

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 2022**

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 consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 30 November 2022, together with the comparative figures in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 November 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	60,244	62,357
Cost of sales		(24,608)	(24,728)
Gross profit		35,636	37,629
Other gains or losses, net	5	3,739	60
Software research and development and operating expenses		(4,023)	(3,683)
Selling and marketing expenses		(12,955)	(7,269)
Administrative expenses		(8,372)	(8,888)
Allowance for expected credit losses (“ ECL ”) on trade receivables, net		(4,157)	(106)
Gain on issuance of a promissory note		365	–
Gain on derecognition of promissory notes		570	1,555
Profit from operating activities		10,803	19,298
Finance costs	8	(1,693)	(4,037)
Profit before tax	7	9,110	15,261
Income tax credit	9	–	379
Profit and total comprehensive income for the year attributable to owners of the Company		9,110	15,640
Earnings per share			
– Basic	10	HK1.91 cents	HK4.45 cents
– Diluted	10	HK1.52 cents	HK2.94 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		419	185
Right-of-use assets		1,774	628
Goodwill		1,100	1,100
Other intangible assets		354	–
		<u>3,647</u>	<u>1,913</u>
Current assets			
Trade and other receivables	12	43,839	12,193
Contract costs		1,402	1,987
Financial asset at a fair value through profit or loss ("FVTPL")		8,461	–
Cash and cash equivalents		7,674	35,520
		<u>61,376</u>	<u>49,700</u>
Total assets		<u>65,023</u>	<u>51,613</u>
Capital and reserves			
Share capital	13	59,934	59,934
Reserves		(38,977)	(48,087)
Equity attributable to owners of the Company		<u>20,957</u>	<u>11,847</u>
Liabilities			
Non-current liabilities			
Promissory notes	14	11,166	8,518
Lease liabilities		564	9
		<u>11,730</u>	<u>8,527</u>
Current liabilities			
Trade and other payables and accruals	15	20,722	18,575
Contract liabilities		10,038	11,781
Lease liabilities		1,330	636
Amount due to a related company		235	236
Tax payables		11	11
		<u>32,336</u>	<u>31,239</u>
Total liabilities		<u>44,066</u>	<u>39,766</u>
Total equity and liabilities		<u>65,023</u>	<u>51,613</u>
Net current assets		<u>29,040</u>	<u>18,461</u>
Total assets less current liabilities		<u>32,687</u>	<u>20,374</u>
Net assets		<u>20,957</u>	<u>11,847</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2022

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 (Note 1)	Special reserve HK\$'000 (Note 2)	Convertible bond reserve HK\$'000	Accumulated losses HK\$'000	
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 year	–	–	–	–	–	15,640	15,640
Conversion of convertible bond	17,470	15,771	–	(2,298)	(11,830)	2,298	21,411
As at 30 November 2021 and 1 December 2021	59,934	129,427	37,600	8,530	–	(223,644)	11,847
Profit and total comprehensive income for the year	–	–	–	–	–	9,110	9,110
As at 30 November 2022	59,934	129,427	37,600	8,530	–	(214,534)	20,957

Notes:

- The contributed surplus arises from a share for share exchange in acquiring a subsidiary. The amount represents the difference between the nominal value of the Company's shares issued and the fair value of net assets of the subsidiary.
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2022

1. CORPORATE INFORMATION

abc Multiactive Limited (the “**Company**”) was incorporated in Bermuda on 2 March 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on 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 8/F., Hong Kong Trade Centre, 161 Des Voeux Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are 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.

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 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, Ms. Clara Hiu Ling Lam, Mr. Samson Chi Yang Hui 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.

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

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”) and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are effective for the annual period beginning on or after 1 December 2021 for the preparation of the consolidated Financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phrase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 December 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16	Lease Liabilities in Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

The Group is principally engaged in the 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 intra-group transactions have been eliminated on consolidation.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Disaggregation of revenue from contracts with customers		
Sales of computer software licenses and provision of related services	37,097	44,032
Computer software licenses leasing and provision of related services	3,123	2,369
Provision of maintenance services	12,025	4,581
Contract revenue	574	1,586
Sales of computer hardware and related products	72	4,125
Provision of fintech resources services		
– Secondment services	6,389	4,660
– Placement services	964	922
Provision of overseas mortgage loan consultancy services	–	82
	<u>60,244</u>	<u>62,357</u>

Timing of revenue recognition

A point in time	38,133	49,161
Over time	22,111	13,196
	<u>60,244</u>	<u>62,357</u>

Performance obligations for contracts with customers

Details of performance obligations for contracts with customers are set out in the consolidated financial statements.

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 November 2022 and 2021 and expected timing of recognising revenue are as follows:

	2022 Provision of maintenance services fee <i>HK\$'000</i>	2021 Provision of maintenance services fee <i>HK\$'000</i>
Within one year	7,087	8,064
More than one year but not more than two years	6,783	5,365
More than two years	589	5,061
	<u>14,459</u>	<u>18,490</u>

	2022 Computer software licenses leasing and provision of related services HK\$'000	2021 Computer software licenses leasing and provision of related services <i>HK\$'000</i>
Within one year	1,263	1,476
More than one year but not more than two years	232	879
	1,495	2,355

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue contracts of (i) provision of fintech secondment services and (ii) contract revenue such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the revenue contracts of (i) provision of fintech secondment services and (ii) contract revenue that had an original expected duration of one year or less.

5. OTHER GAINS OR LOSSES, NET

	2022 HK\$'000	2021 <i>HK\$'000</i>
Fair value gain on financial assets at FVTPL	2,834	–
Refund of long services payment	64	–
Loss on disposal of financial assets at FVTPL	(15)	–
Government grants (<i>Note</i>)	803	–
Net exchange difference	1	(5)
Gain on lease modification	2	215
Fair value gain/(loss) on contingent consideration payable	50	(150)
	3,739	60

Note:

For the year ended 30 November 2022, the Group recognised the government grants of approximately HK\$803,000 (2021: Nil) in respect of COVID-19 related subsidies which is related to Employment Support Scheme provided by the Hong Kong government. There were no unfulfilled conditions or contingencies relating to these government grants.

6. SEGMENT INFORMATION

The Group was engaged in three business segments, financial solutions (“**Financial Solutions**”), fintech resources (“**Fintech Resources**”) and overseas property mortgage loan consultancy services (“**Consultancy Services**”) during the years ended 30 November 2022 and 2021.

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	
	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>52,891</u>	<u>56,693</u>	<u>7,353</u>	<u>5,582</u>	<u>-</u>	<u>82</u>	<u>60,244</u>	<u>62,357</u>
Segment results	<u>16,634</u>	<u>25,767</u>	<u>1,434</u>	<u>849</u>	<u>-</u>	<u>(45)</u>	<u>18,068</u>	<u>26,571</u>
Gain on derecognition of promissory notes							570	1,555
Gain on issuance of a promissory note							365	-
Gain on lease modification							2	215
Loss on disposal of financial asset at FVTPL							(15)	-
Fair value gain on financial assets at FVTPL							2,834	-
Fair value gain/(loss) on contingent consideration payable							50	(150)
Central administration costs							(11,071)	(8,893)
Finance costs							(1,693)	(4,037)
Profit before tax							9,110	15,261
Income tax credit							-	379
Profit for the year							<u>9,110</u>	<u>15,640</u>

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

Segment results represent the profit/(loss) by each segment without allocation of gain on derecognition of promissory note, gain on issuance of promissory note, gain on lease modification, loss on disposal of financial assets at FVTPL, fair value gain on financial assets at FVTPL, fair value gain/(loss) on contingent consideration payable, 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	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities								
Segment assets	53,400	48,058	2,957	2,769	55	70	56,412	50,897
Unallocated assets							8,611	716
Consolidated total assets							<u>65,023</u>	<u>51,613</u>
Segment liabilities	28,684	28,997	1,434	1,238	20	27	30,138	30,262
Unallocated liabilities							13,928	9,504
Consolidated total liabilities							<u>44,066</u>	<u>39,766</u>

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

All assets are allocated to reportable segments other than financial asset at FVTPL and other unallocated head office and corporate assets.

All liabilities are allocated to reportable segments other than lease liabilities, promissory note, tax payable, amount due to a related company, other unallocated head office and corporate liabilities.

Other segment information

	Financial Solutions		Fintech Resources		Consultancy Services		Total	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Depreciation on property, plant and equipment	122	88	-	-	2	2	124	90
Depreciation on right-of-use assets	1,449	1,214	-	-	-	-	1,449	1,214
Additions to property, plant and equipment	358	40	-	-	-	-	358	40
Additions to right-of-use assets	2,620	-	-	-	-	-	2,620	-
Additions to other intangible assets	354	-	-	-	-	-	354	-
Allowance for/(reversal of) ECL on trade receivables, net	4,127	155	30	(49)	-	-	4,157	106

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

No single customer contributed 10% or more to the Group's revenue during the years ended 30 November 2022 and 2021.

7. PROFIT BEFORE TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before tax arrived at after charging:		
Auditors' remuneration		
– Audit services	480	600
– Non-audit services	160	430
Depreciation on property, plant and equipment	124	90
Depreciation on right-of-use assets	1,449	1,214
Directors' emoluments	678	470
Staff costs (excluding directors' emoluments)		
– salaries and allowances	8,290	8,798
– retirement benefit costs	362	343
– commission expenses	866	1,204
Cost of computer hardware and related products sold	45	3,900
Allowance for ECL on trade receivables, net	4,157	106
Expenses relating to short-term lease	800	–
	<u> </u>	<u> </u>

8. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Imputed interest expenses on promissory notes	1,583	1,609
Imputed interest expenses on convertible bond	–	2,362
Interest expenses on lease liabilities	110	66
	<u> </u>	<u> </u>
	<u>1,693</u>	<u>4,037</u>

9. INCOME TAX CREDIT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax:		
– Current year	–	11
Deferred tax		
Reversal of temporary difference	–	(390)
	<u> </u>	<u> </u>
	<u>–</u>	<u>(379)</u>

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group's Hong Kong entities have sufficient tax losses brought forward to set off against assessable profit or no assessable profit during the year ended 30 November 2022.

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the year ended 30 November 2021, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

No overseas profits tax has been calculated for the entities of the Group that are incorporated in Bermuda as it is exempted from profit tax for the years ended 30 November 2022 and 2021.

10. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Profit</i>		
Profit for the purpose of basic earnings per share attributable to owners of the Company	<u>9,110</u>	<u>15,640</u>
	2022	2021
<i>Number of shares</i>		
Weighted average number of shares for the purpose of basic earnings per share	<u>475,813,216</u>	<u>351,365,709</u>

(b) Diluted earnings per share

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Profit</i>		
Profit for the purpose of basic earnings per share	9,110	15,640
Effect of dilutive potential ordinary shares:		
Interest expenses on convertible bond, net of income tax	<u>–</u>	<u>1,972</u>
Profit for the purpose of diluted earnings per share	<u>9,110</u>	<u>17,612</u>
	2022	2021
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	475,813,216	351,365,709
Effect of dilutive potential ordinary shares:		
Convertible bond	–	124,447,507
Convertible preference shares	<u>123,529,400</u>	<u>123,529,400</u>
Number of shares for the purpose of diluted earnings per share	<u>599,342,616</u>	<u>599,342,616</u>

11. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 30 November 2022 (2021: Nil).

12. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	44,959	10,488
Less: Allowance for ECL	<u>(4,319)</u>	<u>(162)</u>
	40,640	10,326
Prepayments, deposits and other receivables	<u>3,199</u>	<u>1,867</u>
	<u><u>43,839</u></u>	<u><u>12,193</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 credit. The Group allows a credit period range from 0 to 30 days (2021: 0 to 30 days) to its customers.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	1,144	1,245
31 – 60 days	967	4,579
61 – 90 days	8,801	3,233
Over 90 days	<u>34,047</u>	<u>1,431</u>
	<u><u>44,959</u></u>	<u><u>10,488</u></u>

13. SHARE CAPITAL

Authorised and issued share capital

	2022		2021	
	Number of shares	Amount <i>HK\$'000</i>	Number of shares	Amount <i>HK\$'000</i>
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 of the year	475,813,216	47,581	301,108,062	30,111
Issue shares upon conversion of convertible bond	–	–	174,705,154	17,470
At the end of the year	<u>475,813,216</u>	<u>47,581</u>	<u>475,813,216</u>	<u>47,581</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 Company. The Company may redeem the CPSs in whole or in part at the par value at its option at any time during the conversion period.

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

- (a) On 27 March 2019, a promissory note was issued by the Company in favour of Active Investments Capital Limited (“**Active Investments**”), a related company of the Company wholly owned by Mr. Samson Chi Yang Hui, (“**Mr. Hui**”) (the chief executive officer of the Company, the brother of Mr. Joseph Chi Ho Hui (the chairman and executive director of the Company) and the spouse of Ms. Clara Hiu Ling Lam (the executive director 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 promissory note bore no interest and was matured on 30 November 2019.
- (b) On 28 November 2019, the promissory note with the principal amount of HK\$5,000,000 was cancelled and a new promissory note (the “**PN 1**”) 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 PN 1 bore no interest and was matured on 1 March 2021.
- (c) On 26 November 2020, the Company signed an extension agreement of the PN 1 with Active Investments with a modification of terms with extended maturity date from 1 March 2021 to 1 June 2022. The extension of the PN 1 considered as substantial modification. Upon the derecognition of the PN 1 with carrying amount of approximately HK\$7,677,000 and recognition of the new promissory note (the “**PN 2**”) with the fair value of approximately HK\$6,144,000, the difference of approximately HK\$1,533,000 between the carrying amount of the PN 1 and the fair value of the PN 2 with extension of maturity date is recognised as gain on derecognition of promissory note in profit or loss. The fair value of the PN 2 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.
- (d) On 26 November 2020, another new promissory note (the “**PN 3**”) 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 PN 3 bore no interest and was matured on 1 June 2022.
- (e) On 29 November 2021, the Company signed extension agreements of the PN 2 and PN 3 (collectively referred to as “**2020 PNs**”) with Active Investments with a modification of terms with extended maturity date from 1 June 2022 to 1 June 2023. The extension of the 2020 PNs considered as substantial modification. Upon the derecognition of the 2020 PNs with aggregate carrying amount of approximately HK\$10,068,000 and recognition of the new promissory notes (the “**2021 PNs**”) with the aggregate amount of fair value of approximately HK\$8,513,000, the difference of approximately HK\$1,555,000 between the carrying amount of the 2020 PNs and the fair value of the 2021 PNs with extension of maturity date is recognised as gain on derecognition of promissory notes in profit or loss. The fair value of the 2021 PNs 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.
- (f) On 29 November 2022, another new promissory note (the “**2022 PN 1**”) was issued by the Company in favour of Active Investments with the principal amount of HK\$2,000,000 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 2022 PN 1 bears no interest and will be matured on 1 June 2024. The difference of approximately HK\$365,000 between the fair value of the 2022 PN 1 at initial recognition and the principal amount of 2022 PN 1 was recognised in consolidated statement of profit or loss and other comprehensive income during the year ended 30 November 2022.

- (g) On 29 November 2022, the Company signed an extension agreement of the 2021 PNs with Active Investment with a modification of terms with extended maturity date from 1 June 2023 to 1 June 2024. The extension of the 2021 PNs considered as substantial modification. Upon the derecognition of the 2021 PNs with aggregate amount of approximately HK\$10,097,000 and recognition of the new promissory notes (the “**2022 PNs 2**”) with aggregate amount of fair value of approximately HK\$9,527,000, the variance of approximately HK\$570,000 between the carrying amount of the 2021 PNs and the fair value of the 2022 PNs 2 with extension of maturity date is recognised as gain on derecognition of promissory note in profit or loss. The fair value of the 2022 PNs 2 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.

15. TRADE AND OTHER PAYABLES AND ACCRUALS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	9,270	6,900
Accruals (<i>Note a</i>)	8,115	10,480
Other payables (<i>Note b</i>)	3,337	545
Contingent consideration payable	–	650
	<u>20,722</u>	<u>18,575</u>

Notes:

- a. The amount mainly represents accrued salaries, bonuses and sales commissions in respect of approximately HK\$6,369,000 (2021: approximately HK\$8,351,000). Aggregated balance of approximately HK\$1,829,000 (2021: HK\$1,829,000) included in accrued salaries and bonus was payable to Mr. Hui and the Company Secretary of the Company.
- b. Balances of approximately HK\$3,333,000 (2021: HK\$255,000) included in other payables, represents amount due to Mr. Hui. As at 30 November 2022 and 2021 the amount due is unsecured, interest-free and repayable on demand.

The following is an aging analysis of trade payables, based on the invoice dates:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
31-60 days	–	6,900
61-365 days	8,400	–
Over 365 days	870	–
	<u>9,270</u>	<u>6,900</u>

The average credit period granted by suppliers is normally within 60 days (2021: 60 days).

BUSINESS REVIEW

Financial Review

The Group recorded a revenue of approximately HK\$60,244,000 for the year ended 30 November 2022 (the “**Year**”), decreased by 3% from that of approximately HK\$62,357,000 for the corresponding period last year. The net profit of the Group for the Year was approximately HK\$9,110,000, whereas the Group recorded a net profit of approximately HK\$15,640,000 for the corresponding period last year. Of the total revenue amount, (i) approximately HK\$40,220,000 or 67% was generated from sales of computer software licenses, computer software licenses leasing and provision of related services; (ii) approximately HK\$12,025,000 or 20% was generated from maintenance services; (iii) approximately HK\$574,000 or 1% was generated from contract revenue; (iv) approximately HK\$72,000 was generated from sales of computer hardware and related products; and (v) approximately HK\$7,353,000 or 12% was generated from fintech resources services. The decrease in total revenues were mainly attributed to existing projects delayed delivery and launch by customers and reduced in sales of computer hardware to customers during the Year.

During the Year, the operating expenditures amounted to approximately HK\$25,350,000 for the Year, increased by 28% when compared to approximately HK\$19,840,000 for the corresponding period last year. The increases were mainly attributed to increase in sales and marketing expenses to cope with the Group’s diversify business expansion plans and also increases in advertising expenses during the Year.

During the Year, the depreciation expenses on property, plant, and equipment was approximately HK\$124,000, increased by 38% when comparing to approximately HK\$90,000 for the same period last year. The reason of increase was mainly attributed to Hong Kong office relocation and additional spending on office renovation and purchase of office equipment during the Year.

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

Except for allowance for ECL on trade receivables amount approximately HK\$4,157,000 as at 30 November 2022, the Group has no provision made for impairment of trade receivables during the Year.

Total staff costs (excluding directors’ remuneration) were approximately HK\$9,518,000 for the Year, a decreased by 8% when compared to that of approximately HK\$10,345,000 for the corresponding period last year. The decrease was mainly attributed to staff turnover in R&D and sales teams as affected the payroll cost was reduced during the Year.

The Group anticipates that RegTech solutions revenues will continue to provide a steady source of revenues and account for a significant amount of total revenues for the Group. The Group also intend to grow its operations further by committing significant time and resources to the maintenance and ongoing development of its core-solutions.

Operation Review

For the Year, the Group's revenue was approximately HK\$60,244,000, decreased by 3% when compared to that of approximately HK\$62,357,000 for the corresponding period last year. Of the total audited revenue, revenue of approximately HK\$52,819,000 represents sales of self-developed software, turnover of approximately HK\$7,353,000 was generated from Fintech resources services and turnover generated from resales of computer hardware and related products were approximately HK\$72,000.

Look forward to slowly stabilizing of "COVID-19" pandemic and high percentage of people got vaccinated, it is hoped that the economy in Hong Kong would gradually recover in 2023. 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.

Financial Solutions services

For the Year, 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. The Group's customer base also has significant growth in 2022. Step into the year 2023, the Group also expected that 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 RegTech solutions and provision of professional services.

Except for FinReg and KYC+, provision of OCTOSTP system ("OCTOSTP") and related services remain one of key source of revenue to the Group. The Group has consistently made significant strides in improving its businesses including strengthen its function of OCTOSTP to meet the functional needs of securities firms.

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.

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 webinars with business partners and strengthened its digital social media platform to provide customers latest product development of the Group and boosts customer interaction. During the Year, the Group has participated to Global Fast Track 2022 of Fintech week 2022, our flagship RegTech solution, FinReg was selected finalist solution in RegTech section. 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.

Development of product line

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. The Group will continue to explore additional value-added products of innovative technology solutions or services to meet industry need.

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 2021, 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 Year. For the Year ended 30 November 2022, the Group's revenue generated from fintech resources was approximately HK\$7,353,000, with an increase of 32% when compared to that of approximately HK\$5,582,000 for the corresponding period last year. During the Year, the Group has secured the renewal secondment contracts from existing customers and successfully gained recruitment service contracts from new customers.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 November 2022 (2021: The Group had contingent consideration of HK\$650,000).

Event after the Reporting Period

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

Litigation

As at 30 November 2022, the Group had no material litigation (2021: Nil).

Prospects

Operational efficiency and increase its revenue growth will continue to be top priorities for the Group for 2023. 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 2022, FinReg, KYC+ and its peripheral product line marks an important milestone as it has been successfully generated revenue by new 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 2023.

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.

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. The Board cultivates good governance as the cornerstone of the Group's corporate culture, 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 (the “**CG Code**”) contained in Appendix 15 of the GEM Listing Rules effective on 1 April 2012 and 1 January 2022 respectively which set out the principles and the code provisions which the Company is expected to apply and comply.

To comply with all the new and amended code provisions set out in the CG Code contained in Appendix 15 of the GEM Listing Rules, relevant amendments and adoptions has been adopted by the Company during the Year, except for the deviations from code provision B.2.3, B.2.4(a), B.2.4(b), D.1.2 and D.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 2022, in compliance with the CG Code 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 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 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 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 of 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 year ended 30 November 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 annual results 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 year ended 30 November 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 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 2022, the review bases on a framework which assesses the Group's internal control system into payment cycle. In addition, the Group has engaged an external independent consultant to conduct an internal control review on the internal control system during the Year, and the ESG reporting of the Group is presented as information on the annual report. The examination consists of enquiry, discussion and validation through observation and inspection (if necessary). The result of the review has been reported to the Board and areas of improvement, if any, will be identified and appropriate measures will be put in place to manage the risks.

Audit Committee

Pursuant to the GEM Listing Rules, an audit committee was established on 22 January 2001, comprising three independent non-executive directors, namely Messrs. Kwong Sang Liu, Edwin Kim Ho Wong and William Keith Jacobsen. On 28 September 2004, Mr. Kwong Sang Liu was appointed as independent non-executive director and member of audit committee of the Company. On 29 August 2008, Mr. Edwin Kim Ho Wong was appointed as independent non-executive director and member of audit committee of the Company. Mr. William Keith Jacobsen was appointed as independent non-executive director and member of audit committee of the Company on 10 July 2009. Mr. Edwin Kim Ho Wong is the chairman of the audit committee for the year ended 30 November 2022.

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 2022, 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. Draft and final versions of minutes of the meetings should be sent to all committee members for their comment and records, within a reasonable time after the meeting.

The Group's results for the year ended 30 November 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.

Purchase, sale or redemption of the Company's 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 (2021: 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. 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: 21 February 2023

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