop is mainly attributed to increase in sales of third parties products and professional service which have a lower gross profit margin compared to self developed products and services. Of the total turnover amount, (i) approximately HK$1,601,000 or 9% was generated from software license sales, (ii) approximately HK$8,919,000 or 51% was generated from contract revenue, (iii) approximately HK$4,455,000 or 26% was generated from maintenance services, (iv) approximately HK$1,426,000 or 8% was generated from sales of computer hardware and (v) approximately HK$960,000 or 6% was generated from Fintech resources services. The net loss attributable to shareholders of the Company for the Year was approximately HK$4,965,000, in which approximately HK$2,363,000 was imputed interest expenses on convertible bond and promissory note, whereas the Group recorded a net loss attributable to shareholders of approximately HK$5,049,000 for the corresponding period last year after deducting imputed interest of approximately HK$2,775,000.

The Group has concluded the sales contracts (excluding maintenance services contracts) with total contract sum of approximately HK$12,200,000 (2018: approximately HK$5,500,000). Of the total signed contract sum, (i) approximately HK$4,800,000 (2018: HK$3,700,000) represents sales of self-developed software; (ii) approximately HK$1,000,000 (2018: HK$893,000) represents sales of Fintech resources services; and (iii) approximately HK$6,400,000 (2018: approximately HK$907,000) represents sales of third party products.

During the Year, the Group provided professional services to existing customers to streamline and migrated functions and features of their existing systems to enhance system performance and efficiency that resulted in decrease in maintenance revenue due to replacement of idle functions and modules. Meanwhile, the Group was able to sign new contracts (excluding maintenance services, Fintech resources services and third party products) with total contract sum of approximately HK$4,800,000 for acquiring and implementing the Financial Solutions in the year of 2019 which were included a sales contract with one Singapore brokerage firm for its Hong Kong operation. As at 30 November 2019, approximately HK$2.1 million worth of service contract was in progress (2018: approximately HK$950,000 contract in progress) as the Group has applied the new standard to recognise the turnover for those sales contracts are not completed for the Year. Furthermore, the Group has also signed contracts with a new non-financial customer for the provision of CCTV project and electrical installation services and recognised turnover of approximately HK$6 million in the financial year 2019.

During the Year, the Group continued to exercise prudent cost control measures by implementing tight expenses measures in its operations. The operating expenditures amounted to approximately HK$13,591,000 for the Year, decreased by 8% when compared to approximately HK$14,761,000 for the corresponding period last year. The decrease was mainly due to decrease in legal and professional service fee for the Year when compared to last year.

During the Year, the depreciation expenses amounted to approximately HK$227,000, remained stable when compared to that of approximately HK$239,000 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$3,969,000 in maintenance and regular development for its OCTO Straight Through Processing system ("**OCTOSTP**"), including the developing the new C# version of OCTOSTP and new product "FinReg Innovative Tools". Detail of new C# version of OCTOSTP and "FinReg Innovative Tools" are set out in this announcement of supplementary information for the year ended 30 November 2019.

The Group has made an impairment loss of approximately HK$200,000 on trade receivables for the Year. The impaired trade receivable was related to a customer that it de-registered its corporate registration in Hong Kong and the Group assessed that amount was not expected to be recovered.

Total staff costs (excluding directors' remuneration) were approximately HK$8,820,000 for the Year, remained stable when compared to that of approximately HK$9,345,000 for the corresponding period last year.

Operation Review

For the Year, the turnover from Financial solutions and Fintech resources segments were approximately HK$17,361,000, increased by 14.5% when compared to that of approximately HK$15,163,000 for the corresponding period last year. Of the total audited turnover, turnover of approximately HK$10,075,000 represents sales of self-developed software, turnover of approximately HK$960,000 was generated from Fintech resources services and turnover generated from resales of computer hardware and the third parties' products were approximately HK$6,326,000.

Owing to weak stock market performance and unfavourable economic conditions stemming from the uncertainty of Sino US trade conflict and recent instability in Hong Kong, the customers are cautious and have slowed down their expenditures on their IT infrastructure and upgrade projects. As the existing and potential customers of the Company are mainly financial institutions including brokerage houses and banks in Hong Kong, whose businesses are closely related to the Hong Kong financial industry and stock market performance. Consequently, the Company's core business, particularly the contract revenue and sales of computer software licenses, software rental and provision of related services decreased. Although the Group is facing stronger pressure from weakening demand and slowing global growth, the Group continue to improve its existing products for better user experience and simultaneously explore more new business opportunities and attain product diversification. The Group succeeded in expanding its revenue channels on other third party products and Fintech resources. As a result, the overall turnover for the Year increased.

During the Year, the Group completed in developing the new C# version of its core brokerage settlement system. By upgrading the existing software products of its core business and improving its technology, the Group signed a sales contract for the upgraded C# version of its OCTOSTP system with a well-known Singapore brokerage firm for its Hong Kong operation. The first stage of development work and system integration test ("**SIT Testing Criteria**") has been delivered on-time with acceptance criteria by customer in accordance with the project schedule timeline in the second quarter of this year. The Group is confident that we are well-equipped for the coming stages of user acceptance test ("**UAT Testing Criteria**") and parallel run testing of the upgrade C# version system live run. In addition, the Group has also closely working with one well-known brokerage house in the development of client master migration project.

Given that Securities and Futures Commission (the "**SFC**") publishes circulars and revises its securities trading regulations from time to time to remind industry participants of regulatory requirements and provision. In order to assist brokerage houses preventing possible violation risks from the securities trading activities effectively, the Group has devoted effort in the development of our new product, "FinReg Innovative Tools". It is an innovative risk driven platform, it can assist brokerage houses and asset management companies to cope with "Know Your Customers" requirement, it also enables brokerage houses to identify, manage and mitigate risk and manage compliance for SFC requirements through monitoring abnormal trade, identifying suspicious trading activities and preventing Anti-Money Laundering fund movement. The Group is currently actively carrying marketing campaign to promoting its services and is in negotiation with a number of potential customers.

For 2019, the Group targets to strive for expanding and diversifying its business lines and seeking new business opportunities to keep competition in the market and to achieve sustainable growth remain the top priorities of the Group. During the Year, the Group has cooperated with different new business partners on IT managing services, CCTV solutions and mobile application design services to provide more innovative business solutions to the Group. To further accelerate business development, the Group has established a new sale and business product team to approach different customers to expand the customer base and to source and bring in new products. The team regularly carry out marketing campaigns through holding seminars and participating in exhibitions to actively approach new and potential customers.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 November 2019 (2018: Nil).

Event after the Reporting Period

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

Litigation

As at 30 November 2019, the Group had no material litigation (2018: Nil).

Prospects

Operational efficiency and increase its revenue growth will continue to be top priorities for the Group for 2020. In the coming year, the directors expect to be able to gain the benefits from its efforts spent on new products development and marketing promotion in 2019.

With a more efficient infrastructure and our well experience in the financial industry, the Group can dedicate more research and development focus on its OCTOSTP improvement and upgrading and more new diversify solutions such as "FinReg Innovative Tools" availability to be launched to the markets. The Group will continue to keep up with the market trend and the industry requirements and also will explore new business opportunities and widen the Group's turnover stream from both existing and potential customers.

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 sale and business product team 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 and believe that the Group will be strongly positioned to grow when market conditions improve.

SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED 30 NOVEMBER 2019

The Board wishes to supplement the shareholders of the Company additional information in respect of the expansion plans of the Group.

Expansion Plans of the Group

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 has formulated and been implementing following expansion and development plans with the goal to improve its business performance.

(1) Sales of Computer Software Licences, Software Rental and Provision of Related Services

The Company's flagship product: OCTOSTP (Oder routing, Credit control, Transaction settlement and Online trading) is primarily designed to provide advanced solution for front and back-office trading in brokerage houses and securities divisions of local and international banks in Hong Kong.

The Group intends to expand this segment by (i) upgrade of OCTOSTP system; (ii) expansion of customer base; and (iii) expansion of product base. Details of which are set out below.

(i) Upgrade of OCTOSTP system

The Group has been developing additional value-added products and service extensions during the recent years to cope with the Stock Exchange's several new launch products in PRC and Hong Kong stock trading markets. Recently, "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.

Additionally, the Group has also devoted its resources in developing the new C# version of its core brokerage settlement system (i.e. OCTOSTP). The C# version is an upgrade version of OCTOSTP Equity Back Office System to replace the old Visual Basic version. It is built upon and tightly integrated with the Group's core system and provided specifically enhanced functionality, better technical performance and more stabilization. The Group is well-positioned to further promote its upgraded system and attract new customers. In the first quarter of 2019, the Group has successfully signed a new contract for the upgraded C# version of OCTOSTP System to one well known brokerage house in Singapore that have local operation in Hong Kong. The first stage of development work and system integration test ("**SIT Testing Criteria**") has been on-time delivered with acceptance criteria by customer in accordance with the project schedule timeline. The Group is confident that we are well-equipped for the coming stages of user acceptance test ("**UAT Testing Criteria**") and parallel run testing of the upgrade C# version system live run.

At the fourth quarter of the year 2019, the market change enhancement for stock trading system - new spread table and continuous quoting market making obligations for Exchange Traded Funds ("**ETFs**") and Leveraged and Inverse ("**L&I**") Products tentatively scheduled for late February 2020 by The Stock Exchange's tentative timeline. All ETFs and L&I Products would be classified into 3 groups (A-C) based on their liquidity profile. To facilitate our customers for better preparation for the launch of the ETSs and L&I, the Group commence for the implementation of system enhancements and calibration for the ETSs and L&I starting at the end of the year 2019. At the date of this announcement, the Group was awarded the satisfactory result that the new sales contracts with not less than five brokerage firms for system enhancement and calibration for the ETFs and L&I. The Group has successfully completed the market rehearsals according to The Stock Exchange's tentative timeline and well equip to assist our customers for the rollout of ETSs and L&I scheduled at late February 2020.

(ii) *Expansion of customer base*

Historically, the Group mainly focused its sales to brokerage houses and securities division of banks in Hong Kong. To broaden its customer base, the Group has been expanding its customer base to non-financial institutions and asset management houses as well.

The Group has also been carrying out marketing campaigns through holding seminars and participating in exhibitions regularly to approach new and potential customers actively. For instance, the Group has attended the Stock Exchange's seminar on 4 September 2019 in relation to upcoming trading and clearing initiatives which including Fintech for market surveillance, market microstructure enhancements in the securities market, Next Generation Risks Models and relevant technical preparation. Following the Stock Exchange's seminar, the Group actively hosted four seminars up to the date of this announcement to promote the Group's new products "FinReg Innovative Tools" and cooperated with three business partners including one well-known global cyber security company, a global leading vendor of IT infrastructure solutions and one well-known worldwide cloud services partner respectively to promote its newly launched "FinReg Innovative Tools" to brokerage houses and assets management houses. Upon the seminars, the Group has received satisfactory feedbacks and responses from a number of customers who have indicated their interests in the Group's new product and services.

(iii) Expansion of product base

Historically, the Group is selling its self-developed financial solutions OCTOSTP and third-party solution software, namely FinCAD (a risk analytics and derivatives risk management software), Fortinet (an authentication solution and device), and Curtain (a document security system).

In order to strengthen the Group's competitiveness, the Group has also developed and launched new products such as High Frequency Trading Engine ("**HFT**"). HFT is designed to support for high frequency trade of brokerage houses; and the Group also further expanded our OCTOSTP to fulfill the needs of brokerage middle office operation. The Group has also dedicated resources to develop "FinReg Innovation Tools" which helps customers deal with risk management and compliance of regulatory rules related to securities trading activities with automation and efficiencies. The expanded function of OCTOSTP for middle office operation is a universal platform that helps customers to improve business efficiency in the area including customer relationship management, marketing and also enhance its online customer services efficiency. In addition, the middle office module provides functions to improve brokerage house operation efficiency which covers risk and compliance management and administrative functions. Such functions include CCASS Report Generator function; CCASS Report Generator function will act for download, storage, filtering daily report, sending simultaneous transmissions of report/statement information. Customer can control the transmission of all information within CCASS Report Generator. It will assist customer to achieve the shortest possible response time even at the highest data through-put rates, ensuring fast and efficient downloading, storage and sending the report/statement services at all time.

(iv) Strengthen of media promotion platform

In order to promote the Group's on going products and services and introduction of its new products, the Group has revamped the Company's website and established its company Facebook page. The Group considers that the revamped website and throughout Facebook media will provide a better interface with competitive contents to its existing and potential customers, and is able to align with the Group's latest developments to enhance and sustain its competitiveness.

(2) Provision of Maintenance Services

The provision of maintenance services is part and parcel of the direct sale of OCTOSTP. After the direct purchase by the customers, the customers are required to pay a software maintenance fee to the Group. Should the segment of sales of computer software licences, software rental and provision of related services be expanded, the performance of this segment would improve accordingly.

(3) Sales of Computer Hardware

The Group intends to expand this segment by (i) expansion of customer base; (ii) expansion of product base; and (iii) establishment of new sales and business product team. Details of which are set out below.

(i) Expansion of customer base

Historically, the Group mainly provided the computer hardware and general software to brokerage houses and securities division of banks in Hong Kong. By leveraging the Group's experience and resources, the Group has expanded its customer base to non-financial related customers and will also to approach other departments of brokerage houses and banks.

(ii) Expansion of product base

The Group has explored and introduced additional diversified business solutions, such as providing the non-financial solution module, management services solutions and infrastructure services. During the Year, the Group successfully engaged management services with a non-financial customer.

The Group has cooperated with ten new business partners since the beginning of year 2019 on IT managing service, scanning and storage solutions, CCTV solutions and mobile application design services to provide a wider range of innovative business solutions.

(iii) Establishment of new sales and business product team

In 2019, the Group has established a new sale and business team with the target to expand the customer base as well as sourcing of new products to enrich the Group's product varieties. Since the establishment, cooperation with new partners for new products have been brought in by this new team.

(4) Provision of Fintech Resources Services

The Group intends to expand this segment by (i) recruitment of human resource professional; and (ii) cooperation with headhunt companies. The Group considers that a main key for this segment is to source and maintain a wide pool of IT professionals.

(i) Recruitment of human resource professional

The Group has recruited a human resource staff to source and identify IT professionals from time to time with the intention to provide the customers with suitable candidates on time.

(ii) Cooperation with headhunt companies

The Group has engaged a total of seven recruitment agencies to source and identify more professionals for secondment and recruitment services.

(iii) Recruitment portals

The Group has also begun to publish recruitment advertisements on well-known recruitment portals including jobsDB, Career Times, SCMP online, Indeed and Linkedin etc. to expand its pool of IT professional candidates for the customers.

(iv) Participating in Career Fair

The Group has also started to participate in career fairs. Career fair enables the Group to meet a large pool of potential candidates from the crowd which is considered to be a cost effective approach.

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 2019, 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, Mr. Edwin Kim Ho Wong and Mr. William Keith Jacobsen have served as independent non-executive directors of the Company for more than 9 years. Mr. Liu, Mr. Wong and Mr. Jacobsen have demonstrated their abilities to provide an 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, Mr. Wong and Mr. Jacobsen 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 that Mr. Liu, Mr. Wong and Mr. Jacobsen 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, Mr. Wong's and Mr. Jacobsen's further appointment have been proposed and approved by the shareholders at the annual general meeting of the Company held on 3 April 2019, 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 2019, 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 2019, 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 2019, the review bases on a framework which assesses the Group's internal control system into intangibles and intellectual property right cycle. 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. Edwin Kim Ho Wong 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 2019, 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 2019 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 Tuesday, 31 March 2020. 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 Thursday, 26 March 2020 to Tuesday, 31 March 2020 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Wednesday, 25 March 2020.

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 (2018: 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: 13 February 2020

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.