abc Multiactive Limited

辰罡科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8131)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MAY 2023

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

*This announcement, for which the directors of abc Multiactive Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

* *For identification purposes only*

INTERIM RESULTS

The board of directors (the "**Board**") of abc Multiactive Limited (the "**Company**") presents the unaudited consolidated interim financial statements of the Company and its subsidiaries (the "**Group**") for the three months and six months ended 31 May 2023, together with the comparative figures.

The unaudited revenue of the Group for the three months and six months ended 31 May 2023 was HK$7,053,000 and HK$13,364,000 respectively (Three months and six months ended 31 May 2022: HK$20,151,000 and HK$39,071,000 respectively). The unaudited net profit and net loss for the three months and six months ended 31 May 2023 was HK$138,000 and (HK$2,096,000) respectively (Three months and six months ended 31 May 2022: net profit of approximately HK$6,807,000 and HK$11,033,000 respectively). Unaudited basic earnings/(loss) per share for the three months and six months ended 31 May 2023 was HK$0.03 cents and (HK$0.44) cents respectively (Three months and six months ended 31 May 2022: basic earnings per share of HK$1.43 cents and HK$2.32 cents respectively).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 May 2023

		(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
		2023	2022	**2023**	2022
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*3*	**7,053**	20,151	**13,364**	39,071
Cost of sales		**(1,684)**	(5,516)	**(3,562)**	(11,735)
Gross profit		**5,369**	14,635	**9,802**	27,336
Other losses or gains, net	*5*	**(834)**	(3)	**(2,860)**	(4)
Software research and development and operating expenses		**(1,235)**	(869)	**(2,339)**	(2,009)
Selling and marketing expenses		**(890)**	(3,856)	**(1,803)**	(8,090)
Administrative expenses		**(1,963)**	(2,679)	**(4,276)**	(5,407)
Profit/(loss) from operating activities		**447**	7,228	**(1,476)**	11,826
Finance costs	*7*	**(309)**	(421)	**(620)**	(793)
Profit/(loss) before tax	*6*	**138**	6,807	**(2,096)**	11,033
Income tax credit	*8*	**–**	–	**–**	–
Profit/(loss) and total comprehensive income for the period attributable to owners of the Company		**138**	6,807	**(2,096)**	11,033
		HK cents	*HK cents*	***HK cents***	*HK cents*
Earnings/(loss) per share					
– Basic	*10*	**0.03**	1.43	**(0.44)**	2.32
– Diluted	*10*	**0.02**	1.14	**N/A**	1.84

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 May 2023 and 30 November 2022

	Notes	**(Unaudited) 31 May 2023** ***HK$'000***	(Audited) 30 November 2022 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**338**	419
Right-of-use assets		**1,139**	1,774
Goodwill		**1,100**	1,100
Other intangible assets		**324**	354
		2,901	3,647
Current assets			
Trade and other receivables	*11*	**35,257**	43,839
Contract costs		**979**	1,402
Financial assets at fair value through profit or loss ("**FVTPL**")		**5,567**	8,461
Cash and cash equivalents		**8,674**	7,674
		50,477	61,376
Total assets		**53,378**	65,023
Capital and reserves			
Share capital		**59,934**	59,934
Reserves	*12*	**(41,073)**	(38,977)
Equity attributable to owners of the Company		**18,861**	20,957
LIABILITIES			
Non-current liabilities			
Promissory notes	*13*	**11,733**	11,166
Lease liabilities		**83**	564
		11,816	11,730

	Notes	(Unaudited) 31 May 2023 *HK$'000*	(Audited) 30 November 2022 *HK$'000*
Current liabilities			
Trade and other payables and accruals	*14*	**13,047**	20,722
Contract liabilities	*15*	**8,265**	10,038
Lease liabilities		**1,155**	1,330
Amount due to a related company	*16*	**223**	235
Tax payables		**11**	11
		22,701	32,336
Total liabilities		**34,517**	44,066
Total equity and liabilities		**53,378**	65,023
Net current assets		**27,776**	29,040
Total assets less current liabilities		**30,677**	32,687
Net assets		**18,861**	20,957

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 May 2023

	(Unaudited) Six months ended 31 May	
	2023	2022
	HK$'000	*HK$'000*
Net cash generated from/(used in) operating activities	**1,000**	(28,508)
Net cash generated from investing activities	**–**	–
Net cash used in financing activities	**–**	–
Net increase/(decrease) in cash and cash equivalents	**1,000**	(28,508)
Cash and cash equivalents at the beginning of the period	**7,674**	35,520
Cash and cash equivalents at the end of the period	**8,674**	7,012
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	**8,674**	7,012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 May 2023

	Attributable to owners of the Company					
	(Unaudited) Share capital *HK$'000*	**(Unaudited) Share premium** *HK$'000*	**(Unaudited) Contributed surplus** *HK$'000*	**(Unaudited) Special reserve** *HK$'000*	**(Unaudited) Accumulated losses** *HK$'000*	**(Unaudited) Total equity** *HK$'000*
As at 1 December 2021	59,934	129,427	37,600	8,530	(223,644)	11,847
Profit and total comprehensive income for the period	–	–	–	–	11,033	11,033
As at 31 May 2022	59,934	129,427	37,600	8,530	(212,611)	22,880
As at 1 December 2022	59,934	129,427	37,600	8,530	(214,534)	20,957
Loss and total comprehensive loss for the period	–	–	–	–	(2,096)	(2,096)
As at 31 May 2023	**59,934**	**129,427**	**37,600**	**8,530**	**(216,630)**	**18,861**

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited 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 ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations. The unaudited 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 Ordinances. They are prepared under the historical cost convention.

The unaudited consolidated results for the six months ended 31 May 2023 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company's annual financial statements for the year ended 30 November 2022, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") and Hong Kong Accounting Standards ("**HKASs**") as disclosed in note 2 below.

2. IMPACT ON NEW HKFRSs AND HKASs

The HKICPA has issued a number of new and revised HKFRSs and HKASs which are effective for accounting periods commencing on or after 1 January 2022. The Group has adopted, for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

Changes in accounting policies

HKFRSs and HKASs that are effective for the six months ended 31 May 2023:

Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKAS 16	Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Annual Improvements	Annual Improvements to HKFRSs 2018-2020 Cycle[1]

1. Effective for accounting periods beginning on or after 1 January 2022.

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

3. REVENUE

The Group is principally engaged in the 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 and provision of fintech resources services. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's revenue for the three months and six months ended 31 May 2023 is as follows:

	(Unaudited) Three months ended 31 May		**(Unaudited) Six months ended 31 May**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Disaggregation of revenue from contracts with customers				
Sales of computer software licenses, computer software licenses leasing and provision of related services	**1,310**	15,548	**2,422**	29,642
Provision of maintenance services	**3,769**	3,047	**6,369**	6,003
Sales of computer hardware and related products	**20**	9	**20**	29
Provision of fintech resources services	**1,954**	1,547	**4,553**	3,397
	7,053	20,151	**13,364**	39,071
Timing of revenue recognition				
A point in time	**1,004**	15,204	**2,421**	28,891
Over time	**6,049**	4,947	**10,943**	10,180
	7,053	20,151	**13,364**	39,071

4. SEGMENT INFORMATION

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

The chief operating decision maker regularly reviews the nature of their operations and the products and services. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	(Unaudited) Six months ended 31 May					
	Financial Solutions		Fintech Resources		Total	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**8,811**	35,674	**4,553**	3,397	**13,364**	39,071
Segment results	**4,363**	16,662	**1,327**	575	**5,690**	17,237
Net exchange gain/(loss)					**13**	(4)
Central administration costs					**(4,285)**	(5,407)
Finance costs					**(620)**	(793)
Fair value loss on financial assets at FVTPL					**(2,894)**	–
(Loss)/profit before tax					**(2,096)**	11,033
Income tax credit					**–**	–
(Loss)/profit for the period					**(2,096)**	11,033

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2022: Nil).

Segment results represent the profit/(loss) by each segment without allocation of net exchange gain/(loss), central administration costs, finance costs, fair value loss on financial assets at FVTPL and income tax credit. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	(Unaudited)					
	Six months ended 31 May					
	Financial Solutions		Fintech Resources		Total	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities						
Segment assets	**44,605**	57,965	**2,489**	2,706	**47,094**	60,671
Unallocated assets					**6,284**	470
Consolidated total assets					**53,378**	61,141
Segment liabilities	**20,035**	26,194	**1,121**	1,647	**21,156**	27,841
Unallocated liabilities					**13,361**	10,420
Consolidated total liabilities					**34,517**	38,261

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 notes, amount due to a related company, other head office and corporate liabilities.

Other segment information

	(Unaudited)					
	Six months ended 31 May					
	Financial Solutions		Fintech Resources		Total	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation on property, plant and equipment	**81**	43	**–**	–	**81**	43
Depreciation on right-of-use assets	**634**	814	**–**	–	**634**	814

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 customer contributed 10% or more to the Group's revenue for the six months ended 31 May 2023 (2022: Two (2) customers).

5. OTHER LOSSES OR GAINS, NET

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest income	**12**	–	**21**	–
Net exchange gain/(loss)	**1**	(3)	**13**	(4)
Fair value loss on financial assets at FVTPL	**(847)**	–	**(2,894)**	–
	(834)	(3)	**(2,860)**	(4)

6. PROFIT/(LOSS) BEFORE TAX

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit/(loss) before tax arrived at after charging:				
Depreciation on property, plant and equipment	**40**	22	**81**	43
Depreciation on right-of-use assets	**317**	510	**634**	814
Directors' remuneration	**15**	109	**215**	459
Staff costs (excluding directors' remuneration)				
– salaries and allowances	**2,482**	2,171	**4,794**	4,346
– retirement benefit costs	**102**	92	**200**	184
Cost of computer hardware and related products sold	**12**	5	**12**	17
Amortisation of intangible assets	**30**	–	**30**	–

7. FINANCE COSTS

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Imputed interest expenses on promissory notes *(Note 13)*	**286**	390	**568**	755
Interests expenses on lease liabilities	**23**	31	**52**	38
	309	421	**620**	793

8. INCOME TAX CREDIT

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits for the period (2022: 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 profit or no assessable profit).

No overseas profit tax has been calculated for the entities of the Group that are incorporated in Bermuda as it is exempted from profit tax for the six months ended 31 May 2023.

As at 31 May 2023, the Group has unaudited tax losses arising in Hong Kong of approximately HK$37,861,000 (As at 31 May 2022: approximately HK$40,834,000) can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 May 2023 (2022: Nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to owners of the Company for the three months and six months ended 31 May 2023 is based on the unaudited net profit/(loss) for the period of approximately HK$138,000 and (HK$2,096,000) respectively (For the three months and six months ended 31 May 2022: unaudited net profit of approximately HK$6,807,000 and HK$11,033,000 respectively), and the weighted average number of 475,813,216 ordinary shares for both three months and six months ended 31 May 2023 (For the three months and six months ended 31 May 2022: 475,813,216 ordinary shares).

Diluted earnings per share

The calculation of diluted earnings per share for the three months ended 31 May 2023 assumed the exercise of the convertible preference shares existed on 31 May 2023 and the weighted average number of ordinary shares outstanding has assumed conversion of all potentially dilutive ordinary shares as the exercise of the convertible preference shares would reduce earnings per share, therefore dilutive.

The calculation of diluted loss per share for the six months ended 31 May 2023 did not assume the exercise of the convertible preference shares existed during the period as the exercise of the convertible preference shares would reduce loss per share, therefore anti-dilutive. Diluted loss per share for the six months ended 31 May 2023 was the same as the basic loss per share.

11. TRADE AND OTHER RECEIVABLES

	(Unaudited) **31 May** **2023** ***HK$'000***	(Audited) 30 November 2022 *HK$'000*
Trade receivables	**36,818**	44,959
Less: Allowance for ECL	**(4,319)**	(4,319)
	32,499	40,640
Prepayment, deposits and other receivable	**2,758**	3,199
	35,257	43,839

The Group recognised expected credit loss (the "**ECL**") on trade receivables of HK$4.2 million in 2022. As mentioned in the Chairman's Statement in the Annual Report, 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. In view of this situations, the management generally allow longer settlement period to the customers.

The Company engaged valuer to consider ECL on trade receivables at each year end according to the requirements of Hong Kong Financial Reporting Standard 9 issued by the Hong Kong Institute of Certified Public Accountants. The ECL on trade receivables primarily based on the future macroeconomic conditions and counterparties' creditworthiness (e.g. the likelihood of default by counterparties). Such assessment has taken regard of quantitative and qualitative historical information and also, the forward-looking analysis.

The increase in loss allowance on trade in 2022 was mainly due to the increase in the gross carrying amount of trade receivables and increase in historical credit loss rates of trade receivables. The weak market conditions and financial services industry suffered further impact from COVID-19 delay the technology purchase decisions from the customers.

In view of the above situation and to build up long term relationship with our customers, the management believe that the Group must provide a complete and unique "solution" based on comprehensive consideration of the customer's needs, budget, and actual situation, rather than a single product or service. What customers need is "a business partner who can help them achieve their goals". As such, management generally allow 180-365 days settlement period to our customers (the "**Arrangement**") on case-by-case basis.

The determination of length of the credit period was made in case-by-case basis and the Group generally looks at the several factors in assessment of credit risk of the counterparty including but not limited to background, reputation, credit history, capacity to repay, capital, reviewing the financials of the counterparty (if applicable), considering the counterparty's repayment history and evaluating whether the counterparties are in bankruptcy, receivership or liquidation or have relevant record.

The management consider that the longer settlement period provides a buffer period for customers who are in distress due to the COVID-19 epidemic, so that they will not be forced out of business while strengthen the relationship with customers and expect to provide more business opportunities from them in the future.

In view of the above, the management consider that the longer settlement period would allow the Group to increase the market competitiveness and also the market shares as the Arrangement provide flexibility to our customers as the Arrangement allow them to make the payment when their business recover in 2023.

Change in adoption of the default rate and recovery rate for ECL assessment

In preparing the ECL assessment for the Group's trade receivables in 2022, the management expert adopted the default rate and recovery rate from the international research firm, e.g. Moody's, and the management were of the opinion that the abovementioned default rate and recovery rate are approximated to the Group's expected loss rate due to the lack of material actual loss in the last few years.

In preparing the ECL assessment for the Group's trade receivables in 2022, the management expert adopted the historical actual loss rate based in the historical settlement record of the Group's trade receivables provided by the management due to the settlement behavior of the Group's customers was worse than that of 2021.

In the past years, the Group's major customers were banks and high reputation financial institutions in Hong Kong, it was rare to have default payment and management considered the recovery rate of Moody for FSI section as a closer reference for ECL assessment. However, after the Group acquisitions of Leadership Solutions Limited in 2021 and the launch of the new RegTech Solution products in the market, the customer base expanded to medium and small financial institutions and even various industries. During the long COVID period, businesses of those medium and small financial institutions were more sensitive to an unstable economy. The Group also observed there was a delay in payment that occurred during 2022. After consultation with the valuer and auditor, the Group decided to adopt historical loss rate which is more appropriate to assess the overall ECL risk for the year.

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

	(Unaudited) **31 May** **2023** ***HK$'000***	(Audited) 30 November 2022 *HK$'000*
0-30 days	**3,892**	1,144
31-60 days	**5,632**	967
61-90 days	**7,031**	8,801
Over 90 days	**15,944**	34,047
	32,499	44,959

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

	(Unaudited) **31 May** **2023** ***HK$'000***	(Audited) 30 November 2022 *HK$'000*
31-60 days	**5,632**	967
61-90 days	**7,031**	8,801
Over 90 days	**15,944**	34,047
	28,607	43,815

The Group understood, during the long COVID period in the past years, businesses of medium and small financial institutions are more sensitive to an unstable economy. In the weak market, such customers intended to defer payments. Furthermore, a few customers suffered from staff turnover in their business that resulted in further delay in payment settlement. In spite of the situation, the Group had asked several customers for partial settlement of overdue trade receivables and allowed a longer settlement period for the remaining overdue balance.

Management closely monitors those customers for the outstanding balances, including site visits their office while performing maintenance services, physical meetings with the customers and contacting them by telephone call to ask for payment regularly.

12. RESERVES

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

13. PROMISSORY NOTES

(i) On 27 March 2019, a promissory note was issued by the Company in favour of Active Investments Capital Limited ("**Active Investments**"), a related company wholly owned by Mr. Samson Chi Yang Hui, the chief executive officer of the Company, with the principal amount of HK$5,000,000 and denominated in Hong Kong Dollar for the purpose of providing sufficient working capital to cope with the Group's development plan and improving the financial position of the Group. The promissory note bore no interest and was matured on 30 November 2019.

On 28 November 2019, the promissory note with the principal amount of HK$5,000,000 was cancelled and a new promissory note (the "**PN1**") 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 PN1 bore no interest and was matured on 1 March 2021.

On 26 November 2020, the Company signed an extension agreement of the PN1 with Active Investments with a modification of terms with extended maturity date from 1 March 2021 to 1 June 2022. The extension of the PN1 considered as substantial modification.

(ii) On 26 November 2020, a promissory note (the "**PN2**") 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 PN2 bore no interest and was matured on 1 June 2022.

(iii) On 29 November 2021, the Company signed an extension agreement of the PN1 and PN2 with Active Investments with a modification of terms with extended maturity date from 1 June 2022 to 1 June 2023. The extension of the PN1 and PN2 considered as substantial modification.

(iv) On 29 November 2022, the Company signed an extension agreement of the PN1 and PN2 with Active Investment with a modification of terms with an extended maturity date from 1 June 2023 to 1 June 2024. The extension of the PN1 and PN2 is considered as substantial modification.

The valuation of the PN1 and PN2 was performed by an independent valuer and the fair value were approximately HK$6,932,000 and HK$2,599,000 respectively for the year ended 30 November 2022. As at 31 May 2023, the aggregate amount of the PN1 was approximately HK$7,264,000 (including its fair value of approximately HK$6,932,000 and imputed interest of approximately HK$332,000) and the aggregate amount of the PN2 was approximately HK$2,723,000 (including its fair value of approximately HK$2,599,000 and imputed interest of approximately HK$124,000).

(v) On 29 November 2022, another new promissory note (the "**PN3**") was issued by the Company in favour of Active Investments with the principal amount of HK$2,000,000 and denominated in Hong Kong Dollars 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 PN3 shall bear no interest and will be matured on 1 June 2024. The valuation of the PN3 was performed by an independent valuer and its fair value was approximately HK$1,635,000 for the year ended 30 November 2022. As at 31 May 2023, the aggregate amount of the PN3 was approximately HK$1,746,000 (including its fair value of approximately HK$1,635,000 and imputed interest of approximately HK$111,000).

The carrying amount of the promissory notes are as follows:

	(Unaudited) **31 May** **2023** ***HK$'000***	(Audited) 30 November 2022 *HK$'000*
Promissory notes payable to a related company	**11,733**	11,166

14. TRADE AND OTHER PAYABLES AND ACCRUALS

	(Unaudited) **31 May** **2023** ***HK$'000***	(Audited) 30 November 2022 *HK$'000*
Trade payables	**2,905**	9,270
Accruals	**7,330**	8,115
Other payables	**2,812**	3,337
	13,047	20,722

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

	(Unaudited) **31 May** **2023** ***HK$'000***	(Audited) 30 November 2022 *HK$'000*
31-60 days	**105**	–
61-365 days	**2,800**	8,400
Over 365 days	**–**	870
	2,905	9,270

The average credit period granted by suppliers is normally within 60 days (2022: 60 days).

15. CONTRACT LIABILITIES

	(Unaudited) 31 May 2023 ***HK$'000***	(Audited) 30 November 2022 *HK$'000*
Provision of maintenance services	**4,416**	6,267
Computer software contract and licenses leasing	**3,153**	2,962
Recruitment services	**696**	809
	8,265	10,038

16. AMOUNT DUE TO A RELATED COMPANY

The amount mainly represents payables for purchases of software merchandise, royalty fee and expenses paid on behalf of the Group. The balance of the amount due to a related company was interest free, unsecured and repayable on demand for the period ended 31 May 2023 and the year ended 30 November 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited revenue of approximately HK$7,053,000 for the three months ended 31 May 2023 decreased by 65% from approximately HK$20,151,000 for the corresponding period last year. The unaudited net profit of the Group for the three months ended 31 May 2023 was approximately HK$138,000, whereas the Group recorded an unaudited net profit of approximately HK$6,807,000 for the corresponding period last year. Of the total unaudited revenue amount, (i) approximately HK$1,310,000 or 19% was generated from sales of computer software licenses, software licenses leasing and provision of related services, (ii) approximately HK$3,769,000 or 53% was generated from maintenance services, (iii) approximately HK$20,000 was generated from sales of computer hardware and related products and (iv) approximately HK$1,954,000 or 28% was generated from fintech resources services. The decrease in total revenue are attributed to slowdown in new license sales due to deferral of project engagement by customers and the Group has also taken more measurement in new customers on sales contracts signing and product delivery to achieve more effective risk management in operation. In addition, the Group has also centralized its sales and marketing resources effort on product promotion of the new launched solution "abcWealthConnect" to the market in this quarter, it also further delayed the new sales contract signing to the second half of the year. Despite this, the Group benefits from the renewal of the maintenance service contracts for FinReg from customers, which also recorded the unaudited revenue from maintenance services of approximately HK$3,769,000 for the period, increased by 24% from approximately HK$3,047,000 for the corresponding period last year. Furthermore, due to the growth in demanding and successful rate from recruitment services, the Group's unaudited revenue generated from fintech resources was approximately HK$1,954,000 for the period, increased by 26% from approximately HK$1,547,000 for the corresponding period last year.

During the period, the unaudited operating expenditures amounted to approximately HK$4,088,000, decreased by 45% when compared to approximately HK$7,404,000 for the corresponding period last year. The decrease was mainly attributed to decrease in sales commission which was in line with the decreased in revenue of sales computer software during the period.

During the period, the unaudited depreciation expenses on property, plant and equipment was approximately HK$40,000, increased 82% when compared to that of approximately HK$22,000 for the corresponding 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 in last year.

The Group has no provision made for impairment of trade receivables for the three months ended 31 May 2023.

Total unaudited staff costs (excluding directors' remuneration) were approximately HK$2,584,000 for the three months ended 31 May 2023, increased 14% when compared to approximately HK$2,263,000 for the corresponding period last year. The reason of increase was mainly contributed to increase in payroll because of the number of staff increased during the period when compared to the corresponding period last year to cope with business activities of the Group.

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 31 May 2023 and 30 November 2022, the amount due to a related company and the promissory notes to a related company were repayable as follows:

	(Unaudited) **31 May** **2023** ***HK$'000***	(Audited) 30 November 2022 *HK$'000*
Within 1 year	**223**	235
Between 1 and 2 years	**11,733**	11,166
Wholly repayable within 5 years	**11,956**	11,401

As at 31 May 2023, the Group had outstanding of approximately CAD39,000 (approximately HK$223,000) due to Maximizer Services Inc. ("**MSI**"), a related company of the Company. The amount due to MSI was mainly payables for purchases of software merchandise, royalty fee and expenses paid on behalf of the Group, which was unsecured, interest free and repayable on demand.

As at 31 May 2023, loans of amount HK$8,000,000, HK$3,000,000 and HK$2,000,000 are loans from Active Investments, a related company wholly owned by the chief executive officer of the Company, which were unsecured, non-interest bearing and maturing on 1 June 2024. The valuation of the three outstanding promissory notes was performed by an independent valuer. As at 31 May 2023, the aggregate amount of three promissory notes was approximately HK$11,733,000. *(Note 13)*

The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total equity. As at 31 May 2023, the Group's gearing ratio was 0.65 (2022: 0.63).

Pledge of Assets

The Group did not have any mortgage or charge over its assets as at 31 May 2023.

Exposure to Fluctuation in Exchange Rates and Related Hedges

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

As at 31 May 2023, the Group did not have any foreign currency investments which have been hedged by currency borrowings and other hedging instruments.

Treasury Policy

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

Contingent Liabilities

The Group had no material contingent liabilities as at 31 May 2023.

Significant Investments

The Group has not held any significant investment for the three months ended 31 May 2023.

Major Events

As at 31 May 2023, the Group had no material capital commitments and no future plans for material investments or capital assets.

Employee and Remuneration Policy

The directors believe that the quality of its employees is the most important factor in sustaining the Group's growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salaries and mandatory provident fund, staff benefits include medical coverage scheme. As at 31 May 2023, the Group had employed 24 staffs in Hong Kong (2022: 23 staffs in Hong Kong). Total staff costs for the six months ended 31 May 2023 under review amounted to approximately HK$2,584,000.

As at 31 May 2023, 7 employees had completed the required number of years of service under the Employment Ordinance (the "**Ordinance**") to be eligible for long service payments on termination of their employment with the Group. The Group is only liable to make such payments where termination meets the required circumstances specified in the Ordinance. The estimated unaudited maximum amount of such payment is approximately HK$275,000.

Pension Scheme

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

The retirement benefit scheme cost charged to the consolidated statement of profit or loss and other comprehensive income represents contributions payable by the Group to the funds and is expensed as incurred. For the three months ended 31 May 2023, the unaudited retirement benefit scheme contributions borne by the Group amounted to approximately HK$102,000 (2022: approximately HK$92,000). No forfeited contribution for the Group is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately.

Operation Review

For the three months ended 31 May 2023, the Group's unaudited revenue was approximately HK$7,053,000, decreased by 65% from approximately HK$20,151,000 for the corresponding period last year. Of the total unaudited revenue, revenue of approximately HK$5,079,000 represented sales of self-developed software, revenue of approximately HK$1,954,000 was generated from fintech resources services and revenue generated from sales of computer hardware and the third parties' products were approximately HK$20,000.

Financial Solutions services

FinReg, FinReg KYC+ and its peripheral product lines (the "**RegTech Solutions**") were launched in the market since 2021. These 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 RegTech Solutions. In response to the economic fallout caused by the COVID-19 pandemic, firms are more cautious about their investing and dragged down global economic growth including Hong Kong, the volatility in the worldwide's financial markets, has driven the deflation of the Hong Kong stock trading volume, where the overall investment sentiment has also become cautious. In the face of multiple uncertainties, the Group's new sales contract also has slow down during the period. Entering into the second half of 2023 with the cancellation of all epidemic prevention and isolation measures, the overall social economy is expected to recover slowly, the Group expected that RegTech Solutions will resume its growth momentum. Except for sales of software licenses and provision of professional services on Fintech Solutions, the Group also provides these customers with annual maintenance services and other professional services for these products, which stable the Group's revenue. In the meantime, the Group is also in close negotiation with certain potential customers to implement RegTech Solutions.

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 RegTech Solutions namely 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. In addition, FinReg KYC+ also is an integrated technology platform that assist customers efficiently manages KYC policies and regulatory compliance requirements and enables online account opening.

OCTOSTP system ("**OCTOSTP**") and provision of the 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 to respond to the technical requirements in launching the new platform for diversified stock trading by the Stock Exchange. During the period, the Group has completed all the implementation of the Hong Kong Investor Identification Regime ("**HKIDR**") to its OCTOSTP customers for ensuring compliance going forward on the Stock Exchange.

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. The Group will also reinforce its strategic initiatives and seeks new business opportunities to overcome the difficult operating environment.

Development of product line

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

In order to strengthen the Group's competitiveness, the Group has also expanded its product line in 2023. During the period, a new product developed by the Group was successfully launched into the market, namely "abcWealthConnect". abcWealthConnect is an asset management platform for portfolio, order & internal control, it supports the technology needs of External Asset Manager ("**EAM**") industry customers to maximize efficiency for automated portfolio construction and performance calculation to reduce their operational complexity, streamlines and administration across various financial products. With the launch of abcWealthConnect on the market, the Group has received positive feedback from customers, the Group is also negotiation with certain potential customers to implement abcWealthConnect.

The Group aims to help customers to improve business performance with efficiency and automation and will continue to explore additional value-added products of innovative technology solutions or services to meet industry need. The Group also believes that the diversified products lines, strengthened products functions and continuously innovating the technology of its products, which can effectively enhance the Group's competitiveness with the market.

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 Solutions Limited 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 stable growth in revenue in fintech resources services segment during the period. For the three months ended 31 May 2023, the Group's unaudited revenue generated from fintech resources was approximately HK$1,954,000, increased by 26% from approximately HK$1,547,000 for the corresponding period last year. The increase was attributed to increase in demanding and successful rate from recruitment services during the period. During the period, the Group successfully expanded its customer base and signed recruitment services contracts with new customers from different industries for provision of the recruitment services. The Group also closely negotiating with certain customers for the provision of recruitment and secondment services.

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 past years, FinReg, KYC+ and its peripheral product line marks an important milestone as it has been successfully launched to the market and were well recognised by our customers. To go further, such product lines would be the cornerstone of innovative RegTech solutions in the securities brokerage industry in Hong Kong since more companies put emphasis on regulatory compliance and look for appropriate RegTech solutions. In 2023, the Group launched abcWealthConnect in the market to extend product line coverage to wealth and asset management segment in the financial industry. Meanwhile, the Group will continue to keep up with the market trend and the industry requirements and also will explore new business opportunities and widen the Group's revenue stream from both existing and potential customers. It is the belief of the directors of the Company that the Group has well-diversified products and services range, its technology enables the delivery of robust, scalable and innovative business solutions into the market faster and at a lower cost than alternatives which maintains its market competitiveness and it is well equipped to face future challenges and believe that the Group will be strongly positioned to optimistic growth when market conditions improve.

To strive for the realization of the above initiatives, the Group will increase its focus on its research and development capabilities and also improve the quality of its sales and marketing team. The Group's sales 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.

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

As at 31 May 2023, the interests and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept under Section 352 of SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Rule 5.46 to 5.68 of the GEM Listing Rules were as follows:

Long positions in shares

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

Long positions in underlying shares

a) The Company:

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

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

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

b) Associated Corporation:

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

Long positions in debentures

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

Short positions in shares

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

Short positions in underlying shares

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

Short positions in debentures

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

Save as disclosed above, as at 31 May 2023, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 May 2023, 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 attaching to the Convertible Bond.

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 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.

AUDIT COMMITTEE

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

The written terms of reference which describe the authorities and duties of the audit committee were prepared and adopted with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the audit committee should also require it to review arrangement employees of the Company can use to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action and to act as the key representative body for overseeing the Company's relations with the external auditors. The audit committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group audit. It also reviews the financial reporting process and the adequacy and effectiveness of the Group's internal control system.

During the six months ended 31 May 2023, the audit committee held two meetings for the purpose of reviewing the Company's reports and financial statements, and providing advice and recommendations to the Board. The minutes of the audit committee meeting are kept by the company secretary.

The Group's unaudited results for the three months ended 31 May 2023 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standard.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 May 2023, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

CORPORATE GOVERNANCE CODE

The Stock Exchange has issued the amendments on Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules effective on or after 1 January 2022. The Company is committed to maintain and ensure high standards of the CG Code. To comply with all the new and amended code provisions, 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 period, except for the deviations as explained below, none of the directors is aware of information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period for the six months ended 31 May 2023, in compliance with the CG Code set out by the Stock Exchange in Appendix 15 to the GEM Listing Rules.

Appointments, Re-election and Removal

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 11 May 2023, and are subject to a separate resolution to be approved by shareholders in each year.

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 provision B.2.4(b), since all the independent non-executive directors of the Company also have served more than nine (9) years, the nomination committee of the Company is preparing to propose new independent non-executive director to the Board for consideration in coming months.

Financial Reporting

Code provision D.1.2 of the CG Code, stipulates that management should provide all members of the Board with monthly updates giving balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each director to discharge their duties under rule 5.01 and Chapter 17.

During the six months ended 31 May 2023, rather than provide monthly updates, the management of the Company has provided to the Board quarterly updates with quarterly consolidated financial statement of the Company's performance, position and prospects in sufficient details during the regular Board meetings of the Company. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board. The management discussion and analysis prepared by management and reviewed by the Board of the directors are included in this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 May 2023, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

By order of the Board
Joseph Chi Ho HUI
Chairman

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

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

Hong Kong, 12 July 2023

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