

**abcmultiactive**

**abc Multiactive Limited**

**辰罡科技有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8131)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 30 NOVEMBER 2016**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK  
EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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

\* For identification purposes only

## FINAL RESULTS

The board of directors (the “Board”) of abc Multiactive Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 November 2016, together with the comparative figures in 2015 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 November 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Turnover	4	18,400	13,334
Cost of sales		(4,644)	(2,389)
Gross profit		13,756	10,945
Other revenue	4	–	23
Other gains and losses	5	316	(9,072)
Software research and development expenses		(6,050)	(4,881)
Selling and marketing expenses		(978)	(1,181)
Administrative expenses		(8,827)	(7,667)
Loss from operating activities	7	(1,783)	(11,833)
Finance costs	8	(2,512)	(2,394)
Loss before taxation		(4,295)	(14,227)
Taxation	9	–	–
Loss for the year		(4,295)	(14,227)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(9)	158
Release of exchange reserve upon de-registration of subsidiaries		–	13,351
Other comprehensive (loss)/income for the year, net of tax		(9)	13,509
<b>Total comprehensive loss for the year</b>		<b>(4,304)</b>	<b>(718)</b>
Loss for the year attributable to owners of the Company		(4,295)	(14,227)
Total comprehensive loss for the year attributable to owners of the Company		(4,304)	(718)
<b>Loss per share</b>			
– Basic and diluted	10	<b>HK(1.78) cents</b>	<b>HK(5.91) cents</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 November 2016*

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Assets</b>			
<b>Non-current asset</b>			
Property, plant and equipment		<u>725</u>	<u>198</u>
<b>Current assets</b>			
Trade and other receivables	12	1,735	1,196
Cash and cash equivalents		2,098	3,526
Amounts due from customers		<u>516</u>	<u>48</u>
		<u>4,349</u>	<u>4,770</u>
<b>Total assets</b>		<b><u>5,074</u></b>	<b><u>4,968</u></b>
<b>Capital and reserves</b>			
Share capital	14	24,089	24,089
Reserves		<u>(78,422)</u>	<u>(74,118)</u>
<b>Equity attributable to owners of the Company</b>		<u>(54,333)</u>	<u>(50,029)</u>
<b>Liabilities</b>			
<b>Non-current liability</b>			
Promissory notes and interest payables to the related companies	15	<u>–</u>	<u>48,859</u>
<b>Current liabilities</b>			
Other payables and accruals	13	4,387	3,180
Deferred revenue		1,594	2,114
Amount due to a related company		224	225
Amounts due to customers		851	619
Promissory notes and interest payables to the related companies	15	<u>52,351</u>	<u>–</u>
		<u>59,407</u>	<u>6,138</u>
<b>Total liabilities</b>		<u>59,407</u>	<u>54,997</u>
<b>Total equity and liabilities</b>		<b><u>5,074</u></b>	<b><u>4,968</u></b>
<b>Net current liabilities</b>		<b><u>(55,058)</u></b>	<b><u>(1,368)</u></b>
<b>Total assets less current liabilities</b>		<b><u>(54,333)</u></b>	<b><u>(1,170)</u></b>
<b>Net liabilities</b>		<b><u>(54,333)</u></b>	<b><u>(50,029)</u></b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 30 November 2016*

	Attributable to owners of the Company					Total equity <i>HK\$'000</i>
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	
As at 1 December 2014	24,089	105,821	37,600	(13,709)	(203,112)	(49,311)
Loss for the year	–	–	–	–	(14,227)	(14,227)
Other comprehensive income for the year	–	–	–	13,509	–	13,509
	–	–	–	13,509	–	13,509
Total comprehensive income/ (loss) for the year	–	–	–	13,509	(14,227)	(718)
As at 30 November 2015 and 1 December 2015	24,089	105,821	37,600	(200)	(217,339)	(50,029)
Loss for the year	–	–	–	–	(4,295)	(4,295)
Other comprehensive loss for the year	–	–	–	(9)	–	(9)
	–	–	–	(9)	–	(9)
Total comprehensive loss for the year	–	–	–	(9)	(4,295)	(4,304)
<b>As at 30 November 2016</b>	<b>24,089</b>	<b>105,821</b>	<b>37,600</b>	<b>(209)</b>	<b>(221,634)</b>	<b>(54,333)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 November 2016*

## 1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 2 March 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on the GEM of the Stock Exchange. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at 23/F., On Hing Building, No.1 On Hing Terrace, Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are design and sales of computer software and provision of professional and maintenance services.

The consolidated financial statements included the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”). The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

The directors of the Company consider the Company’s ultimate shareholder to be The City Place Trust, a trust incorporated in Bermuda.

## 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

For the year ended 30 November 2016, the Group incurred a loss of approximately HK\$4,295,000 (2015: HK\$14,227,000) and incurred a net cash outflow from operating activities of approximately HK\$1,700,000 (2015: HK\$2,713,000). As at 30 November 2016, the Group had net current liabilities of approximately HK\$55,058,000 (2015: HK\$1,368,000) and net liabilities of approximately HK\$54,333,000 (2015: HK\$50,029,000). In addition, the Group’s promissory notes and interest payables of approximately HK\$52,351,000 (2015: HK\$48,859,000) as at 30 November 2016 (see Note 15) will be due on 30 June 2017.

These conditions indicate the existence of a material uncertainty that might cast significant doubt about the Group’s ability to continue as a going concern and therefore the Group may be unable to realise the Group’s assets and discharge the Group’s liabilities in the normal course of business.

In view of such circumstances, the directors of the Company have given careful consideration to future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay the outstanding promissory notes and interest payables and be able to finance its future working capital and finance requirements. Certain measures have been taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

1. The Group will keep negotiate with the promissory notes holders for the renewal of all the existing promissory notes upon the maturity.
2. The Group will seek to obtain additional financing.
3. The Group will implement operation plans to control costs and generate adequate cash flows from the Group's operations.

Whilst the Group is taking measures to preserve cash and secure additional finance, the following material uncertainties exist:

1. The Group may not be able to renew the existing promissory notes upon the maturity. The Group's ability to successfully negotiate with the promissory notes holders is dependent upon the future performance of the Group.
2. The Group may not be able to obtain the financial support. The Group's ability to successfully obtain additional financing is dependent upon the future performance of the Group.
3. The operation plans to control costs and generate adequate cash flow from the operations may not be effectively implemented and future performance and cash flows in respect of operating activities may not be in line with the assumptions. The achievability of the plans is dependent upon the market environment, which is expected to remain challenging in the near future.

These facts and circumstances indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 30 November 2016 on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

There are no new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group’s financial year beginning on or after 1 December 2015.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>1</sup>
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions <sup>3</sup>
HKFRS 4 (Amendments)	Insurance Contracts <sup>3</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operation <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers <sup>3</sup>
HKFRS 16	Leases <sup>4</sup>
HKAS 1 (Amendments)	Disclosure Initiative <sup>1</sup>
HKAS 7 (Amendments)	Disclosure Initiative <sup>2</sup>
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses <sup>2</sup>
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants <sup>1</sup>
HKAS 27 (Amendments)	Equity Method in Separate Financial Statement <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

<sup>5</sup> Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of assessing the potential impact of the above new and revised HKFRSs but is not yet in a position to state whether the above new and revised HKFRSs will have a significant impact on the Group’s results of operations and financial position.

#### 4. TURNOVER AND OTHER REVENUE

The Group is principally engaged in the design and sales of computer software and provision of professional and maintenance services. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's turnover and other revenue for the year is as follow:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Turnover:</b>		
Sales of computer software licences, software rental and provision of related services	4,244	2,855
Provision of maintenance services	5,669	6,078
Contract revenue	5,699	3,735
Sales of computer hardware	2,788	666
	<u>18,400</u>	<u>13,334</u>
<b>Other revenue:</b>		
Other	–	23
	<u>–</u>	<u>23</u>
<b>5. OTHER GAINS AND LOSSES</b>		
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss on disposal of property, plant and equipment	(50)	(24)
Impairment loss recognised on trade receivables ( <i>Note 12</i> )	(12)	–
Loss on de-registration of subsidiaries	–	(12,393)
Written off of receipt in advance	367	2,332
Net exchange gain	11	1,013
	<u>316</u>	<u>(9,072)</u>



## 6. SEGMENT INFORMATION

The Group was engaged in two business segments, financial solutions (“Financial Solutions”) and customer relationship management solutions (“CRM Solutions”), during the years ended 30 November 2016 and 2015. The chief operating decision maker regularly reviews the nature of their operations and the products and services. Each of the Group’s business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

### Segment revenue and results

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

	Financial Solutions		CRM Solutions		Total	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Turnover	<u>18,400</u>	<u>13,334</u>	<u>–</u>	<u>–</u>	<u>18,400</u>	<u>13,334</u>
Segment results	<u>6,728</u>	<u>4,883</u>	<u>–</u>	<u>–</u>	<u>6,728</u>	<u>4,883</u>
Other revenue					–	23
Loss on disposal of property, plant and equipment					(50)	(24)
Loss on de-registration of subsidiaries					–	(12,393)
Impairment loss recognised in respect of trade receivables					(12)	–
Written off of receipt in advance					367	2,332
Net exchange gain					11	1,013
Central administration costs					(8,827)	(7,667)
Finance costs					<u>(2,512)</u>	<u>(2,394)</u>
Loss before taxation					<u>(4,295)</u>	<u>(14,227)</u>
Taxation					<u>–</u>	<u>–</u>
Loss for the year					<u><u>(4,295)</u></u>	<u><u>(14,227)</u></u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2015: Nil).

Segment results represent the profit earned by each segment without allocation of other revenue, net exchange gain, loss on disposal of property, plant and equipment, loss on de-registration of subsidiaries, written off of receipt in advance, central administration costs, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

## Segment assets and liabilities

	Financial Solutions		CRM Solutions		Total	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets and liabilities</b>						
Segment assets	3,677	3,254	68	144	3,745	3,398
Unallocated assets					1,329	1,570
Consolidated total assets					<u>5,074</u>	<u>4,968</u>
Segment liabilities	5,709	5,058	336	323	6,045	5,381
Unallocated liabilities					53,362	49,616
Consolidated total liabilities					<u>59,407</u>	<u>54,997</u>

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

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

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

## Other segment information

	Financial Solutions		CRM Solutions		Total	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other segment information</b>						
Depreciation on property, plant and equipment	146	61	-	-	146	61
Capital expenditure	723	192	-	-	723	192

## Geographical segments

The Group operates in one principal geographical area – Hong Kong.

The Group's revenue generated from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	<u>18,400</u>	<u>13,334</u>	<u>725</u>	<u>198</u>

## Information about major customers

Included in revenue arising from provision of Financial Solutions of approximately HK\$18,400,000 (2015: approximately HK\$13,334,000) are revenue of approximately HK\$4,793,000 (2015: approximately HK\$4,204,000) which arose from services provided to the Group's major customers.

Revenue from customers of the corresponding years over 10% of the total revenue of the Group are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A	–	1,489
Customer B	–	1,374
Customer C	2,887	1,341
Customer D	<u>1,906</u>	<u>–</u>

## 7. LOSS FROM OPERATING ACTIVITIES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Loss from operating activities is arrived at after charging:</b>		
Auditors' remuneration	280	250
Depreciation on property, plant and equipment	146	61
Operating lease payments in respect of		
– land and buildings	2,081	2,053
– plant and equipment	32	32
Staff costs (excluding directors' remuneration)		
– salaries and allowances	10,596	9,446
– retirement benefit costs	358	359
Cost of computer hardware sold	<u>2,251</u>	<u>453</u>

## 8. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on promissory notes ( <i>Note 15</i> )	<u>2,512</u>	<u>2,394</u>

## 9. TAXATION

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits for the year (2015: No provision for Hong Kong profits tax has been made as the Group either had no estimated assessable profits or had estimated tax losses brought forward to set off the estimated assessable profits for the year).

No provision for the PRC income taxes has been made during the year as the subsidiaries operated in the PRC had no assessable profits for the year (2015: Nil).

No income tax was recognised in other comprehensive income during the year (2015: Nil).

## 10. LOSS PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<i>Loss</i>		
Loss for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	<u>(4,295)</u>	<u>(14,227)</u>
	2016	2015
<i>Number of shares</i>		
Weighted average number of shares for the purpose of basic loss per share	<u>240,886,450</u>	<u>240,886,450</u>
Basic loss per share	<u>HK(1.78) cents</u>	<u>HK(5.91) cents</u>

Diluted loss per share for the years ended 30 November 2016 and 2015 was the same as the basic loss per share. There were no potential dilutive ordinary shares outstanding for both years presented.

## 11. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 30 November 2016 (2015: Nil).

## 12. TRADE AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	411	400
Prepayment, deposits and other receivables	<u>1,324</u>	<u>796</u>
	<u><u>1,735</u></u>	<u><u>1,196</u></u>

The analysis of trade receivables were as follow:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	464	861
Less: Impairment loss recognised in respect of trade receivables	<u>(53)</u>	<u>(461)</u>
	<u><u>411</u></u>	<u><u>400</u></u>

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade receivables. The Group's trading terms with its customers are mainly based on product delivery and user acceptance. The Group allows a credit period range from 0 day to 30 days to its contract customers.

The following is an aged analysis of the trade receivables (based on invoices date), net of provision of impairment loss:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current	–	142
31 – 60 days	70	12
61 – 90 days	16	215
Over 90 days	<u>325</u>	<u>31</u>
	<u><u>411</u></u>	<u><u>400</u></u>

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
31 – 60 days	<b>70</b>	12
61 – 90 days	<b>16</b>	215
Over 90 days	<b>325</b>	31
	<u><b>411</b></u>	<u>258</u>

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

The movements in provision for impairment loss on trade receivables are as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
As at 1 December	<b>461</b>	1,620
Impairment loss recognised on trade receivables ( <i>Note 5</i> )	<b>12</b>	–
Amount written off as uncollectible	<b>(420)</b>	(1,159)
	<u><b>53</b></u>	<u>461</u>

Included in provision for impairment loss recognised in respect of trade receivables are individually impaired trade receivables with balance of approximately HK\$12,000 (2015: Nil). The individually impaired receivables related to customers that were in financial difficulties and the directors of the Company assessed that the amounts are not expected to be recovered.

As at 30 November 2016, there are four (2015: four) customers who represent more than 10% of the total net balance of trade receivables and the amounted to approximately HK\$381,000 (2015: approximately to HK\$333,000).

The movements in provision for impairment loss in respect of prepayment, deposits and other receivables are as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Prepayment, deposits and other receivables	<b>1,734</b>	1,206
Less: Impairment loss recognised in respect of prepayment, deposits and other receivables	<u><b>(410)</b></u>	<u>(410)</u>
As at 30 November	<u><b>1,324</b></u>	<u>796</u>

The directors of the Company had assessed the recoverability of prepayment, deposits and other receivables for the year ended 30 November 2016 and considered no further provision for impairment in respect of prepayment, deposits and other receivables is required (2015: Nil).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

### 13. OTHER PAYABLES AND ACCRUALS

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Accruals	<b>2,072</b>	1,329
Receipt in advance	<b>1,597</b>	1,083
Other payables	<u><b>718</b></u>	<u>768</u>
	<u><b>4,387</b></u>	<u>3,180</u>

### 14. SHARE CAPITAL

	2016		2015	
	Number of shares	Amount <i>HK\$'000</i>	Number of shares	Amount <i>HK\$'000</i>
<b>Authorised:</b>				
Ordinary shares of HK\$0.1 each	<u><b>10,000,000,000</b></u>	<u><b>1,000,000</b></u>	<u>10,000,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid:</b>				
Ordinary shares of HK\$0.1 each				
As at 1 December and 30 November	<u><b>240,886,450</b></u>	<u><b>24,089</b></u>	<u>240,886,450</u>	<u>24,089</u>

## 15. PROMISSORY NOTES AND INTEREST PAYABLES TO THE RELATED COMPANIES

The promissory notes payable to the related companies are interest bearing at 5% effective Hong Kong prime rate established by the Hongkong and Shanghai Banking Corporation Limited for both years ended 30 November 2016 and 2015.

On 20 June 2016, a new promissory note with the principal amount of approximately HK\$1,000,000 was issued by the Company in favour of Active Investments Capital Limited (“Active Investments”), which is a related company wholly-owned by the chief executive officer of the Company. The Hong Kong Dollar Denominated Promissory Notes issued to Active Investments with the aggregate amount as at 30 November 2016 of approximately HK\$37,781,000 (included principal amount of approximately HK\$26,705,000 and accrued interest of approximately HK\$11,076,000) (2015: HK\$34,964,000 (included principal amount of approximately HK\$25,705,000 and accrued interest of approximately HK\$9,259,000)). The promissory notes have to be repaid on or before 30 June 2017. During the year, interest of approximately HK\$1,817,000 was charged to consolidated statement of profit or loss and other comprehensive income (2015: HK\$1,702,000). (*Note 8*)

The Canadian Dollar Denominated Promissory Note issued to Active Investments with the aggregate amount as at 30 November 2016 of approximately CAD1,383,000 (approximately to HK\$8,392,000) (included principal amount of approximately CAD1,025,000 (approximately to HK\$5,915,000) and accrued interest of approximately CAD358,000 (approximately to HK\$2,477,000)) (2015: approximately CAD1,316,000 (approximately to HK\$8,019,000) (included principal amount of approximately CAD1,025,000 (approximately to HK\$5,935,000) and accrued interest of approximately CAD291,000 (approximately to HK\$2,084,000))). The promissory note has to be repaid on or before 30 June 2017. During the year, interest of approximately CAD68,000 (approximately to HK\$394,000) was charged to consolidated statement of profit or loss and other comprehensive income (2015: CAD64,000 (approximately to HK\$406,000)). (*Note 8*)

The Hong Kong Dollar Denominated Promissory Note issued to Wickham Group Limited, a company owned by a close family member of an executive director of the Company, with the aggregate amount as at 30 November 2016 of approximately HK\$6,178,000 (included principal amount of approximately HK\$4,635,000 and accrued interest of approximately HK\$1,543,000) (2015: HK\$5,876,000 (included principal amount of approximately HK\$4,635,000 and accrued interest of approximately HK\$1,241,000)). The promissory note has to be repaid on or before 30 June 2017. During the year, interest of approximately HK\$301,000 was charged to consolidated statement of profit or loss and other comprehensive income (2015: HK\$286,000). (*Note 8*)



## **SUMMARY OF THE INDEPENDENT AUDITORS' REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS**

The independent auditors' report of the Group's consolidated financial statements of annual report for the year ended 30 November 2016 contains a modified auditors' opinion as follow:

### **Basis for disclaimer of opinion**

As explained in Note 3 to the consolidated financial statements of annual report, the Group incurred a loss of approximately HK\$4,295,000 and a net cash outflow from operating activities of approximately HK\$1,700,000 for the year ended 30 November 2016. As at 30 November 2016, the Group had net current liabilities of approximately HK\$55,058,000 and net liabilities of approximately HK\$54,333,000. In addition, the Group's promissory notes with interest payables of approximately HK\$52,351,000 as at 30 November 2016 will be due on 30 June 2017.

The directors of the Company have been undertaking certain measures to improve the Group's liquidity and financial position, which are set out in Note 3 to the consolidated financial statements of annual report. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the outcome of these measures, which are subject to the following uncertainties, including (i) whether the Group is able to successfully negotiate with the promissory notes holders for the renewal of all the existing promissory notes upon their maturity, the achievability of which depends on the future performance of the Group; (ii) whether the Group is able to successfully obtain additional financing as and when required, the achievability of which depends on the future performance of the Group and (iii) whether the Group is able to implement its operation plans for control costs and to generate cash flow from operations, the achievability of which depends on the market environment which is expected to remain challenging.

These facts and circumstances, along with other matters as described in Note 3 to the consolidated financial statements of annual report, indicate the existence of multiple material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

## **Disclaimer of opinion**

Because of the significance of the matter described in the basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **BUSINESS REVIEW**

### **Financial Review**

The Group recorded a turnover of approximately HK\$18,400,000 for the year ended 30 November 2016 (the “Year”), increased by 38% from approximately HK\$13,334,000 for the same period last year. Of the total turnover amount, approximately HK\$4,244,000 or 23% was generated from software license sales, approximately HK\$5,699,000 or 31% was generated from contract revenue, approximately HK\$5,669,000 or 31% was generated from maintenance services, and approximately HK\$2,788,000 or 15% was generated from sales of hardware. As at 30 November 2016, the Group had approximately HK\$4,762,000 worth of contracts that were in progress. The net loss attributable to shareholders for the Year was approximately HK\$4,295,000, whereas the Group recorded a net loss of approximately HK\$14,227,000 for the same period last year.

The Group’s operating expenditures for the Year amounted to approximately HK\$15,855,000, increased by 15% from approximately HK\$13,729,000 for the corresponding period last year. Such increases were mainly attributed to the additional expenses for Hong Kong office removal, overall staff payroll increment and increase in the professional service fees during the Year.

Due to Hong Kong office relocation and additional spending on office renovation and purchase of office equipment during the Year, depreciation expenses increased from approximately HK\$61,000 for the same period last year to approximately HK\$146,000 for the Year.

The Group did not have any amortisation expenses during the Year, due to the written-off of the remaining amounts of goodwill and intellectual property rights at the end of the fiscal year 2002.

During the Year, the Group invested approximately HK\$6,050,000 in developing new modules for its OCTO Straight Through Processing (“STP”) system (“OCTOSTP”).

During the Year, a provision for impairment of approximately HK\$12,000 was provided for the long outstanding trade receivables. The directors were uncertain whether the amount would ultimately be collected due to the sluggish economy and considered that it was prudent to make such a provision.

Total staff costs (excluding directors' remuneration) were approximately HK\$10,954,000 for the Year, representing an increase of 12% from approximately HK\$9,805,000 for the same period last year. The increases were mainly attributed to headcount expansions in software research and development department and overall salary increment of staff for the Year.

### **Operation Review**

For the Year, the turnover from Financial Solutions is approximately HK\$18,400,000, an increase of 38% when compared to approximately HK\$13,334,000 for the same period last year. Of the total audited turnover from Financial Solutions, turnover of approximately HK\$15,191,000 represents sales of self-developed software, and revenue generated from resales of third parties software, hardware and other products are approximately HK\$3,209,000. The Group benefited from the new launch of Volatility Control Mechanism (VCM), Closing Auction Session (CAS) and Shenzhen-Hong Kong Stock Connect in the securities market, more brokerage house have increased their budgets for IT expansion. Except for our existing customers have upgrading their OCTOSTP system to meet the stock market new requirements, the Group also secured a satisfied results of new sales from various new brokerage firms for successfully deploying and implementing its' OCTOSTP solutions during the Year.

Following the various new stock trading platforms were launched to the market in 2016, the Group is closely negotiating with brokerage house and financial institutions for better preparation and implementation for its target in the future. The Group has always given priority to investing in the development of additional add-on modules for its OCTOSTP solutions, as well as to enhancing its extensive array of solutions and capabilities through product development, in order to improve the ability to streamline and diversify its revenue stream. We believe that the Group will benefit from its enhanced product line by the potential expand of its customer base.

### **Contingent Liabilities**

The Group had no material contingent liabilities as at 30 November 2016 (2015: Nil).

### **Event after the Reporting Period**

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

### **Litigation**

As at 30 November 2016, the Group had no material litigation (2015: Nil).

### **Prospects**

The Group will continue to cautiously monitor the business environment and continue to strength the competitiveness in the markets, the Group will further focus on our core business and technology development with product functionality improvement and expansion in the service areas we offer to the customers. To channel our resources to the new business development area of high growth solutions will continue to be one of the top priorities of the Group. It is the belief of the directors that the Group has a well-diversified product range, which maintains its market competitiveness and it is well equipped to face future challenges.

Entering 2017, we target to strive for a better diversified business line by seeking new investment opportunities in the market. To achieve the goal, we will engage in seeking partners actively to cooperate in providing more innovative business solutions. We will also continue to deliver our quality service, as well as to improve our financial solutions products, for the continuous business growth of the Group. We believe that the Group has solidified its foundation by refining its operations during the Year. This more efficient infrastructure will point the Group above its competition and towards a long-term profitable business model.

### **Corporate Governance Practices**

It is the belief of the Board of directors that corporate governance plays a vital part in maintaining the success of the Company. Various measures have been adopted to ensure that a high level of corporate governance is maintained throughout the operation of the Group.

The Stock Exchange has issued the amendments on Corporate Governance Code and Corporate Governance Report (the “CG Code and Report”) contained in Appendix 15 of the GEM Listing Rules effective on 1 April 2012 which set out the principles and the code provisions which the Company is expected to apply and comply.

To comply with all the code provisions set out in the CG Code and Report contained in Appendix 15 of the GEM Listing Rules, relevant amendments and adoptions has been adopted by the Company, except for the deviations from code provision A.4.3 and C.1.2 as explained below, none of the directors is aware of information that would reasonable indicate that the Company is not, or was not, for any parts of the accounting period for the year ended 30 November 2016, in compliance with the CG Code and Report set out by the Stock Exchange in Appendix 15 to the GEM Listing Rules. The board will continue to review regularly and take appropriate actions to comply with the Code.

### ***Appointments, Re-election and Removal Director***

Code provision A.4.3 of the CG Code and Report, became effective on 1 April 2012, 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 has served as an independent non-executive director of the Company for more than 9 years. Mr. Liu has demonstrated his ability to provide an independent view to the Company’s matters. Notwithstanding his years of service as an independent non-executive director of the Company, the Board is of the view that Mr. Liu is able to continue to fulfill his role as required and thus recommends him for re-election of the annual general meeting of the Company. Further, the Company is of the view of Mr. Liu meets the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and is independent in accordance with the terms and guidelines. This deviated from the requirements of code provision A.4.3.

To comply with code provision A.4.3, Mr. Liu’s further appointment has been proposed and approved by the shareholders at the annual general meeting (“AGM”) of the Company held on 31 March 2016, and is subject to a separate resolution to be approved by shareholders in each year.

Mr. Edwin Kim Ho Wong will serve as an independent non-executive director of the Company for 9 years. During his years of appointment, Mr. Wong has demonstrated his ability to provide an independent view to the Company's matters. The Board is of the review that Mr. Wong is able to continue to fulfill his roles as required and meets the independence guidelines set out in Rule 5.09 of the GEM Listing Rules. Mr. Wong is being eligible and recommended for entering into another 3 year term service contract, subject to shareholders' approval at the AGM.

### ***Financial Reporting***

Code provision C.1.2 of the CG Code and Report, became effective on 1 April 2012, 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.

During the year ended 30 November 2016, 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 result announcement.

### **Audit Committee**

Pursuant to the GEM Listing Rules, an audit committee was established on 22 January 2001, comprising three independent non-executive directors, namely Messrs. Kwong Sang Liu, Edwin Kim Ho Wong and William Keith Jacobsen. On 28 September 2004, Mr. Kwong Sang Liu was appointed as independent non-executive director and member of audit committee of the Company. On 29 August 2008, Mr. Edwin Kim Ho Wong was appointed as independent non-executive director and member of audit committee of the Company. Mr. William Keith Jacobsen was appointed as independent non-executive director and member of audit committee of the Company on 10 July 2009. Mr. Edwin Kim Ho Wong is the chairman of the audit committee for the year ended 30 November 2016.

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 auditor.

The audit committee provides an important link between the board of directors and the Company's auditors in matters coming within the scope of the Group audit. It also reviews the financial reporting process and the adequacy and effectiveness of the Group's internal control system.

During the reporting year 2016, the audit committee held four meetings for the purpose of reviewing the Company's reports and accounts, and providing advice and recommendations to the Board of directors. The minutes of the audit committee meeting are kept by the company secretary.

The Group's results for the year ended 30 November 2016 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**

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year (2015: Nil).

By order of the Board  
**Joseph Chi Ho Hui**  
*Chairman*

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

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

Hong Kong, 8 February 2017

*This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the day of its posting and the website of the Company at [www.hklistco.com](http://www.hklistco.com).*