

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

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 AUGUST 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.

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

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	<i>Notes</i>	(Unaudited) Three months ended 31 August		(Unaudited) Nine months ended 31 August	
		2023 HK\$’000	2022 HK\$’000	2023 HK\$’000	2022 HK\$’000
Revenue	3	6,025	15,172	19,389	54,243
Cost of sales		(2,022)	(6,761)	(5,584)	(18,496)
Gross profit		4,003	8,411	13,805	35,747
Other losses or gains, net	4	(1,287)	5	(4,147)	1
Software research and development and operating expenses		(1,126)	(753)	(3,465)	(2,762)
Selling and marketing expenses		(560)	(1,854)	(2,363)	(9,944)
Administrative expenses		(2,043)	(3,115)	(6,319)	(8,522)
(Loss)/profit from operating activities		(1,013)	2,694	(2,489)	14,520
Finance costs	6	(321)	(445)	(941)	(1,238)
(Loss)/profit before tax	5	(1,334)	2,249	(3,430)	13,282
Income tax credit	7	–	–	–	–
(Loss)/profit and total comprehensive (loss)/income for the period attributable to owners of the Company		(1,334)	2,249	(3,430)	13,282
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share					
– Basic	8	(0.28)	0.47	(0.72)	2.79
– Diluted	8	N/A	0.38	N/A	2.22

NOTES:

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 (“**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRSs**”). 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 nine months ended 31 August 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 nine months ended 31 August 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 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 nine months ended 31 August 2023 is as follows:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 August		31 August	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Disaggregation of revenue from contracts with customers				
Sales of computer software licenses, computer software licenses leasing and provision of related services	1,012	10,104	3,434	39,746
Provision of maintenance services	2,727	3,117	9,096	9,120
Sales of computer hardware and related products	20	15	40	44
Provision of fintech resources services	2,266	1,936	6,819	5,333
	<u>6,025</u>	<u>15,172</u>	<u>19,389</u>	<u>54,243</u>
Timing of revenue recognition				
A point in time	914	10,052	3,335	38,943
Over time	5,111	5,120	16,054	15,300
	<u>6,025</u>	<u>15,172</u>	<u>19,389</u>	<u>54,243</u>

4. OTHER LOSSES OR GAINS, NET

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 August		31 August	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	8	–	29	–
Net exchange gain	1	5	14	1
Fair value loss on financial assets at FVTPL	(1,296)	–	(4,190)	–
	<u>(1,287)</u>	<u>5</u>	<u>(4,147)</u>	<u>1</u>

5. (LOSS)/PROFIT BEFORE TAX

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 August		31 August	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit before tax arrived at after charging:				
Depreciation on property, plant and equipment	38	40	119	83
Depreciation on right-of-use assets	318	317	952	1,131
Directors' remuneration	15	109	230	568
Staff costs (excluding directors' remuneration)				
– salaries and allowances	2,494	2,138	7,288	6,484
– retirement benefit costs	97	81	297	265
Cost of computer hardware and related products sold	17	8	29	25
Amortisation of intangible assets	44	–	74	–
	<u>38</u>	<u>40</u>	<u>119</u>	<u>83</u>
	<u>318</u>	<u>317</u>	<u>952</u>	<u>1,131</u>
	<u>15</u>	<u>109</u>	<u>230</u>	<u>568</u>
	<u>2,494</u>	<u>2,138</u>	<u>7,288</u>	<u>6,484</u>
	<u>97</u>	<u>81</u>	<u>297</u>	<u>265</u>
	<u>17</u>	<u>8</u>	<u>29</u>	<u>25</u>
	<u>44</u>	<u>–</u>	<u>74</u>	<u>–</u>

6. FINANCE COSTS

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 August		31 August	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Imputed interest expenses on promissory notes	304	407	872	1,162
Interest expenses on lease liabilities	17	38	69	76
	<u>321</u>	<u>445</u>	<u>941</u>	<u>1,238</u>

7. 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 nine months ended 31 August 2023.

As at 31 August 2023, the Group has unaudited tax losses arising in Hong Kong of approximately HK\$38,209,000. (As at 31 August 2022: approximately HK\$38,622,000) can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share attributable to owners of the Company for the three months and nine months ended 31 August 2023 is based on the unaudited net loss for the period of approximately HK\$1,334,000 and HK\$3,430,000 respectively (For the three months and nine months ended 31 August 2022: unaudited net profit of approximately HK\$2,249,000 and HK\$13,282,000 respectively), and the weighted average number of 475,813,216 ordinary shares for both three months and nine months ended 31 August 2023 (For the three months and nine months ended 31 August 2022: 475,813,216 ordinary shares).

The calculation of diluted loss per share for the three months and nine months ended 31 August 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 three months and nine months ended 31 August 2023 was the same as the basic loss per share. (2022: The calculation of diluted earnings per share for the three months and nine months ended 31 August 2022 assumed the exercise of the convertible preference shares existed on 31 August 2022 and the weighted average number of ordinary shares outstanding has assumed conversion of all potentially dilutive ordinary shares as the exercise of the convertible preference shares would reduce earnings per share, therefore dilutive).

9. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 August 2023

	Attributable to owners of the Company					
	(Unaudited) Share capital <i>HK\$'000</i>	(Unaudited) Share premium <i>HK\$'000</i>	(Unaudited) Contributed surplus <i>HK\$'000</i>	(Unaudited) Special reserve <i>HK\$'000</i>	(Unaudited) Accumulated losses <i>HK\$'000</i>	(Unaudited) Total equity <i>HK\$'000</i>
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	–	–	–	–	13,282	13,282
As at 31 August 2022	<u>59,934</u>	<u>129,427</u>	<u>37,600</u>	<u>8,530</u>	<u>(210,362)</u>	<u>25,129</u>
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	–	–	–	–	(3,430)	(3,430)
As at 31 August 2023	<u>59,934</u>	<u>129,427</u>	<u>37,600</u>	<u>8,530</u>	<u>(217,964)</u>	<u>17,527</u>

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited revenue of approximately HK\$6,025,000 for the three months ended 31 August 2023 decreased by 60% from approximately HK\$15,172,000 for the corresponding period last year. The unaudited net loss of the Group for the three months ended 31 August 2023 was approximately HK\$1,334,000, whereas the Group recorded an unaudited net profit of approximately HK\$2,249,000 for the corresponding period last year. Of the total unaudited revenue amount, (i) approximately HK\$1,012,000 or 17% was generated from sales of computer software licenses, software licenses leasing and provision of related services, (ii) approximately HK\$2,727,000 or 45% was generated from maintenance services, (iii) approximately HK\$20,000 was generated from sales of computer hardware and related products and (iv) approximately HK\$2,266,000 or 38% was generated from fintech resources services.

The decrease in total revenue are attributed to slowdown in new license sales due to the slowdown in Hong Kong economy especially the performance of Hong Kong stock market. Most of the existing and potential customers of the Group are from financial industry that they are prudently controlled their costs on system upgrade and new system implementation. In addition, the Company adopted a more stringent scrutiny of the current business of new customers and a more tightening pricing policy to ensure the payment to be received on a timely manner before entering into new sales contract such as requiring deposit from customers before the provision of products and services. Therefore, the hesitation of the new customers led to decrease in new customers engaged which further contributes to the decline in revenue. Furthermore, the Group has also centralized its sales and marketing resources effort on product promotion of the new launched FinTech solution “abcWealthConnect” to the market in the first quarter of 2023, it also further impacted the new sales contract signing of existing product in the first half of the year. The abcWealthConnect, which is management system developed by the Company for extended asset management firms, is expected to broaden the client base of the Company to asset management industry.

The Group benefits from the high demanding and successful rate from recruitment services, the unaudited revenue from fintech resources services of approximately HK\$2,266,000 during the period increased by 17% from approximately HK\$1,936,000 when compared to the same period last year.

During the period, the unaudited operating expenditures amounted to approximately HK\$3,729,000, decreased by 35% when compared to approximately HK\$5,722,000 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\$38,000, remains stable when compared to that of approximately HK\$40,000 for the corresponding period last year.

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

Total unaudited staff costs (excluding directors' remuneration) were approximately HK\$2,591,000 for the three months ended 31 August 2023, increased 17% when compared to approximately HK\$2,219,000 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.

As at 31 August 2023, the Group had four outstanding promissory notes. Out of which, three outstanding promissory notes with principal amounts of HK\$8 million, HK\$3 million, and HK\$2 million respectively, are unsecured, non-interest bearing and mature on 1 June 2024 and they were subsequently extended to 1 June 2025 on 22 September 2023. The remaining outstanding promissory note is in the principal amount of HK\$2.5 million and is unsecured, non-interest bearing and matures on 1 June 2025.

Operation Review

For the three months ended 31 August 2023, the Group's unaudited revenue was approximately HK\$6,025,000, decreased by 60% from approximately HK\$15,172,000 for the corresponding period last year. Of the total unaudited revenue, revenue of approximately HK\$3,739,000 represented sales of self-developed software, revenue of approximately HK\$2,266,000 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 RegTech 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 signed sales contract with customers for implementation of the Faster Interface for New Issuance (“**FINI**”) platform to its OCTOSTP customers.

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 year, the Group was successfully launched abcWealthConnect to the market. It is an asset management platform 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 and streamlines administration workflow across various financial products. The Group is in negotiation with certain potential customers to implement abcWealthConnect.

The Group aims to help customers to improve operational efficiency 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 in 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 August 2023, the Group's unaudited revenue generated from fintech resources was approximately HK\$2,266,000, increased by 17% from approximately HK\$1,936,000 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

Although, with the continuous support by the Hong Kong government through various supporting schemes, however the industry outlook will highly depend on the recovery of Hong Kong economy especially the financial industry. The economic recovery stalled in 2023 following a major COVID pandemic, the Hong Kong stock market is still heavily impacted from the global economy downturns, uncertainty in PRC economy resumption and property market crisis, trading tension between PRC and the United States and slow recovery of Hong Kong economy. Given the trading performance in the securities market and the condition of economy resumption are critical to the Group's business as the majority of the customers are active in the securities industry which their business is impacted by the above factors and the slow post-Covid economy recovery. Having considered the uncertainties associated with the financial services industry and the challenges of the post-Covid economy recovery, operational efficiency and increase its revenue growth will continue to be top priorities for the Group for 2023.

With a more efficient infrastructure and our well experience in the financial industry, the Group will continue 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. The Group's competitiveness will be maintained by utilizing its 30 years experience and by offering such well-diversified products and services range with technology which enables the delivery of robust, scalable and innovative business solutions into the market, that 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 not only focus on its research and development capabilities but 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.

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

As at 31 August 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 August 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 August 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	Type of shares	Number of shares (Note 1)	Percentage of issued share capital
Bravo Merit Management Groups Limited (“Bravo”)	Beneficial owner	Ordinary shares	355,949,933 (L)	74.81%
Leung Wai Ming	Interest of controlled corporation	Ordinary shares	355,949,933 (L) (Note 2)	74.81%
iRregular Consulting Limited (“iRregular”)	Beneficial owner	Convertible preference shares	123,529,400 (L)	25.96%
Wee Yu-Chih	Interest of a controlled corporation	Convertible preference shares	123,529,400 (L) (Note 3)	25.96%

Note:

1. “L” demotes long position.
2. Bravo is wholly owned by Mr. Leung Wai Ming. Mr. Leung is deemed to be interested in the shares in which Bravo is interested under the SFO.
3. iRegular is wholly owned by Ms. Wee Yu-Chih. Ms. Wee is deemed to be interested in the shares in which iRegular is interested under the SFO.
4. On 29 August 2023 (after trading hours), Bravo as purchaser and Maximizer International Limited and Pacific East Limited (collectively referred as the “**Vendors**”) entered into a Sale and Purchase Agreement, pursuant to which Bravo agreed to acquire and the Vendors agreed to sell 355,949,933 ordinary shares for a total consideration of HK\$27,000,000, equivalent to approximately HK\$0.0759 per share. Completion took place on 30 August 2023 and the Vendors ceased to have any equity interest in the Company. On 7 September 2023, Bravo and the Group jointly announced an unconditional mandatory cash offer for all the issued ordinary shares in the Company (other than those shares already owned or agreed to be acquired by Bravo and the parties acting in concert with it).

Long positions in underlying shares

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

Short positions in shares

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

Short positions in underlying shares

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

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

AUDIT COMMITTEE

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

On 1 August 2023, Mr. William Keith Jacobsen has tendered his resignation as an independent non-executive director, member of each of audit committee, nomination committee, remuneration committee and internal control committee of the Company due to his other commitments. Following the resignation of Mr. Jacobsen, the Board would have two independent non-executive directors only, as such the number of which fails below the minimum number of the three independent non-executive directors pursuant to Rule 5.05(1) of the GEM Listing Rules. As a result of the resignation of Mr. William Keith Jacobsen, the current number of members of the audit committee of the Board falls below the minimum number required under Rule 5.28 of the GEM Listing Rules. Also pursuant to Rule 5.36A of the GEM Listing Rules, the nomination committee must comprise a majority of independent non-executive directors. Upon the resignation of Mr. William Keith Jacobsen, the Company fails to meet the requirement under Rule 5.36A of the GEM Listing Rules. In this regard, the Company will use its best endeavor to identify a suitable candidate to fill the vacancy as soon as practicable, with the relevant appointment to be made within three months from the effective date of the resignation of Mr. William Keith Jacobsen as required under Rule 5.06 and 5.33 of the GEM Listing Rules. Further announcement will be made by the Company in relation to such appointment as and when appropriate.

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 nine months ended 31 August 2023, the audit committee held three 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 August 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine months ended 31 August 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	<i>(Executive Director)</i>
Ms. Clara Hiu Ling LAM	<i>(Executive Director)</i>
Mr. Kwong Sang LIU	<i>(Independent Non-executive Director)</i>
Mr. Edwin Kim Ho WONG	<i>(Independent Non-executive Director)</i>

Hong Kong, 11 October 2023

This announcement will remain on "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.