

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 2020**

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 (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 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 2020, together with the comparative figures in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 November 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	4	16,626	17,361
Cost of sales		<u>(7,441)</u>	<u>(8,026)</u>
Gross profit		9,185	9,335
Other gains and losses	5	2,634	1,246
Software research and development and operating expenses		(2,976)	(3,969)
Selling and marketing expenses		(1,417)	(862)
Administrative expenses		(8,327)	(8,760)
Net (allowance)/reversal of allowance for expected credit losses on trade receivables		(1)	19
Gain on derecognition of promissory note		<u>1,533</u>	<u>–</u>
Profit/(loss) from operating activities	7	631	(2,991)
Finance costs	8	<u>(4,078)</u>	<u>(2,363)</u>
Loss before taxation		(3,447)	(5,354)
Income tax credit	9	<u>460</u>	<u>389</u>
Loss and total comprehensive loss for the year		<u>(2,987)</u>	<u>(4,965)</u>
Loss and total comprehensive loss for the year attributable to owners of the Company		<u>(2,987)</u>	<u>(4,965)</u>
Loss per share			
– Basic and diluted	10	<u>HK(0.99) cents</u>	<u>HK(1.65) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2020

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		235	226
Right-of-use assets		<u>3,349</u>	<u>–</u>
		<u>3,584</u>	<u>226</u>
Current assets			
Trade and other receivables	12	2,953	2,170
Amount due from a related company		215	–
Contract costs		942	672
Cash and cash equivalents		<u>4,429</u>	<u>4,685</u>
		<u>8,539</u>	<u>7,527</u>
Total assets		<u>12,123</u>	<u>7,753</u>
Capital and reserves			
Share capital	13	42,464	42,464
Reserves		<u>(67,668)</u>	<u>(64,681)</u>
Equity attributable to owners of the Company		<u>(25,204)</u>	<u>(22,217)</u>
Liabilities			
Non-current liabilities			
Promissory notes	14	8,464	6,560
Convertible bond	15	17,957	15,167
Lease liabilities		1,247	–
Deferred tax liability	16	<u>1,482</u>	<u>1,942</u>
		<u>29,150</u>	<u>23,669</u>
Current liabilities			
Other payables and accruals	17	3,538	4,313
Contract liabilities		2,088	1,759
Lease liabilities		2,320	–
Amount due to a related company		<u>231</u>	<u>229</u>
		<u>8,177</u>	<u>6,301</u>
Total liabilities		<u>37,327</u>	<u>29,970</u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Total equity and liabilities	12,123	7,753
Net current assets	362	1,226
Total assets less current liabilities	3,946	1,452
Net liabilities	(25,204)	(22,217)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2020

	Attributable to owners of the Company						
	Share capital	Share premium	Contributed surplus	Special reserve	Convertible bond reserve	Accumulated losses	Total equity
	HK\$'000	HK\$'000	HK\$'000	(Note) HK\$'000	HK\$'000	HK\$'000	HK\$'000
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	-	-	-	-	-	(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 and 1 December 2019	42,464	113,656	37,600	10,828	11,830	(238,595)	(22,217)
Loss and total comprehensive loss for the year	-	-	-	-	-	(2,987)	(2,987)
As at 30 November 2020	42,464	113,656	37,600	10,828	11,830	(241,582)	(25,204)

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 during the year ended 30 November 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2020

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 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 licences, computer software licenses leasing and provision of related services, provision of maintenance services, sales of computer hardware and related products, provision of fintech resources services and overseas mortgage loan consultancy 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 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 December 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

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\$2,987,000 (2019: HK\$4,965,000) and a net cash outflow from operating activities of approximately HK\$2,025,000 (2019: HK6,057,000) for the year ended 30 November 2020. As at 30 November 2020, the Group's total liabilities exceeded its total assets by approximately HK\$25,204,000 (2019: HK\$22,217,000). 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 2020.

The promissory notes holder, Active Investments Capital Limited ("Active Investments") with the aggregate principal amount of approximately HK\$11,000,000, which is a related company of the Company, 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 2020.

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.

Should the Group be unable to continue as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time in the current year:

HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

Except as described below, the application of the new and amendments to 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.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 December 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 December 2019.

As at 1 December 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months from the date of initial application;
- (ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- (iii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis;
- (iv) used hindsight based on facts and circumstances as at the date of initial application in determining the lease term for the Group's leases with extension and termination options; and
- (v) relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowings rates applied by the relevant group entities is 6.48%.

The following table reconciles the operating lease commitments as at 30 November 2019 to the opening balance for lease liabilities recognised as at 1 December 2019:

	<i>HK\$'000</i>
Operating lease commitments disclosed as at 30 November 2019	1,385
Less: total future interest expenses	<u>(10)</u>
Lease liabilities relating to operating lease recognised upon application of HKFRS 16	1,375
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	<u>(1,290)</u>
Lease liabilities as at 1 December 2019	<u><u>85</u></u>
Analysed as:	
Non-current liabilities	61
Current liabilities	<u>24</u>
	<u><u>85</u></u>

The carrying amount of right-of-use assets as at 1 December 2019 comprises the following:

	<i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	<u><u>85</u></u>
By class:	
– Office equipment	<u><u>85</u></u>

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position at 1 December 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 30 November 2019 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 December 2019 HK\$'000
Non-current assets			
Right-of-use assets	–	85	85
Current liabilities			
Lease liabilities	–	24	24
Non-current liabilities			
Lease liabilities	–	61	61
	<u>–</u>	<u>61</u>	<u>61</u>

Note:

The application of HKFRS 16 to leases previously classified as operating leases under HKAS 17 resulted in the recognition of right-of-use assets of approximately HK\$85,000 and lease liabilities of approximately HK\$85,000 at the initial adoption of HKFRS 16.

New and amendments to HKFRSs issued but not yet effective

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

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁷
HKAS 1 and HKAS 8 (Amendments)	Definition of Material ²
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use ⁶
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract ⁶
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018 – 2020 ⁶
HKFRS 3 (Amendments)	Definition of a Business ¹
HKFRS 3 (Amendments)	Reference to the Conceptual Framework ⁶
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform ²
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2 ³
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 16 (Amendments)	COVID-19-Related Rent Concession ⁵
HKFRS 17	Insurance Contracts and the related Amendments ⁷

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

² Effective for annual periods beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after 1 January 2021.

⁴ Effective for annual periods beginning on or after a date to be determined.

⁵ Effective for annual periods beginning on or after 1 June 2020.

⁶ Effective for annual periods beginning on or after 1 January 2022.

⁷ Effective for annual periods beginning on or after 1 January 2023.

In addition to the above new and amendments to HKFRSs, a revised “Conceptual Framework for Financial Reporting” was issued in 2018. Its consequential amendments, the “Amendments to References to the Conceptual Framework” in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

The Group is principally engaged in the design and sales of computer software licenses; computer software licenses leasing and provision of related services; provision of maintenance services; sales of computer hardware and related products; provision of fintech resources services and overseas mortgage loan consultancy services. All significant intra-group transactions have been eliminated on consolidation.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Disaggregation of revenue from contracts with customers		
Sales of computer software licences	1,080	–
Computer software licenses leasing and provision of related services	1,738	1,601
Provision of maintenance services	4,409	4,455
Contract revenue	3,214	8,919
Sales of computer hardware and related products	5,060	1,426
Provision of fintech resources services	939	960
Provision of overseas mortgage loan consultancy services	186	–
	<u>16,626</u>	<u>17,361</u>
Timing of revenue recognition		
A point in time	6,326	1,426
Over time	10,300	15,935
	<u>16,626</u>	<u>17,361</u>

Performance obligations for contracts with customers

Details of performance obligations for contracts with customers for the year ended 30 November 2020 are set out in 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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank interest income	–	1
Government grants (<i>Note</i>)	1,219	–
Gain on issuance of promissory note	696	1,446
Written off of trade receivables	–	(200)
Waiver of other payables	206	–
Net exchange loss	(2)	(1)
Other services income	515	–
	<u>2,634</u>	<u>1,246</u>

Note:

During the current year, the Group recognised government grants of approximately HK\$1,219,000 in respect of COVID-19 related subsidies which is related to Employment Support Scheme provided by the Hong Kong government.

6. SEGMENT INFORMATION

The Group was engaged in three business segments, financial solutions (“Financial Solutions”), fintech resources (“Fintech Resources”) and overseas mortgage loan consultancy services (“Consultancy Services”) for the year ended 30 November 2020.

The Group was engaged in two business segments, financial solutions (“Financial Solutions”) and fintech resources (“Fintech Resources”) for the year ended 30 November 2019.

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		Consultancy Services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<u>15,501</u>	<u>16,401</u>	<u>939</u>	<u>960</u>	<u>186</u>	<u>-</u>	<u>16,626</u>	<u>17,361</u>
Segment results	<u>4,655</u>	<u>3,931</u>	<u>153</u>	<u>573</u>	<u>(16)</u>	<u>-</u>	<u>4,792</u>	<u>4,504</u>
Written off of trade receivables	-	(200)	-	-	-	-	-	(200)
Gain on derecognition of promissory note							1,533	-
Gain on issuance of promissory note							696	1,446
Bank interest income							-	1
Other gains							1,940	-
Net (allowance)/reversal of allowance for expected credit losses ("ECL") on trade receivables							(1)	19
Net exchange loss							(2)	(1)
Central administration costs							(8,327)	(8,760)
Finance costs							<u>(4,078)</u>	<u>(2,363)</u>
Loss before taxation							<u>(3,447)</u>	<u>(5,354)</u>
Income tax credit							<u>460</u>	<u>389</u>
Loss for the year							<u><u>(2,987)</u></u>	<u><u>(4,965)</u></u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2019: Nil).

Segment results represent the profit/(loss) by each segment without allocation of written off of trade receivables, gain on derecognition of promissory note, gain on issuance of promissory note, bank interest income, other gains, net (allowance)/reversal of allowance for ECL on trade receivables, net exchange loss, 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		Consultancy Services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities								
Segment assets	8,204	4,095	212	156	67	–	8,483	4,251
Unallocated assets							3,640	3,502
Consolidated total assets							12,123	7,753
Segment liabilities	8,441	4,895	245	257	48	–	8,734	5,152
Unallocated liabilities							28,593	24,818
Consolidated total liabilities							37,327	29,970

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 liabilities and promissory notes, other payables and accruals borne by the investment holding company).

Other segment information

	Financial Solutions		Fintech Resources		Consultancy Services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation on property, plant and equipment	162	227	-	-	1	-	163	227
Depreciation on right -of-use asset	1,122	-	-	-	-	-	1,122	-
Written off of trade receivables	-	200	-	-	-	-	-	200
Capital expenditure	166	95	-	-	6	-	172	95

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, Fintech Resources and Consultancy Services of approximately HK\$16,626,000 (2019: HK\$17,361,000) are revenue of approximately HK\$3,001,000 (2019: HK\$8,790,000) 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:

	2020	2019
	HK\$'000	HK\$'000
Customer A (<i>Note (i)</i>)	3,001	N/A*
Customer B (<i>Note (i)</i>)	N/A*	6,123
Customer C (<i>Note (ii)</i>)	N/A*	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 customer contributed 10% or more to the Group's revenue during the years ended 30 November 2020 and 2019 respectively.

7. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit/(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	163	227
Depreciation on right-of-use assets	1,122	–
Operating lease payments in respect of		
– land and buildings	–	2,580
– plant and equipment	–	36
Expense relating to short-term lease	1,290	–
Directors' remunerations	60	60
Staff costs (excluding directors' remunerations)		
– salaries and allowances	8,120	8,503
– retirement benefit costs	321	317
Cost of computer hardware and related products sold	4,986	1,356
Net allowance/(reversal of) allowance for ECL on trade receivables		
– allowance for ECL on trade receivables	7	6
– reversal of allowance for ECL on trade receivables	(6)	(25)
Written off of trade receivables	–	200
	<u> </u>	<u> </u>

8. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Imputed interest expenses on promissory notes (<i>Note 14</i>)	1,133	6
Imputed interest expenses on convertible bond (<i>Note 15</i>)	2,790	2,357
Interest expenses on lease liabilities	155	–
	<u> </u>	<u> </u>
	<u>4,078</u>	<u>2,363</u>

9. INCOME TAX CREDIT

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Deferred tax		
Credit for the year (<i>Note 16</i>)	<u>460</u>	<u>389</u>

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%. The two-tiered profits tax rates regime is applicable to the Group for the years ended 30 November 2020 and 2019.

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits for the years ended 30 November 2020 and 2019.

10. LOSS PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<i>Loss</i>		
Loss for the purpose of basic loss per share attributable to owners of the Company	<u>(2,987)</u>	<u>(4,965)</u>
	2020	2019
<i>Number of shares</i>		
Weighted average number of shares for the purpose of basic loss per share	<u>301,108,062</u>	<u>301,108,062</u>

The calculation of loss per share is based on the loss attributable to owners of the Company for the year of approximately HK\$2,987,000 (2019: HK\$4,965,000) and the weighted average number of 301,108,062 shares (2019: 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 2020 and 2019 as the exercise of the convertible bond and convertible preference shares would reduce loss per share, therefore anti-dilutive.

The diluted loss per share for the years ended 30 November 2020 and 2019 were the same as the basic loss per share as the outstanding convertible bond and convertible preference shares had an anti-dilutive effect on the basic loss per share.

11. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 30 November 2020 (2019: Nil).

12. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables, net of impairment	1,792	860
Prepayment, deposits and other receivables	<u>1,161</u>	<u>1,310</u>
	<u><u>2,953</u></u>	<u><u>2,170</u></u>

The analysis of trade receivables was as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	1,799	866
Less: Allowance for impairment losses on trade receivables	<u>(7)</u>	<u>(6)</u>
	<u><u>1,792</u></u>	<u><u>860</u></u>

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

The following is an aged analysis of the trade receivables presented based on invoices date at the end of the reporting periods:

	2020	2019
	HK\$'000	HK\$'000
Current	1,600	576
31 – 60 days	–	192
61 – 90 days	82	–
Over 90 days	117	98
	<u>1,799</u>	<u>866</u>

13. SHARE CAPITAL

Authorised and issued share capital

	2020		2019	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised:				
<i>Ordinary shares</i>				
Ordinary shares of HK\$0.1 each				
At the beginning and the end of the year	<u>9,000,000,000</u>	<u>900,000</u>	<u>9,000,000,000</u>	<u>900,000</u>
<i>Non-voting convertible preference shares</i>				
Non-voting convertible preference shares of HK\$0.1 each				
At the beginning and the end of the year	<u>1,000,000,000</u>	<u>100,000</u>	<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid:				
<i>Ordinary shares</i>				
Ordinary shares of HK\$0.1 each				
At the beginning and the end of the year	<u>301,108,062</u>	<u>30,111</u>	<u>301,108,062</u>	<u>30,111</u>
<i>Non-voting convertible preference shares</i>				
Non-voting convertible preference shares of HK\$0.1 each				
At the beginning and the end of the year	<u>123,529,400</u>	<u>12,353</u>	<u>123,529,400</u>	<u>12,353</u>

Convertible preference shares

The holders of the convertible preference shares (“CPSs”) 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 be 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 national 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. PROMISSORY NOTES

- (i) On 27 March 2019, a promissory note was issued by the Company in favour of Active Investments Capital Limited (“Active Investments”), a related company wholly owned by the chief executive officer of the Company, with the principal amount of HK\$5,000,000 and denominated in Hong Kong Dollar 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 was matured on 30 November 2019.

On 28 November 2019, the promissory note with the principal amount of HK\$5,000,000 was cancelled and a new promissory note with the principal amount of HK\$8,000,000 and denominated in Hong Kong Dollar was issued by the Company in favour of Active Investments for the purpose of continually 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 2021.

On 26 November 2020, the Company signed an extension agreement with Active Investments with a modification of terms with extended the maturity date from 1 March 2021 to 1 June 2022. The extension of promissory note considered as substantial modification. Upon the derecognition of the promissory note with carrying amount of approximately HK\$7,677,000 and recognition of the new promissory note with the fair value of approximately HK\$6,144,000, the difference of approximately HK\$1,533,000 between the carrying amount of original promissory note and the fair value of promissory note with extension of maturity date is recognised as gain on derecognition of promissory note in profit or loss. The fair value of the promissory note with extension of maturity date are determined by the directors of the Company based on the valuation prepared by an independent qualified professional valuer to the Group.

- (ii) On 26 November 2020, another new promissory note was issued by the Company in favour of Active Investments with the principal amount of HK\$3,000,000 and denominated in Hong Kong Dollar 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 June 2022.

15. 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 22 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 the years ended 30 November 2020 and 2019.

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

	<i>HK\$'000</i>
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)
	<hr/>
Liability component on initial recognition	12,759
	<hr/> <hr/>

The movements of the liability component of the convertible bond for the years ended 30 November 2020 and 2019 are set at below:

	<i>HK\$'000</i>
Liability component as at 1 December 2018	12,810
Imputed interest expenses (<i>Note 8</i>)	2,357
	<hr/>
Liability component as at 30 November 2019 and 1 December 2019	15,167
Imputed interest expenses (<i>Note 8</i>)	2,790
	<hr/>
Liability component as at 30 November 2020	17,957
	<hr/> <hr/>

16. DEFERRED TAX LIABILITY

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

	Convertible bond HK\$'000
As at 1 December 2018	2,331
Credit to consolidated statement of profit or loss and other comprehensive income (<i>Note 9</i>)	<u>(389)</u>
As at 30 November 2019 and 1 December 2019	1,942
Credit to consolidated statement of profit or loss and other comprehensive income (<i>Note 9</i>)	<u>(460)</u>
As at 30 November 2020	<u><u>1,482</u></u>

17. OTHER PAYABLES AND ACCRUALS

	2020 HK\$'000	2019 <i>HK\$'000</i>
Accruals	3,020	3,275
Other payables	<u>518</u>	<u>1,038</u>
	<u><u>3,538</u></u>	<u><u>4,313</u></u>

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 2020:

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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("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\$2,987,000 during the year ended 30 November 2020 and, as of that date, the Group's total liabilities exceeded its total assets by approximately HK\$25,204,000. 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 revenue of approximately HK\$16,626,000 for the year ended 30 November 2020 (the "Year"), slightly decreased by 4% from that of approximately HK\$17,361,000 for the corresponding period last year. The gross profit of the Group for the Year was approximately HK\$9,185,000, remained stable when compared to that of approximately HK\$9,335,000 for the corresponding period last year. Of the total revenue amount, (i) approximately HK\$1,080,000 or 7% was generated from sales of computer software licenses, (ii) approximately HK\$1,738,000 or 10% was generated from computer software licenses leasing and provision of related services, (iii) approximately HK\$3,214,000 or 19% was generated from contract revenue, (iv) approximately HK\$4,409,000 or 27% was generated from maintenance services, (v) approximately HK\$5,060,000 or 30% was generated from sales of computer hardware and related products, (vi) approximately HK\$939,000 or 6% was generated from fintech resources services and (vii) approximately HK\$186,000 or 1% was generated from overseas mortgage loan consultancy services. The net loss attributable to owners of the Company for the Year was approximately HK\$2,987,000, in which approximately HK\$4,078,000 was imputed interest expenses on convertible bond and promissory notes and interest expenses on lease liabilities, whereas the Group recorded a net loss attributable to owners of the Company of approximately HK\$4,965,000 for the corresponding period last year after deducting of imputed interest expenses on convertible bond and promissory notes of approximately HK\$2,363,000.

During the Year, the Group continued to exercise prudent cost control measures by implementing tight expenses measures in its operations. The operating expenditures amounted to approximately HK\$12,720,000 for the Year, decreased by 6% when compared to approximately HK\$13,591,000 for the corresponding period last year. The decreases were mainly attributed to cost saving measures and enhanced resources allocation efficiency implemented by the Group during the Year. Meanwhile, the decrease in operating expenditures was partially offset by the increase in selling and marketing expenses arising from increase in headcount in sales and marketing team to cope with the Group's business expansion plan.

During the Year, the depreciation expenses on right-of-use assets was approximately HK\$1,122,000. The depreciation expenses on property, plant, and equipment was approximately HK\$163,000, decreased by 28% when comparing to approximately HK\$227,000 for the same period last year since some property, plant and equipment have been fully depreciated over its useful life in the Year.

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

Total staff costs (excluding directors' remuneration) were approximately HK\$8,441,000 for the Year, slightly decreased by 4% when compared to that of approximately HK\$8,820,000 for the corresponding period last year. The decrease was mainly due to cost saving measures implemented by the Group.

The Group continues to invest in the research and development of new functions and enhancement of its existing products to match advance technological demand from the market. During the Year, the Group has implemented the upgraded C# version of its core brokerage settlement system (i.e. OCTOSTP) to a well-known Singapore brokerage firm for its Hong Kong operation. In addition, the Group has signed sales contracts with a brokerage house to implement OCTOSTP Back Office System and upgrade its SQL server.

During the Year, the Stock Exchange has launched several new products and market change enhancements including (i) new spread table and continuous quoting market making obligations for Exchange Traded Funds ("ETFs") and Leveraged and Inverse ("L&I") Products, (ii) upgrade OMD and OCG Module which is covering pre-opening Session Enhancement and Resilience Model Enhancement. The Group as the registered service provider has implemented and delivered system enhancement to not less than five brokerage firms.

Nevertheless, the Coronavirus epidemic (“COVID-19”) has accelerated technology development especially in aspects of remote working, cloud solutions and telecommunications and created customer demand for IT related products and services. The Group was benefited from this area and generated more revenue by facilitating customers’ needs on IT infrastructure and software solutions. As a result, revenue from sales of computer hardware and electronic products has recorded significant increase from approximately HK\$1,426,000 for the same period last year to approximately HK\$5,060,000 this year.

Operation Review

For the Year, the Group’s revenue was approximately HK\$16,626,000, slightly decreased by 4% when compared to that of approximately HK\$17,361,000 for the corresponding period last year. Of the total audited revenue, revenue of approximately HK\$10,441,000 represents sales of self-developed software, revenue of approximately HK\$1,125,000 was generated from fintech resources services and overseas mortgage loan consultancy services and revenue generated from resales of computer hardware and the third parties’ products were approximately HK\$5,060,000.

During the Year, the Group has experienced great challenges. The continuing outbreak of “COVID-19” adversely impacted the economy in Hong Kong, resulting in sluggish market demand. Some potential and existing customers of the Group have slowed down their business activities and further delayed the implementation of new projects. As at 30 November 2020, the Group had approximately HK\$2.8 million worth of service contracts and hardware sales contracts that were in progress.

Although prolonged market uncertainty leads to deferring business activities by customers, the Group remains optimistic about the prospects of IT related services. Striving for expanding and diversifying its business lines to keep competition in the market and to achieve sustainable growth remain the top priorities of the Group. The Group reinforces its strategic initiative and seeks new business opportunities.

In light of the market trend to adopt technologies to improve work efficiency and the growing demand of IT professionals, the Group targeted to expand the market of fintech resources services in order to achieve larger market share and broaden its customer base. On 4 January 2021, the Group and the Vendors entered into Acquisition Agreement (the “Acquisition”) that the Group has conditionally agreed to acquire the 100% of the issued shares of Leadership Solutions Limited (“Leadership”) for a cash consideration of HK\$4,200,000 (subject to adjustment). Leadership is an IT contractor resourcing firm with long track record of providing high quality IT professionals to clients ranging from finance service, IT industries and universities. The Acquisition is not yet completed as of the date of this announcement. For details of the Acquisition, please refer to the announcement of the Company dated 4 January 2021.

Apart from the expansion of fintech resources services, the Group has been exploring additional value-added products and services extensions. Through utilizing the competitive advantages of its C# version of OCTOSTP, the Group has dedicated efforts in developing new extension of C# back office system to cover more operation functions in brokerage industry. According to the Group's tentative timeline, the new extension systems are estimated to be launched to the market in 2021 and 2022. The new extensions are more comprehensive that helps customers to improve business performance with efficiency and automation. It has certain new and advanced functionalities including (i) automated Know Your Customer system ("eKYC system"), an integrated technology platform that efficiently manages KYC policies and regulatory compliance requirements and enables online account opening; (ii) customer management system, a modular solution for enhancement of customer service and customer data management since it provides a collaboration platform connected to multi-operation systems and enables users to manage their clients' database within one solution across various functions and (iii) wealth management system, which focus on the digital transformation of the daily operation of the wealth management industry. The Group believes that these would help maintain its competitiveness in the market and achieve sustainable growth.

Also, the rapid development of financial industry has arisen increasing awareness of regulatory compliance. Regulations have been tightened in order to ensure the stability of financial markets. With the increase of regulation and reporting requirements, Regulatory Technology ("RegTech") has flourished and become highly valuable. The Group expects that the market of RegTech is promising. The Group has devoted resources in the development of its newly launched RegTech solution "FinReg Innovative Tools" that helps customers deal with trade surveillance and anti-money laundering monitoring related to securities trading activities. Following the successful launch of FinReg in late 2019, the Group has completed FinReg phase I and II product enhancement in 2020. During the Year, the Group has achieved a remarkable breakthrough that it has implemented "FinReg Innovative Tools" to several customers, which including a new customer who is a well-recognised online brokerage house. The Group is also negotiating with several new customers in the meantime. The Group will keep up promoting our well known RegTech solutions "FinReg Innovative Tools" to the market and is confident that "FinReg Innovative Tools" will enhance the Group's profitability in the coming future.

With more new products and innovative ideas going to be launched to the market, the Group is committed to enhance its marketing activities for promoting its products and services. For the Year, the Group has regularly carried out Facebook live broadcasting, organized webinars with business partners and strengthened its digital social media platform to provide customers latest product development of the Group and boosts customer interaction.

Together with solid experience and intelligence of the Group and business partners, the Group believes that the cooperation with partners can create synergy effect for both parties. Since 2019, the Group has cooperated with not less than ten new business partners to introduce various products and solutions.

The Group has successfully registered as the IT service providers of the Distance Business Programme (“D-Biz Programme”) launched by the HKSAR Government recently. The Innovative and Technology Commission (ITC) has launched the D-Biz Programme which provides funding support through fast-track processing for enterprises to adopt IT solutions for developing distance business. The D-Biz Programme allows the Group to expand its customer base to non-financial institutions.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 November 2020 (2019: Nil).

Event after the Reporting Period

Save as disclosed above in Operation Review, regarding the Acquisition of Leadership, the Group did not have any significant events occurred after the reporting period.

Litigation

As at 30 November 2020, the Group had no material litigation (2019: Nil).

Prospects

Operational efficiency and increase its revenue growth will continue to be top priorities for the Group for 2021. 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.

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 diversified solutions. During the Year, “FinReg Innovative Tools” marks an important milestone as it has been successfully launched to the market and were well recognised by our customers. To go further, “FinReg Innovative Tools” would be the cornerstone of innovative RegTech solutions in the securities brokerage industry in Hong Kong since more companies put emphasis on regulatory compliance and look for appropriate RegTech solutions. 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 revenue stream from both existing and potential customers.

Besides, based on the Group's experience on sourcing computer hardware and solutions 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.

Looking forward, innovation and advance technology development will be the key to maintain competitive advantage. Thus, market demand for IT professionals remains strong. The Group believes that the market of fintech resources service has considerable potential. By leveraging on the knowledge and experience of the Group's IT professionals in financial industry and to enlarge the scale of operation through acquisition to provide IT secondment and recruitment services as a strong backing, the Group is well positioned to capitalise the growing trend.

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 2020, 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 31 March 2020, 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 2020, 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 2020, 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 2020, the review bases on a framework which assesses the Group's internal control system into receipt and revenue 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. Kwong Sang Liu 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 2020, 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 2020 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, 31st March 2021. 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, 26th March 2021 to Wednesday, 31st March 2021 (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 Thursday, 25th March 2021.

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 (2019: Nil).

By order of the Board

Joseph Chi Ho Hui

Chairman

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

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

Hong Kong: 9 February 2021

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.