

abcmultiactive
abc Multiactive Limited
辰罡科技有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 8131)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 MAY 2022**

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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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors of abc Multiactive Limited (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

INTERIM RESULTS

The board of directors (the “**Board**”) of abc Multiactive Limited (the “**Company**”) presents the unaudited consolidated interim financial statements of the Company and its subsidiaries (the “**Group**”) for the three months and six months ended 31 May 2022, together with the comparative figures.

The unaudited revenue of the Group for the three months and six months ended 31 May 2022 was HK\$20,151,000 and HK\$39,071,000 respectively (Three months and six months ended 31 May 2021: HK\$9,090,000 and HK\$16,125,000 respectively). The unaudited net profit for the three months and six months ended 31 May 2022 was HK\$6,807,000 and HK\$11,033,000 respectively (Three months and six months ended 31 May 2021: net profit of approximately HK\$362,000 and HK\$1,422,000 respectively). Unaudited basic earnings per share for the three months and six months ended 31 May 2022 was HK\$1.43 cents and HK\$2.32 cents respectively (Three months and six months ended 31 May 2021: basic earnings per share of HK\$0.12 cents and HK\$0.47 cents respectively).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 May 2022

	Notes	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
		2022	2021	2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	20,151	9,090	39,071	16,125
Cost of sales		(5,516)	(3,498)	(11,735)	(5,003)
Gross profit		14,635	5,592	27,336	11,122
Software research and development and operating expenses		(869)	(744)	(2,009)	(1,496)
Selling and marketing expenses		(3,856)	(815)	(8,090)	(1,698)
Administrative expenses		(2,679)	(2,543)	(5,407)	(4,280)
Unrealised exchange loss		(3)	(9)	(4)	(16)
Profit from operating activities	5	7,228	1,481	11,826	3,632
Finance costs	6	(421)	(1,256)	(793)	(2,483)
Profit before taxation		6,807	225	11,033	1,149
Income tax credit	7	–	137	–	273
Profit and total comprehensive income for the period		6,807	362	11,033	1,422
Profit and total comprehensive income for the period attributable to owners of the Company		6,807	362	11,033	1,422
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share					
– Basic	9	1.43	0.12	2.32	0.47
– Diluted	9	1.14	N/A	1.84	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 May 2022 and 30 November 2021

		(Unaudited) 31 May 2022 <i>HK\$'000</i>	(Audited) 30 November 2021 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		142	185
Right-of-use assets		2,409	628
Goodwill		1,100	1,100
		<u>3,651</u>	<u>1,913</u>
Current assets			
Trade and other receivables	10	48,466	12,193
Contract costs		2,012	1,987
Cash and cash equivalents		7,012	35,520
		<u>57,490</u>	<u>49,700</u>
Total assets		<u>61,141</u>	<u>51,613</u>
Capital and reserves			
Share capital		59,934	59,934
Reserves	11	<u>(37,054)</u>	<u>(48,087)</u>
Equity attributable to owners of the Company		<u>22,880</u>	<u>11,847</u>
LIABILITIES			
Non-current liabilities			
Promissory notes	12	9,272	8,518
Lease liabilities		1,288	9
		<u>10,560</u>	<u>8,527</u>

		(Unaudited)	(Audited)
		31 May	30 November
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
Current liabilities			
Trade and other payables and accruals	<i>13</i>	14,705	18,575
Contract liabilities	<i>14</i>	11,505	11,781
Lease liabilities		1,240	636
Amount due to a related company	<i>15</i>	240	236
Tax payables		11	11
		<u>27,701</u>	<u>31,239</u>
Total liabilities		<u>38,261</u>	<u>39,766</u>
Total equity and liabilities		<u>61,141</u>	<u>51,613</u>
Net current assets		<u>29,789</u>	<u>18,461</u>
Total assets less current liabilities		<u>33,440</u>	<u>20,374</u>
Net assets		<u>22,880</u>	<u>11,847</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 May 2022

	(Unaudited)	
	Six months ended 31 May	
	2022	2021
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(28,508)	256
Net cash used in investing activities	–	(1,436)
Net cash used in financing activities	–	–
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(28,508)	(1,180)
Cash and cash equivalents at the beginning of the period	35,520	4,429
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	7,012	3,249
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	7,012	3,249
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 May 2022

	Attributable to owners of the Company						
	(Unaudited) Share capital <i>HK\$'000</i>	(Unaudited) Share premium <i>HK\$'000</i>	(Unaudited) Contributed surplus <i>HK\$'000</i>	(Unaudited) Special reserve <i>HK\$'000</i>	(Unaudited) Convertible bond reserve <i>HK\$'000</i>	(Unaudited) Accumulated losses <i>HK\$'000</i>	(Unaudited) Total equity <i>HK\$'000</i>
As at 1 December 2020	42,464	113,656	37,600	10,828	11,830	(241,582)	(25,204)
Profit and total comprehensive income for the period	–	–	–	–	–	1,422	1,422
As at 31 May 2021	<u>42,464</u>	<u>113,656</u>	<u>37,600</u>	<u>10,828</u>	<u>11,830</u>	<u>(240,160)</u>	<u>(23,782)</u>
As at 1 December 2021	59,934	129,427	37,600	8,530	–	(223,644)	11,847
Profit and total comprehensive income for the period	–	–	–	–	–	11,033	11,033
As at 31 May 2022	<u>59,934</u>	<u>129,427</u>	<u>37,600</u>	<u>8,530</u>	<u>–</u>	<u>(212,611)</u>	<u>22,880</u>

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinances and GEM Listing Rules. They are prepared under the historical cost convention.

The unaudited consolidated results for the six months ended 31 May 2022 have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company’s annual financial statements for the year ended 30 November 2021, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) as disclosed in note 2 below.

2. IMPACT ON NEW HKFRSs AND HKASs

The HKICPA has issued a number of new and revised HKFRSs and HKASs which are effective for accounting periods commencing on or after 1 January 2021. The Group has adopted, for the first time for the current year’s financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

Changes in accounting policies

HKFRSs and HKASs that are effective for the six months ended 31 May 2022:

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2 ¹
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021 ²

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

² Effective for annual periods beginning on or after 1 April 2021.

The Group has not applied the new and revised HKFRSs and HKASs, which have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs and HKASs would have a material impact on its results of operations and financial position.

3. REVENUE

The Group is principally engaged in the design and sales of computer software licenses and provision of related services; 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 three months and six months ended 31 May 2022 is as follows:

	(Unaudited)		(Unaudited)	
	Three months ended 31 May		Six months ended 31 May	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Disaggregation of revenue from contracts with customers				
Sales of computer software licenses, computer software licenses leasing and provision of related services	15,548	4,820	29,642	9,681
Provision of maintenance services	3,047	985	6,003	1,977
Sales of computer hardware and related products	9	1,703	29	2,611
Provision of fintech resources services	1,547	1,541	3,397	1,811
Provision of overseas mortgage loan consultancy services	–	41	–	45
	<u>20,151</u>	<u>9,090</u>	<u>39,071</u>	<u>16,125</u>
Timing of revenue recognition				
A point in time	9	1,744	29	2,656
Over time	20,142	7,346	39,042	13,469
	<u>20,151</u>	<u>9,090</u>	<u>39,071</u>	<u>16,125</u>

4. SEGMENT INFORMATION

The Group was engaged in three business segments, namely financial solutions (“**Financial Solutions**”), fintech resources (“**Fintech Resources**”) and overseas property mortgage consultancy services (“**Consultancy Services**”).

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:

	(Unaudited)							
	Six months ended 31 May							
	Financial Solutions		Fintech Resources		Consultancy Services		Total	
2022	2021	2022	2021	2022	2021	2022	2021	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<u>35,674</u>	<u>14,269</u>	<u>3,397</u>	<u>1,811</u>	<u>-</u>	<u>45</u>	<u>39,071</u>	<u>16,125</u>
Segment results	<u>16,662</u>	<u>7,854</u>	<u>575</u>	<u>93</u>	<u>-</u>	<u>(19)</u>	<u>17,237</u>	<u>7,928</u>
Exchange loss							(4)	(16)
Central administration costs							(5,407)	(3,152)
Acquisition-related expenditures							-	(1,128)
Finance costs							(793)	(2,483)
Profit before taxation							11,033	1,149
Income tax credit							-	273
Profit for the period							<u>11,033</u>	<u>1,422</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2021: Nil).

Segment results represent the profit/(loss) by each segment without allocation of exchange loss, central administration costs, acquisition-related expenditures, 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

	(Unaudited)							
	Six months ended 31 May							
	Financial Solutions		Fintech Resources		Consultancy Services		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Assets and liabilities								
Segment assets	57,965	11,501	2,706	3,524	67	72	60,738	15,097
Unallocated assets							403	934
Consolidated total assets							<u>61,141</u>	<u>16,031</u>
Segment liabilities	26,194	7,311	1,647	1,311	16	13	27,857	8,635
Unallocated liabilities							10,404	31,178
Consolidated total liabilities							<u>38,261</u>	<u>39,813</u>

For the purposes of monitoring segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

All assets are allocated to reportable segments other than unallocated corporate assets (mainly include cash and cash equivalents that are used by the investment holding company and prepayments held by the investment holding company).

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

Other segment information

	(Unaudited)							
	Six months ended 31 May							
	Financial Solutions		Fintech Resources		Consultancy Services		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Depreciation on property, plant and equipment	42	44	-	-	1	1	43	45
Depreciation on right-of-use assets	814	597	-	-	-	-	814	597
Capital expenditure	-	21	-	-	-	-	-	21

Geographical segments

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

Information about major customers

Two (2) customers contributed 10% or more to the Group's revenue for the six months ended 31 May 2022 (2021: Two (2) customers).

5. PROFIT FROM OPERATING ACTIVITIES

	(Unaudited)		(Unaudited)	
	Three months ended 31 May		Six months ended 31 May	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit from operating activities is arrived at after charging:				
Depreciation on property, plant and equipment	22	23	43	45
Depreciation on right-of-use assets	510	299	814	597
Directors' remuneration	109	15	459	30
Staff costs (excluding directors' remuneration)				
– salaries and allowances	2,171	2,186	4,346	4,347
– retirement benefit costs	92	83	184	167
Cost of computer hardware and related products sold	5	1,630	17	2,500
Expenses relating to acquisition of a subsidiary	–	477	–	1,128
Unrealised exchange loss	3	9	4	16
	<u>3</u>	<u>9</u>	<u>4</u>	<u>16</u>

6. FINANCE COSTS

	(Unaudited)		(Unaudited)	
	Three months ended 31 May		Six months ended 31 May	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Imputed interest expenses on promissory notes (<i>Note 12</i>)	390	398	755	770
Imputed interest expenses on convertible bond	–	832	–	1,656
Interests on lease liabilities	31	26	38	57
	<u>31</u>	<u>26</u>	<u>38</u>	<u>57</u>
	<u>421</u>	<u>1,256</u>	<u>793</u>	<u>2,483</u>

7. INCOME TAX CREDIT

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	31 May	31 May	31 May	31 May
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deferred tax				
Credit for the period	–	137	–	273
	<u>–</u>	<u>137</u>	<u>–</u>	<u>273</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 periods ended 31 May 2022 and 2021.

No provision for Hong Kong profits tax has been made as the Group had estimated tax losses brought forward to set off the estimated assessable profits for the period (2021: Nil).

As at 31 May 2022, the Group has unaudited tax losses arising in Hong Kong of approximately HK\$40,834,000. (As at 31 May 2021: approximately HK\$70,102,000) can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 May 2022 (2021: Nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company for the three months and six months ended 31 May 2022 is based on the unaudited net profit for the period of approximately HK\$6,807,000 and HK\$11,033,000 respectively (For the three months and six months ended 31 May 2021: unaudited net profit of approximately HK\$362,000 and HK\$1,422,000 respectively), and the weighted average number of 475,813,216 ordinary shares for both three months and six months ended 31 May 2022 (For the three months and six months ended 31 May 2021: 301,108,062 ordinary shares).

Diluted earnings per share

The calculation of diluted earnings per share assumed the exercise of the convertible preference shares existed on 31 May 2022 and the weighted average number of ordinary shares outstanding has assumed conversion of all potentially dilutive ordinary shares as the exercise of the convertible preference shares would reduce earnings per share, therefore dilutive.

The calculation of diluted earnings per share did not assume the exercise of the convertible bond (“**CB**”) and convertible preference shares (“**CPS**”) as the conversion prices of CB and CPS were higher than the average market price of the Company’s ordinary shares for the three months and six months ended 31 May 2021. Diluted earnings per share for the three months and six months ended 31 May 2021 was the same as the basic earnings per share.

10. TRADE AND OTHER RECEIVABLES

	(Unaudited) 31 May 2022 <i>HK\$’000</i>	(Audited) 30 November 2021 <i>HK\$’000</i>
Trade receivables, net of impairment	39,408	10,326
Prepayment, deposits and other receivables	9,058	1,867
	<u>48,466</u>	<u>12,193</u>

The analysis of trade receivables was as follows:

	(Unaudited) 31 May 2022 <i>HK\$'000</i>	(Audited) 30 November 2021 <i>HK\$'000</i>
Trade receivables	39,570	10,488
Less: Allowance for impairment losses on trade receivables	(162)	(162)
	<u>39,408</u>	<u>10,326</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 60 days to its customers.

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

	(Unaudited) 31 May 2022 <i>HK\$'000</i>	(Audited) 30 November 2021 <i>HK\$'000</i>
Current	3,677	1,245
31 – 60 days	5,670	4,579
61 – 90 days	6,834	3,233
Over 90 days	23,227	1,431
	<u>39,408</u>	<u>10,488</u>

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

	(Unaudited) 31 May 2022 <i>HK\$'000</i>	(Audited) 30 November 2021 <i>HK\$'000</i>
31 – 60 days	5,670	4,579
61 – 90 days	6,834	3,233
Over 90 days	23,227	1,431
	<u>35,731</u>	<u>9,243</u>

For the past due but not impaired trade receivables, although no collateral is held, the Group has assessed the credit worthiness, past payment history and substantial settlement after the reporting date, and considers that the amounts are still recoverable and no further credit provision is required in excess of allowance for doubtful debts. The Group seeks to maintain strict control over its outstanding trade receivables. Overdue balances are reviewed regularly by the management.

11. RESERVES

The amounts of the Group's unaudited reserves and the movements therein for the current and the same period of previous year are presented in the consolidated statement of changes in equity of the financial statements.

12. PROMISSORY NOTES

- (i) On 28 November 2019, 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 Capital Limited (“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 was 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 maturity date from 1 March 2021 to 1 June 2022.

- (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.

- (iii) On 29 November 2021, the Company signed an extension agreement with Active Investments with a modification of terms with extended maturity date from 1 June 2022 to 1 June 2023. The extension of the two promissory notes considered as substantial modification.

The fair value of the two promissory notes 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. As at 30 November 2021, the aggregate amount of two promissory notes was approximately HK\$8,518,000. As at 31 May 2022, the aggregate amount of two promissory notes was approximately HK\$9,272,000.

The carrying amount of the promissory notes is as follows:

	(Unaudited) 31 May 2022 <i>HK\$'000</i>	(Audited) 30 November 2021 <i>HK\$'000</i>
Promissory notes payable to a related company	<u>9,272</u>	<u>8,518</u>

13. TRADE AND OTHER PAYABLES AND ACCRUALS

	(Unaudited) 31 May 2022 <i>HK\$'000</i>	(Audited) 30 November 2021 <i>HK\$'000</i>
Trade payables	4,310	6,900
Accruals	8,803	10,480
Other payables	942	545
Contingent consideration	650	650
	<u>14,705</u>	<u>18,575</u>

14. CONTRACT LIABILITIES

	(Unaudited) 31 May 2022 <i>HK\$'000</i>	(Audited) 30 November 2021 <i>HK\$'000</i>
Maintenance services fees	8,191	9,083
Computer software contract and licenses leasing fees	2,808	2,571
Recruitment services	506	127
	<u>11,505</u>	<u>11,781</u>

15. AMOUNT DUE TO A RELATED COMPANY

The amount mainly represents payables for purchases of software merchandise, royalty fee and expenses paid on behalf of the Group. The balance of amount due to a related company was interest-free, unsecured and repayable on demand for the period ended 31 May 2022 and year ended 30 November 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited revenue of approximately HK\$20,151,000 for the three months ended 31 May 2022 (the “**period**”), increased by 122% from approximately HK\$9,090,000 for the corresponding period last year. The unaudited net profit of the Group for the period was approximately HK\$6,807,000, whereas the Group recorded an unaudited net profit of approximately HK\$362,000 for the corresponding period last year. Of the total unaudited revenue amount, (i) approximately HK\$15,548,000 or 77% was generated from sales of computer software licenses, licenses leasing and provision of related services, (ii) approximately HK\$3,047,000 or 15% was generated from maintenance services, (iii) approximately HK\$9,000 was generated from sales of computer hardware and related products and (iv) approximately HK\$1,547,000 or 8% was generated from fintech resources services. The increase in total revenues are results of self-developed of FinReg Innovative Tools (“**FinReg**”), KYC+ and its peripheral product lines accorded by the strong acceptance in the market which enables the Group to sign more sales contracts with new customers to implement its FinReg and KYC+, thereby increasing its revenue from software licenses and maintenances services during the period.

During the period, although the Group continued to exercise prudent cost control measures by implementing tight expenses measures in its operations, the operating expenditures increased in line with the increase in operations. The unaudited operating expenditures amounted to approximately HK\$7,404,000 for the three months ended 31 May 2022, increased by 80% when compared to approximately HK\$4,102,000 for the corresponding period last year. The increases were attributed to increase in sales commission and advertising expenses to cope with the Group’s business expansion plan.

During the period, the depreciation expenses on right-of-use assets was approximately HK\$510,000. The depreciation expenses on property, plant and equipment was approximately HK\$22,000, remained stable when compared to that of approximately HK\$23,000 for the corresponding period last year.

The Group has no provision made for impairment of trade receivables for the three months ended 31 May 2022.

Total unaudited staff costs (excluding directors’ remuneration) were approximately HK\$2,263,000 for the three months ended 31 May 2022, remained stable when compared to approximately HK\$2,269,000 for the corresponding period last year.

Liquidity and Financial Resources

The Group operates a conservative set of treasury policies to ensure that no unnecessary risks are taken with the Group's assets. No investments other than cash and other short-term bank deposits are currently permitted.

As at 31 May 2022 and 30 November 2021, the amount due to a related company and the promissory notes to a related company were repayable as follows:

	(Unaudited)	(Audited)
	31 May	30 November
	2022	2021
	HK\$'000	HK\$'000
Within 1 year	240	236
Between 1 and 2 years	9,272	8,518
Between 3 and 5 years	—	—
	<hr/>	<hr/>
Wholly repayable within 5 years	<u>9,512</u>	<u>8,754</u>

As at 31 May 2022, the Group had outstanding of approximately CAD39,000 (approximately HK\$240,000) due to Maximizer Services Inc. ("MSI"), a related company of the Company. The amount due to MSI was mainly payables for purchases of software merchandise, royalty fee and expenses paid on behalf of the Group, which was unsecured, interest free and repayable on demand.

As at 31 May 2022, loans of amount HK\$8,000,000 and HK\$3,000,000 are loans from Active Investments, a related company wholly owned by the chief executive officer of the Company, which were unsecured, non-interest bearing and maturing on 1 June 2023. The valuation of the two outstanding promissory notes was performed by an independent valuer. As at 31 May 2022, the aggregate amount of two promissory notes was approximately HK\$9,272,000. (*Note 12*)

The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total equity. As at 31 May 2022, the Group's gearing ratio was 0.52 (2021: 0.77).

Pledge of Assets

The Group did not have any mortgage or charge over its assets as at 31 May 2022.

Exposure to Fluctuation in Exchange Rates and Related Hedges

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollars or Canadian dollars. It is the Group's policy for each operating entity to borrow in local currencies where necessary in order to minimise currency risk.

As at 31 May 2022, the Group did not have any foreign currency investments which have been hedged by currency borrowings and other hedging instruments.

Treasury Policy

Cash and bank deposits of the Group are either in Hong Kong dollars and Canadian dollars. The Group conducts its core business transaction mainly in Hong Kong dollars, such that the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

Contingent Liabilities

Except for contingent consideration, the Group had no material contingent liabilities as at 31 May 2022.

Significant Investments

The Group has not held any significant investment for the three months ended 31 May 2022.

Major Events

As at 31 May 2022, the Group had no material capital commitments and no future plans for material investments or capital assets.

Employee and Remuneration Policy

The directors believe that the quality of its employees is the most important factor in sustaining the Group's growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salaries and mandatory provident fund, staff benefits include medical coverage scheme. As at 31 May 2022, the Group had employed 23 staffs in Hong Kong (2021: 22 staffs in Hong Kong). Total staff costs for the three months ended 31 May 2022 under review amounted to approximately HK\$2,263,000.

As at 31 May 2022, 8 employees had completed the required number of years of service under the Employment Ordinance (the "**Ordinance**") to be eligible for long service payments on termination of their employment with the Group. The Group is only liable to make such payments where termination meets the required circumstances specified in the Ordinance. The estimated unaudited maximum amount of such payment is approximately HK\$311,000.

Pension Scheme

Effective from 1 December 2000, the Group joined the Mandatory Provident Fund Scheme (the “**MPF Scheme**”) for all of its employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is registered with the Mandatory Provident Fund Authority under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the revised rules of the MPF Scheme on 1 June 2014, the Group and its employees are each required to make contributions to the MPF Scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000.

The retirement benefit scheme cost charged to the consolidated statement of profit or loss and other comprehensive income represents contributions payable by the Group to the funds and is expensed as incurred. For the three months ended 31 May 2022, the unaudited retirement benefit scheme contributions borne by the Group amounted to approximately HK\$92,000 (2021: approximately HK\$83,000). No forfeited contribution for the Group is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately.

Operation Review

For the three months ended 31 May 2022, the Group’s unaudited revenue was approximately HK\$20,151,000, increased by 122% from approximately HK\$9,090,000 for the corresponding period last year. Of the total unaudited revenue, revenue of approximately HK\$18,595,000 represented sales of self-developed software, revenue of approximately HK\$1,547,000 was generated from fintech resources services and revenue generated from resales of computer hardware and the third parties’ products were approximately HK\$9,000.

Financial Solutions services

Provision of OCTOSTP system and related services (“**Financial Solutions**”) remain the key source of revenue to the Group. The Group has consistently made significant strides in improving its businesses including upgrade of OCTOSTP system, expansion of product base and customer base and strengthening the sales and marketing activities. In view of increasing awareness of regulatory compliance driven by the rapid development of financial industry, the Group captured the business opportunities of this promising market by devoting more resources to improve and enhance its FinReg that helps customers deal with trade surveillance and anti-money laundering monitoring related to securities trading activities with automation to ease their operation burden of regulatory compliance. The Group has also expanded its FinReg peripheral product lines, including the completed development of new solutions “KYC+”, which was successfully launched to the market since 2021.

Overall, FinReg, KYC+ and its peripheral product lines has contributed a positive outcome to the Group. In addition to the increase in revenue, the Group also has a significant increase in new customers gained from FinReg, KYC+ and its peripheral product lines. Since the launch of such product lines, the Group's customer base also has significant growth in 2021. Step into the year 2022, FinReg, KYC+ and its peripheral product lines continued its growth momentum. Except for sales of software licenses and provision of professional services on FinReg, the Group also provides these new customers with annual maintenance services for these products, which greatly increases the Group's revenue from software licenses and maintenance services respectively. In the meantime, the Group is also in close negotiation with certain potential customers to implement its diversify product lines and provision of professional services.

The prolonged outbreak of "COVID-19" pandemic continues to bring uncertainties to market. The business environment remains difficult and challenging. However, as more people got vaccinated and the pandemic is slowly stabilizing, it is hoped that the economy in Hong Kong would gradually recover in the second half 2022. 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. 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. Therefore, the Group remains optimistic about the prospects of regtech and IT related services. The Group will also reinforce its strategic initiatives and seeks new business opportunities to overcome the difficult operating environment.

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 initiatives and seeks new business opportunities to overcome the difficult operating environment.

Expansion of product base

In order to strengthen the Group's competitiveness, the Group has also dedicated resources to improve and enhance FinReg that helps customers deal with risk management and compliance of regulatory rules related to securities trading activities with automation and efficiencies. The Group managed to expand its customer base and secured contracts for the implementation of FinReg with a number of new and existing customers from various sizeable brokerage firms. Overall, sales from FinReg was increased notably and contributed a positive outcome to the Group. Meanwhile, the Group was also in close negotiation with a vase number of potential customers.

Moreover, since regulatory compliance in financial industry is becoming more important, the Group has seen the market potential of RegTech and would dedicate more resources on the development of RegTech to provide customers with tailored RegTech solutions, aiming at providing protections for financial institution customers against risks and non-compliance effectively.

FinReg and its peripheral product lines are more comprehensive that help customers to improve business performance with efficiency and automation. It has certain new and advanced functionalities including (i) automated Know Your Customer system (“**FinReg KYC+ 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; (iii) wealth management system, which focus on the digital transformation of the daily operation of the wealth management industry; and (iv) FinReg Check is also providing customer ongoing name screening, customer risk profile monitoring and search report filing library.

Fintech resources services

In light of the market trend to adopt technologies to improve work efficiency and the growing demand of IT professionals due to rapid development of fintech, the Group has successfully acquired Leadership in the second quarter of last year, the Group was able to expand the fintech resources services market, which provides secondment and support services of IT professionals and recruitment services for customers. Backed by the expertise and experience of the Group’s IT professionals in financial industry and with the dedicated effort of our sales and marketing team, the Group also achieved significant growth in revenue in fintech resources services segment during the period. For the three months ended 31 May 2022, the Group’s revenue generated from fintech resources was approximately HK\$1,547,000, remained stable when compared to that of approximately HK\$1,541,000 for the corresponding period last year. During the period, the Group has secured the renewal secondment contract from existing customers and successfully gained recruitment service contracts from new customers.

Prospects

Operational efficiency and increase its revenue growth will continue to be top priorities for the Group for 2022. 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 core-solutions improvement and upgrading and more new diversified solutions. In 2021, FinReg, KYC+ and its peripheral product line marks an important milestone as it has been successfully launched to the market and were well recognised by our customers. To go further, such product lines 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. Meanwhile, 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. It is the belief of the directors of the Company that the Group has well-diversified products and services range, its technology enables the delivery of robust, scalable and innovative business solutions into the market faster and at a lower cost than alternatives which maintains its market competitiveness and it is well equipped to face future challenges and believe that the Group will be strongly positioned to optimistic growth when market conditions improve.

To strive for the realization of the above initiatives, the Group will increase its focus on its research and development capabilities and also improve the quality of its sales and marketing team. The Group's sale and marketing team will also continue to maintain closer business relationships with existing customers, explore the market for potential customers and is committed to improving the sales performance for 2022.

Alongside with the continuing evolution and modification of business strategies to develop our existing businesses, the Group will continue to seek optimisation of its business portfolio by adjusting it to adapt to the changing business climate, trend and environment, and at the same time proactively exploring and exploiting every potentially profitable business, i.e. financial related services including but not limited to financial public relations services, and investment opportunity as well as new growth potentials, with the ultimate goal of developing its business to generate and maximize shareholders' value and return and maintain sustainable growth and prosperity.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 May 2022, the interests and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 to 5.68 of the GEM Listing Rules were as follows:

Long positions in shares

No long positions of directors and chief executives in the shares of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Long positions in underlying shares

a) *The Company:*

All options of the Company granted were expired on 27 May 2011.

No long positions of directors and chief executives in the underlying shares of the Company were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to rule 5.46 of the GEM Listing Rules.

No further options can be granted under the Company's share option scheme adopted on 22 January 2001 until the new requirements of Chapter 23 of the GEM Listing Rules are complied with.

b) *Associated Corporation:*

No long position of directors and chief executives in the underlying shares of the Associated Corporation were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to rule 5.46 of the GEM Listing Rules.

Long positions in debentures

No long positions of directors and chief executives in the debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in shares

No short positions of directors and chief executives in the shares of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in underlying shares

No short positions of directors and chief executives in the underlying shares of the equity derivatives of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in debentures

No short positions of directors and chief executives in the debentures of the Company and its associated corporations were recorded in the register.

Save as disclosed above, as at 31 May 2022, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 May 2022, the following persons (other than the directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in shares

Name	Capacity	Nature of interest	Number of ordinary shares	Percentage of issued share capital
Maximizer International Limited	Beneficial owner	Corporate	339,499,095	71.35%
Pacific East Limited	Beneficial owner	Corporate	16,450,838	3.46%
DGM Trust Corporation (<i>Note</i>)	Trustee	Corporate	355,949,933	74.81%

Note:

DGM Trust Corporation is the trustee of The City Place Trust which wholly owns (a) Maximizer International Limited, which holds 71.35% interest in the Company and (b) Pacific East Limited, which holds 3.46% interest in the Company. The City Place Trust is a discretionary trust and its beneficiaries include certain family members of Mr. Kau Mo Hui, but does not include Mr. Joseph Chi Ho Hui or Ms. Clara Hiu Ling Lam or any of their respective spouses or minor child. Mr. Kau Mo Hui is the father of Mr. Joseph Chi Ho Hui, an executive director of the Company and Mr. Samson Chi Yang Hui, the chief executive officer of the Company. Mr. Kau Mo Hui is also the father-in-law of Ms. Clara Hiu Ling Lam, an executive director of the Company.

Long positions in underlying shares

On 22 November 2018, pursuant to the conditional subscription agreement dated 28 August 2018 (as supplemented and amended by a supplemental agreement dated 10 October 2018) entered into between the Company and Maximizer International Limited:

- 123,529,400 convertible preference shares were issued by the Company to Maximizer International Limited. Based on the initial conversion price of HK\$0.17 per new ordinary share upon the exercise of the conversion rights attaching to each the convertible preference share, a maximum number of 123,529,400 new ordinary shares shall be allotted and issued upon full exercise of the conversion rights attaching to the convertible preference shares.
- Five-year unlisted convertible bond with nil interest rate in the principal amount of HK\$29,699,876.20 was issued by the Company to Maximizer International Limited (the “**Convertible Bond**”). Base on the initial conversion price of HK\$0.17 per new ordinary share upon the exercise of the conversion rights attached to the Convertible Bond, a maximum number of 174,705,154 new ordinary shares shall be allotted and issued upon full exercise of the conversion rights attaching to the Convertible Bond.

On 18 August 2021, Maximizer International Limited fully exercised the conversion rights attached to the Convertible Bond for the full conversion into 174,705,154 ordinary shares in the capital of the Company at the conversion price of HK\$0.17 per ordinary share, following which the Company allotted and issued a total number of 174,705,154 ordinary shares to Maximizer International Limited.

Except for disclosed above, no long positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Short positions in shares

No short positions of other persons and substantial shareholders in the shares of the Company were recorded in the register.

Short positions in underlying shares

No short positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Apart from the foregoing, no other interests required to be recorded in the register kept under Section 336 of the SFO have been notified to the Company.

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 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 six months ended 31 May 2022, the audit committee held two meetings for the purpose of reviewing the Company's reports and financial statements, and providing advice and recommendations to the Board. The minutes of the audit committee meeting are kept by the company secretary.

The Group's unaudited results for the three months ended 31 May 2022 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standard.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 May 2022, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

CORPORATE GOVERNANCE CODE

The Stock Exchange has issued a number of new and amended code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules, which are effective on or after 1 January 2022. The Company is committed to maintain and ensure high standards of the CG Code. To comply with all the new and amended code provisions, relevant amendments and adoptions has been adopted by the Company during the period, except for the deviations as explained below, none of the directors is aware of information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period for the six months ended 31 May 2022, in compliance with the CG Code set out by the Stock Exchange in Appendix 15 to the GEM Listing Rules.

Appointments, Re-election and Removal of Director

Code provision B.2.3 of the CG Code, 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 B.2.3.

To comply with code provision B.2.3, 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 1 April 2022, and are subject to a separate resolution to be approved by shareholders in each year.

In accordance with new code provision B.2.4(a) of the CG Code, became effective on 1 January 2022, the Company should disclose the length of tenure of each existing independent non-executive Director on a named basis if all of them have served more than nine (9) years on the Board. This deviated from the requirements of code provision B.2.4(a).

In accordance with new code provision B.2.4(b) of the CG Code, became effective on 1 January 2022, where all the independent non-executive directors of the Company have served more than nine (9) years on the Board, the company should appoint a new independent non-executive director on the Board at the forthcoming annual general meeting. This deviated from the requirements of code provision B.2.4(b).

Mr. Kwong Sang Liu, Mr. Edwin Kim Ho Wong and Mr. William Keith Jacobsen have served as independent non-executive director of the Company for more than nine (9) years. To comply with code provisions B.2.4(a) and B.2.4(b), the length of tenure with their names will be disclosed in the circular to shareholders accompanying the notice at the next annual general meeting. Since all the independent non-executive directors of the Company have served more than nine (9) years, the nomination committee of the Company is preparing to propose new independent non-executive director to the Board for consideration in coming months.

Financial Reporting

Code provision D.1.2 of the CG Code, 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 to enable the Board as a whole and each director to discharge their duties under rule 5.01 and Chapter 17.

During the six months ended 31 May 2022, 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 announcement.

Internal Audit Function

Code Provision D.2.5 of the CG Code, stipulates that the Group should have an internal audit function. For the six months ended 31 May 2022, 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 Group are responsible to review the effectiveness of the Group's internal control system. 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, will be conducted annually. 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.

ADDITIONAL INFORMATION

Trading in the shares of the Company was suspended at the request of the Company with effect from 9:00 a.m. on 21 October 2021. The Company has fulfilled the resumption guidance on 26 April 2022, an application was made to the Stock Exchange for the resumption of trading in the shares with effect from 9:00 a.m. on 27 April 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 May 2022, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

By order of the Board
Joseph Chi Ho HUI
Chairman

As at the date of this 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. Ka Wing LAU	<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, 12 July 2022

This announcement will remain on the Stock Exchange's website on the "Latest Listed Company Information" page for at least 7 days from the day of its posting and the website of the Company at www.hklistco.com.