abc multiactive

# abc Multiactive Limited

(Incorporated in Bermuda with limited liability)

Stock code:8131

# 2022 ANNUAL REPORT

## 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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# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Joseph Chi Ho HUI
Ms. Clara Hiu Ling LAM
Mr. Ka Wing LAU

### Independent Non-executive Directors

Mr. Kwong Sang LIU
Mr. Edwin Kim Ho WONG
Mr. William Keith JACOBSEN

## COMPANY SECRETARY

Mr. Siu Leong CHEUNG

## COMPLIANCE OFFICER

Mr. Joseph Chi Ho HUI

## AUTHORISED REPRESENTATIVES

Mr. Joseph Chi Ho HUI
Mr. Siu Leong CHEUNG

## AUDIT COMMITTEE

Mr. Kwong Sang LIU
Mr. Edwin Kim Ho WONG
Mr. William Keith JACOBSEN

## REMUNERATION COMMITTEE

Mr. Kwong Sang LIU
Mr. Edwin Kim Ho WONG
Mr. William Keith JACOBSEN

## NOMINATION COMMITTEE

Mr. Joseph Chi Ho HUI
Mr. Kwong Sang LIU
Mr. Edwin Kim Ho WONG
Mr. William Keith JACOBSEN
Mr. Samson Chi Yang HUI

## BERMUDA RESIDENT REPRESENTATIVE

Conyers Corporate Services (Bermuda) Limited

## REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

8th Floor, Hong Kong Trade Centre
161 Des Voeux Road
Central
Hong Kong

## BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor, North Cedar House
41 Cedar Avenue
Hamilton HM 12 Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

## PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Dah Sing Bank Limited

## STOCK CODE

8131

## WEBSITE

http://www.abcmultiactive.com

## AUDITORS

McMillan Woods (Hong Kong) CPA Limited (newly appointed on 24 November 2022)
24th Floor, Siu On Centre
188 Lockhart Road
Wanchai, Hong Kong

# Chairman's Statement

I would like to thank our team for their valuable contributions and support in the year 2022.

2022 was a difficult year for the securities market. In addition to the weak market conditions, the financial services industry suffered further impact from COVID-19 policy decision. As a result, many technology purchase decisions in the financial services industry were delayed due to uncertainty of the future. With some of these inevitable changes behind us now, under the new operating environment, I believe that the financial services industry's need to use technology to further enhance operational efficiencies will ever be more intense.

Despite a challenging year, we achieved some major milestones during 2022. We again demonstrated our leadership position in the RegTech and Fintech technology by winning contracts in a highly competitive industry with new customers for implementing our FinReg & KYC+ solutions.

Stepping into 2023, as the COVID-19 virus epidemic begins to ease, travel between PRC China and Hong Kong is going to quickly return to normal, we look forward to the rapid recovery of Hong Kong's economy. The Group believes that more financial institutions will begin to re-invest in their IT infrastructure in 2023. Therefore, we are cautiously optimistic about the outlook for the coming year. The Group has always committed to providing innovative financial solutions to support our customer's operational needs. Our goal in 2023 is to generate more recurring revenue and expand our product line to new areas in different segments and financial industries. Our R&D division continues to focus on the development and expansion of innovative solutions in Fintech and RegTech technologies with continuous efforts to facilitate and optimize our core solutions. With continuous R&D and technical improvement, the Group is planning to have more new technology solutions launching to the market in 2023.

I would like to thank our board of directors, shareholders, customers, and industry partners for their continued support and our employees for contributing their energy and skills this past year. I look forward to a productive year in 2023.

**Joseph Chi Ho Hui**
*Chairman*

21 February 2023

# Financial Highlights

| Key Financial Figures and Ratios | Note | Year ended 30 November 2022 HK$'000 | Year ended 30 November 2021 HK$'000 | Increase/ (decrease) in % |
|---|---|---|---|---|
| **Performance** | | | | |
| Revenue | | **60,244** | 62,357 | (3)% |
| Gain before interest, taxation and depreciation | | **16,534** | 20,602 | (20)% |
| Profit for the year | | **9,110** | 15,640 | (42)% |
| Profit attributable to owners of the Company | | **9,110** | 15,640 | (42)% |
| Gross profit margin | 1 | **59.2%** | 60.3% | (1.1)% |

| Key Financial Figures and Ratios | Notes | Year ended 30 November 2022 HK$'000 | Year ended 30 November 2021 HK$'000 | Increase/ (decrease) in % |
|---|---|---|---|---|
| Total assets | | **65,023** | 51,613 | 26% |
| Net assets | | **20,957** | 11,847 | 77% |
| Cash and cash equivalents | | **7,674** | 35,520 | (78)% |
| Net cash | 2 | **7,674** | 35,520 | (78)% |
| **Liquidity and Gearing** | | | | |
| Current ratio | 3 | **1.90** | 1.59 | 19% |
| Gearing ratio | 4 | **0.68** | 0.77 | (12)% |

*Notes:*

1. Gross profit margin is calculated by dividing gross profit by revenue and multiplying the resulting value by 100%. Gross profit equals to revenue minus cost of sales.
2. Net cash is cash and cash equivalents less interest-bearing bank borrowings.
3. Current ratio is calculated by dividing current assets by current liabilities.
4. Gearing ratio is a percentage of borrowings and long term debts over total equity.

# Management Discussion and Analysis

## Performance Analysis

The performance analysis of the Group for the Year is set out in the "Financial Highlights" of this annual report.

## 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 expected credit losses 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.

# Management Discussion and Analysis

## 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 overseas mortgage loan consultancy 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.

# Management Discussion and Analysis

***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 contract from existing customers and successfully gained recruitment service contracts from new customers.

# Management Discussion and Analysis

### Capital structure

As at 30 November 2022, the total issued share capital of the Company was approximately HK$59,934,000 (2021: approximately HK$59,934,000) divided into 475,813,216 ordinary shares and 123,529,400 non-voting convertible preference shares (2021: 475,813,216 ordinary shares and 123,529,400 non-voting convertible preference shares) of HK$0.10 each.

### 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 equity securities listed in Hong Kong, cash and other short-term bank deposits are currently permitted.

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

| | The Group | |
|---|---|---|
| | **2022** | 2021 |
| | **HK$'000** | HK$'000 |
| Within 1 year | **235** | 236 |
| Between 1 and 2 years | **11,166** | 8,518 |
| Wholly repayable within 5 years | **11,401** | 8,754 |

As at 30 November 2022, the Group had outstanding of approximately CAD39,000 (approximately HK$235,000) 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 30 November 2022, loans of amount HK$8,000,000, HK$3,000,000 and HK$2,000,000 are loans from Active Investments Capital Limited ("**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 2024. The valuation of the three outstanding promissory notes was performed by an independent valuer. As at 30 November 2022, the aggregate amount of three promissory notes was approximately HK$11,166,000. (Note 28).

On 18 August 2021, Maximizer International Limited ("**MIL**") fully exercised the conversion rights attached to the convertible bond in respect of the principal amount of approximately HK$29,700,000. Pursuant to the conversion price of HK$0.17 per ordinary share, the Company allotted and issued a total number of 174,705,154 ordinary shares to MIL.

The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total assets. As at 30 November 2022, the Group's gearing ratio was 0.68.

# Management Discussion and Analysis

## Pledge of Assets

The Group did not have any mortgage or charge over its assets as at 30 November 2022 (2021: Nil).

## Exposure to Fluctuations 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 30 November 2022 and 2021, the Group did not have any foreign currency investments which have been hedged by currency borrowings and other hedging instruments.

## Possible Risk Exposure

### *Risks which are relevant to the Group and its business*

There are no significant barriers to entry in the markets in which the Group participates. The market for the Group's software solutions is highly competitive, subject to rapid change and can be significantly affected by the introduction of new products and market activities of other industry participants. Competitors may vary in size, scope and breadth of the products and services offered.

The Group's success and ability to compete are dependent to a significant degree on its proprietary technology and on the proprietary technology of others. The Group relies primarily on copyright, trade secret and trademark law to protect its technology as well as its commercial reputation. The inability of the Group to adequately protect such intellectual properties it uses could have material adverse effect on the Group's business, financial condition and operating results.

### *Risks which are relevant to the software industry*

The software industry is characterised by rapid technological change, changes in customer requirements, frequent new service and productions and enhancements, and emerging industry standards. If the Group is unable to develop and introduce new services and products or enhancements of existing services and products in a timely manner in response to changing market conditions or customer requirements, or if new services and products do not achieve market acceptance, the Group's business, financial condition and operating results will be materially adversely affected.

The internet and technology industries are characterised by rapidly changing industry standards, frequent introduction of new products and services and evolving business models. The introduction of any new laws and regulations or changes in any relevant jurisdiction to any existing laws and regulations or their interpretation that make it more restrictive for the Group to operate and/or lead to an escalation of compliance costs could have an adverse impact on the Group. In the event the business structure or operating system cannot be modified to conform to the then applicable law or practice or its interpretation, the Group may be unable to conduct the whole or some part of its business.

# Management Discussion and Analysis

***If the Group fails to attract and retain qualified personnel, its growth could be limited and its costs increased***

The Group's success has been, and will be, dependent to a large degree on its ability to attract and retain qualified senior and middle managers and highly skilled technical personnel. The Group cannot be certain that recently hired personnel or any personnel it hires in the future will successfully integrate into its organisation or ultimately contribute positively to its business. The loss of the services of professional personnel or the inability to identify, hire, train and retain other qualified technical and managerial personnel, growth of recruitment and payroll cost of such qualified technical and managerial personnel in the future could also adversely affect the Group's business.

***The Group may be liable for defects or errors in the software solutions it develops***

Many of the software solutions that the Group develops are critical to the operations of its clients' businesses. Any defects or errors in these solutions could result in delayed or lost client revenues, adverse customer reaction toward the Group, negative publicity, additional expenditures to correct the problems and claims against the Group.

The Group has a policy of seeking to include provisions in its contracts to limit its liability in rendering its services.

However, not all contracts include provisions to such effect, and, even if included, they may be unenforceable. Hence, these contractual provisions may not protect the Group from liability. If held liable for defects or errors in its software solutions, the Group's business, reputation and financial position is likely to be adversely affected.

***The Group's business may be adversely affected by the downturn of Hong Kong's economy or stock market owing to unforeseen circumstances***

Since a substantial part of the Group's revenue is derived from Hong Kong, the Group's business and results of operations are affected by the overall performance of the Hong Kong economy which is influenced by factors including, inter alia, local and international economic and political conditions, general market sentiment, changes in the regulatory environment and fluctuations in interest rates. Unforeseen circumstances such as economic downturn or natural disaster which are beyond the control of the Group may affect its business. Likewise, any prolonged downturn in the stock market may lead to a reduction in stock trading volume in Stock Exchange, initial public offerings and/or other corporate activities, which may adversely affect the volume of the Group's business and profitability. Any such unforeseen circumstances may adversely affect the operations and financial performance of the Group in a material respect.

Further, any adverse change in the economic conditions in Hong Kong will have adverse impact on the Group such as increase in the risk of cancellation or termination of projects by clients and default in payment of services fee. If such events materialise, the Group's performance will be adversely affected.

# Management Discussion and Analysis

## Financial risk

Details of the financial risk of the Group are set out in Note (6) to the consolidated financial statements.

## Treasury policy

Cash and bank deposits of the Group are either in Hong Kong dollars or 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

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).

## Significant Investments

The Group has not held a significant investment for the year ended 30 November 2022 (2021: The acquisition of Leadership Solutions Limited was completed on 31 March 2021).

## Material Acquisitions, Disposal of Subsidiaries and Affiliated Companies

During the Year, the Group did not have an material acquisitions, disposal of subsidiaries and affiliated companies.

In 2021, abc Fintech Recruiters Limited (the "**Purchaser**"), a wholly-owned subsidiary of the Company and the Vendors entered into the Acquisition Agreement (the "**Acquisition**") on 4 January 2021, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire issued shares of Leadership Solutions Limited ("**Leadership**") for a consideration of HK$4,200,000, of which HK$2,600,000 was settled by cash and the remaining balance of HK$1,600,000 (the "**Contingent consideration**") shall be considered as earn-out amount and shall be settled in accordance with the accumulated gross profit achievement within 18 months after the completion of the Acquisition. The acquisition of Leadership was completed on 31 March 2021.

## Major Events

As at 30 November 2022, the Group had no material capital commitments and no future plans for material investments or capital assets. (2021: The acquisition of Leadership was completed on 31 March 2021).

# Management Discussion and Analysis

## 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 30 November 2022, the Group had employed 26 staffs in Hong Kong (2021: 25 staffs in Hong Kong). Total staff costs for the Year under review amounted to approximately HK$9,518,000 (2021: HK$10,345,000).

## 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 represents contributions payable by the Group to the funds and is expensed as incurred. During the Year, the retirement benefit scheme contributions borne by the Group amounted to HK$362,000 (2021: HK$343,000). No forfeited contribution for the Group is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately.

## 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.

# Management Discussion and Analysis

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.

# Biographical Details of Directors and Senior Management

## Executive Directors

**Mr. Joseph Chi Ho HUI**, aged 52, was appointed as an executive director of the Company on 8 November 2000. Mr. Hui was re-designated as a non-executive director of the Company on 14 July 2011 and re-designated as an executive director and the Chairman of the Company. He is also a member of the Internal Controls Committee and the Nomination Committee of the Company. Mr. Hui graduated with a Bachelor Degree in Electrical Engineering from the University of British Columbia, Vancouver, Canada and obtained a Master's of Science Degree in Electrical Engineering from Stanford University, California, U.S.A. Mr. Hui is currently a MNC business solution provider. He was previously a vice president of research and development in Maximizer Software Inc. where he was responsible for directing the vision and development of the Maximizer line of products. He has solid management experience of software development in CRM industry and related business for more than 20 years.

Mr. Hui is the brother of Mr. Samson Chi Yang Hui, the chief executive officer of the Company, and is the brother-in-law of Ms. Clara Hiu Ling Lam, the executive director of the Company.

**Ms. Clara Hiu Ling LAM**, aged 51, was appointed as an executive director of the Company in July 2011. She graduated with a Bachelor's Degree in Economics from the Faculty of Arts of Simon Fraser University, British Columbia in 1994. Ms. Lam is currently the director of One Champion Group Limited, a private company owned by Ms. Lam to provide professional consultancy service for purchasing overseas property. Ms. Lam has solid management experience gained from a well known Hong Kong financial systems services provider and related businesses for more than 16 years.

Ms. Lam is the spouse of Mr. Samson Chi Yang Hui, the chief executive officer of the Company and the sister-in-law of Mr. Joseph Chi Ho Hui, the Chairman and executive director of the Company. Ms. Lam does not hold any position with the Company or its subsidiaries, nor did she hold any other directorships in other listed public companies in the past three years.

**Mr. Ka Wing LAU**, aged 39, was appointed as an executive director on 10 September 2021. Mr. Lau has over 16 years' experience in financial investor relationship, accounting and audit fields. During the working experience in financial investor relationship industry, Mr. Lau obtained extensive networks with professional parties, including but not limited to assets management houses, securities firms and some non-financial corporations. Mr. Lau obtained a Bachelor of Arts (Honours) in Accountancy and a Master of Corporate Governance from The Hong Kong Polytechnic University in 2005 and 2016, respectively. He has been a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") since 2009, a practicing member of the HKICPA since 2015 and a fellow member of the HKICPA since 2017. He has also been an associate of the Hong Kong Institute of Chartered Secretaries and an associate of the Institute of Chartered Secretaries and Administrators since 2017. Mr. Lau has been the sole proprietor of Lau Ka Wing Certified Public Accountant since March 2015, and a practicing director of Unity CPA Limited since August 2019.

# Biographical Details of Directors and Senior Management

Mr. Lau acts as an independent non-executive director of Green Energy Group Limited, a company listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with stock code 979, and of Founder Holdings Limited, a company listed on the Stock Exchange with stock code: 418. Mr. Lau was previously an independent non-executive director of Peking University Resources (Holdings) Company Limited, a company listed on the Stock Exchange with stock code 618.

## Independent Non-executive Directors

**Mr. Kwong Sang LIU**, aged 60, joined the Company in September 2004 as an independent non-executive director for more than 18 years. He is also a member of the Audit Committee, the Internal Control Committee, the Remuneration Committee and the Nomination Committee of the Company. He has been practising as a certified public accountant in Hong Kong with more than 30 years of experience. Mr. Liu graduated from the Hong Kong Polytechnic University with a bachelor degree (Honors) in Accountancy and obtained the Master degree in Business Administration from the University of Lincoln, the United Kingdom. He is a fellow member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Institute of Financial Accountants, the United Kingdom and a fellow member of the Institute of Public Accountants, Australia. Mr. Liu is also a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong, a Certified Tax Adviser and a fellow member of the Society of Registered Financial Planners.

Mr. Liu acts as an independent non-executive director of China National Culture Group Limited, a company listed on the Stock Exchange with stock code 745, and of Graphex Group Limited, a company listed on the Stock Exchange with stock code 6128. Since April 2019, Mr. Liu has been appointed as an independent non-executive director of ATIF Holdings Limited (ticker symbol: ATIF) whose shares are listed on the United States Nasdaq Stock Market. Mr. Liu was previously an Independent Non-executive Director of Pine Care Group Limited, a company listed on the Stock Exchange with stock code 1989, and of Polytec Asset Holdings Limited, a company listed on the Stock Exchange with stock code 208 and was privatized in May 2021.

**Mr. Edwin Kim Ho WONG**, aged 48, joined the Company in August 2008 as an independent non-executive director for 14 years. He is also a member of the Audit Committee, the Internal Control Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Wong graduated in Major of Economics from York University, Toronto. He is currently the founder and the managing director of a regional apparel trading and distributing company. Mr. Wong has solid management experience gained from one of a well known Hong Kong textile company specialized in OEM export textile industry and related business more than 21 years.

# Biographical Details of Directors and Senior Management

**Mr. William Keith JACOBSEN**, aged 56, joined the Company in July 2009 as an Independent Non-executive Director for 13 years. He is also a member of the Audit Committee, the Internal Control Committee, the Remuneration committee and the Nomination committee of the Company. Mr. Jacobsen graduated with a Bachelor of Laws from the University of Hong Kong and holds a Master degree of Business Administration from the University of British Columbia in Canada. Mr. Jacobsen is currently a consultant of the law firm, Messrs. Yang Chan & Jamison. Mr. Jacobsen has more than 26 years of experience in corporate finance and business development for various firms and listed companies in Hong Kong.

Mr. Jacobsen is currently an independent non-executive director of Kingkey Intelligence Culture Holdings Limited, a company listed on the Stock Exchange with stock code 550, and a non-executive director of Cocoon Holdings Limited, a company listed on the Stock Exchange with stock code 428. He was previously an independent non-executive director of Solis Holdings Limited, a company listed on the Stock Exchange with stock code 2227.

### Senior Management

**Mr. Samson Chi Yang HUI**, aged 51, joined the Company in July 2000. Mr. Hui is the chief executive officer of the Company. He is responsible for initiating and leading negotiations for mergers and acquisitions of the Group, as well as managing the Group's regional sales and marketing activities. He has over 26 years' experience in managing real estate, trading, investment and IT businesses. Mr. Hui is the spouse of Ms. Clara Hiu Ling Lam, the executive director of the Company and is also the brother of Mr. Joseph Chi Ho Hui, the chairman and executive director of the Company.

**Mr. Siu Leong CHEUNG**, aged 49, joined the Company in August 2003. Mr. Cheung is the qualified accountant, company secretary and authorised representative for the acceptance of process in Hong Kong. Mr. Cheung is an associated member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is responsible for the day-to-day accounting and related matters of the Company. Mr. Cheung had worked in the auditing, accounting, and financial field for more than 26 years.

# Report of the Directors

The directors are pleased to present their annual report together with the audited consolidated financial statements of abc Multiactive Limited (hereinafter referred to as the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the year ended 30 November 2022 (the "**Year**").

## Principal activities

The principal activity of the Company is investment holding. The activities of its subsidiaries are set out in Note (39) to the consolidated financial statements.

## Business review

A review of the Group's business during the Year and analysis of the Group's performance using financial key performance indicators and prospectus of the Group's business are provided in sections headed "Chairman's Statement" on page 4 and "Management Discussion and Analysis" on pages 6 to 14 of the annual report and the notes to the consolidated financial statements.

## Segment information

An analysis of the Group's performance for the Year by business and geographical segments is set out in Note (8) to the consolidated financial statements.

## Results and appropriation

The results of the Group for the Year and the state of affairs of the Group and the Company on that date are set out on pages 66 to 68 to the consolidated financial statements.

The directors do not recommend payment of any dividend in respect of the Year (2021: Nil).

## Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the Year are set out in Note (19) to the consolidated financial statements.

## Share capital

Details of the movements in the share capital of the Company during the Year are set out in Note (27) to the consolidated financial statements.

## Distributable reserves

As at 30 November 2022, the Company had no distributable reserve calculated under the Companies Act 1981 of Bermuda (as amended) and the Company's bye-laws.

## Reserves

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in the equity.

# Report of the Directors

**Pre-emptive rights**

There are no provisions for pre-emptive rights under the Company's bye-laws and there was no restriction against such rights under the laws of Bermuda.

**Permitted indemnity provision**

Pursuant to the code provision C.1.8 of Corporate Governance Code (the "**CG Code**"), the Company should arrange appropriate insurance to cover potential legal actions against its directors and senior management. To comply with code provision, the Company has arranged for appropriate liability insurance for the directors and senior management for indemnifying their liabilities arising from corporate activities for the year ended 30 November 2022.

**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).

**Directors**

The directors of the Company during the Year and up to the date of this report were:

*Executive Directors*
Mr. Joseph Chi Ho Hui *(Chairman)*
Ms. Clara Hiu Ling Lam
Mr. Ka Wing Lau

*Independent Non-executive Directors*
Mr. Kwong Sang Liu
Mr. Edwin Kim Ho Wong
Mr. William Keith Jacobsen

In accordance with Bye-laws 84 of the Company's bye-laws, Mr. Edwin Kim Ho Wong and Mr. William Keith Jacobsen will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-elections.

In accordance with code provision B.2.3 of the CG Code contained in Appendix 15 of the GEM Listing Rules, Mr. Kwong Sang Liu, Mr. Edwin Kim Ho Wong and Mr. William Keith Jacobsen have served as an independent non-executive director of the Company for more than 9 years. Their further appointments are subject to a separate resolution to be approved by Shareholders at the AGM in each year.

Mr. Kwong Sang Liu, Mr. Edwin Kim Ho Wong and Mr. William Keith Jacobsen are independent non-executive directors and were appointed for a three-year term expiring on 30 June 2024; 28 August 2023 and 9 July 2024 respectively.

# Report of the Directors

## Directors' services contracts

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than the statutory compensation.

## Directors' interests in contracts

The directors' interests in contracts are set out in Note (38) to the consolidated financial statements. Apart from the foregoing, no other contracts of significance in relation to the Group's business to which the Company, its holding companies or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

## Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

## Biographical details of directors and senior management

Details of biographical details of directors and senior management are set out on pages 15 to 17 to the consolidated financial statements.

## Related party transactions

Details of the related party transactions of the Group are set out in Note (38) to the consolidated financial statements.

## Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures

As at 30 November 2022, the interests and short positions of the directors and chief executive 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 executive 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.

# Report of the Directors

### 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 executive 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 executive 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 executive 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 executive 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 executive 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.

# Report of the Directors

### Short positions in debentures

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

Save as disclosed above, as at 30 November 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 30 November 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 *(Note)* | 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 ("**MIL**"), 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 MIL:

1. 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 MIL (the "**Convertible Bond**"). Based 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 attached to the Convertible Bond; and

2. 123,529,400 convertible preference shares were issued by the Company to MIL (the "**Convertible Preference Shares**"). 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.

On 18 August 2021, MIL 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 MIL.

On 30 August 2022, MIL sold to iRregular Consulting Limited, and iRregular Consulting Limited purchased from MIL, all Convertible Preference Shares issued by the Company at the consideration of HK$0.049 per convertible preference share. During the reporting period, there was no redemption or conversion of any of the Convertible Preference Shares issued by the Company.

Save as 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.

# Report of the Directors

## Major customers and suppliers

The percentages of sales for the Year attributable to the Group's major customers are as follows:

| | |
|---|---|
| Sales | |
| – the largest customer | 6.64% |
| – five largest customers combined | 31.62% |

The percentages of purchases for the Year attributable to the Group's major suppliers are as follows:

| | |
|---|---|
| Purchases | |
| – the largest supplier | 63.20% |
| – five largest suppliers combined | 98.50% |

None of the directors, their respective associates and shareholders of the Company (which to the knowledge of the directors own more than 5% of the issued capital of the Company) had any interest in any of five largest customers and suppliers of the Group for the Year.

## Sufficiency of public float

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the directors, the directors confirm that the Company maintained the amount of public float as required under the GEM Listing rules.

## Interest capitalised

The Group has not capitalised any interest during the Year.

## Independence of independent non-executive directors

The Company confirmed that annual confirmations of independence were received from each of the Company's independent non-executive directors pursuant to Rules 5.09 of the GEM Listing Rules and all independent non-executive directors are considered to be independent.

# Report of the Directors

**Auditors**

The consolidated financial statements of the Group for the year ended 30 November 2022 were audited by McMillan Woods (Hong Kong) CPA Limited (newly appointed on 24 November 2022) whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of McMillan Woods (Hong Kong) CPA Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Joseph Chi Ho Hui**
*Executive Director*

Hong Kong, 21 February 2023

# Environmental, Social and Governance Report

## ABOUT THE GROUP

abc Multiactive Limited (hereinafter referred to as the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") are committed towards sustainability and understand the importance of sustainable development of its business and community. This Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**") discloses the Group's policies and practices for its commitment to sustainable development. As a platform for communication with all stakeholders, the ESG Report also makes responses to the major expectations of all stakeholders in effort to facilitate mutual understanding.

The Group is principally engaged in the sales of computer software licenses; computer software license 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.

## ABOUT THIS REPORT

### Reporting Boundary

The ESG Report covers the environmental and social performances of the core business of the Group in Hong Kong. Unless otherwise stated, the ESG Report covers specific ESG policies and performances from 1 December 2021 to 30 November 2022 (the "**Year**") and the reporting period is consistent with the Annual Report.

### Preparation Basis

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the preparation for this ESG Report, the Group has applied the reporting principles stipulated in the ESG Reporting Guide as the following:

- "Materiality" – The materiality assessment detailed under the section headed "Materiality Assessment" has ensured the ESG Report addresses the most material ESG topics of our businesses.

- "Quantitative" – Supplementary notes are added along with quantitative data disclosed in the ESG Report to explain any standards, methodologies, and source of conversion factors used during the calculation of emissions and energy consumption.

- "Consistency" – Whenever deemed material, the ESG Report details the standards, tools, assumptions and/or source of conversion factors used, as well as explanations of any inconsistencies compared to previous reports.

- "Balance" – The ESG Report should provide an unbiased picture of the Group's performance and avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the reader.

# Environmental, Social and Governance Report

### Information and Feedbacks

For the Group's corporate governance practices, please refer to the section "Corporate Governance Report" contained in this Annual Report.

The Group hopes that this ESG Report would inform the stakeholders of the performances of the Group on aspects besides financial results and business operations. The Group welcomes all sorts of comments and suggestions from our stakeholders with respect to this ESG Report or our sustainability performances. Your opinions will be highly valued by the Group. If you have any advice or suggestions, please feel free to contact us by:

Tel: (852) 2598 2888
Fax: (852) 2598 2000
Website: www.abcmultiactive.com

## BOARD STATEMENT OF ESG GOVERNANCE STRUCTURE

The Board of Directors (the "**Board**") is pleased to present the ESG Report of the Group in accordance with the ESG Reporting Guide published by the Stock Exchange, as contained in Appendix 20 to the GEM Listing Rules. The Group has fully embraced social responsibility as our contribution to address the ESG requirements and challenges the society faces. The Group has implemented several material initiatives relating to environmental protection, employment and labour practices, operating practices, and community investment.

We consider ESG commitment as a part of our corporate responsibility and pledge to embed ESG considerations into our decision-making process. To achieve this, we have developed a core governance framework to ensure the alignment of ESG governance with our strategic growth, while advocating ESG integration into our business operations. The structure of our ESG governance is divided into two components, namely the Board and ESG working group.

The Board strongly believes that a sound governance structure is critical to the effective management and implementation of ESG-related issues. The Board holds the ultimate responsibility for overseeing the Group's ESG issues, including ESG management approach, strategy, policies and reporting. To better manage the Group's ESG performance and identify potential risks, the Board conducts regular materiality assessments with the assistance of the ESG working group to evaluate and prioritize material ESG-related issues with reference to the opinions of our stakeholders. By setting ESG-related goals and targets to minimize the environmental impacts from the Group's operation, the Group affirmed its commitment to embedding sustainability into the business operation and fulfilling its corporate responsibility.

The ESG working group, composed of core members from different departments, is established to facilitate the Board's oversight of ESG matters. The ESG working group is responsible for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports. They also assist in coordinating and supervising the day-to-day execution of the ESG strategy.

# Environmental, Social and Governance Report

The ESG working group arranges regular meetings to evaluate the effectiveness of current policies and formulates appropriate solutions to improve the overall performance of ESG policies. During the meetings, the ESG working group discusses the existing and upcoming plans to monitor the Group's strategic goals in terms of sustainable development in order to mitigate potential risks and negative impacts on our business operations. The ESG working group reports to the Board periodically for the formulation of ESG-related strategies.

The Group will closely monitor the changes in regulations and global trends on climate change to avoid cost increments. The Group will evaluate the effectiveness of the existing environmental protection measures, including greenhouse gas emissions (GHG) reduction measures and target setting, to gradually reduce energy consumption and GHG emissions in the future.

## STAKEHOLDER ENGAGEMENT

The Group attaches great importance to multi-channel interaction with the stakeholders. The Group respects employee diversity and develops a competitive compensation system, prospective career path and training program for employees. The Group is committed to making proactive efforts to continuously interact with key stakeholder groups, which comprise the Stock Exchange, government and regulatory bodies, customers, employees, investors, shareholders, service providers and the community.

The Group maintains active engagement with its stakeholders and collects their feedback through various communication channels to understand and address their concerns. The Company established Facebook page "abc Fintech World" and communication between its stakeholders has been strengthened through its Facebook live. The Group will increase the rate of stakeholder engagement via general meetings, corporate websites and constructive dialogue, with a view to driving long-term prosperity.

# Environmental, Social and Governance Report

## MATERIALITY ASSESSMENT

The Group believes that sound ESG performance is important to the Group's sustainable development and community. The Group is committed to protecting and improving the ecological environment and society and minimizing the impact of its activities on the environment. Throughout the materiality assessment exercise, the ESG working group has assisted the Board to review its operations, identify key ESG issues and assess the importance of these issues to its businesses and stakeholders. It is the Group's policy to promote green operations, thereby gradually achieving the coordinated development of the Group, the environment and the society.

Identifying the material ESG issues that matter the most to the Group is a prerequisite for setting the framework for the ESG Report and formulation of ESG management strategies. To identify potential material topics for disclosure in the Report, we took reference to the HKEX ESG Reporting Guide and set possible topics for assessment. All material ESG issues listed below have been disclosed in the ESG Report.

| **Aspects** | **Material ESG Issues** |
|---|---|
| **B. Social Aspect** | |
| B1. Employment | • Remuneration and Benefits<br>• Inclusion and equal opportunities<br>• Talent attraction and retention |
| B2. Health and Safety | • Occupational health and safety<br>• Workplace safety |
| B3. Development and Training | • Development and training management |
| B4. Labour Standards | • Prevention of child and forced labour |
| B6. Product Responsibility | • Project quality control<br>• Protection of intellectual property rights<br>• Protection of customer privacy and data |
| B7. Anti-corruption | • Corporate governance<br>• Anti-corruption |

## ENVIRONMENTAL ASPECTS

The Group's business does not involve any significant consumption of natural resources nor material negative impact on the environment. However, the Group executes practices aiming to enhance the energy efficiency, conserves resources for its operation and raise environmental awareness for our employee. The key environmental impacts caused by the Group's operations are related to energy and paper consumption. To achieve environmental protection, the Group focuses on reducing resource usage throughout all our operations and has always been devoted to reducing energy consumption.

# Environmental, Social and Governance Report

During the Year, the Group was not aware of any material non-compliance with relevant laws and regulations in Hong Kong relating to air and greenhouse gas ("**GHG**") emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes. Such relevant laws and regulations include but not limited to the Air Pollution Control Ordinance (Cap. 311, Laws of Hong Kong) and the Waste Disposal Ordinance (Cap. 354, Laws of Hong Kong).

## Emissions

### *Air and GHG Emissions*

Due to the Group's business nature, no significant exhaust gas emissions, such as nitrogen oxides ($NO_X$), Sulphur oxides ($SO_X$) and are involved during daily operations.

The major source of GHG emissions of the Group is the indirect emission generated by the electricity consumption (Scope 2 emissions) for supporting the office operation. To reduce the carbon footprint at the office, the Group is endeavoring to invest more in energy-efficient equipment and monitor energy usage monthly. Moreover, the Group encourages employees to switch off all computers and office equipment, electrical and air-conditioners at the end of each working day.

As the Group does not own or operate any types of machinery or vehicles that consume fossil fuel, such as petrol and diesel, no significant direct GHG emissions (Scope 1 emissions) are emitted. The Group set a target of maintaining or reducing the total GHG emissions intensity (tonnes $CO_2$-e/employee) in the next 3 years compared to the baseline year 2021. During the Year, the Group achieved the target set and will continue to maintain or reduce GHG emissions.

| **GHG emissions**[1] | **2022** | Unit |
|---|---|---|
| Scope 1 emissions | **–** | tonnes $CO_2$-e |
| Scope 2 emissions | **40.0** | tonnes $CO_2$-e |
| Scope 3 emissions | **1.9** | tonnes $CO_2$-e |
| Total GHG emissions | **41.9** | tonnes $CO_2$-e |
| Intensity (by employee)[2] | **1.68** | tonnes $CO_2$-e/employee |

1 GHG emissions data are presented in terms of carbon dioxide equivalent and are based on, inter alia, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, and the "Sustainability Report 2020" published by the HK Electric Investments Limited.

2 The total number of employees of the Group during the year ended 30 November 2022 was 25. The figure would also be used for calculating other intensity data in the ESG Report.

# Environmental, Social and Governance Report

***Waste Management***

The Group adheres to the waste management principle and strives to effectively manage and dispose waste produced by our business activities. Our waste management practices have complied with relevant laws and regulations relating to environmental protection.

Due to the Group's business nature, the amount of hazardous waste generated is not significant during daily operation. In case there are any hazardous wastes produced, the Group must engage a qualified hazardous waste collector to ensure proper handling in order to comply with the relevant environmental laws and regulations.

The non-hazardous wastes generated by the Group's operations mainly consist of paper. To reduce paper consumption and build a paperless workplace, the Group adopts the following paper conservation policy, including but not limited to:

- adopt double-sided printing if necessary and reuse papers on both sides before recycling;
- send documents and greetings through electronic means, such as by telephone, email, and other communication software;
- recycle documents when they are no longer necessary;
- make use of digital channels for promotion, such as the Group's Facebook page instead of traditional promotional methods.

The Group set a target of maintaining or reducing the total non-hazardous waste intensity (kg/employee) in the next 3 years compared to the baseline year 2021.

| **Type of waste** | **2022** | Unit |
|---|---|---|
| **Non-hazardous waste** | | |
| Office paper | **398.8** | kg |
| Total non-hazardous waste | **398.8** | kg |
| Intensity (by employee) | **15.95** | kg/employee |

# Environmental, Social and Governance Report

## Use of Resources

Energy saving is the Group's priority to continuously reduce greenhouse gas and carbon emissions. The Group has established relevant policies and procedures governing the use of energy and water to achieve higher efficiency and reduce unnecessary use of resources. While the Group will continue to improve energy efficiency in the office, our focus is on the management of the air-conditioning system, computer equipment and its infrastructure.

### *Energy Management*

The Group mainly consumes electricity as the source of energy to support daily operations. The Group aims to minimize the environmental impacts that resulted from our operations by adopting appropriate measures. Energy measures and practices have been developed to show our commitment to improving energy efficiency. Employees are reminded to turn off all lights, air-conditioners and electrical equipment before leaving the office. The temperature of the air conditioners is maintained at 25.5 degrees Celsius for energy saving. As the Group does not own or operate any machinery including vehicles using fossil fuel such as petrol and diesel, no significant direct energy consumption was involved.

In 2021, the Group set a target of maintaining or reducing the total energy consumption intensity in the next 3 years compared to the baseline year 2021. The Group will strive to better keep track of its performance for developing more specific quantitative environmental goals and corresponding measures to keep up with the pace of energy conservation and reduce its energy consumption.

| **Direct and indirect energy consumption** | **2022** | Unit |
|---|---|---|
| Direct energy consumption | **–** | GJ |
| Indirect energy consumption | | |
| – Electricity | **56.3** | MWh |
| Total energy consumption | **56.3** | MWh-e |
| Intensity (by employee) | **2.25** | MWh-e/employee |

### *Water Management*

As the water supply and drainage facilities of our offices are managed by the property management company, the Group was unable to access the water consumption record during the Year. Due to the business nature and operating locations, the Group does not encounter any significant issues in sourcing water that is fit for purpose.

Although the water consumption of the Group is limited to basic cleaning and sanitation in the office, the Group still promotes behavioral changes in the office and has taken regular inspections to prevent water leakage. Pantry and toilets are posted with environmental messages to remind employees of water conservation. Moreover, the Group requires employees to turn off the tap when not in use and report leaking faucets or pipes to the relevant authority in a timely manner. In 2021, the Group set a target of further promoting the employees' awareness of water conservation by implementing the above measures in the coming 3 years.

# Environmental, Social and Governance Report

### *Use of Packaging Materials*

Due to its business nature, the Group does not consume a significant amount of product packaging materials as the Group does not have any industrial productions or manufacturing facilities.

## The Environment and Natural Resources

The Group pursues the best practices in environmental protection and focuses on the impact of its businesses on the environment and natural resources. Due to the Group's business nature, its consumption and impact on natural resources are limited. In addition to complying with the relevant environmental laws and regulations as well as properly preserving the natural environment, the Group has integrated the concept of environmental protection into its internal management and daily operations, with an aim of achieving environmental sustainability.

The Group recognizes the responsibility in minimizing the negative environmental impacts of its operations in achieving sustainable development to generate long-term values for its stakeholders and community. It carries out continuous monitoring on whether the business operations cause any potential impact on the environment and minimizes such impact to the environment through promoting green office. Where applicable, the Group adopts green purchasing strategies to protect natural resources.

## Climate Change

The Group recognises the importance of identification and mitigation of significant climate-related issues, therefore closely monitors the potential impacts of climate change on our business and operations and is committed to managing the potential climate-related risks which may impact the Group's business activities. In accordance with the reporting framework developed by the Task Force on Climate-related Financial Disclosures ("**TCFD**"), there are two major categories of climate-related risks, namely physical and transition risks. The Group has implemented a climate risk management exercise in identifying and mitigating climate-related risks.

### *Physical Risks*

The increased frequency and severity of extreme weather events, such as typhoons, storms, heavy rains and extreme cold or heat, bring acute and chronic physical risks to the Group's business. The Group's productivity will be affected under extreme weather events as the safety of our employees may be threatened during commuting. The power grid or communication infrastructures might be damaged, which exposes the Group to risks associated with non-performance and delayed performance, leading to direct negative impacts on the Group's revenue.

To minimize the potential risks and hazards, the Group has established mitigation plans, including flexible working arrangements and precautionary measures during bad or extreme weather conditions. The Group will review the existing emergency plan to further lower the vulnerability of our installations to extreme weather events in order to enhance business stability.

### *Transition Risks*

To achieve the global vision on carbon neutrality, the Group expects the evolution of the regulatory, technological and market landscape caused by climate change, including the tightening of national policies and listing rules and the emergence of environmentally related taxes. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits, which might incur additional compliance costs and affect the revenue or reputation of the Group.

# Environmental, Social and Governance Report

In response to the policy and legal risks as well as the reputation risks, the Group constantly monitors the changes in laws or regulations and global trends on climate change to avoid cost increments, non-compliance fines or reputational risks due to delayed response. In addition, the Group has been taking comprehensive environmental protection measures, including GHG reduction measures and target setting, to gradually reduce the Group's energy consumption and GHG emissions in the future.

## SOCIAL ASPECTS

### Employment and Labour Practices

The Group promotes the corporate culture of "people-oriented and genuine" as talents are the most important assets. The Group is committed to creating a healthy and safe working environment for each employee and providing training and development for them. The Group continuously treats all employees equally in respect of recruitment, training and development, promotion and welfare. All discrimination on gender, ethnic background, religion and colour are prohibited. The Group strongly believes that workforce diversity benefits the development of the Group and strives to create a diverse and intricately connected workforce as combining diverse cultures can bring us more ideas and innovations.

***Employment***

Employees are the most valuable asset of the Group. The Group strives to provide a pleasant and healthy workplace for our employees. The Group cares for our employees and recognizes that having good staff relations and a motivated workplace play a vital role in the Group's efficient operation. The Group has an Employee Handbook that ensures each staff understand the policy of the Group. Our Employee Handbook highlights general information about the Group and policies relating to staff employment. The contents of our Employee Handbook are subject to periodic review and changes will be notified by internal memorandum.

During the Year, the Group was not aware of any material non-compliance with employment-related laws and regulations in Hong Kong that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to, the Employment Ordinance (Cap. 57, Laws of Hong Kong) and the Minimum Wage Ordinance (Cap. 608, Laws of Hong Kong).

# Environmental, Social and Governance Report

*Workforce Diversity*

As of 30 November 2022, the Group had employed a total of 25 staff in Hong Kong. The distribution of the total workforce by gender, age group, employment type and geographical region is as follows:

| **Workforce Distribution** | **2022** |
|---|---|
| Total number of employees | **25** |
| **Gender** | |
| Male | **17** |
| Female | **8** |
| **Age group** | |
| 25 years old or below | **3** |
| 26-35 years old | **7** |
| 36-45 years old | **5** |
| 46-55 years old | **9** |
| Above 55 years old | **1** |
| **Geographical region** | |
| Hong Kong | **25** |
| **Employment type** | |
| Full-time | **25** |
| Part-time | **0** |

*Recruitment, Promotion and Dismissal*

Employees' qualifications, professional skills and experiences exert a significant influence on the quality of services. In line with the need for business development and the principles of fairness and justice, the Group selects the best and suitable qualified candidates through open recruitment or internal promotion. The Group applies robust and transparent recruitment processes based on merit selection against the job criteria. The Group selects individuals based on their suitability for the position and their potential to fulfil the Group's current and future needs.

Recognizing the value in the skill and experience of our staff, the Group intends to adopt a policy that it will consider internal promotions first before hiring any outside staff. It is the Group's policy to select the most suitable candidate for appointment to a higher rank based on merit, rather than on the seniority of the candidates. Staff salary payment and promotion will be measured against their progressive performance level, contribution, and achievement against the objectives set by the Group. The annual performance evaluation will be conducted annually. During the performance appraisal, the staff and management team will meet and talk about the expectations of their jobs so that a mutual understanding of staff responsibilities and performance objectives for the year can be reached.

# Environmental, Social and Governance Report

Any termination of the employment contract should be based on reasonable and lawful grounds and internal policies, such as the Employee Handbook. The Group strictly prohibits any kind of unfair or illegitimate dismissals. For those who have unsatisfactory working performance or repeatedly made mistakes, the Group would give a verbal warning before issuing a warning letter. For those who show no improvement, the Group would consider dismissing the employees according to the relevant laws in Hong Kong.

During the Year, the Group recorded a turnover rate of 48%. The table below shows the employee turnover rate by gender, age group, employment category and geographical region:

| **Turnover rate** | **2022** |
|---|---|
| **Gender** | |
| Male | **29%** |
| Female | **88%** |
| **Age group** | |
| 25 years old or below | **0%** |
| 26-35 years old | **86%** |
| 36-45 years old | **100%** |
| 46-55 years old | **11%** |
| Above 55 years old | **0%** |
| **Employment category** | |
| Management | **0%** |
| Senior level | **50%** |
| Middle level | **55%** |
| Junior level | **57%** |
| **Geographical region** | |
| Hong Kong | **48%** |

*Remuneration and Benefits*

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 ("**MPF**"), staff benefits include a basic five-day working week, flexible leave arrangement, medical coverage scheme, festival gift and annual party. The Group offers a minimum of 7 days of annual leave and additional leaves, including compensation leave, maternity leave, compassionate leave, and exam leave, to staff. The Group also holds social gathering activities and encourages employees' voluntary participation aiming at providing opportunities for employees to be connected with each other and creating a harmonious working environment. It is mutually beneficial to both the Group and employees as it provides employees with a sense of belonging and a positive work relationship helps foster better collaboration and work performance.

# Environmental, Social and Governance Report

By offering competitive remuneration packages and welfare to staff, the Group is able to retain high-calibre talents. During the Year, one-third of staff has been working with the Group for more than 5 years and some even have worked for up to 10 years. It indicates the Group's ability to foster staff loyalty of the Group, while job productivity and staff performance are kept at satisfactory levels.

*Equal Opportunity and Diversity*

To offer equal opportunities to its employees to attract and retain talent, the Group is committed to being an equal opportunity employer and does not discriminate based on personal characteristics, gender or age. Regardless of race, sex, colour, age, family background, ethnic tradition, religion, physical fitness and nationality, the Group provides its employees with equal opportunities in terms of recruitment, training and development, compensation, welfare and benefits, as well as promotion to enhance their personal and career development. The Group establishes and implements policies that promote a harmonious and respectful workplace. With the aim of ensuring fair and equal protection for all employees, the Group has zero tolerance for sexual harassment or abuse in the workplace.

*Work-life Balance*

The Group values the importance of maintaining a healthy lifestyle and the work-life balance of its employees. The Group actively engages its employees through different work-life balancing social activities. Besides, the Group regulates working hours and provides overtime work compensation for those employees working in field operations.

***Health and Safety***

The Group places the health and life safety of its employees in close attention focus. The Group provides its employee with flexible rest leave arrangements, and medical and hospital schemes. It also recognises that a good working environment for its employees with safe and comfortable working conditions is particularly important. The Group has set work arrangements for typhoons and rainstorm warnings. In the past years under review, there were zero staff fatalities or serious work-related injuries from the Group's operation. The Group shows genuine care for its employees. As to mitigate the impact of COVID-19, the Group has taken a quick response and precautionary measures to protect the health of employees, including:

- Disinfection supplies, such as face masks and alcohol-based hand sanitizers were constantly provided for all employees and placed in workplace areas;
- Regular quick tests are conducted to ensure the health condition of the employees;
- Non-contact thermometers were placed at the entrance of the office for measuring the body temperature;
- Sanitation and space disinfection were frequently carried out to maintain the hygiene of the workplace; and
- The Group has also implemented flexible working hours, split team operations and work-from-home arrangements.

# Environmental, Social and Governance Report

During the Year, the Group was not aware of any material non-compliance with the health and safety-related laws and regulations in Hong Kong that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to, the Occupational Safety and Health Ordinance (Cap. 501, Laws of Hong Kong) and the Employees' Compensation Ordinance (Cap. 282, Laws of Hong Kong). During the Year, there were no reported cases of work-related injuries, thus zero lost days due to work injury. The Group has achieved zero work-related fatalities in the past three years.

*Workplace Safety*

First aid kits are located in easily visible areas in the pantry and it has been clearly marked "FIRST AID". The items in the first aid kits are maintained in a serviceable condition at all times as required by Occupational Safety and Health Branch. A notice specifying the name of the staff responsible for the first aid box is affixed to it. The Group has carried out visual inspections of fire extinguishers to comply with legislation every year. The Group has also appointed a registered company which is qualified and experienced to conduct service and maintenance of fire extinguishing equipment once a year to make sure the fire extinguishers in the office are functional when necessary.

***Development and Training***

The Group believes that the quality of its employees is the most crucial factor in sustaining the Group's growth and improving its profitability. Training provides employees with opportunities to learn for the Group and its employees. The Group gets better-skilled staff who are more versatile and flexible in their assignments, and employees get the opportunity to learn new skills, gain new ways of viewing the world, and network with others.

In order to fully develop the staff's competence and potential, the Group has arranged staff training and investing in the future of the organization. Staff participated in training to learn skills, stay up to date with industry changes, and establish relationships with other colleagues, which makes them more productive. Furthermore, the Group believes that occupational training provides staff with an opportunity to build a foundation for organizational direction, establish expectations and deliver cutting-edge practices. Apart from the training courses or seminars sponsored by the Group, all employees can apply for training courses and examination leave that are recommended by their management, which in their view, is beneficial both to the Group's corporate direction and to the employees' career development. The Group will conduct various work-related sharing sessions and relevant information technology knowledge training irregularly for staff.

During the Year, the percentage of employees trained was 16% (by gender – male: 100%, female: 0%; by employment category – management: 50%, senior level: 0%, middle level: 0% and junior level: 50%), while the average training hours completed per employee was 1.76 hours (by gender – male: 2.59 hours, female: 0 hours; by employment category – management: 13.33 hours, senior level: 0 hour, middle level: 0 hour and junior level: 0.57 hour).

***Labour Standards***

The Group has complied with relevant labour laws and government regulations set out by the Hong Kong Government. The employment of person below 18 years of age is strictly prohibited. No employee is paid less than the minimum wage specified by government regulations. Monthly salary payments are made on time according to the Employee Handbook and MPF is paid for a contribution period before the monthly contribution day.

During the Year, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations in Hong Kong that would have a significant impact on the Group. The relevant laws and regulations include but are not limited to the Employment of Children Regulations (Cap. 57B, Laws of Hong Kong) and the Employment Ordinance.

## OPERATING PRACTICES AND SOCIAL INVESTMENT

### Supply Chain Management

The Group recognizes the importance of sound supply chain management practices in mitigating environmental and social risks, and therefore, formulated policies and guidelines for various aspects of its customer service, including standardized operating procedures and staff training.

The Group prioritizes the quality of suppliers and service providers to sustain top-notch standards of our service offerings and strives to collaborate and maintain a stable partnership with suppliers who possess qualifications or expertise in their respective fields. The Group will obtain at least three quotations from different suppliers and evaluate quotations in various aspects, such as the competitiveness in pricing, quality of goods or services, company background and reputation, to ensure the Group's procurement requirements are achieved. The final purchasing decision is approved by the senior management. The practices are being implemented on all the Group's significant suppliers. A periodic review of the suppliers' performance is conducted to ensure that their services are performed in excellent quality consistently.

***Green Procurement***

The Group pays attention to the environmental awareness of its suppliers and promotes sound environmental performance and governance practices amongst its business partners and suppliers. The Group encourages its business partners and suppliers to consider the risks posed to their operations from climate change and to actively mitigate their environmental impacts during supplier conferences. Besides, close monitoring of the suppliers' business practices through onsite inspections is performed. Any observations of non-compliance during the site visit will be reported immediately to the management. A corrective action plan will be carried out to remediate the identified risks in a timely manner.

In view of green supply chain management, the Group prefers local suppliers whenever possible to reduce carbon emissions from transportation and to support the local economy. During the Year, the Group worked with 20 suppliers, all of which were located in Hong Kong.

# Environmental, Social and Governance Report

## Product Responsibility

As a company engaged in IT-related services, the Group emphasizes the protection of its products. The Group has developed an internal control system for source code protection. Source code updates and backups are being monitored on a timely basis to maintain the most updated versions of source code by the authorized product owner of the Group. Source codes were identified and classified based on the customer served. To protect the confidentiality of customers' business information, all source code is encrypted before being sent to customers. Besides, the backing up of data is done from time to time to protect the Group's most valuable assets from any event of system crashes and errors.

During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations in Hong Kong that have a significant impact on the Group, concerning product health and safety, advertising, labelling and privacy matters relating to products and services provided. The relevant laws and regulations include, but are not limited to, the Supply of Services (Implied Terms) Ordinance (Cap. 457, Laws of Hong Kong) and the Personal Data (Privacy) Ordinance (Cap. 486, Laws of Hong Kong) and Trade Descriptions Ordinance (Cap. 362, Laws of Hong Kong).

### *Customer Services and Data Protection*

All employees of the Group are committed to protecting the personal information of customers in strict compliance with the Personal Data (Privacy) Ordinance. The personal information of customers should be used in the proper context only for authorized business purposes. It benefits both the Group and customers and emphasizes the importance and ethical concern of safeguarding source code. During the Year, the Group did not recall any products for health and safety reasons nor receive any products-and service-related complaints.

### *Protection of Intellectual Property Rights*

The Group attaches importance to protecting intellectual property rights and has developed policies in accordance with all applicable legal requirements to prohibit intellectual property infringement. The Group has registered trademarks including "abc Multiactive", "OCTOSTP" and "FinReg Innovative Tool" etc. The Group has not encountered any material breaches of relevant laws and regulations relating to privacy and intellectual property rights in the Year.

### *Advertising and Labelling*

While dealing with its clients, the information provided shall be complete, true, accurate, clear, and comply with all relevant laws and regulations regarding proper advertising, including but not limited to the Trade Descriptions Ordinance (Cap. 362, Laws of Hong Kong). In the event there is misleading information in the Group's advertising or marketing activities, explanations and necessary compensation to our clients will be made and the advertisements will be modified or withdrawn.

# Environmental, Social and Governance Report

## Anti-Corruption

The Group aims to maintain a high standard of business ethics. Certain policies and practices have been implemented for the Group to prohibit bribery and corrupt practices. Since 2000, the Group has set out a policy regulating the acceptance of advantages. The policy sets the guideline for the selection and procurement of suppliers and contractors to avoid any misuse of authority or engagement in situations which could affect or appear to affect employee ability to make free and independent decisions regarding the purchase and procurement of goods and services. The policy and practices affect their objectivity in conducting the Group's business or induce them to act against the interest of the Group, or lead to allegations of impropriety. Any advantage given in the conduct of the Group's business should be in accordance with the Group's prevailing policies on such matters and prior written approval of the Group should be obtained.

During the Year, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to the Prevention of Bribery Ordinance (Cap. 201, Laws of Hong Kong). During the Year, there were no legal cases regarding corrupt practices brought against the Group or its employees.

### *Anti-corruption Training*

As part of an ongoing process of directors' training, the directors are updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance by all directors. All directors are encouraged to attend external forums or training courses on relevant topics which may count towards continuous professional development training. During the Year, despite that there was limited training provided to the employees due to the COVID-19 pandemic, all directors participated in appropriate continuous professional development activities by attending training courses on topics related to corporate governance and regulations or by reading materials relevant to the Company's business or their duties and responsibilities. The Group will provide training to our directors and employees on anti-corruption practices in the ensuing fiscal years.

### *Whistle-blowing Mechanism*

The Group believe in an open-door policy with regard to problem-solving; whenever staff has a good-faith problem or complaint, the Group expects staff to speak up and communicate with their manager, senior management or director. The Group encourages staff to take the above action immediately after any event causes his/her concern. Furthermore, the Group also encourages staff to contribute their suggestions or opinions to improve the quality of work at the Group.

## Community Investment

As part of the Group's strategic development, the Group is committed to supporting social participation and contribution, and to nurturing the corporate culture and practices of the corporate citizen in its daily operation. The Group encourages our staff to participate in volunteering events, which could provide an opportunity for them to connect outside the workplace while contributing to the local communities. The Group supports non-profit-making organizations through donations and sponsorships to fulfil the charitable, cultural, educational and other needs of society.

# Environmental, Social and Governance Report

## SUMMARY OF KEY PERFORMANCE INDICATORS

| Environmental Aspects | | 2022 | Unit |
|---|---|---|---|
| **Aspect A1: Emissions** | | | |
| **A1.2** | **Greenhouse gas emissions in total and intensity** | | |
| | Scope 1 emissions | **–** | tonnes $CO_2$-e |
| | Scope 2 emissions | **40.0** | tonnes $CO_2$-e |
| | Scope 3 emissions | **1.9** | tonnes $CO_2$-e |
| | Total greenhouse gas emissions | **41.9** | tonnes $CO_2$-e |
| | Intensity (by employee) | **1.68** | tonnes $CO_2$-e/ employee |
| **A1.4** | **Non-hazardous waste** | | |
| | Total non-hazardous waste produced | **398.8** | kg |
| | Intensity (by employee) | **15.95** | kg/employee |
| **Aspect A2: Use of Resources** | | | |
| **A2.1** | **Direct and/or indirect energy consumption by type** | | |
| | Direct energy consumption | **–** | GJ |
| | Indirect energy consumption | **56.3** | MWh |
| | Total energy consumption | **56.3** | MWh-e |
| | Intensity (by employee) | **2.25** | MWh-e/employee |

# Environmental, Social and Governance Report

| Social Aspects[3] | | 2022 | Unit |
|---|---|---|---|
| **Aspect B1: Employment** | | | |
| **B1.1 Total workforce** | | | |
| Total number of employees | | **25** | employee |
| By gender | Male | **17** | employee |
| | Female | **8** | employee |
| By employment type | Full-time | **25** | employee |
| | Part-time | **0** | employee |
| By age group | 25 years old or below | **3** | employee |
| | 26-35 years old | **7** | employee |
| | 36-45 years old | **5** | employee |
| | 46-55 years old | **9** | employee |
| | Above 55 years old | **1** | employee |
| By employee category | Management | **3** | employee |
| | Senior level | **4** | employee |
| | Middle level | **11** | employee |
| | Junior level | **7** | employee |
| By function | Executive | **3** | employee |
| | Technical | **3** | employee |
| | Administrative | **7** | employee |
| | Production | **12** | employee |
| By geographical region | Hong Kong | **25** | employee |
| **B1.2 Employee turnover rate** | | | |
| Total employee turnover rate | | **48%** | % |
| By gender | Male | **29%** | % |
| | Female | **88%** | % |
| By employment type | Full-time | **48%** | % |
| | Part-time | **0%** | % |
| By age group | 25 years old or below | **0%** | % |
| | 26-35 years old | **86%** | % |
| | 36-45 years old | **100%** | % |
| | 46-55 years old | **11%** | % |
| | Over 55 years old | **0%** | % |
| By employee category | Management | **0%** | % |
| | Senior level | **50%** | % |
| | Middle level | **55%** | % |
| | Junior level | **57%** | % |
| By geographical region | Hong Kong | **48%** | % |

3 Social data are presented in terms of carbon dioxide equivalent and are based on "How to prepare an ESG report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

# Environmental, Social and Governance Report

| Social Aspects | | | 2022 | Unit |
|---|---|---|---|---|
| **Aspect B2: Health and Safety** | | | | |
| **B2.1** | Number of work-related fatalities | | **0** | no. |
| | Rate of work-related fatalities | | **0%** | % |
| **B2.2** | Lost days due to work injury | | **0** | day |
| **Aspect B3: Development and Training** | | | | |
| **B3.1** | **Percentage of trained employees** | | | |
| | Percentage of total employees trained | | **16%** | % |
| | By gender | Male | **100%** | % |
| | | Female | **0%** | % |
| | By employee category | Managerial | **50%** | % |
| | | Senior | **0%** | % |
| | | Middle | **0%** | % |
| | | Junior | **50%** | % |
| | By function | Executive | **50%** | % |
| | | Technical | **25%** | % |
| | | Administrative | **0%** | % |
| | | Production | **25%** | % |
| **B3.2** | **Average training hours completed** | | | |
| | Average training hours per employee | | **1.76** | hour/employee |
| | By gender | Male | **2.59** | hour/employee |
| | | Female | **0** | hour/employee |
| | By employee category | Managerial | **13.33** | hour/employee |
| | | Senior | **0** | hour/employee |
| | | Middle | **0** | hour/employee |
| | | Junior | **0.57** | hour/employee |
| | By function | Executive | **13.33** | hour/employee |
| | | Technical | **0.67** | hour/employee |
| | | Administrative | **0** | hour/employee |
| | | Production | **0.17** | hour/employee |

# Environmental, Social and Governance Report

| Social Aspects | | | 2022 | Unit |
|---|---|---|---|---|
| **Aspect B5: Supply Chain Management** | | | | |
| **B5.1** | **Number of suppliers by geographical region** | | | |
| | Total number of suppliers | | **20** | supplier |
| | By geographical region | Hong Kong | **20** | supplier |
| **Aspect B6: Product Responsibility** | | | | |
| **B6.1** | Percentage of total products sold or shipped subject to recalls | | **0%** | % |
| **B6.2** | Number of products and service-related complaints received | | **0** | no. |
| **Aspect B7: Anti-corruption** | | | | |
| **B7.1** | Number of concluded legal cases regarding corruption | | **0** | case |

# Corporate Governance Report

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).

# Corporate Governance Report

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 pages 6 to 14 of this annual report.

## 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.

# Corporate Governance Report

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. 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.

## THE BOARD

The Board cultivates good governance as the cornerstone of the Group's corporate culture. The Board is responsible for the leadership and control of the Company and is accountable to shareholders for the strategic development of the Group with a targeted goal in respect of maximising long-term shareholder value, while balancing interests among various stakeholders including staff, customers and other business partners. The Board formulates the overall strategic direction, while the management is delegated with the power to implement policies and strategies as set out by the Board.

During the year ended 30 November 2022, the Board comprised three executive directors and three independent non-executive directors. The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers that all the independent non-executive directors to be independent.

The Board delegates the following responsibilities to the audit committee, nomination committee and remuneration committee, for overseeing all aspects of the Company's affairs. The Board preserves the right to finally approve key matters and strategic decisions:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual applicable to employees; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board is provided with the Group quarterly management reports which contain year-to-date financials with summaries of key events and outlook of the Group. The management report gives a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

# Corporate Governance Report

The Board schedules four regular meetings a year at approximately quarterly intervals. In addition, special Board meetings are held as necessary. During the reporting year 2022, the Board held four meetings. Details of the attendance of individual directors are as follows:

| | | Attendance |
|---|---|---|
| **(a)** | **Executive Directors** | |
| | Mr. Joseph Chi Ho HUI | 4/4 |
| | Ms. Clara Hiu Ling LAM | 3/4 |
| | Mr. Ka Wing LAU | 4/4 |
| **(b)** | **Independent Non-executive Directors** | |
| | Mr. Kwong Sang LIU | 4/4 |
| | Mr. Edwin Kim Ho WONG | 4/4 |
| | Mr. William Keith JACOBSEN | 3/4 |

Ms. Clara Hiu Ling Lam, the executive director of the Company, is the spouse of Mr. Samson Chi Yang Hui, the chief executive officer of the Company and the sister-in-law of Mr. Joseph Chi Ho Hui, the executive director of the Company. Save as disclosed above, there is no family or other material relationship among members of the Board.

Biographies, including relationships among members of the Board are shown on pages 15 to 17 under the section on "Biographical Details of Directors and Senior Management".

Pursuant to the code provision C.1.8 of the CG Code, the Company should arrange appropriate insurance to cover potential legal actions against its directors. To comply with code provision, the Company is arranged for appropriate liability insurance for the directors for indemnifying their liabilities arising from corporate activities for the year ended 30 November 2022.

## BOARD DIVERSITY POLICY

Pursuant to the code provision B.1.3 of the CG Code became effective on 1 January 2022, the nomination committee (or the Board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the CG report.

To comply with the new code provision B.1.3, the nomination committee adopted a board diversity policy in committee meeting in 2014. During the reporting year 2022, nomination committee held a meeting for the purpose of reviewing the board diversity policy of the Company and the progress of attainment when appropriate to ensure its effectiveness and discussed any revisions that may be required to be considered and make disclosure of its review results of the Company's corporate governance report. A summary of this policy, together with the measureable objectives set for implementing the policy, and the progress made towards achieving those objectives are disclosed as below.

# Corporate Governance Report

## Summary of the Board Diversity Policy

The Company recognised and embraced the benefits of having a diverse Board to the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a numbers of measurable aspects including gender, age, length of services, knowledge and professional industry background. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

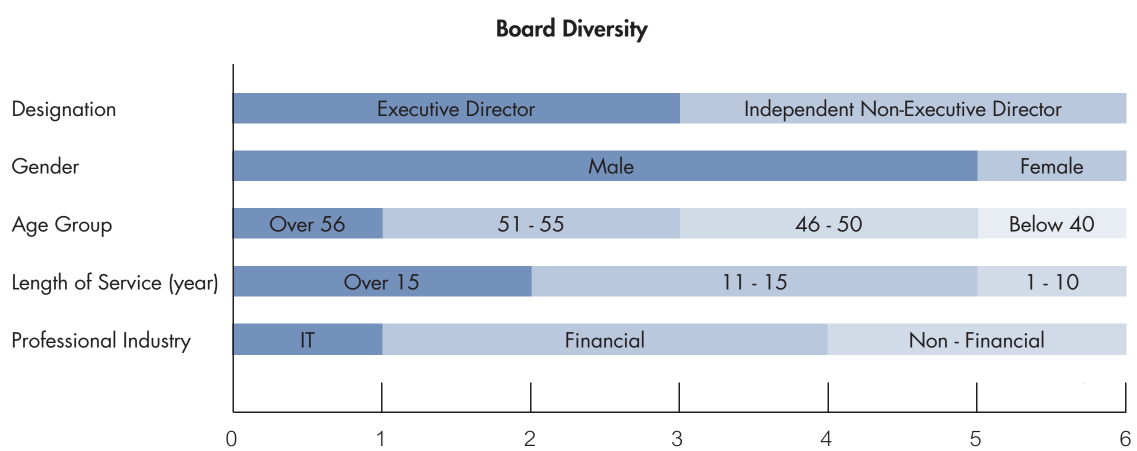
## Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and education background, professional experience, skill, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

## Implementation and Monitoring

The nomination committee reviewed the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

As at the date of this report, the Board's composition under major diversified perspectives was summarised as follows:



# Corporate Governance Report

## ROLES OF DIRECTORS

The Board assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Group. The principle roles of the Board are:

- to lay down the Group's objectives, strategies and policies;
- to monitor operating and financial performance; and
- to set appropriate policies to manage risks in pursuit of the Group's strategic objectives.

The Board has delegated the day-to-day operation responsibility to the management under the supervision of the chief executive officer and various Board committees.

Every newly appointed director, if any, is ensured to have a proper understanding on the operations and business of the Group and fully aware of his responsibilities under the relevant applicable legal and regulatory requirements. The senior management and the company secretary will conduct such briefing as is necessary to update the Board with legal and regulatory developments, business and market changes and the strategic development of the Group to facilitate the performance of their duties.

## BOARD PROCESS

Proposed regular board meeting dates for a year are informed to each director at the beginning of the year. Formal notice of at least 14 days will be given in respect of a regular meeting. For special board meeting, reasonable notice will be given. Directors participated, either in person or through other electronic means of communication in the Board meetings.

The Board of directors meets regularly at least four times every year. The directors participated in person or through electronic means of communication. All notices of board meetings were given to all directors, who were given an opportunity to include matters in the agenda for discussion. The finalised agenda and accompanying board papers were sent to all directors at least 3 days prior to the meeting.

During regular meetings of the Board, the directors discuss the overall strategy as well as the operation and financial performance of the Group. The Board has reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, approval of major capital transactions and other significant operational and financial matters. All directors are kept informed on a timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations. Directors can also seek independent professional advice in performing their duties at the Company's expense, if necessary. The company secretary records the proceedings of each board meeting in detail by keeping detailed minutes, including all decisions by the Board together with concerns raised and dissenting views expressed (if any). All minutes are open for inspection at any reasonable time on request by any director.

# Corporate Governance Report

## SUPPLY OF AND ACCESS TO INFORMATION

In respect of regular board meetings, an agenda of the meeting and the accompanying board papers are sent in full to all directors at least 3 days before the intended date of a meeting. Board papers are circulated to the directors to ensure that they have adequate information before the meeting for any ad hoc projects.

The management has obligation to supply the Board and the committees with adequate information in a timely manner to enable it to make informed decisions. The information supplied must be complete and reliable. To fulfil their duties properly, directors may not, in all circumstances, be able to rely purely on information provided voluntarily by management and they may need to make further enquiries. Where any director requires more information than is volunteered by management, each director has separate and independent access to the Company's senior management for inquiry or additional information.

All directors are entitled to have access to board papers and related materials. These papers and related materials should be in a form and quality sufficient to enable the board to make informed decisions on matters placed before it. Queries raised by directors should receive a prompt and full response, if possible.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The posts of chairman and chief executive officer ("**CEO**") are held separately by Mr. Joseph Chi Ho Hui and Mr. Samson Chi Yang Hui respectively. This segregation ensures a clear distinction between the chairman's responsibility to manage the Board and the CEO's responsibility, with support by the senior management, to manage the Company's business, including the implementation of major strategies and initiatives adopted by the Board. The responsibilities of the chairman is to ensure the Board works effectively and performs its responsibilities, and all key and appropriate issues are discussed by the Board, draw up and approve the agenda for each board meeting and take into account, any matters proposed by the other directors for inclusion in the agenda.

## DELEGATION BY THE BOARD

The Board is primarily responsible for overall strategy and direction for the Group and overseeing the Group's businesses and providing leadership in strategic issues. The management is delegated to manage the day-to-day businesses of the Group.

When the Board delegates aspect of its management and administration functions to management, clear directions would be given as to the power of management, in particular, the circumstances where management should report back to the Board before making decisions or entering into any commitments on behalf of the Group.

Principal functions that are specifically delegated by the Board to the management include (i) implementation of corporation strategy and policy initiatives; (ii) provision of management reports to the Board in respect of Group's performance, financial position and prospects; and (iii) day-to-day management of the Group.

# Corporate Governance Report

## BOARD COMMITTEE

The Board established certain Board committees with sufficiently clear terms of reference to enable them to perform their function properly and require the committees to report back on their decisions or recommendations unless there are legal or regulatory restrictions on their ability to do so.

## NOMINATION COMMITTEE

The Company established a nomination committee on 9 March 2012. During the reporting year 2022, the nomination committee comprises a total of five members, namely Mr. Kwong Sang Liu, Mr. Edwin Kim Ho Wong and Mr. William Keith Jacobsen, all are independent non-executive directors, and Mr. Joseph Chi Ho Hui, the executive director and Mr. Samson Chi Yang Hui, the CEO of the Company. Mr. Joseph Chi Ho Hui is the chairman of the nomination committee.

The responsibilities and authorities of the nomination committee are mainly to review the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board on the selection of individuals nominated for directorships; identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; assess the independence of independent of non-executive directors; and make recommendations to the Board on the appointment or re-appointment of directors; and succession planning for directors and review the board diversity policy of the Company.

The nomination committee shall be provided with sufficient resources to perform its duties and shall have access to independent professional advice if necessary, at the Company's expense. All members of the nomination committee shall have access to the advice and services of the company secretary, and separate and independent access to the Company's senior management for obtaining necessary information.

During the reporting year 2022, one meeting of nomination committee was held with attendance of individual member as follows:

| | **Attendance** |
|---|---|
| Mr. Joseph Chi Ho HUI | 1/1 |
| Mr. Kwong Sang LIU | 1/1 |
| Mr. Edwin Kim Ho WONG | 1/1 |
| Mr. William Keith JACOBSEN | 1/1 |
| Mr. Samson Chi Yang HUI | 1/1 |

# Corporate Governance Report

## NOMINATION OF DIRECTORS

The nomination committee is responsible for the formulation of nomination policies, making recommendations to Shareholders on directors standing for re-election, providing sufficient biographical details of directors to enable Shareholders to make an informed decision on the re-election, and where necessary, nominating appropriate persons to fill causal vacancies or as additions to the Board. The nomination committee from time to time reviews the composition of the Board with particular regard to ensuring that there is an appropriate number of directors on the Board independent of management. He also identifies and nominates qualified individuals for appointment as new directors of the Company.

New directors of the Company will be appointed by the Board. The nomination committee will take into consideration criteria such as expertise, experience, integrity and commitment when considering new director appointments, and the directors should show their ability to devote adequate time to discharge duties as a member of the Board.

## APPOINTMENTS, RE-ELECTION AND REMOVAL

All independent non-executive directors are appointed for a specific term of not more than 3 years. All directors, including the chairman are required to retire from office by rotation and are subject to re-election by Shareholders at annual general meeting at least once every 3 years.

Under the Company's Bye-laws, one-third of the directors, must retire and be eligible for re-election at each annual general meeting. As such, no director has a term of appointment longer than 3 years.

## DIRECTORS' TRAINING

As part of an ongoing process of directors' training, the directors are updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance of the same by all directors. All directors are encouraged to attend external forum or training courses on relevant topics which may count towards continuous professional development training.

Pursuant to code provision C.1.4 of CG Code, which has come into effect from 1 April 2012, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all directors have participated in appropriate continuous professional development activities by attending training course on the topics related to corporate governance and regulations or by reading materials relevant to the Company's business or to their duties and responsibilities.

# Corporate Governance Report

As part of the continuous professional development programme, directors participated in the various briefings and visits to local management and the Company's facilities, as arranged and funded by the Company with appropriate emphasis on the roles, functions and duties of the directors. This is in addition to directors' attendance at meetings and review of papers and circulars sent by management. The participation by individual directors in the programme in 2022 is recorded in the table below.

| | Reading regulatory updates | Visit/interview key management |
|---|---|---|
| **Executive Directors** | | |
| Mr. Joseph Chi Ho HUI | ✓ | ✓ |
| Ms. Clara Hiu Ling LAM | ✓ | ✓ |
| Mr. Ka Wing LAU | ✓ | ✓ |
| **Independent Non-executive Directors** | | |
| Mr. Kwong Sang LIU | ✓ | ✓ |
| Mr. Edwin Kim Ho WONG | ✓ | ✓ |
| Mr. William Keith JACOBSEN | ✓ | ✓ |

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 to the GEM Listing Rules. The Company, having made specific enquiry of all directors, confirms that its directors have complied with the required standard set out in the Code during the financial year ended 30 November 2022.

## REMUNERATION COMMITTEE

The Company established a remuneration committee which is primarily responsible for making recommendations to the Board regarding the Group's policy and structure for remuneration of directors and senior management and determine the specific remuneration packages of all executive directors and senior management of the Company.

The remuneration committee comprises Mr. Kwong Sang Liu, Mr. Edwin Kim Ho Wong and Mr. William Keith Jacobsen, and is chaired by Mr. Kwong Sang Liu.

During the financial year ended 30 November 2022, one meeting of remuneration committee was held with attendance of individual members as set out below to review and consider the specific remuneration packages of the Company's executive directors and senior management.

| | Attendance |
|---|---|
| Mr. Kwong Sang LIU | 1/1 |
| Mr. Edwin Kim Ho WONG | 1/1 |
| Mr. William Keith JACOBSEN | 1/1 |

# Corporate Governance Report

The details of remuneration payable to directors and senior managements of the Company is set out in Note (16) and (17) to the financial statements.

## 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.

| | **Attendance** |
|---|---|
| Mr. Kwong Sang LIU | 4/4 |
| Mr. Edwin Kim Ho WONG | 4/4 |
| Mr. William Keith JACOBSEN | 3/4 |

# Corporate Governance Report

## DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of the Group's performance and prospects. The directors are responsible for the preparation of accounts which give a true and fair view of the state of affairs and of the results and cash flows of the Group on a going concern basis. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently and that judgements and estimates made are prudent and reasonable. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group. The responsibilities of the auditors for the accounts are set out in the Independent Auditor's Report on pages 60 to 65 of this annual report.

## AUDITORS' REMUNERATION

For the year ended 30 November 2022, audit services and non-audit services provided to the Company and its subsidiaries by external auditors of the Group amounted to approximately HK$480,000 and approximately HK$160,000 respectively.

## INTERNAL CONTROL

The Directors are responsible for the internal control of the Group and for reviewing its effectiveness.

The internal control system of the Group comprises of a comprehensive organisational structure and delegation of authorities assigned to individuals based on experience and business need.

Control procedures have been designed to safeguard assets against unauthorised use and disposition; ensure compliance with relevant laws, rules and regulations; ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; and to provide reasonable assurance against material misstatement, loss or fraud.

The overall risk management functions of the Group are under responsibility of management comprising the chief executive officer, chief financial officer and management team. 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.

The Company does not have internal audit department, but the internal control review committee, comprising the executive directors, independent non-executive directors and management of the Company 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.

# Corporate Governance Report

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 ended 30 November 2022, the review based 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 page 26 to 45 of the annual report. The examination consisted 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, have been identified and appropriate measures have been put in place to manage the risks.

During the Year 2022, the Company is not aware that any director or staff solicit or accept any advantages from any person having business dealings with the Company, guidelines are setup in the Company's employee handbook for all staff and director to comply with their code of conduct.

The Company established a direct email account to audit committee for whistleblowing to facilitate the implementation of employee-wide monitoring of corruption matters. During the reporting period, the Group provided anti-corruption news update on the prevention of corruption issued by ICAC such as leaflets and presentation materials to the employee to ensure that they remain vigilant on such matters.

## COMPANY SECRETARY

The company secretary is an employee of the Company and is appointed by the Board. He supports the chairman, the Board and board committees by ensuring good information flow and reports to the Board and assists the Board in functioning effectively and efficiently. The company secretary also advises the Board on governance matters and facilitates the induction and professional development of directors. All directors of the Company may call upon him for advice and assistance at any time in respect to their duties and the effective operation of the Board and board committee.

Mr. Siu Leong Cheung has been the company secretary of the Company since August 2003. He is also the authorised representative and the chief financial officer of the Company. The biographical detail of Mr. Cheung is set out in the section of Directors and Senior Management Profiles on page 17 of this annual report. During the Year, Mr. Cheung undertook not less than 20 hours of relevant professional training.

## COMMUNICATION WITH SHAREHOLDERS

In respect of each separate issue at the general meeting held during the year ended 30 November 2022, separate resolution has been proposed by the chairman of that meeting. The chairman of the Board, member of audit committee and external auditor attended the annual general meeting held on 1 April 2022 to answer questions, if any, at the meeting.

## SHAREHOLDERS' RIGHTS

Annual report, interim report and quarterly reports offer comprehensive information to the Shareholders on operational and financial performance whereas annual general meetings provide a forum for the Shareholders to exchange views directly with the Board. The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. The chairman and a member of the audit committee attended the 2022 annual general meeting to answer questions at the meeting.

According to the Bye-Laws, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meeting of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. The requisition must be lodged with the Company's principal place of business of Hong Kong.

As regards proposing a person for election as a director, please refer to the procedures as set out in the Bye-Laws on the website of the Company at www.hklistco.com and the Stock Exchange.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the company secretary at the Company's office in Hong Kong at 8th Floor, Hong Kong Trade Centre, 161 Des Voeux Road Central, Hong Kong.

## DIVIDEND POLICY

Pursuant to code provision F.1.1 of the CG Code, the Company should have a policy on payment of dividends.

Under the Companies Act 1981 of Bermuda adopted on 22 January 2001 and amended on 19 November 2018. The Company in general meeting may from time to time declare dividends in any currency to be paid to the Shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board. The Company in general meeting may also make a distribution to the Members out of any contributed surplus.

No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

## INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has established a range of communication channels between itself, its Shareholders and investors which including answering questions through the annual general meeting, the publications of annual, interim and quarterly reports, notices, announcements and circulars, the website of the Company at www.hklistco.com and the Stock Exchange. Saved to changes published in the announcements during the year, the Board do not aware of any significant changes in the Company's constitutional documents during the year.

# INDEPENDENT AUDITOR'S REPORT

McMillanWoods
Professionalism at the forefront

**TO THE SHAREHOLDERS OF**
**abc MULTIACTIVE LIMITED**
*(Incorporated in Bermuda with limited liability)*

## OPINION

We have audited the consolidated financial statements of abc Multiactive Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 66 to 71, which comprise the consolidated statement of financial position as at 30 November 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 November 2022, and of its consolidated financial performance and its consolidated cash flows for the year ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Impairment assessment of goodwill; and

2. Allowance for expected credit losses ("**ECL**") on trade receivables

### Impairment assessment of goodwill

Refer to the summary of significant accounting policies in Note 4(c), critical judgements and key estimates in Note 5(b) and the relevant disclosures in Note 21 to the consolidated financial statements.

| | How our audit addressed the key audit matter |
|---|---|
| We identified the impairment assessment of goodwill, as a key audit matter due to the significant judgement exercised by the management on the estimation of the recoverable amount of the cash generating unit ("**CGU**") to which goodwill has been allocated.<br><br>The Group's goodwill as at 30 November 2022 amounted to approximately HK$1,100,000 (2021: HK$1,100,000) in its consolidated statement of financial position.<br><br>Management assesses potential impairment of goodwill on an annual basis. As at 30 November 2022, the recoverable amount of the CGU was determined by management and based on value-in-use calculations using cash flow projections. Management concluded that there is no impairment in respect of the goodwill. Independent external valuations were obtained in order to support management's estimates. | Our procedures in relation to the impairment assessment of goodwill included but not limited to:<br><br>• Understanding the key internal controls over preparation of the discounted cash flow forecasts on which the estimation of the recoverable amount of the CGU are based;<br><br>• Obtaining and inspecting the valuation report prepared by the external valuers engaged by the Group on which the management's assessments of impairment of goodwill were based;<br><br>• Assessing the external valuers' qualifications, experience and expertise and considering their objectivity;<br><br>• Assessing and challenging the Group's identification of CGU and the allocation of goodwill and other assets to the CGU with reference to the requirements of the prevailing accounting standards;<br><br>• With the assistance of auditor's experts, evaluating the methodology used in the valuations of CGU, challenging the key assumptions and critical judgements made in the preparation of the discounted cash flow forecasts prepared by management by comparing key inputs, which included the revenue growth rate, with historical performance, management's budgets and forecasts and other external available information, and evaluating the discount rate applied in the discounted cash flow forecasts by assessing if the parameters adopted in calculating the discount rate was within the range of relevant industry; and<br><br>• Evaluating the adequacy of disclosures in respect of the impairment review in the consolidated financial statements. |

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## KEY AUDIT MATTERS (CONTINUED)

### Allowance for ECL on trade receivables

Refer to the summary of significant accounting policies in Note 4(y), critical judgements and key estimates in Note 5(c) and the relevant disclosures in Notes 6(c) and 23 to the consolidated financial statements.

The Group had trade receivables of approximately HK$44,959,000 (2021: HK$10,488,000) net of allowance of ECL of approximately HK$4,319,000 (2021: HK$162,000).

The measurement of ECL requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models (for exposures assessed individually or collectively), such as the expected future cash flows and forward-looking macroeconomic factors.

We focused on this area as the balance of trade receivables represents approximately 63% of the total assets of the Group and the assessments on the allowances for ECL on these receivables involved significant judgements and estimates by management.

**How our audit addressed the key audit matter**

Our procedures in relation to allowance for ECL of trade receivables included but not limited to:

- Evaluating the design, implementation and operating effectiveness of key internal controls over estimate of ECL;
- With the assistance of auditor's expert, assessing the reasonableness of the Group's ECL models by examining the model input used by management to form such judgements, including testing the accuracy of the default data, evaluating whether the loss rates are appropriately adjusted based on current economic conditions and forward-looking information including the economic variables and assumptions used and their probability weightings and assessing whether there was an indication of management bias when recognising loss allowances;
- Recalculating the amounts of the ECL on trade receivables and assessing the appropriateness and adequacy of the ECL as at 30 November 2022;
- Reviewing settlements after the financial year end relating to the trade receivables as at 30 November 2022; and
- Reviewing the appropriateness of the disclosures made in the consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## OTHER MATTER

The consolidated financial statements of the Group for the year ended 30 November 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 18 February 2022.

## OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**McMillan Woods (Hong Kong) CPA Limited**
*Certified Public Accountants*

**Ho Wai Kuen**
Audit Engagement Director
Practising Certificate Number: P05966

24/F., Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

Hong Kong, 21 February 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 November 2022

| | Notes | 2022 HK$'000 | 2021 HK$'000 |
|---|---|---|---|
| Revenue | 9 | 60,244 | 62,357 |
| Cost of sales | | (24,608) | (24,728) |
| Gross profit | | 35,636 | 37,629 |
| Other gains or losses, net | 10 | 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 | 28(f) | 365 | – |
| Gain on derecognition of promissory notes | 28(e) and (g) | 570 | 1,555 |
| Profit from operating activities | | 10,803 | 19,298 |
| Finance costs | 12 | (1,693) | (4,037) |
| Profit before tax | 11 | 9,110 | 15,261 |
| Income tax credit | 13 | – | 379 |
| **Profit and total comprehensive income for the year attributable to owners of the Company** | | 9,110 | 15,640 |
| **Earnings per share** | | | |
| – Basic | 14 | HK1.91 cents | HK4.45 cents |
| – Diluted | 14 | 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 | 19 | **419** | 185 |
| Right-of-use assets | 20 | **1,774** | 628 |
| Goodwill | 21 | **1,100** | 1,100 |
| Other intangible assets | 22 | **354** | – |
| | | **3,647** | 1,913 |
| **Current assets** | | | |
| Trade and other receivables | 23 | **43,839** | 12,193 |
| Contract costs | 24 | **1,402** | 1,987 |
| Financial asset at fair value through profit or loss ("**FVTPL**") | 25 | **8,461** | – |
| Cash and cash equivalents | 26 | **7,674** | 35,520 |
| | | **61,376** | 49,700 |
| **Total assets** | | **65,023** | 51,613 |
| **Capital and reserves** | | | |
| Share capital | 27 | **59,934** | 59,934 |
| Reserves | | **(38,977)** | (48,087) |
| **Equity attributable to owners of the Company** | | **20,957** | 11,847 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Promissory notes | 28 | **11,166** | 8,518 |
| Lease liabilities | 20 | **564** | 9 |
| | | **11,730** | 8,527 |
| **Current liabilities** | | | |
| Trade and other payables and accruals | 31 | **20,722** | 18,575 |
| Contract liabilities | 32 | **10,038** | 11,781 |
| Lease liabilities | 20 | **1,330** | 636 |
| Amount due to a related company | 33 | **235** | 236 |
| Tax payables | | **11** | 11 |
| | | **32,336** | 31,239 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 November 2022

| | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| **Total liabilities** | **44,066** | 39,766 |
| **Total equity and liabilities** | **65,023** | 51,613 |
| **Net current assets** | **29,040** | 18,461 |
| **Total assets less current liabilities** | **32,687** | 20,374 |
| **Net assets** | **20,957** | 11,847 |

Approved and authorised for issue by the Board of Directors on 21 February 2023 and signed on its behalf by:

**Joseph Chi Ho Hui**
*Executive Director*

**Ka Wing Lau**
*Executive Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2022

| | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | **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 | **Total** 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:*

1. 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.

2. 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.

The accompanying notes form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 November 2022

| | Notes | 2022 HK$'000 | 2021 HK$'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before tax | | **9,110** | 15,261 |
| Adjustments for: | | | |
| 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 |
| Net exchange difference | | **(1)** | 5 |
| Depreciation on property, plant and equipment | | **124** | 90 |
| Depreciation on right-of-use assets | | **1,449** | 1,214 |
| Allowance for ECL on trade receivables, net | | **4,157** | 106 |
| Gain on lease modification | | **(2)** | (215) |
| Gain on derecognition of promissory notes | | **(570)** | (1,555) |
| Gain on issuance of promissory notes | | **(365)** | – |
| Fair value (gain)/loss in contingent consideration payable | | **(50)** | 150 |
| Fair value gain on financial assets at FVTPL | | **(2,834)** | – |
| Loss on disposal of financial assets at FVTPL | | **15** | – |
| Operating profit before working capital changes | | **12,726** | 19,093 |
| Increase in trade and other receivables | | **(35,803)** | (8,222) |
| Decrease in amount due from a related company | | **–** | 215 |
| Decrease/(increase) in contract costs | | **585** | (1,045) |
| Increase in financial assets at FVTPL | | **(5,642)** | – |
| Increase in trade and other payables and accruals | | **2,197** | 14,248 |
| (Decrease)/increase in contract liabilities | | **(1,743)** | 9,523 |
| Cash (used in)/generated from operations | | **(27,680)** | 33,812 |
| Interest paid | | **(110)** | (66) |
| Net cash (used in)/generated from operating activities | | **(27,790)** | 33,746 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Net cash outflow arising from acquisition of a subsidiary | | **–** | (1,415) |
| Purchase of property, plant and equipment | | **(358)** | (40) |
| Payment for other intangible assets | | **(354)** | – |
| Net cash used in investing activities | | **(712)** | (1,455) |

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 30 November 2022

| | Notes | 2022 HK$'000 | 2021 HK$'000 |
|---|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of lease liabilities | | **(1,344)** | (1,200) |
| Proceed from issue of a promissory note | | **2,000** | – |
| **Net cash generated from/(used in) financing activities** | | **656** | (1,200) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(27,846)** | 31,091 |
| **Cash and cash equivalents at the beginning of the year** | | **35,520** | 4,429 |
| **Cash and cash equivalents at the end of the year** | *26* | **7,674** | 35,520 |

# 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 GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)



## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 November. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intra-group transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

### (b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Separate financial statements (Continued)

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### (c) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are, with limited exceptions, measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Foreign currency translation

***Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

***Transactions and balances in each entity's financial statement***

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

***Translation on consolidation***

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

| | |
|---|---|
| Leasehold improvements | 25% |
| Furniture and fixtures | 25% |
| Office equipment | 25% |

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

### (f) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

***The Group as a lessee***

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Leases (Continued)

***The Group as a lessee (Continued)***

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group companies, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Leases (Continued)

***The Group as a lessee (Continued)***

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

### (g) Other intangible assets

***Internally-generated intangible assets – research and development expenditure***

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised only if all of the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Management intends to complete the intangible asset and use or sell it;
- There is ability to use or sell the intangible asset;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Other intangible assets (Continued)

***Internally-generated intangible assets – research and development expenditure (Continued)***

– It can be demonstrated how the intangible asset will generate probable future economic benefits;

– Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

– The expenditure attributable to the intangible asset during its development can be reliably measured.

Internally generated intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 2 years from the date they are available for use. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

### (h) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment or intangible assets.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalised when incurred if the costs are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the costs are expensed when incurred. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the group entered into the contract. Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Contract costs (Continued)

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised.

### (i) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("**ECL**") in accordance with the policy set out in note 4(y) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

### (j) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Recognition and derecognition of financial instruments (Continued)

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### (k) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

***Equity investments***

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

### (m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

### (n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

### (o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Convertible bond

Convertible bond which entitle the holder to convert the loans into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option for the holder to convert the bond into equity of the Group, is included in equity as convertible bond reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on their relative carrying amounts at the date of issue. The portion related to the equity component is charged directly to equity.

### (q) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (r) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### (s) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

***Sale of computer software licenses and provision of related services***

Revenue from the sale of computer software licenses and provision of related services where there are no significant post-delivery obligations is recognised upon the satisfactory completion of installation, which generally coincides with the time when the computer products are delivered to the customers.

***Computer software licenses leasing and provision of related services***

Revenue from leasing the software products to its customers and the nature of the Group's performance obligation in granting a license is considered to be a right to access the Group's software. The Group accounts the grant of license as a performance obligation satisfied over time.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Revenue and other income (Continued)

***Provision of maintenance services***

Revenue from provision of maintenance services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The transaction price allocated to these services is recognised as a contract liability on initial recognition and is released on a straight-line basis over the period of service.

***Contract revenue***

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

***Sale of computer hardware and related products***

Revenue from sales of computer hardware is recognised at a point in time when control of the goods has been transferred, being when the goods have been delivered to the customers.

***Provision of fintech resources services***

The Group provides secondment services, which mainly provides technical staff for support services to customers. Such services are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the support services as the Group continues to provide the support services to the customer. Revenue from provision of recruitment services, which mainly assists customers search for, identify and recommend suitable candidates for the job vacancies. Such services are recognised at a point in time when the Group successfully places the candidate after an agreed period of time.

***Provision of overseas mortgage loan consultancy services***

Revenue from the overseas mortgage loan consultancy services is recognised on a success basis, i.e. when the relevant loan application for mortgage loan transaction is approved. The consideration is determined at an agreed rate at the inception of the contract on the basis of the loan amount approved. Application fee income is recognised at a point in time when the relevant transactions have been arranged or the relevant services have been rendered without future performance obligations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (t) Employee benefits

***Employee leave entitlements***

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

***Pension obligations***

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

***Termination benefits***

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

### (u) Borrowing cost

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (v) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (w) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (w) Taxation (Continued)

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends either to settle its current tax assets and liabilities on a net basis.

### (x) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (y) Impairment of financial assets and contracts assets

The Group recognises a loss allowance for ECL on trade and other receivables and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

***Significant increase in credit risk***

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (y) Impairment of financial assets and contracts assets (Continued)

***Significant increase in credit risk (Continued)***

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk for a particular financial instrument;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– significant increases in credit risk on other financial instruments of the same debtor;

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (y) Impairment of financial assets and contracts assets (Continued)

***Significant increase in credit risk (Continued)***

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

***Definition of default***

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (y) Impairment of financial assets and contracts assets (Continued)

***Credit-impaired financial assets***

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

***Write-off policy***

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

***Measurement and recognition of ECL***

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (y) Impairment of financial assets and contracts assets (Continued)

***Measurement and recognition of ECL (Continued)***

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

### (z) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

### (aa) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

### Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

#### *(a) Significant increase in credit risk*

As explained in note 4(y), ECL on financial assets other than trade receivables are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### *(b) Impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than the expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

The carrying amount of goodwill at the end of the reporting period was approximately HK$1,100,000 (2021: approximately HK$1,100,000). No impairment loss was recognised during the year end 30 November 2022 (2021: Nil). Details of the goodwill impairment assessment are provided in Note 21.

#### *(c) Impairment of trade receivables*

The management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 30 November 2022, the aggregated gross carrying amount of trade receivables were approximately HK$44,959,000 (net allowance for doubtful debts of HK$4,319,000) (2021: approximately HK$10,488,000 (net of allowance for doubtful debts of HK$162,000)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

### Key sources of estimation uncertainty (Continued)

#### *(d) Depreciation for property, plant and equipment, right-of-use assets and amortisation for other intangible assets*

The Group determines the estimated useful lives, residual values and related depreciation/amortisation charges for the Group's property, plant and equipment, right-of-use assets and other intangible assets. These estimates are based on the historical experience of the actual useful lives and residual values of property, plant and equipment, right-of-use assets and other intangible assets of similar nature and functions. The Group will revise the charge rates where useful lives and residual values are different to those previously estimated, or it will write off or write-down technically obsolete or non-strategic assets that have been abandoned.

As at 30 November 2022, the carrying amounts of property, plant and equipment, right-of-use assets and other intangible assets were approximately HK$419,000, HK$1,774,000 and HK$354,000 (2021: HK$185,000, HK$628,000 and Nil) respectively.

## 6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of the business transactions, assets and liabilities of the Group's entities are principally denominated in their respective functional currencies. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

### (b) Price risk

As set out in Note 25 to the consolidated financial statements, the Group's listed investments classified as financial assets at FVTPL are measured at fair value at the end of each reporting period. Therefore, the Group's investments in listed equity securities are exposed to equity price risk. The management manages this exposure by monitoring the change of market prices of the equity from time to time, and by maintaining a portfolio of investments with different risk profiles.

The sensitivity analysis has been determined based on the exposure to equity price risk. As at 30 November 2022, if the fair value of the Group's list investments designated at financial assets at FVTPL had been 5% higher/lower while all other variables were held constant the Group's profit before tax would increased/decrease by approximately HK$423,000 (2021 : Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

***Trade receivables***

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 0-30 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has a concentration of credit risk in certain individual customers. At the end of each reporting period, the five largest customers accounted for approximately 43% (2021: approximately 60%) of the trade receivables and the balance of the largest customer was approximately 9% (2021: approximately 19%) of the Group's total trade receivables. The directors of the Company closely monitor the risk exposure of the customers and would take appropriate action to ensure the risk exposure is acceptable.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Credit risk (Continued)

***Trade receivables (Continued)***

The following table provides information about the Group's exposure to credit risk and ECL for trade receivables as at 30 November 2022 and 2021:

| | Expected loss rate % | Gross carrying amount HK$'000 | Loss allowance HK$'000 |
|---|---|---|---|
| **As at 30 November 2022** | | | |
| Current (not past due) | **2.72** | **1,804** | **49** |
| 31-60 days past due | **3.25** | **308** | **10** |
| 61-90 days past due | **4.49** | **8,299** | **373** |
| Over 90 days past due | **11.25** | **34,548** | **3,887** |
| | | **44,959** | **4,319** |

| | Expected loss rate % | Gross carrying amount HK$'000 | Loss allowance HK$'000 |
|---|---|---|---|
| As at 30 November 2021 | | | |
| Current (not past due) | 0.48 | 1,245 | (6) |
| 31-60 days past due | 1.55 | 4,579 | (71) |
| 61-90 days past due | 1.55 | 3,233 | (50) |
| Over 90 days past due | 2.45 | 1,431 | (35) |
| | | 10,488 | (162) |

Expected loss rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. It considers available reasonable and supportive forwarding-looking information.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Credit risk (Continued)

***Trade receivables (Continued)***

The movement in ECL for trade receivables during the years ended 30 November 2022 and 2021 is as follows:

| | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| At 1 December | 162 | 7 |
| Acquisition of a subsidiary | – | 49 |
| ECLs recognised for the year | 4,157 | 106 |
| At 30 November | 4,319 | 162 |

The increase in loss allowance on trade receivables during the year ended 30 November 2022 was mainly due to the increase the gross carrying amount of trade receivables and increase in historical credit loss rates of trade receivables.

***Deposits and other receivables***

For other receivable and deposits, the management makes periodic individual assessment on the recoverability of deposit and other receivables based on historical settlement records, the likelihood of recovery, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 30 November 2022 and 2021, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance is recognised.

### (d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long-term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Liquidity risk (Continued)

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | **On demand or within 1 year HK$'000** | **1 to 2 years HK$'000** | **2 to 5 years HK$'000** | **Over 5 years HK$'000** | **Total undiscounted cash flows HK$'000** | **Total carrying amount HK$'000** |
| Promissory notes | **-** | **13,000** | **-** | **-** | **13,000** | **11,166** |
| Amount due to a related company | **235** | **-** | **-** | **-** | **235** | **235** |
| Trade and other payables and accruals | **20,722** | **-** | **-** | **-** | **20,722** | **20,722** |
| Lease liabilities | **1,411** | **508** | **74** | **-** | **1,993** | **1,894** |
| | **22,368** | **13,508** | **74** | **-** | **35,950** | **34,017** |

| | 2021 | | | | | |
|---|---|---|---|---|---|---|
| | On demand or within 1 year HK$'000 | 1 to 2 years HK$'000 | 2 to 5 years HK$'000 | Over 5 years HK$'000 | Total undiscounted cash flows HK$'000 | Total carrying amount HK$'000 |
| Promissory notes | – | 11,000 | – | – | 11,000 | 8,518 |
| Amount due to a related company | 236 | – | – | – | 236 | 236 |
| Trade and other payables and accruals | 18,575 | – | – | – | 18,575 | 18,575 |
| Lease liabilities | 646 | 9 | – | – | 655 | 645 |
| | 19,457 | 11,009 | – | – | 30,466 | 27,974 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 6. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (e) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to promissory notes, convertible bond and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable rate bank balances. No sensitivity analysis was prepared for bank balances as the financial impact arising on changes in interest rates was minimal with limited expected changes in interest rate. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

### (f) Categories of financial instruments at 30 November

| | **2022** | 2021 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| **Financial assets:** | | |
| Financial assets at amortised cost | **48,880** | 46,664 |
| Financial assets at FVTPL | **8,461** | – |
| | **57,341** | 46,664 |
| **Financial liabilities:** | | |
| Financial liabilities at amortised cost | **32,123** | 27,329 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

**Disclosures of level in fair value hierarchy:**

**At 30 November 2022**

| | **Fair value measurements using:** | | | **Total** |
|---|---|---|---|---|
| **Description** | **Level 1** | **Level 2** | **Level 3** | **2022** |
| | **HK$'000** | **HK$'000** | **HK$'000** | **HK$'000** |
| **Recurring fair value measurements:** | | | | |
| **Financial assets** | | | | |
| Financial assets at FVTPL | **8,461** | **–** | **–** | **–** |

At 30 November 2021

| | Fair value measurements using: | | | Total |
|---|---|---|---|---|
| **Description** | Level 1 | Level 2 | Level 3 | 2021 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Recurring fair value measurements:** | | | | |
| **Financial liabilities** | | | | |
| Contingent consideration payables | – | – | 650 | 650 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 7. FAIR VALUE MEASUREMENTS (CONTINUED)

### Disclosures of level in fair value hierarchy: (Continued)

There were no transfers between Levels 1, 2 and 3 in both years.

The Group's management is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The management reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the management and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

The valuation techniques used and the key inputs to the Level 3 fair value measurements are set out below:

**Level 3 fair value measurements**

| | | | | | Fair value | |
|---|---|---|---|---|---|---|
| | | | | | **2022** | 2021 |
| **Description** | **Valuation technique** | **Unobservable inputs** | **Range** | **Effect on fair value for increase of inputs** | **HK$'000** | HK$'000 |
| | | | | | **Liabilities** | |
| Contingent consideration payable | Monte Carlo Simulation | Discount rate | 2022: Nil (2021: 18.63%-18.70%) | Decrease | **–** | 650 |
| | | Accumulate gross profit estimated | 2022: Nil (2021: HK$1,843,000) | Increase | | |

### Reconciliation of Level 3 fair value measurements

| | **Contingent consideration payables** |
|---|---|
| | HK$'000 |
| At 1 December 2020 | – |
| Arising from acquisition of a subsidiary | 500 |
| Fair value change in contingent consideration payable | 150 |
| At 30 November 2021 and 1 December 2021 | 650 |
| Contingent consideration payable | (600) |
| Fair value change in contingent consideration payable | (50) |
| **At 30 November 2022** | **–** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 7. FAIR VALUE MEASUREMENTS (CONTINUED)

The carrying amounts of the Group's financial assets and liabilities were not materially different from their fair values as at 30 November 2022 and 2021 except for the promissory notes, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

| | **Carrying amount as at 30 November 2022 HK$'000** | **Fair value as at 30 November 2022 HK'000** | **Fair value hierarchy** | **Valuation techniques** | **Significant on unobservable inputs** |
|---|---|---|---|---|---|
| Promissory notes | **11,166** | **11,162** | **Level 3** | **Discounted cash flow** | **10.03%-14.34%** |

| | Carrying amount as at 30 November 2021 HK$'000 | Fair value as at 30 November 2021 HK'000 | Fair value hierarchy | Valuation techniques | Significant on unobservable inputs |
|---|---|---|---|---|---|
| Promissory notes | 8,518 | 8,513 | Level 3 | Discounted cash flow | 18.58% |

## 8. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 8. SEGMENT INFORMATION (CONTINUED)

### 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 | **52,891** | 56,693 | **7,353** | 5,582 | **-** | 82 | **60,244** | 62,357 |
| Segment results | **16,634** | 25,767 | **1,434** | 849 | **-** | (45) | **18,068** | 26,571 |
| 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 | | | | | | | **9,110** | 15,640 |

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 8. SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities

| | 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 |
| **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 | | | | | | | **65,023** | 51,613 |
| 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 | | | | | | | **44,066** | 39,766 |

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 intangibles asset | **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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 9. 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** **HK$'000** | 2021 HK$'000 |
|---|---|---|
| **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 |
| | **60,244** | 62,357 |
| **Timing of revenue recognition** | | |
| A point in time | **38,133** | 49,161 |
| Over time | **22,111** | 13,196 |
| | **60,244** | 62,357 |

**Performance obligations for contracts with customers**

Details of performance obligations for contracts with customers are set out in Note 4(s).

**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** **HK$'000** | 2021 Provision of maintenance services HK$'000 |
|---|---|---|
| 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 |
| | **14,459** | 18,490 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 9. REVENUE (CONTINUED)

| | 2022 Computer software licenses leasing and provision of related services HK$'000 | 2021 Computer software licenses leasing and provision of related services HK$'000 |
|---|---|---|
| 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.

## 10. OTHER GAINS OR LOSSES, NET

| | 2022 HK$'000 | 2021 HK$'000 |
|---|---|---|
| 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 *(Note)* | **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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 11. PROFIT BEFORE TAX

| | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| **Profit before tax arrived at after charging:** | | |
| Auditors' remuneration | | |
| – Audit services | **480** | 600 |
| – Non-audit services | **160** | 430 |
| Depreciation on property, plant and equipment *(Note 19)* | **124** | 90 |
| Depreciation on right-of-use assets *(Note 20)* | **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** | – |

## 12. FINANCE COSTS

| | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| 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 |
| | **1,693** | 4,037 |

## 13. INCOME TAX CREDIT

| | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| **Current tax** | | |
| Hong Kong Profits Tax: | | |
| – Current year | **–** | 11 |
| **Deferred tax** | | |
| Reversal of temporary difference *(Note 30)* | **–** | (390) |
| | **–** | (379) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 13. INCOME TAX CREDIT (CONTINUED)

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.

The income tax credit for the year can be reconciled to the profit before tax to the consolidated statement of profit or loss and other comprehensive income as follows:

| | **2022** | 2021 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| **Profit before tax** | **9,110** | 15,261 |
| Tax at Hong Kong Profits Tax rate of 16.5% | **1,503** | 2,518 |
| Tax effect of two-tiered profit tax rates regime | **–** | (15) |
| Tax effect of income that is not taxable | **(761)** | (261) |
| Tax effect of expenses that are not deductible | **265** | 818 |
| Tax effect of unrecognised temporary differences | **687** | 28 |
| Tax effect of utilisation of tax losses not previously recognised | **(3,051)** | (3,680) |
| Tax effect of tax losses not recognised | **1,357** | 213 |
| **Tax credit for the year** | **–** | (379) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 14. 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<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| *Profit* | | |
| Profit for the purpose of basic earnings per share attributable to owners of the Company | **9,110** | 15,640 |

| | 2022 | 2021 |
|---|---|---|
| *Number of shares* | | |
| Weighted average number of shares for the purpose of basic earnings per share | **475,813,216** | 351,365,709 |

### (b) Diluted earnings per share

| | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| *Profit* | | |
| 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 | **–** | 1,972 |
| Profit for the purpose of diluted earnings per share | **9,110** | 17,612 |

| | 2022 | 2021 |
|---|---|---|
| *Number of shares* | | |
| 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 | **123,529,400** | 123,529,400 |
| Number of shares for the purpose of diluted earnings per share | **599,342,616** | 599,342,616 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 15. 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).

## 16. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments, pension and compensation arrangements paid/payable to the directors and the chief executive officer for their services on the Company were as follows:

| Name of director | Director's fee HK$'000 | Salaries and allowances HK$'000 | Contribution to pension scheme HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **2022:** | | | | |
| **Executive Directors** | | | | |
| Mr. Joseph Chi Ho Hui *(Chairman)* | – | – | – | – |
| Ms. Clara Hiu Ling Lam | – | – | – | – |
| Mr. Ka Wing Lau *(Note (i))* | – | 600 | 18 | 618 |
| **Independent Non-executive Directors** | | | | |
| Mr. Kwong Sang Liu | 20 | – | – | 20 |
| Mr. Edwin Kim Ho Wong | 20 | – | – | 20 |
| Mr. Wiliam Keith Jacobsen | 20 | – | – | 20 |
| **Chief Executive Officer** | | | | |
| Mr. Samson Chi Yang Hui | – | 360 | 18 | 378 |
| | 60 | 960 | 36 | 1,056 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 16. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

The emoluments, pension and compensation arrangements paid/payable to the directors and the chief executive officer for their services on the Company were as follows: (Continued)

| Name of director | Director's fee HK$'000 | Salaries and allowances HK$'000 | Contribution to pension scheme HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| 2021: | | | | |
| **Executive Directors** | | | | |
| Mr. Joseph Chi Ho Hui *(Chairman)* | – | – | – | – |
| Ms. Clara Hiu Ling Lam | – | – | – | – |
| Mr. Ka Wing Lau *(Note (i))* | – | 405 | 5 | 410 |
| **Independent Non-executive Directors** | | | | |
| Mr. Kwong Sang Liu | 20 | – | – | 20 |
| Mr. Edwin Kim Ho Wong | 20 | – | – | 20 |
| Mr. Wiliam Keith Jacobsen | 20 | – | – | 20 |
| **Chief Executive Officer** | | | | |
| Mr. Samson Chi Yang Hui | – | 360 | 18 | 378 |
| | 60 | 765 | 23 | 848 |

*Note:*

(i) Mr. Ka Wing Lau was appointed as executive director on 10 September 2021.

During the years ended 30 November 2022 and 2021, no bonus was paid to the directors and chief executive officer (2021: Nil). No directors and chief executive officer waived or agreed to waive any remuneration during the years ended 30 November 2022 and 2021. In addition, no emoluments were paid by the Group to the directors and chief executive officer as an inducement to join, or upon joining the Group, or as compensation for loss of office during the years ended 30 November 2022 and 2021.

Save for disclosed in Note 38 to the consolidated financial statements, no other significant transactions, arrangements and contracts of in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 17. SENIOR MANAGEMENT'S EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

### (a) Five highest paid individuals

The five individuals with the highest emoluments in the Group include 1 director (2021: Nil) whose emoluments are reflected in analysis presented in Note 16. The emoluments of the remaining 4 (2021: 5) individuals were as follows:

| | **2022** | 2021 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Basic salaries and allowances | **2,445** | 3,294 |
| Contribution to mandatory provident fund | **67** | 90 |
| | **2,512** | 3,384 |

The emoluments of the 4 (2021: 5) individuals with the highest emoluments are within the following band:

| | **2022** | 2021 |
|---|---|---|
| Nil to HK$1,000,000 | **4** | 4 |
| HK$1,000,001 to HK$2,000,000 | **–** | 1 |
| | **4** | 5 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 17. SENIOR MANAGEMENT'S EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)

### (b) Senior management of the Company

The emoluments of the senior management of the Company are within the following band:

| | 2022 | 2021 |
|---|---|---|
| Nil to HK$1,000,000 | 1 | 2 |

During the years ended 30 November 2022 and 2021, no bonus was paid to the five highest paid individuals of the Group. No emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as a compensation for loss of office during the years ended 30 November 2022 and 2021.

## 18. EMPLOYEE BENEFITS

**Retirement Benefit Scheme**

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately. During the years ended 30 November 2022 and 2021, the Group had no forfeited contributions under the MPF Scheme utilised to reduce the existing levels of contributions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 19. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold improvements<br>HK$'000 | Furniture and fixtures<br>HK$'000 | Office equipment<br>HK$'000 | Total<br>HK$'000 |
|---|---|---|---|---|
| **Cost:** | | | | |
| As at 1 December 2020 | 548 | 536 | 6,255 | 7,339 |
| Additions | – | – | 40 | 40 |
| As at 30 November 2021 and 1 December 2021 | 548 | 536 | 6,295 | 7,379 |
| Additions | 258 | 91 | 9 | 358 |
| As at 30 November 2022 | 806 | 627 | 6,304 | 7,737 |
| **Accumulated depreciation:** | | | | |
| As at 1 December 2020 | 548 | 516 | 6,040 | 7,104 |
| Charge for the year | – | 8 | 82 | 90 |
| As at 30 November 2021 and 1 December 2021 | 548 | 524 | 6,122 | 7,194 |
| Charge for the year | 32 | 17 | 75 | 124 |
| As at 30 November 2022 | 580 | 541 | 6,197 | 7,318 |
| **Net book value:** | | | | |
| **As at 30 November 2022** | **226** | **86** | **107** | **419** |
| As at 30 November 2021 | – | 12 | 173 | 185 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 20. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

### Right-of-use assets

| | Leased property<br>HK$'000 | Office equipment<br>HK$'000 | Total<br>HK$'000 |
|---|---|---|---|
| As at 1 December 2020 | 3,290 | 59 | 3,349 |
| Modification of lease | (1,507) | – | (1,507) |
| Charge for the year | (1,189) | (25) | (1,214) |
| As at 30 November 2021 and 1 December 2021 | 594 | 34 | 628 |
| Additions | 2,484 | 136 | 2,620 |
| Modification of lease | – | (25) | (25) |
| Charge for the year | (1,422) | (27) | (1,449) |
| **As at 30 November 2022** | **1,656** | **118** | **1,774** |

| | **2022**<br>**HK$'000** | 2021<br>HK$'000 |
|---|---|---|
| Depreciation of right-of-use assets | **1,449** | 1,214 |
| Interest expense on lease liabilities (included in finance cost) | **110** | 66 |
| Expenses relating to short-term lease (included in cost of goods sold and administrative expense) | **800** | – |

Lease contracts are entered into for fixed term of 2 to 5 years (2021: 2 to 5 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 20. RIGHT-OF-USE ASSETS/LEASE LIABILITIES (CONTINUED)

**Lease liabilities**

| | **At 30 November 2022** | | At 30 November 2021 | |
|---|---|---|---|---|
| | **Minimum lease payment HK$'000** | **Present value of minimum lease payment HK$'000** | Minimum lease payment HK$'000 | Present value of minimum lease payment HK$'000 |
| No later than 1 year | **1,411** | **1,330** | 646 | 636 |
| Later than 1 year and no later than 5 years | **582** | **564** | 9 | 9 |
| Total future minimum lease payment | **1,993** | **1,894** | 655 | 645 |
| Less: total future interest expenses | **(99)** | **N/A** | (10) | N/A |
| Present value of lease liabilities | **1,894** | **1,894** | 645 | 645 |
| Less: Amount due from settlement no later than one year | | **(1,330)** | | (636) |
| Amount due from settlement after one year | | **564** | | 9 |
| Analysed by: | | | | |
| Leased premises | | **1,774** | | 609 |
| Office equipment | | **120** | | 36 |
| Total | | **1,894** | | 645 |

The incremental borrowing rates applied to lease liabilities are ranged from 6.35% to 6.48% (2021: 5.05% to 6.48%).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 21. GOODWILL

| | HK$'000 |
|---|---|
| **Cost:** | |
| As at 1 December 2020 | – |
| Acquisition of a subsidiary *(Note 34)* | 1,100 |
| As at 30 November 2021, 1 December 2021 and 30 November 2022 | 1,100 |
| **Accumulated impairment:** | |
| As at 1 December 2020, 30 November 2021, 1 December 2021 and 30 November 2022 | – |
| **Carrying amount:** | |
| **As at 30 November 2022** | **1,100** |
| As at 30 November 2021 | 1,100 |

The goodwill of approximately HK$1,100,000 was generated from acquisition of 100% equity interest in Leadership Solutions Limited ("**Leadership**") during the year ended 30 November 2021. Leadership is engaged in provision of fintech resources services and was viewed as one CGU within the fintech resources segment. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates.

The following table sets out the key assumptions for the value-in-use calculation:

| **Items** | **2022** | 2021 |
|---|---|---|
| Long-term growth rate | **2.5%** | 2.5% |
| Pre-tax discount rate | **13.67%** | 12.66% |
| Revenue growth rate | **5.43%-6.57%** | 5.34%-5.69% |

Management determined that revenue growth rate is based on past performance and management's expectations on market development. The estimated growth rates does not exceed the long term average growth rate for the industry and the jurisdiction in which the CGU currently operates. The pre-tax discount rate reflects current market assessments of the time value of money and specific risks relating to the CGU.

As at 30 November 2022, the Group has assessed the recoverable amount of the CGU amounting to approximately HK$1,514,000 (2021: approximately HK$2,411,000), which is higher (2021: higher) than its carrying amount. Accordingly, no impairment loss on goodwill (2021: Nil) was recognised in the Group's consolidated statement of profit or loss and other comprehensive income during the year ended 30 November 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 22. OTHER INTANGIBLE ASSETS

| | Capitalised development cost (internally generated) |
|---|---|
| | HK$'000 |
| **Cost** | |
| At 1 December 2020, 30 November 2021 and 1 December 2021 | – |
| Additions through internal development | 354 |
| At 30 November 2022 | 354 |
| **Accumulated amortisation and impairment losses** | |
| At 1 December 2020, 30 November 2021, 1 December 2021 and 30 November 2022 | – |
| **Carrying amount** | |
| **At 30 November 2022** | **354** |
| At 30 November 2021 | – |

Capitalised development costs are recorded as intangible assets and amortised from the date the asset is available for use. No amortization is charged during the year ended 30 November 2022 (2021: Nil) as the asset is not ready for use.

The Group has incurred research and development expenses of HK$2,892,000 (2021: HK$2,606,000), which are included in software research and development and operating expense in the consolidated statement of profit or loss and other comprehensive income during the years ended 30 November 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 23. TRADE AND OTHER RECEIVABLES

| | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| Trade receivables | **44,959** | 10,488 |
| Less: Allowance for ECL | **(4,319)** | (162) |
| | **40,640** | 10,326 |
| Prepayments, deposits and other receivables | **3,199** | 1,867 |
| | **43,839** | 12,193 |

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<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| 0 – 30 days | **1,144** | 1,245 |
| 31 – 60 days | **967** | 4,579 |
| 61 – 90 days | **8,801** | 3,233 |
| Over 90 days | **34,047** | 1,431 |
| | **44,959** | 10,488 |

Details of impairment assessment of trade receivables are set out in Note 6(c).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 24. CONTRACT COSTS

| | 2022 HK$'000 | 2021 HK$'000 |
|---|---|---|
| Cost of obtaining contracts | **1,062** | 1,789 |
| Cost to fulfill contracts | **340** | 198 |
| | **1,402** | 1,987 |

As at 30 November 2022 and 2021, the contract costs are directly related to a contract or to an anticipated contract that the Group can specifically identify and expected to be recovered.

Contract costs capitalised as at 30 November 2022 are the software modification contract cost in relation to fulfil the revenue contract and incremental sales commissions in relating to obtaining the revenue contract. Contract costs are recognised as part of cost of sales and selling and marketing expenses in the consolidated statement of profit or loss and other comprehensive income in the period in which related revenue is recognised. The amount of capitalised costs recognised in profit or loss during the year was approximately HK$833,000 (2021: HK$942,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year ended 30 November 2022 (2021: Nil).

The amount of capitalised contract costs that is expected to be recovered after more than one year is approximately HK$504,000 (2021: approximately HK$1,062,000). All of the other capitalised contract costs are expected to be recovered within one year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 25. FINANCIAL ASSET AT FVTPL

| | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| Equity securities held for trading at market value: | | |
| – Listed in Hong Kong | **8,461** | – |

The equity securities listed in Hong Kong are held for trading purpose and are measured at FVTPL in accordance with HKFRS 9. The investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of listed securities are based on current bid prices.

## 26. CASH AND CASH EQUIVALENTS

| | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| Bank balances | **7,672** | 35,512 |
| Cash on hand | **2** | 8 |
| | **7,674** | 35,520 |

Bank balances carry interest at market rates which range from 0.001 % to 0.5% (2021: 0.001% to 0.5%) per annum for year ended 30 November 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 27. SHARE CAPITAL

### Authorised and issued share capital

| | 2022 Number of shares | 2022 Amount HK$'000 | 2021 Number of shares | 2021 Amount HK$'000 |
|---|---|---|---|---|
| **Authorised:** | | | | |
| *Ordinary shares* | | | | |
| Ordinary shares of HK$0.1 each | | | | |
| At the beginning and the end of the year | **9,000,000,000** | **900,000** | 9,000,000,000 | 900,000 |
| *Non-voting convertible preference shares* | | | | |
| Non-voting convertible preference shares of HK$0.1 each | | | | |
| At the beginning and the end of the year | **1,000,000,000** | **100,000** | 1,000,000,000 | 100,000 |
| **Issued and fully paid:** | | | | |
| *Ordinary shares* | | | | |
| Ordinary shares of HK$0.1 each | | | | |
| At the beginning of the year | **475,813,216** | **47,581** | 301,108,062 | 30,111 |
| Issue shares upon conversion of convertible bond *(Note 29)* | **-** | **-** | 174,705,154 | 17,470 |
| At the end of the year | **475,813,216** | **47,581** | 475,813,216 | 47,581 |
| *Non-voting convertible preference shares* | | | | |
| Non-voting convertible preference shares of HK$0.1 each | | | | |
| At the beginning and the end of the year | **123,529,400** | **12,353** | 123,529,400 | 12,353 |

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 27. SHARE CAPITAL (CONTINUED)

### Convertible preference shares (Continued)

Each of the CPSs, without a maturity date, is convertible into one ordinary share of the Company at no additional consideration. Conversion of CPSs into ordinaries shares of the Company, which has no expiry date, can be made at any time after the issuance of the CPSs by serving not less than 15 days' prior written notice to the 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.

## 28. 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 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 28. PROMISSORY NOTES (CONTINUED)

(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 shall bear 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 Investments 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 28. PROMISSORY NOTES (CONTINUED)

The movement in promissory notes during the years ended 30 November 2022 and 2021 are as follows:

| | 2020 PNs | 2021 PNs | 2022 PNs 2 | 2022 PN 1 | Total |
|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| As at 1 December 2020 | 8,464 | – | – | – | 8,464 |
| New promissory note issued | – | 8,513 | – | – | 8,513 |
| Imputed interest charged | 1,604 | 5 | – | – | 1,609 |
| Derecognition | (10,068) | – | – | – | (10,068) |
| As at 30 November 2021 and 1 December 2021 | – | 8,518 | – | – | 8,518 |
| New promissory note issued | – | – | 9,527 | 1,635 | 11,162 |
| Imputed interest charged | – | 1,579 | 4 | – | 1,583 |
| Derecognition | – | (10,097) | – | – | (10,097) |
| | – | – | 9,531 | 1,635 | 11,166 |

| | 2020 PNs | 2021 PNs | 2022 PNs 2 | 2022 PN 1 |
|---|---|---|---|---|
| Effective interest rate | 19.07% | 18.58% | 10.03% | 14.34% |

## 29. CONVERTIBLE BOND

On 22 November 2018, the Company issued the convertible bond to MIL in an aggregate principal amount of approximately HK$29,700,000 for the settlement of promissory note. The convertible bond bear no interest with a right to convert the principal amount into ordinary shares of HK$0.17 per share during the period from 22 November 2018 to 21 November 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 29. CONVERTIBLE BOND (CONTINUED)

The convertible bond contains two components: liability and equity components. The equity component is presented under the equity heading "convertible bond reserve" in the consolidated statement of changes in equity. The effective interest rate of the liabilities component on initial recognition is 17.99% per annum. The valuation of the convertible bond was performed by independent valuer.

On 18 August 2021, the bondholder fully exercised the conversion option of the convertible bond by converting the principal amount of approximately HK$29,700,000 into 174,705,154 ordinary shares at the conversion price of HK$0.17 per share.

The movements of the liability component of the convertible bond for the years ended 30 November 2022 and 2021 are set at below:

| | HK$'000 |
|---|---|
| As at 1 December 2020 | 17,957 |
| Imputed interest expenses *(Note 12)* | 2,362 |
| Conversion into ordinary shares | (20,319) |
| As at 30 November 2021, 1 December 2021 and 30 November 2022 | – |

## 30. DEFERRED TAX LIABILITY

The movement on the deferred tax liability during the years are as follows:

| | **Convertible bond**<br>HK$'000 |
|---|---|
| As at 1 December 2020 | 1,482 |
| Credit to profit or loss *(Note 13)* | (390) |
| Release on conversion of convertible bond | (1,092) |
| As at 30 November 2021, 1 December 2021 and 30 November 2022 | – |

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 30 November 2022, no deferred tax asset has been recognised in respect of the unused tax losses (2021: Nil) due to unpredictability of future profit streams. As at 30 November 2022, the Group has unused tax losses of approximately HK$42,390,000 (2021: approximately HK$52,656,000) may be carried forward indefinitely.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 31. TRADE AND OTHER PAYABLES AND ACCRUALS

| | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| Trade payables | **9,270** | 6,900 |
| Accruals *(Note a)* | **8,115** | 10,480 |
| Other payables *(Note b)* | **3,337** | 545 |
| Contingent consideration payable *(Note 34)* | **–** | 650 |
| | **20,722** | 18,575 |

*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 bonuses 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<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| 31-60 days | **–** | 6,900 |
| 61-365 days | **8,400** | – |
| Over 365 days | **870** | – |
| | **9,270** | 6,900 |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 32. CONTRACT LIABILITIES

| | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| Provision of maintenance services | **6,267** | 9,083 |
| Computer software contract and licenses leasing | **2,962** | 2,571 |
| Recruitment services | **809** | 127 |
| | **10,038** | 11,781 |

The movement of contract liabilities during the years are as follow:

| | HK$'000 |
|---|---|
| As at 1 December 2020 | 2,088 |
| Increase in contract liabilities as a result of consideration received from customers over the amounts of revenue recognised | 11,611 |
| Acquisition of a subsidiary *(Note 34)* | 170 |
| Decrease in contract liabilities as a result of revenue recognised that was included in the contract liabilities balance at the beginning of the year | (2,088) |
| As at 30 November 2021 and 1 December 2021 | 11,781 |
| Increase in contract liabilities as a result of consideration received from customers over the amounts of revenue recognised | 3,470 |
| Decrease in contract liabilities as a result of revenue recognised that was included in the contract liabilities balance at the beginning of the year | (5,213) |
| **As at 30 November 2022** | **10,038** |

There were no significant changes in the contract liabilities balances during the reporting period.

Typical payment terms which have impact on the amount of contract liabilities recognised are as follows:

**Provision of maintenance services and computer software contract and licenses leasing**

When the Group received a deposit before the maintenance services, computer software contract and licenses leasing provided, this will give rise to contract liabilities at the start of a contract. The contract liabilities will be recognised as revenue when the Group fulfill the contract's performance obligation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 32. CONTRACT LIABILITIES (CONTINUED)

**Provision of recruitment services**

When the Group received consideration before the recruitment services provided, this will give rise to contract liabilities at the start of a contract. The contract liabilities will be recognised as revenue when the Group fulfill the contract's performance obligation.

The amount of contract liabilities expected to be recognised as revenue after more than one year is approximately HK$4,167,000 (2021: approximately HK$6,569,000). All of the other contract liabilities are expected to be recognised as income within one year.

## 33. AMOUNT DUE TO A RELATED COMPANY

The amount due was interest-free, unsecured and repayable on demand as at 30 November 2022 and 2021.

## 34. ACQUISITION OF A SUBSIDIARY

On 4 January 2021, abc Fintech Recruiters Limited (the "**Purchaser**"), a wholly-owned subsidiary of the Company and the Vendors entered into the Acquisition Agreement (the "**Acquisition**"), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire issued shares of Leadership Solutions Limited ("**Leadership**") for a consideration of HK$4,200,000, of which HK$2,600,000 was settled by cash and the remaining balance of HK$1,600,000 (the "**Contingent Consideration**") shall be considered as earn-out amount and shall be settled in accordance with the accumulated gross profit of Leadership achievement within 18 months after the completion of the Acquisition. The Acquisition was completed on 31 March 2021.

Leadership is an IT contractor resourcing firm with long track record of providing high quality IT professionals to clients ranging from finance service, IT industries and universities.

**Consideration transferred**

| | HK$'000 |
|---|---|
| Cash | 2,600 |
| Contingent Consideration *(Note a)* | 500 |
| Shortfall in net asset value paid by the Vendors *(Note b)* | (442) |
| Total | 2,658 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 34. ACQUISITION OF A SUBSIDIARY (CONTINUED)

### Consideration transferred (Continued)

*Note:*

a. Based on the relevant agreement, the Purchaser is required to pay an additional amount of HK$600,000, HK$500,000 and HK$500,000 if Leadership's accumulated gross profit ("**Accumulated GP**") within 18 months after completion date of the Acquisition exceeds HK$1,000,000, HK$2,200,000 and HK$3,400,000 respectively. The fair value of the Contingent Consideration of HK$500,000 was initially recognised as other payable at the date of Acquisition. As at 30 November 2021, Leadership's Accumulated GP for the past eight months has been accumulated to HK$794,000 and the fair value of the Contingent Consideration was adjusted to HK$650,000.

The actual Accumulated GP within 18 months after completion date of the Acquisition was accumulated to approximately HK$1,728,000 and the Purchaser fully settled the Contingent Consideration of HK$600,000 during the year ended 30 November 2022.

Acquisition related costs amounting to HK$1,128,000 have been excluded from the consideration transferred and have been recognised as the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income during the year ended 30 November 2021.

b. Based on the relevant agreement, if the net asset value of Leadership at the date of the Acquisition is less than HK$2,000,000, the Vendors shall pay the Purchaser the amount of such shortfall in cash. If the net asset value of Leadership at the date of the Acquisition is more than HK$2,000,000, the Purchaser shall pay the Vendors the excess amount in cash.

The net asset value of Leadership at the date of Acquisition is approximately HK$1,558,000 and the Vendors paid shortfall of HK$442,000 to the Purchaser accordingly.

### Assets acquired and liabilities recognised at the date of the Acquisition

| | HK$'000 |
|---|---|
| Trade and other receivables, net of impairment | 1,102 |
| Tax recoverables | 22 |
| Cash and cash equivalents | 743 |
| Trade and other payables and accruals | (139) |
| Contract liabilities | (170) |
| Net identifiable assets acquired | 1,558 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 34. ACQUISITION OF A SUBSIDIARY (CONTINUED)

**Goodwill arising on the Acquisition:**

| | HK$'000 |
|---|---|
| Consideration transferred | 2,658 |
| Less: recognised amounts of net assets acquired | (1,558) |
| Goodwill arising on the Acquisition | 1,100 |

Goodwill arose on the Acquisition because the Acquisition included the synergies, revenue growth and future development of Leadership in the fintech resources business sector. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the Acquisition is expected to be deductible for tax purpose.

**Net cash outflow on the Acquisition**

| | HK$'000 |
|---|---|
| Cash consideration paid | 2,600 |
| Shortfall in net asset value paid by the Vendors | (442) |
| Less: cash and cash equivalents balances acquired | (743) |
| | 1,415 |

**Impact of the Acquisition on the results of the Group**

Included in the profit for the year is HK$170,000 attributable to the additional business generated by Leadership. Revenue for the year ended 30 November 2021 includes HK$4,445,000 generated from Leadership.

Had the Acquisition been completed on 1 December 2020, revenue for the year ended 30 November 2021 of the Group would have been HK$6,507,000, and profit for the year ended 30 November 2021 would have been HK$26,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed on 1 December 2020, nor is it intended to be a projection of future results.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 35. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

The externally imposed capital requirements for the Group is in order to maintain its listing on the Stock Exchange it has to have a public float at least 25% of the shares. During the years ended 30 November 2022 and 2021, the Group complied with the above public float requirement.

The Group monitors its capital structure on the basis of gearing ratio. The Group's gearing ratio as at 30 November 2022 is 67.8% (2021: 77.0%), which is calculated by dividing total liabilities of approximately HK$44,066,000 (2021: approximately HK$39,766,000) over the total assets of approximately HK$65,023,000 (2021: approximately HK$51,613,000).

There were no changes in the Group's approach to capital management during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| **Assets** | | |
| **Non-current asset** | | |
| Investments in subsidiaries | – | – |
| **Current assets** | | |
| Prepayments | 35 | 35 |
| Cash and cash equivalents | 116 | 681 |
| Amounts due from subsidiaries | 33,541 | – |
| | 33,692 | 716 |
| **Total assets** | 33,692 | 716 |
| **Capital and reserves** | | |
| Share capital | 59,934 | 59,934 |
| Reserves *(Note 37)* | (38,276) | (68,722) |
| **Equity attributable to owners of the Company** | 21,658 | (8,788) |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Promissory notes | 11,166 | 8,518 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

| | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|
| **Current liabilities** | | |
| Other payables and accruals | **868** | 986 |
| **Total liabilities** | **12,034** | 9,504 |
| **Total equity and liabilities** | **33,692** | 716 |
| **Net current assets/(liabilities)** | **32,824** | (270) |
| **Total assets less current liabilities** | **32,824** | (270) |
| **Net assets/(liabilities)** | **21,658** | (8,788) |

Approved and authorised for issue by the Board of Directors on 21 February 2023 and signed on its behalf by:

**Joseph Chi Ho Hui**
*Executive Director*

**Ka Wing Lau**
*Executive Director*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 37. RESERVES OF THE COMPANY

| | Share premium | Contributed surplus | Special reserve | Convertible bond reserve | Accumulated losses | Total |
|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| As at 1 December 2020 | 113,656 | 37,600 | 10,828 | 11,830 | (241,331) | (67,417) |
| Conversion of convertible bond | 15,771 | – | (2,298) | (11,830) | 2,298 | 3,941 |
| Loss and total comprehensive loss for the year | – | – | – | – | (5,246) | (5,246) |
| As at 30 November 2021 and 1 December 2021 | 129,427 | 37,600 | 8,530 | – | (244,279) | (68,722) |
| Profit and total comprehensive income for the year | – | – | – | – | 30,446 | 30,446 |
| **As at 30 November 2022** | **129,427** | **37,600** | **8,530** | **-** | **(213,833)** | **(38,276)** |

## 38. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, during the years ended 30 November 2022 and 2021, the Group had entered into the following material related party transactions which, in the opinion of the directors of the Company, were carried out in the operations of the Group's business:

### (a) Compensation of key management personnel

The remuneration of directors, senior management of the Company and certain of the highest paid employees, as disclosed in Notes 16 and 17 were as follows:

| | **2022** | 2021 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Fees | **60** | 60 |
| Salaries, allowance and other benefits | **3,045** | 3,704 |
| Contribution to mandatory provident fund | **85** | 90 |
| | **3,190** | 3,854 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 38. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

**(b)** During the year ended 30 November 2022, the Company has issued the 2022 PN 1 with principal amount of HK$2,000,000 to Active Investments (Note 28).

**(c)** During the year ended 30 November 2022, the Company signed an extension agreement of the 2021 PNs with Active Investments 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 2022 PNs 2 with aggregate amount of the fair value of approximately HK$9,527,000, the difference of approximately HK$570,000 between the carrying amount of the 2021 PNs and the fair value of 2022 PNs 2 with extension of maturity date is recognised as gain on derecognition of promissory notes 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 (Note 28).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 39. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 30 November 2022 and 2021 are as follows:

| Name of subsidiary | Place of incorporation/ operation | Particulars of issued share capital | Proportion of nominal value of issued shares held by the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Directly | Indirectly | |
| abc Multiactive (Hong Kong) Limited | Hong Kong | 300,000 ordinary shares | 100% (2021: 100%) | – | Sales of computer software, provision of professional and maintenance services and sales of computer hardware |
| Canada Mortgage Limited | Hong Kong | 1 ordinary share | 100% (2021: 100%) | – | Inactive (2021: Provision of overseas mortgage loan consultancy services) |
| abc Fintech Recruiters Limited | Hong Kong | 10,000 ordinary shares | 100% (2021: 100%) | – | Provision of fintech resources services |
| Leadership *(Note 1)* | Hong Kong | 6 ordinary shares | – | 100% (2021: 100%) | Provision of fintech resources services |
| abc Fintech Solution Limited *(Note 2)* | Hong Kong | 1 ordinary share | 100% (2021: 100%) | – | Sales of computer software and provision of professional and maintenance services |

None of the subsidiaries issued debt securities during the years ended 30 November 2022 and 2021 or at the end of both reporting period.

*Notes:*

1. The acquisition of 100% equity interest in Leadership was completed on 31 March 2021.
2. abc Fintech Solution Limited was incorporated on 8 September 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

**(a)** The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

| | **Promissory notes** | **Convertible bond** | **Lease liabilities** | **Total** |
|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| As at 1 December 2020 | 8,464 | 17,957 | 3,567 | 29,988 |
| **Cash flows** | | | | |
| – Repayment of lease liabilities | – | – | (1,266) | (1,266) |
| **Non-cash changes** | | | | |
| – Imputed interest expenses *(Note 12)* | 1,609 | 2,362 | – | 3,971 |
| – Derecognition of the promissory note | (10,068) | – | – | (10,068) |
| – Recognition of the new promissory note | 8,513 | – | – | 8,513 |
| – Lease modification | – | – | (1,722) | (1,722) |
| – Conversion into ordinary shares | – | (20,319) | – | (20,319) |
| – Interest expenses on lease liabilities *(Note 12)* | – | – | 66 | 66 |
| Total changes from non-cash changes | 54 | (17,957) | (1,656) | (19,559) |
| As at 30 November 2021 | 8,518 | – | 645 | 9,163 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

### (a) (Continued)

| | Promissory notes | Lease liabilities | Total |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| As at 1 December 2021 | 8,518 | 645 | 9,163 |
| **Cash flows** | | | |
| – Repayment of lease liabilities | – | (1,454) | (1,454) |
| – Proceeds from issue of a promissory note | 2,000 | – | 2,000 |
| Total changes from cash flows | 2,000 | (1,454) | 546 |
| **Non-cash changes** | | | |
| – Imputed interest expenses *(Note 12)* | 1,583 | – | 1,583 |
| – Derecognition of the promissory note | (10,097) | – | (10,097) |
| – Recognition of the new promissory note | 9,527 | – | 9,527 |
| – Gain on issue of promissory note | (365) | – | (365) |
| – Lease modification | – | (27) | (27) |
| – Interest expenses on lease liabilities *(Note 12)* | – | 110 | 110 |
| – Additions of lease liabilities | – | 2,620 | 2,620 |
| Total changes from non-cash changes | 648 | 2,703 | 3,351 |
| **As at 30 November 2022** | **11,166** | **1,894** | **13,060** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 November 2022

## 40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

### (b) Total cash outflow for lease

Amounts included in the consolidated statements of cash flow for lease comprise the following:

| | **2022** | 2021 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Within operating cash flows | **110** | 66 |
| Within financing cash flows | **1,344** | 1,200 |
| | **1,454** | 1,266 |

These amounts relate to the following:

| | **2022** | 2021 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Lease rental paid | **1,454** | 1,266 |

## 41. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 21 February 2023.

# FINANCIAL SUMMARY

## Five Years Financial Summary

The following table summarised the audited results, assets and liabilities of the Group for the five years ended 30 November 2022, 2021, 2020, 2019 and 2018.

### RESULTS

| | Year ended 30 November | | | | |
|---|---|---|---|---|---|
| | 2018<br>HK$'000<br>(Audited) | 2019<br>HK$'000<br>(Audited) | 2020<br>HK$'000<br>(Audited) | 2021<br>HK$'000<br>(Audited) | **2022<br>HK$'000<br>(Audited)** |
| Revenue | 15,163 | 17,361 | 16,626 | 62,357 | **60,244** |
| (Loss)/profit for the year | (5,049) | (4,965) | (2,987) | 15,640 | **9,110** |

### Assets and Liabilities

| | As at 30 November | | | | |
|---|---|---|---|---|---|
| | 2018<br>HK$'000<br>(Audited) | 2019<br>HK$'000<br>(Audited) | 2020<br>HK$'000<br>(Audited) | 2021<br>HK$'000<br>(Audited) | **2022<br>HK$'000<br>(Audited)** |
| Total assets | 5,529 | 7,753 | 12,123 | 51,613 | **65,023** |
| Total liabilities | (21,662) | (29,970) | (37,327) | (39,766) | **(44,066)** |
| Total equity | (16,133) | (22,217) | (25,204) | 11,847 | **20,957** |