Annual Report 2012

abcmultiactive

abc Multiactive Limited

(Incorporated in Bermuda with limited liability)

Stock code:8131

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 report, 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 report 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 report misleading.

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Corporate Information

DIRECTORS

Executive Directors

Mr. Joseph Chi Ho HUI
(re-designated on 28 November 2012)
Ms. Clara Hiu Ling LAM
Mr. Kau Mo HUI (resigned on 28 November 2012)

Non-executive Director

Mr. Terence Chi Yan HUI

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Siu Leong CHEUNG

COMPLIANCE OFFICER

Mr. Joseph Chi Ho HUI
(appointed on 28 November 2012)
Mr. Kau Mo HUI (resigned on 28 November 2012)

AUTHORISED REPRESENTATIVES

Mr. Joseph Chi Ho HUI
(appointed on 28 November 2012)
Mr. Siu Leong CHEUNG
Mr. Kau Mo HUI (resigned on 28 November 2012)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

BERMUDA RESIDENT REPRESENTATIVE

Mr. John Charles Ross COLLIS

BERMUDA DEPUTY RESIDENT REPRESENTATIVE

Mr. Anthony Devon WHALEY

REGISTERED OFFICE

26 Burnaby Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

17th Floor, Regent Centre
88 Queen's Road Central
Central
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hong Kong and Shanghai
Banking Corporation Limited

STOCK CODE

8131

WEBSITE

http://www.abcmultiactive.com

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong

Chairman's Statement

2012 was a difficult year for the securities markets. In addition to the weak market conditions, many technology purchase decisions in the securities industry were delayed due to global stocks market and economic climate clouded with various uncertainty of the future which resulted in diminish turnover in 2012.

I would like to thank our team for their valuable contributions and support in the year 2012. Many changes to the Company were instituted by our team during the year by exercise prudent cost control measures to adjust for the tough economic environment. These changes have improved the Company's cost structure and positioned us to better compete for success in the years to come.

Following the new modules: Orion Central Gateway ("OCG") and Orion Market Data Platform ("OMD") will be launched in the stock trading market in the coming 2013. The Group has concentrated resources in developing trading tools to sufficient our customer's operational needs. With a proven track record and strong reputation, the Company has maintained a leading position in the Hong Kong market and continued to deliver our competitive products and high qualities professional services to customers.

To maintain our competitiveness in the market, it is always our aim to seek for collaboration partners to provide more innovative business solutions. We believe a well diversified product range can equip the Group to face new challenges in the market. Besides, we also proactively evaluate new technology and new area of business opportunities that is fitted to the market needs in order to widen our existing business line.

On behalf of the Board, I would like to take this opportunity to thank all of our shareholders, partners and customers for their continued support.

Joseph Chi Ho Hui
Chairman

Hong Kong, 1 February 2013

Management Discussion and Analysis

Financial Review

The Group recorded a turnover of approximately HK$14,256,000 for the year ended 30 November 2012, a 15% decrease from approximately HK$16,808,000 for the same period of the previous year. Of the total turnover amount, HK$5,361,000 or 38% was generated from software license sales, HK$1,705,000 or 12% was generated from contract revenue, HK$7,027,000 or 49% was generated from maintenance services, and HK$163,000 or 1% was generated from sales of hardware. At 30 November 2012, the Group had approximately HK$2 million worth of contracts that were in progress. The net loss attributable to shareholders for the year ended 30 November 2012 was HK$3,245,000, whereas the Group recorded a net loss of approximately HK$5,436,000 for the same period of the previous year.

During the year, the Group continued to exercise prudent cost control measures by implementing staff cost and other expenses reduction measures in its Hong Kong and China operations to create a more efficient operational infrastructure. The operating expenditures amounted to approximately HK$13,094,000 for the year ended 30 November 2012, 18% decrease from approximately HK$15,892,000 for the corresponding period of the previous year.

As a result of the most of the property, plant and equipment in the Group was fully depreciated, depreciation expenses decreased from approximately HK$210,000 for the year ended 30 November 2011 to approximately HK$173,000 in the current fiscal year.

The Group did not have any amortisation expenses for the year ended 30 November 2012 due to the write-off of the remaining amounts of goodwill and intellectual property rights at the end of fiscal year 2002.

During the year, the Group invested approximately HK$5,576,000 in developing new modules for its OCTO Straight Through Processing ("STP") system.

During the year of 30 November 2012, an additional provision for impairment of approximately HK$38,000 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) are approximately HK$10,309,000 for the year ended 30 November 2012, a 28% decrease from approximately HK$14,286,000 for the same period of the previous year. The decrease was mainly attributed to headcount reductions during the year.

Management Discussion and Analysis

Operation Review

For the year ended 30 November 2012, Financial Solutions turnover is HK$13,798,000, a decrease of 11% when compared to HK$15,587,000 for the same period of the previous year. The reasons of decreases were mainly attributed to descend from the provision of maintenance services and software rental income during the year and with various uncertainties under the global stocks market and economic climate clouded which resulted in slowdown of the Group's new sales contract signed with brokerage firms in the year 2012.

The Group continued to enhance the features of its OCTOSTP system and focused on new sales and marketing schemes to increase sales. During the year, the Group devised a leasing scheme to enable our existing customers to upgrade their DOS version systems to the latest OCTOSTP versions and completed development and successfully implemented its upgrade version with several customers.

To widen the Group's turnover channel scheme, the Group joins a Canadian based financial solution company's channel program as a Channel Partner in Hong Kong to promote its innovative OTC derivatives solutions. This solution provides software and services supporting the valuation, reporting and risk management of derivatives and fixed income portfolios to various enterprises. With the complementary strengths of the Group and this channel partner, the Group believed that it can assist our customers to develop effective risk analytics and risk management solutions. In the fourth quarter of 2012, the Group succeeded in signing a sales contract with one Taiwan insurance firm to implement its innovative OTC derivatives solutions.

Following several new securities trading platforms announced by the Stock Exchange in the second half year of 2012, the Group starting development of new system upgrade to comply and integrate with Orion Central Gateway ("OCG") and Orion Market Data Platform ("OMD") in late 2012. To prepare for the development of OCG and OMD, the Group has concentrated our resources in developing trading tools for our customers to enjoy these new platforms which will be launched in the 2013.

For the year ended 30 November 2012, CRM Solutions turnover is HK$458,000, a decrease of 62% when compared to HK$1,221,000 for the same period of previous year. The decrease was due to our customers in CRM demand reduced which resulted in decrease in its turnover of the Group. During the year, the Group has entered into a new International Authorized Agent Agreement with Maximizer Software Inc. ("MSI") for distribution rights of Maximizer Software products in the Asian Pacific region with effect from 1 August 2012. Under the new agreement, the Group will take a role of a business agent with putting more focus on the services level of Maximizer software products to customers. We believed that the changes will condense our resources in CRM Solutions business in the region and improve our competitiveness in the markets.

Capital structure

As at 30 November 2012, the total issued share capital of the Company was HK$16,059,097 divided into 160,590,967 ordinary shares of HK$0.10 each.

Liquidity and Financial Resources

The Group operates a conservative set of treasury policies to ensure that no unnecessary risks are taken with the Group's assets. No investments other than cash and other short-term bank deposits are currently permitted.

At 30 November 2012, the Group's borrowings were repayable as follows:

	The Group Bank borrowings and overdrafts		The Group Other loans	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 1 year			**376**	314
Between 1 and 2 years	**-**	–	**54,259**	47,229
Between 2 and 5 years	**-**	–	**-**	–
Wholly repayable within 5 years	**-**	–	**54,635**	47,543
Over 5 years	**-**	–	**-**	–
	-	–	**54,635**	47,543

At 30 November 2012, the Group had outstanding of approximately CAD48,000 (approximately HK$376,000) due to Maximizer Software 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 and interest bearing at the annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly.

Approximately CAD775,000 (approximately HK$6,052,000) representing a loan from The City Place Trust, a shareholder of the Company, which was unsecured and interest bearing at the annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly. The City Place Trust had confirmed that they will not demand repayment within the next twelve months after 30 November 2012.

Approximately CAD540,000 (approximately HK$4,217,000) representing a loan from Maximizer (Barbados) Management Inc., a party owned by a close family member of an executive director of the Company, which was unsecured and interest bearing at the annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly. Maximizer (Barbados) Management Inc had confirmed that they will not demand repayment within the next twelve months after 30 November 2012.

Approximately HK$4,634,000 representing a loan from Wickham Group Limited, a party owned by close family member of an executive director of the Company, which was unsecured, interest bearing at the Hong Kong prime rate and maturing on 31 May 2014.

Management Discussion and Analysis

At 30 November 2012, loans of amount CAD485,000 (approximately HK$3,787,000), approximately HK$18,205,000, HK$3,000,000, HK$2,000,000 and CAD300,000 (approximately HK$2,343,000) are loans from Active Investments Capital Limited, a related company wholly owned by the chief executive officer of the Company, which were unsecured, interest bearing at the Hong Kong prime rate and maturing on 31 May 2014. At 28 November 2012, CAD540,000 (approximately HK$4,217,000) representing a new loan was advanced from Active Investments Capital Limited, a related company wholly owned by the chief executive officer of the Company, which was unsecured, interest bearing at the Hong Kong prime rate and maturing on 31 May 2014.

The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total assets. As at 30 November 2012, the Group's gearing ratio was 5.70.

Pledge of Assets

The Group did not have any mortgage or charge over its assets at 30 November 2012.

Exposure to fluctuations in exchange rates and related hedges

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollars, Renminbi, Canadian dollars, or Australian dollars. Except for the current account between the Company and its Australian and China subsidiaries which is denominated in Hong Kong dollars, it is the Group's policy for each operating entity to borrow in local currencies where necessary in order to minimise currency risk.

As at 30 November 2012, 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, Renminbi 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 and the Company had no material contingent liabilities as at 30 November 2012.

Significant Investments

The Group has not held any significant investment for the year ended 30 November 2012.

Major Events

As at 30 November 2012, 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 30 November 2012, the Group had employed 26 staffs in Hong Kong and 4 staffs in PRC China. Total staff costs for the year under review amounted to approximately HK$10,309,000.

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 2012, 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$25,000.

The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds and is expensed as incurred. During the year, the retirement benefit scheme contributions borne by the Group amounted to HK$350,000 (2011: HK$550,000). No forfeited contribution for the Group is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately.

The employees of the Group's subsidiaries which operate in PRC are require to participate in a central pension scheme operated by the local municipal government. The contributions are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

Prospects

To maintain our competitiveness in the market, the Group will more focus on our core business and technology development to improve product functionality and expand service dimensions to our customers. We continue to channel our resources to business development in the high growth solutions area under operational efficiency; and resilience will continue to be top priorities for the Group for 2013. The directors believed that the Group has a well diversified product range that is fitted to the market needs and it is well equipped to face challenges from the market.

We aimed at reaching out to a more diversified business line via seeking new opportunities in Hong Kong and Asian market. To achieve this goal, we will engage more actively in marketing and promotional activities, and seek collaboration partners to provide more innovative business solutions.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Joseph Chi Ho HUI, aged 42, joined the Group in November 2000. Mr. Hui was re-designated from the non-executive director to the executive director of the Company on 28 November 2012. On the same date, Mr. Hui was appointed as chairman of the Board, compliance officer and authorised representative of the Company. Mr. Hui received his undergraduate degree in Electrical Engineering from the University of British Columbia in Canada and earned a Master of Science Degree in Electrical Engineering from Stanford University in USA. Mr. Hui is the vice president of Research and Development in Maximizer Software Inc. where he is responsible for directing the vision and development of the Maximizer line of products. Mr. Hui is the brothers of Mr. Terence Chi Yan Hui, the non-executive director of the Company and Mr. Samson Chi Yang Hui, the chief executive officer of the Company.

Ms. Clara Hiu Ling LAM, aged 40, was appointed as executive director of the Company on 14 July 2011. Ms. Lam was graduated with a Bachelor Degree in Economics from the Faculty of Arts of Simon Fraser University, British Columbia in 1994. She is the legal representative of two subsidiaries of the Company in China. Ms. Lam is currently the director of Anaiss Enterprise Limited, a private company owned by Ms. Lam involved in the wedding garment wholesale and retail industry. Ms. Lam has solid management experience gained from a well known Hong Kong financial systems services provider and related businesses for more than 11 years.

Ms. Lam is the spouse of Mr. Samson Chi Yang Hui, the chief executive officer of the Company and the sister-in-law of Mr. Joseph Chi Ho Hui, the executive director of the Company and Mr. Terence Chi Yan Hui, the non-executive director of the Company.

Non-executive Director

Mr. Terence Chi Yan HUI, aged 49, joined the Group in March 2000. Mr. Hui received his Bachelor Degree in Physics from the University of California – Berkeley in USA and earned a Master Degree in Electrical Engineering from Santa Clara University in USA.

Mr. Hui is also the chairman of Vancouver-based, Maximizer Software Inc. ("MSI"), a related company of the Company. He is the president and chief executive officer of Concord Pacific Developments Inc., a leading real estate development company in Canada. Mr. Hui is the brothers of Mr. Joseph Chi Ho Hui, the executive director and Mr. Samson Chi Yang Hui, the chief executive officer of the Company.

Biographical Details of Directors and Senior Management

Independent Non-executive Directors

Mr. Kwong Sang LIU, aged 51, has been practising as a certified public accountant in Hong Kong with more than 21 years of experience. Mr. Liu graduated with honours from the Hong Kong Polytechnic University with a bachelor degree in Accountancy and obtained the Master in Business Administration degree from the University of Linclon, the United Kingdom. He is an associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Institute of Financial Accountants, the United Kingdom and a fellow member of the Institute of Public Accountants, Australia. Mr. Liu is also a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong, a Certified Tax Adviser, and, a fellow member of the Society of Registered Financial Planners.

Mr. Liu acts as an independent non-executive director of China Railsmedia Corporation Limited, of Polytec Asset Holdings Limited and of Dragonite International Limited, whose securities are listed on the main board of the Stock Exchange of the Hong Kong Limited.

Mr. Edwin Kim Ho WONG, aged 39, graduated in Major of Economics from York University, Toronto. Mr. Wong is currently the founder and the managing director of a regional apparel trading and distributing company. Mr. Wong has solid management experience gained from one of the well known Hong Kong textile companies specialized in OEM export textile industry and related business more than 13 years. Mr. Wong became an independent non-executive director of the Company in August 2008.

Mr. William Keith JACOBSEN, aged 46, was appointed as an independent non-executive director, audit committee member and remuneration committee member of the Company on 10th July 2009. He graduated with a Bachelor of Laws from the University of Hong Kong and holds a Master of Business Administration degree from the University of British Columbia in Canada. Mr. JACOBSEN is currently a managing director, corporate finance of VMS Securities Limited. Mr. JACOBSEN has more than 20 years experience in corporate finance and business development for various firms and listed companies in Hong Kong. Mr. Jacobsen does not hold any other positions with the Company or its subsidiaries. He is also an independent non-executive director of three other companies listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), namely Hycomm Wireless Limited, Perception Digital Holdings Limited and Sustainable Forest Holdings Limited. He is also an executive director of Auto Italia Holdings Limited (formerly known as Wo Kee Hong (Holdings) Limited), a company listed on the Stock Exchange. He was also an independent non-executive director of King Stone Energy Group Limited, a company listed on the Stock Exchange for the period from 26th September 2008 to 30th September 2011.

Biographical Details of Directors and Senior Management

Senior Management

Mr. Samson Chi Yang HUI, aged 41, is the chief executive officer of the Company. He is responsible for initiating and leading negotiations for mergers and acquisitions of the Group, as well as managing the Group's regional sales and marketing activities. He has over 17 years experience in managing real estate, trading, investment and IT businesses. Mr. Hui is the spouse of Ms. Clara Hiu Ling Lam, the executive director of the Company and is also the brothers of Mr. Joseph Chi Ho Hui and Mr. Terence Chi Yan Hui, the executive director and non-executive director of the Company respectively.

Mr. Siu Leong CHEUNG, aged 40, joined the Company in August 2003. Mr. Cheung is the qualified accountant, company secretary, authorised representative, and authorised representative for the acceptance of process in Hong Kong. Mr. Cheung is an associated member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is responsible for the day-to-day accounting and related matters of the Company. Mr. Cheung had worked in the auditing, accounting, and financial field for more than 16 years.

Report of the Directors

The directors have pleasure in submitting their report together with the audited financial statements of abc Multiactive Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 30 November 2012.

Principal activities

The principal activity of the Company is investment holding. The activities of its subsidiaries are set out in Note (19) to the consolidated financial statements. There was no significant change in its activities during the year.

Segment information

An analysis of the Group's performance for the year by business and geographical segments is set out in Note (7) to the consolidated financial statements.

Results and appropriation

The results of the Group for the year ended 30 November 2012 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 34 to 37.

The directors do not recommend payment of any dividend in respect of the year ended 30 November 2012 (2011: Nil).

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in Note (18) to the consolidated financial statements.

Share capital and share option

Details of the movements in the Company's share capital during the year and details of the Company's share option scheme are set out in Note (24) and Note (17) to the consolidated financial statements.

Distributable reserves

As at 30 November 2012, the Company has no distributable reserve calculated under the Companies Act 1981 of Bermuda (as amended) and the Company's bye-laws.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in Note (25) to the consolidated financial statements and in the consolidated statement of changes in the equity, respectively.

Pre-emptive rights

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

Report of the Directors

Purchase, sale or redemption of the Company's listed securities

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year (2011: Nil).

Directors

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

Executive Directors
Mr. Joseph Chi Ho Hui *(Chairman)* (re-designated on 28 November 2012)
Ms. Clara Hiu Ling Lam
Mr. Kau Mo Hui (resigned on 28 November 2012)

Non-executive Director
Mr. Terence Chi Yan Hui

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

In accordance with Bye-laws 87 of the Company's bye-laws, Messr. Joseph Chi Ho Hui and Messr. Terence Chi Yan Hui will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-elections.

Mr. Kwong Sang Liu, Mr. Edwin Kim Ho Wong and Mr. William Keith Jacobsen are independent non-executive directors and were appointed for a three years term expiring on 30 June 2015; 28 August 2014 and 9 July 2015 respectively.

Directors' services contracts

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

Directors' interests in contracts

The directors' interests in contracts are set out in Note (30) to the consolidated financial statements. Apart from the foregoing, no other contracts of significance in relation to the Group's business to which the Company, its holding companies or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management contracts

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

Biographical details of directors and senior management

Details of biological details of directors and senior management are set out on pages 10 to 12 of this annual report.

Related party transactions

Details of the related party transactions of the Group are set out in Note (30) to consolidated financial statements.

Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures

At 30 November 2012, 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 executive in the shares of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

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.

Report of the Directors

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 30 November 2012, 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 shareholder

At 30 November 2012, 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	90,534,400	56.38%
Pacific East Limited	Beneficial owner	Corporate	8,666,710	5.40%
Royal Bank of Canada Financial Corporation *(note)*	Trustee	Corporate	99,201,110	61.78%

Note:

Royal Bank of Canada Financial Corporation is the trustee of The City Place Trust which owns Maximizer International Limited, which holds 56.38% interest in the Company and wholly owns Pacific East Limited, which holds 5.4% interest in the Company. The City Place Trust is a discretionary trust and its beneficiaries include direct family members of Mr. Kau Mo Hui. Mr. Kau Mo Hui is the father of Mr. Joseph Chi Ho Hui, an executive director of the Company, Mr. Terence Chi Yan Hui, the non-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

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

Short positions in shares

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

Short positions in underlying shares

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

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

Report of the Directors

Major customers and suppliers

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

Sales	
– the largest customer	9.5%
– five largest customers combined	40.9%

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

Purchases	
– the largest supplier	32.5%
– five largest suppliers combined	100%

Except for software merchandises purchased from Maximizer Software Inc, a related company of the Company, for resale as disclosed in Note (30) to financial statements, none of the directors, their respective associates and shareholders of the Company (which to the knowledge of the directors own more than 5% of the issued capital of the Company) had any interest in any of five largest customers and suppliers of the Group for the financial year ended 30 November 2012.

Sufficiency of public float

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

Interest capitalized

The Group has not capitalized any interest during the year.

Independence of independent non-executive directors

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

Directors' interest in competing business

Set out below is information disclosed pursuant to Rule 11.04 of the GEM Listing Rules:

Mr. Terence Chi Yan Hui, a non-executive director of the Company, is also the chairman of MSI, a related company of the Company. MSI is held as to 58.2% by the City Place Trust, which is a discretionary trust and its beneficiaries include the direct family members of Mr. Kau Mo Hui. Mr. Kau Mo Hui is the father of Mr. Terence Chi Yan Hui, whereas the remaining 41.8% is indirectly held by Mr. Kau Mo Hui. MSI is engaged in the business of the design and development of CRM Solutions, and has operations in North America, Europe, Pacific Region and South America. MSI and the Group share the same product lines including, Maximizer, Maximizer Enterprise, Maximizer CRM, Maximizer CRM Live, ecBuilder and their respective product lines. The directors believe that the business of MSI and possible future businesses conducted by MSI may complete with the business of the Group.

In addition, Mr. Terence Chi Yan Hui is involved in a range of business and investment activities that include companies involved in technology investments and incubation. The directors believe that these businesses may, in some respects, compete with the business of the Group.

Save as disclosed above, none of the directors or the initial management shareholders is interested in any business that competes with or is likely to compete with the business of the Group.

Auditors

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board
Joseph Chi Ho Hui
Executive Director

Hong Kong, 1 February 2013

Corporate Governance Report

It is the belief of the Board of directors that corporate governance plays a vital part in maintaining the success of the Company. 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 which set outs the principles and the code provisions which the Company is expected to apply and comply.

To comply with all the new 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 for the financial year ended 30 November 2012, except for the deviations from code provision C.1.2 as explained below. The board will continue to review regularly and take appropriate actions to comply with the Code.

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 detail.

During the period from 1 April 2012 to 30 November 2012, the management rather than provide monthly updates to all members of the Board. The management of the Company has provided to all directors 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 page 5 to 9 of this annual report.

THE BOARD

During the year ended 30 November 2012, the Board comprised two executive directors, one non-executive director and three independent non-executive directors. The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers that all the independent non-executive directors to be independent.

The Board discharges the following responsibilities through delegation to the audit committee, nomination committee and remuneration committee:

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

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

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

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

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

(f) review and approve the quarterly, interim, annual results and other business matters.

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

Corporate Governance Report

The Board schedules four regular meetings a year at approximately quarterly intervals. In addition, special Board meetings are held as necessary. During the reporting year 2012, the Board held six meetings. Details of the attendance of individual directors are as follows:

		Attendance
(a)	**Executive Directors**	
	Mr. Joseph Chi Ho HUI (re-designated on 28 November 2012)	4/6
	Ms. Clara Hiu Ling LAM	3/6
	Mr. Kau Mo HUI (resigned on 28 November 2012)	2/6
(b)	**Non-executive Director**	
	Mr. Terence Chi Yan HUI	1/6
(c)	**Independent Non-executive Directors**	
	Mr. Kwong Sang LIU	6/6
	Mr. Edwin Kim Ho WONG	6/6
	Mr. William Keith JACOBSEN	3/6

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

Biographies, including relationships among members of the Board are shown on pages 10 to 12 under the section on "Biographical Details of Directors and Senior Management".

Pursuant to the code provision A.1.8 of the CG Code and Report, the Company should arrange appropriate insurance to cover potential legal actions against its directors. To comply with code provision, the Company is arranged for appropriate liability insurance for the directors for indemnifying their liabilities arising from corporate activities with effect on 1 April 2012.

ROLES OF DIRECTORS

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

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

The Board has delegated the day-to-day operation responsibility to the management under the supervision of the Chief Executive Officer and various Board committees.

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

BOARD PROCESS

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

The Board of directors meets regularly at least 4 times every year. The directors participated in person or through electronic means of communication. All notices of board meetings were given to all directors, who were given an opportunity to include matters in the agenda for discussion. The finalised agenda and accompanying board papers were sent to all directors at least 3 days prior to the meeting.

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

Corporate Governance Report

SUPPLY OF AND ACCESS TO INFORMATION

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

The management has obligation to supply the Board and the committees with adequate information in a timely manner to enable it to make informed decisions. Where any director requires more information than is volunteered by management, each director has separate and independent access to the Company's senior management for inquiry or additional information.

All directors are entitled to have access to board papers and related materials. Such materials are prepared to enable the Board to make informed decisions on matters placed before it.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

NOMINATION COMMITTEE

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

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

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

During the reporting year 2012, one meeting of Nomination Committee was held with attendance of individual member is as follows:

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

NOMINATION OF DIRECTORS

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

New directors of the Company will be appointed by the Board. The Nomination Committee will take into consideration criteria such as expertise, experience, integrity and commitment when considering new director appointments.

APPOINTMENTS, RE-ELECTION AND REMOVAL

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

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

Corporate Governance Report

DIRECTORS' TRAINING

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

Pursuant to code provision A.6.5 of CG Code and Report, which has come into effect from 1 April 2012, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all directors have participated in appropriate continuous professional development activities by attending training course on the topics related to corporate governance and regulations or by reading materials relevant to the Company's business or to their duties and responsibilities.

As part of the continuous professional development programme, directors participated in the various briefings and visits to local management and the Company's facilities, as arranged and funded by the Company with appropriate emphasis on the roles, functions and duties of the directors. This is in addition to directors' attendance at meetings and review of papers and circulars sent by management. The participation by individual directors and the company secretary in the programme in 2012 is recorded in the table below.

	Reading regulatory updates	Visit/interview key management
Executive Directors		
Mr. Joseph Chi Ho HUI	√	√
Ms. Clara Hiu Ling LAM	√	√
Non-executive Director		
Mr. Terence Chi Yan HUI	√	√
Independent Non-executive Directors		
Mr. Kwong Sang LIU	√	√
Mr. Edwin Kim Ho WONG	√	√
Mr. William Keith JACOBSEN	√	√

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 to the GEM Listing Rules. The Company, having made specific enquiry of all directors, confirms that its directors have complied with the required standard set out in the Code during the financial year ended 30 November 2012.

REMUNERATION COMMITTEE

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

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

During the financial year ended 30 November 2012, one meeting of Remuneration Committee was held with attendance of individual members as set out below to review and consider the specific remuneration packages of the Company's executive directors and senior management.

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

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

AUDIT COMMITTEE

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

Corporate Governance Report

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 2012, the audit committee held five 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 2012 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standard.

	Attendance
Mr. Kwong Sang LIU	5/5
Mr. Edwin Kim Ho WONG	5/5
Mr. William Keith JACOBSEN	4/5

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE ACCOUNTS

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance and prospects. The directors are responsible for the preparation of accounts which give a true and fair view of the state of affairs and of the results and cash flows of the Group on a going concern basis. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently and that judgments and estimates made are prudent and reasonable. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group. The responsibilities of the auditors for the accounts are set out in the Independent Auditors' Report on Page 32 to 33 of this Annual Report.

The independent auditors' report of the Group's consolidated financial statements for the year ended 30 November 2012 contains a modified auditors' opinion:

"Without qualifying our opinion, we draw attention to Note 3 in the consolidated financial statements which indicates that the Group incurred a net loss of approximately HK$3,245,000 during the year ended 30 November 2012 and, as of that date, the Group's total liabilities exceeded its total assets by approximately HK$56,281,000. These conditions, along with other matters as set forth in Note 3 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern."

AUDITORS' REMUNERATION

The fees in relation to the audit and other services provided to the Company and its subsidiaries by external auditors of the Group, amounted approximately to HK$205,000. No non-audit service was provided by external auditors of the Group for the year ended 30 November 2012.

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming annual general meeting.

INTERNAL CONTROL

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

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

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

The overall risk management functions of the Group are under responsibility of the Internal Control Committee, comprising the executive directors, chief executive officer and chief financial officer. There are established control procedures to identify, assess, control and report to each of the four major types of risks consisting of business and market risk, compliance risk, financial and treasury risk and operational risk.

The Company does not have internal audit department, but the Internal Control Review Committee, comprising the executive directors and independent non-executive directors of the Company are responsible to review the effectiveness of the Group's internal control system. In addition, there is regular dialogue with the Group's external auditors so that both are aware of the significant factors which may affect their respective scope of work.

A review of the effectiveness of the Group's system of internal control covering all key controls, including financial, operational and compliance and risk management controls, is conducted annually. For the year ended 30 November 2012, the review based on a framework which assesses the Group's internal control system into receipt and revenue cycle against control environment, risk management and control and monitoring activities on all major business and operational processes. The examination consisted of enquiry, discussion and validation through observation and inspection (if necessary). The result of the review has been report to the Board of director and areas of improvement, if any, have been identified and appropriate measures have been put in place to manage the risks.

Corporate Governance Report

COMPANY SECRETARY

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

Mr. Siu Leong Cheung has been the company secretary of the Company since August 2003. He is also the authorised representative and the chief financial officer of the Company. The biographical detail of Mr. Cheung is set out in the section of Directors and Senior Management Profiles on page 12 of this report. During the year, Mr. Cheung undertook not less than 20 hours of relevant professional training.

DELEGATION BY THE BOARD

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

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

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

BOARD COMMITTEE

The Board established certain Board committees with specific written terms of reference which deal clearly with the committee's authority and duties and require the committees to report back on their decisions or recommendations.

COMMUNICATION WITH SHAREHOLDERS

In respect of each separate issue at the general meeting held during the year ended 30 November 2012, separate resolution has been proposed by the chairman of that meeting. The chairman of the Board, member of audit committee and external auditor attended the annual general meeting held on 23 March 2012 to answer questions, if any, at the meeting.

SHAREHOLDERS' RIGHTS

Annual report, interim report and quarterly reports offer comprehensive information to the Shareholders on operational and financial performance whereas annual general meetings provide a forum for the Shareholders to exchange views directly with the Board. The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. The chairman and a member of the Audit Committee attended the 2012 annual general meeting to answer questions at the meeting.

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

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

Shareholders may at any time send their enquiries and concerns to the Board in writing to the company secretary at the Company's office in Hong Kong at 17th Floor, Regent Centre, 88 Queen's Road Central, Central, Hong Kong.

INVESTOR RELATIONS

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

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
abc MULTIACTIVE LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of abc Multiactive Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 103, which comprise the consolidated and company statements of financial position as at 30 November 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditors' Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and the Company as at 30 November 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty concerning going concern basis of accounting

Without qualifying our opinion, we draw attention to Note 3 in the consolidated financial statements which indicates that the Group incurred a net loss of approximately HK$3,245,000 during the year ended 30 November 2012 and, as of that date, the Group's total liabilities exceeded its total assets by approximately HK$56,281,000. These conditions, along with other matters as set forth in Note 3 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 1 February 2013

Consolidated Statement of Comprehensive Income

For the year ended 30 November 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	8	**14,256**	16,808
Cost of sales		**(1,901)**	(4,535)
Gross profit		**12,355**	12,273
Other revenue	8	**1**	1
Other gains and losses	9	**(321)**	81
Software research and development expenses		**(5,576)**	(7,985)
Selling and marketing expenses		**(884)**	(1,307)
Administrative expenses		**(6,634)**	(6,597)
Loss from operating activities	10	**(1,059)**	(3,534)
Finance costs	11	**(2,186)**	(1,902)
Loss before taxation		**(3,245)**	(5,436)
Taxation	12	**–**	–
Loss for the year		**(3,245)**	(5,436)
Other comprehensive loss, net of tax			
Exchange differences on translating foreign operations		**(152)**	(154)
Other comprehensive loss for the year, net of tax		**(152)**	(154)
Total comprehensive loss for the year		**(3,397)**	(5,590)
Loss for the year attributable to owners of the Company		**(3,245)**	(5,436)
Total comprehensive loss for the year attributable to owners of the Company		**(3,397)**	(5,590)
Loss per share			
– Basic and diluted	14	**HK(2.02) cents**	HK(3.38) cents

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

Consolidated Statement of Financial Position

As at 30 November 2012

	Notes	2012 HK$'000	2011 HK$'000
Assets			
Non-current asset			
Property, plant and equipment	18	**271**	416
Current assets			
Work in progress	20	**20**	226
Trade and other receivables	21	**1,049**	811
Amount due from a related party	22	**13**	–
Cash and cash equivalents	23	**8,167**	5,418
		9,249	6,455
Total assets		**9,520**	6,871
Capital and reserves			
Share capital	24	**16,059**	16,059
Reserves	25(a)	**(72,340)**	(68,943)
Equity attributable to owners of the Company		**(56,281)**	(52,884)
Liabilities			
Non-current liabilities			
Promissory notes and interest payable to the related companies	26	**43,990**	37,608
Amount due to a shareholder	27	**6,052**	5,635
Amount due to a related party	27	**4,217**	3,986
		54,259	47,229
Current liabilities			
Other payables and accruals	28	**6,024**	6,644
Deferred revenue		**3,538**	3,653
Amount due to a related company	27	**376**	314
Amounts due to customers	20	**1,604**	1,915
		11,542	12,526
Total liabilities		**65,801**	59,755
Total equity and liabilities		**9,520**	6,871

Consolidated Statement of Financial Position

As at 30 November 2012

	Notes	2012 HK$'000	2011 HK$'000
Net current liabilities		**(2,293)**	(6,071)
Total assets less current liabilities		**(2,022)**	(5,655)
Net liabilities		**(56,281)**	(52,884)

Approved and authorised for issue by the Board of Directors on 1 February 2013 and signed on its behalf by:

Joseph Chi Ho Hui	**Clara Hiu Ling Lam**
Executive Director	*Executive Director*

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

Statement of Financial Position

As at 30 November 2012

	Notes	2012 HK$'000	2011 HK$'000
Assets			
Non-current asset			
Investments in subsidiaries	19	**–**	–
Current assets			
Prepayment	21	**30**	10
Cash and cash equivalents	23	**7,938**	5,144
		7,968	5,154
Total assets		**7,968**	5,154
Capital and reserves			
Share capital	24	**16,059**	16,059
Reserves	25(b)	**(52,664)**	(48,987)
Equity attributable to owners of the Company		**(36,605)**	(32,928)
Liabilities			
Non-current liability			
Promissory notes and interest payable to the related companies	26	**43,990**	37,608
Current liability			
Other payables and accruals	28	**583**	474
Total liabilities		**44,573**	38,082
Total equity and liabilities		**7,968**	5,154
Net current assets		**7,385**	4,680
Total assets less current liabilities		**7,385**	4,680
Net liabilities		**(36,605)**	(32,928)

Approved and authorised for issue by the Board of Directors on 1 February 2013 and signed on its behalf by:

Joseph Chi Ho Hui
Executive Director

Clara Hiu Ling Lam
Executive Director

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

Consolidated Statement of Changes In Equity

For the year ended 30 November 2012

	Attributable to owners of the Company					
	Share capital	Share premium	Contributed surplus	Exchange reserve	Accumulated losses	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 December 2010	16,059	106,118	37,600	(14,110)	(192,961)	(47,294)
Loss for the year	–	–	–	–	(5,436)	(5,436)
Other comprehensive loss for the year	–	–	–	(154)	–	(154)
Total comprehensive loss for the year	–	–	–	(154)	(5,436)	(5,590)
At 30 November 2011 and 1 December 2011	16,059	106,118	37,600	(14,264)	(198,397)	(52,884)
Loss for the year	–	–	–	–	(3,245)	(3,245)
Other comprehensive loss for the year	–	–	–	(152)	–	(152)
Total comprehensive loss for the year	–	–	–	(152)	(3,245)	(3,397)
At 30 November 2012	**16,059**	**106,118**	**37,600**	**(14,416)**	**(201,642)**	**(56,281)**

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

Consolidated Statement of Cash Flows

For the year ended 30 November 2012

	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(3,245)**	(5,436)
Adjustments for:		
Interest income	**(1)**	(1)
Interest expenses	**2,186**	1,902
Exchange loss/(gain)	**408**	(84)
Gain on disposal of property, plant and equipment	**(19)**	–
Depreciation	**173**	210
Impairment loss recognised in respect of trade receivables	**38**	3
Reversal of impairment loss on trade receivables	**(106)**	–
Operating loss before working capital changes	**(566)**	(3,406)
Decrease in work in progress	**206**	351
(Increase)/decrease in trade and other receivables	**(170)**	607
Increase in amount due from a related party	**(13)**	–
Increase in amount due to a shareholder	**417**	168
Increase in amount due to a related party	**231**	59
Increase in amount due to a related company	**62**	314
Decrease in amounts due to customers	**(311)**	(197)
(Decrease)/increase in other payables and accruals	**(876)**	110
Decrease in deferred revenue	**(115)**	(355)
Net cash used in operating activities	**(1,135)**	(2,349)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(23)**	(64)
Interest received	**1**	1
Net cash used in investing activities	**(22)**	(63)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from a related party through issue of a promissory note	**4,217**	4,256
Repayment of interest of a promissory note	**–**	(2,797)
Net cash generated from financing activities	**4,217**	1,459

Consolidated Statement of Cash Flows

For the year ended 30 November 2012

	2012 HK$'000	2011 HK$'000
Net increase/(decrease) in cash and cash equivalents	**3,060**	(953)
Cash and cash equivalents at the beginning of the year	**5,418**	6,490
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(311)**	(119)
Cash and cash equivalents at the end of the year	**8,167**	5,418
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**8,167**	5,418

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

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 Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at 26 Burnaby Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at 17/F, Regent Centre, 88 Queen's Road Central, Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 19 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

The directors of the Company consider the ultimate shareholder to be The City Place Trust ("CPT"), a trust incorporated in Bermuda.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

In the current year, the Group has applied for the first time, the following new and revised standards and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 December 2011.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayment of a Minimum Funding Requirement

The application of these new HKFRSs had no material impact on the Group's consolidated financial performance and positions for the current and prior years. Accordingly, no prior period adjustments had been required.

Notes to the Consolidated Financial Statements

For the year ended 30 November 2012

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (CONTINUED)

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 2009 to 2011 Cycle[3]
HKFRS 1 (Amendments)	First time Adoption of HKFRSs – Government Loans[3]
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[5]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance[3]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[2]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[1]
HKAS 19 (as revised in 2011)	Employee Benefits[3]
HKAS 27 (as revised in 2011)	Separate Financial Statements[3]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[3]

1 Effective for annual periods beginning on or after 1 January 2012
2 Effective for annual periods beginning on or after 1 July 2012
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 January 2014
5 Effective for annual periods beginning on or after 1 January 2015

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (CONTINUED)

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (CONTINUED)

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK (SIC)-Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (CONTINUED)

HKFRS 13 *Fair Value Measurement*

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

Amendments to HKFRS 7 and HKAS 32 *Offsetting Financial Assets and Financial Liabilities and the Related Disclosures*

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (CONTINUED)

HKAS 19 *Employee Benefits*

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (CONTINUED)

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The *Annual Improvements to HKFRSs 2009 – 2011 Cycle* include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- amendments to HKAS 1 *Presentation of Financial Statements*;
- amendments to HKAS 16 *Property, Plant and Equipment*; and
- amendments to HKAS 32 *Financial Instruments: Presentation*.

HKAS 1 (Amendments)

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

Amendments to HKAS 16

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise.

Amendments to HKAS 32

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (CONTINUED)

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*

The Investment Entities amendments apply to a particular class of business that qualify as investment entities. The term 'investment entity' refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10.

The directors of the Company is in the process of assessing the potential impact of the new HKFRSs but is not yet in a position to determine whether the new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. The new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance.

The principal accounting policies are set out below.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Group incurred a net loss of approximately HK$3,245,000 and accumulated losses of approximately HK$201,642,000 for the year ended 30 November 2012. As at 30 November 2012, the Group's current liabilities exceeded its current assets by approximately HK$2,293,000 and incurred net liabilities of approximately HK$56,281,000. Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

The shareholder, CPT, has also confirmed that it will not demand repayment of the amount due of approximately HK$6,052,000 within the next twelve months of the reporting date.

Moreover, Maximizer (Barbados) Management Inc. ("Maximizer (Barbados)"), a party owned by a close family member of an executive director of the Company, has confirmed that it will not demand repayment of the amount due of approximately HK$4,217,000 within the next twelve months of the reporting date.

Furthermore, Wickham Group Limited ("Wickham"), a party owned by close family member of an executive director of the Company, has agreed that it will not demand repayment of the promissory note and the related interest in the total amount of approximately HK$5,058,000 until their maturity on 31 May 2014.

Notes to the Consolidated Financial Statements

For the year ended 30 November 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

Active Investments Capital Limited ("Active Investments"), a related company owned by the chief executive officer of the Company, has also agreed that it will not demand repayment of the promissory notes and the related interests in the total amounts of approximately Canadian dollars ("CAD")593,000 (approximately to HK$4,590,000), HK$22,242,000, HK$3,318,000, HK$2,103,000, CAD315,000 (approximately to HK$2,462,000), and CAD540,000 (approximately to HK$4,217,000) until their maturity on 31 May 2014.

On 30 November 2012, Wickham has agreed to extend the maturity date of the promissory note with the amount of approximately HK$4,634,000 together with the accrued interest of approximately HK$424,000 to 31 May 2014. On 30 November 2012, Active Investments has also agreed to extend the maturity dates of the promissory notes with the amounts of CAD485,000 (approximately to HK$3,787,000) together with the accrued interest of approximately CAD108,000 (approximately to HK$803,000), the amounts of approximately HK$18,205,000 together with the accrued interest of approximately HK$4,037,000, the amounts of HK$3,000,000 together with the accrued interest of approximately HK$318,000, the amounts of HK$2,000,000 together with the accrued interest of approximately HK$103,000 and the amounts of CAD300,000 (approximately to HK$2,343,000) together with the accrued interest of approximately CAD15,000 (approximately to HK$119,000) to 31 May 2014. The Company has issued a new promissory note with the amount of CAD540,000 (approximately to HK$4,217,000) to Active Investments on 28 November 2012. The maturity date of the new promissory note is on 31 May 2014. Further details, please refer to Note 26.

The directors of the Company are confident that the Group's future operations will be successful and able to generate sufficient cash flows in order to meet its obligations as and when they fall due over the next twelve months. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries which are the entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Changes in the Group's ownership interests in existing subsidiaries
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquire or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measure as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquirer, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period cannot exceed one year from the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets,* as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company, directly or indirectly, has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsidiaries (continued)

In the financial statements of the Company, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables.

Revenue is provided when it is probable that economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

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

(ii) Rental income of computer software licenses and customised software is recognised at the due date of the rental income.

(iii) Revenue from the provision of maintenance services is recognised on a straight-line basis over the life of the related agreement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(iv) Revenue from the sale of computer hardware is recognised on the transfer of risks and rewards ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

(v) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and interest rates applicable.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Software research and development costs

Software research and development costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved software products are recognised as an intangible asset where the technical feasibility and intention of completing the software product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Such development costs are recognised as an asset and amortised on a straight-line basis over a period of not more than 5 years to reflect the pattern in which the related economic benefits are recognised. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. During the year, all software research and development costs have been expensed.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the consolidated financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of foreign currency translation reserve.

Retirement benefits scheme

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme has operated since 1 December 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

(iii) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(iv) The employees of the Group's subsidiaries which operate in the People's Republic of China (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payment arrangements

Share options granted by the Company to employees of the Group in an equity-settled share-based payment arrangement

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax (continued)

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment, comprising leasehold improvements, furniture and fixtures and office equipment, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment, less their estimated realisable value, if any, over their estimated useful lives. The principal annual rates used for this purpose are 20% to 33.3%.

Major costs incurred in restoring property, plant and equipment to their normal working condition to allow continued use of the overall asset are capitalised and depreciated over their expected useful lives. Improvements are capitalised and depreciated over their expected useful lives to the Group.

The residual values and useful lives of items of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-current assets

Non-current assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-current assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the non-current assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, non-current assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Work in progress

Work in progress is recorded at the amount of the costs incurred plus recognised profits less the sum of recognised losses and progress billings. Where progress billings exceed contract costs incurred plus recognised profits less recognised losses, the surplus is treated as an amount due to customers.

Cash and cash equivalents

Cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets

Financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amount due from a related party and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– breach of contract, such as a default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

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

For loan and loans receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities.

Other financial liabilities

Other financial liabilities (including promissory notes and interest payable to the related companies, other payables and accruals, amount due to a shareholder, amount due to a related party and amount due to a related company) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at fair value through profit or loss.

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 November 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition (continued)

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Deferred revenue

Deferred revenue represents the proportion of revenue which relates to the unexpired period of the maintenance service agreements as at the end of the reporting period.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Related parties transactions

(a) A person or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following condition applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties transactions (continued)

(b) An entity is related to the Group if any of the following condition applies: (continued)

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources and obligations between related parties.

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	2012 HK$'000	2011 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalent)	**8,522**	5,815
Financial liabilities		
Amortised cost	**56,046**	48,674

The Company

	2012 HK$'000	2011 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalent)	**7,938**	5,144
Financial liabilities		
Amortised cost	**44,279**	37,778

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates.

Market risk exposures are measured by sensitivity analysis.

There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

Cash flow interest rate risk management

The Group has variable-rate borrowings including amount due to a shareholder, amount due to a related party, amount due to a related company, promissory notes and interest payable to the related companies, and is therefore exposed to cash flow interest rate risk (see Notes 26 and 27 for details). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Canadian and Hong Kong prime rate.

The followings demonstrate the sensitivity to a reasonable possible change in interest rates with all other variable held constant, of the Group's loss before taxation.

If the floating rates had been 50 basis points higher/lower, the Group's:

- loss before tax for the year ended 30 November 2012 would increase/decrease by approximately of HK$109,000 (2011: increase/decrease by HK$95,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Notes to the Consolidated Financial Statements

For the year ended 30 November 2012

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk management

The Group operates mainly in Hong Kong, primarily with respect to the HK$ and Renminbi ("RMB"). The Group is exposed to foreign currency risk arising from translating the intercompany balance with its foreign subsidiaries, which are denominated in Australian dollars ("AUD") and CAD other than the functional currency of the Group. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2012 HK$'000	2011 HK$'000
Assets:		
AUD	**2**	2
CAD	**7,465**	3,129
RMB	**75**	179
Liabilities:		
AUD	**13**	13
CAD	**20,992**	15,840
RMB	**373**	434

Sensitivity analysis on foreign currency risk management

The following table details the Group's sensitivity to a 5% increase and decrease in the HK$ against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A negative number below indicates a decrease in profit where the HK$ strengthen 5% against the relevant currency. For a 5% weakening of the HK$ against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be positive.

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk management (continued)

	2012 HK$'000	2011 HK$'000
Impact of AUD		
Profit or loss#	**1**	1
Impact of CAD		
Profit or loss*	**676**	636
Impact of RMB		
Profit or loss**	**15**	13

This is mainly attributable to the exposure outstanding on other receivables denominated in AUD.

* This is mainly attributable to the exposure outstanding on bank balances, promissory notes payable, amount due to a shareholder, amount due to a related party and amount due to a related company denominated in CAD.

** This is mainly attributable to the exposure outstanding on bank balances, other receivables and other payables denominated in RMB.

The Group's sensitivity to foreign currency has increased during the current year mainly due to the increase in foreign currency denominated monetary assets and liabilities.

Credit risk

As at 30 November 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group has set the policies in place to ensure that transactions are made to customers with an appropriate credit history and the Group performs period credit evaluations of its customers. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Group's and the Company's liquidity risk management includes diversifying the funding sources. Internally generated cash flow and advances from related party and its shareholder are the general source of funds to finance the operation of the Group and the Company. The Group and the Company had net liabilities of approximately HK$56,281,000 and HK$36,605,000 as at 30 November 2012. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The shareholder and a related party will not demand repayment within the next twelve months of the reporting date.

The Group and the Company has laid down an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity management requirements, which is reviewed regularly by the directors of the Company. The Group and the Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and maintains a conservative level of long-term funding to finance its short-term financial assets.

The following tables detail the Group's and the Company's remaining contractual maturity for its financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. For non-derivative financial liabilities, the table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows.

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The Group

	Weighted average effective interest rate	At 30 November 2012				
		On demand or within 1 year	2 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-derivative financial liabilities						
Promissory notes and interest payable to the related companies	5%	-	47,829	-	47,829	43,990
Amount due to a shareholder	4.5%	-	6,212	-	6,212	6,052
Amount due to a related party	4.5%	-	4,316	-	4,316	4,217
Amount due to a related company	4.5%	376	-	-	376	376
Other payables	-	1,411	-	-	1,411	1,411
		1,787	58,357	-	60,144	56,046

	Weighted average effective interest rate	At 30 November 2011				
		On demand or within 1 year	2 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-derivative financial liabilities						
Promissory notes and interest payable to the related companies	5%	–	40,608	–	40,608	37,608
Amount due to a shareholder	4.5%	–	5,835	–	5,835	5,635
Amount due to a related party	4.5%	–	4,083	–	4,083	3,986
Amount due to a related company	4.5%	314	–	–	314	314
Other payables	–	1,131	–	–	1,131	1,131
		1,445	50,526	–	51,971	48,674

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The Company

	At 30 November 2012					
	Weighted average effective interest rate %	On demand or within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Promissory notes and interest payable to the related companies	5%	-	47,829	-	47,829	43,990
Other payables	-	289	-	-	289	289
		289	47,829	-	48,118	44,279

	At 30 November 2011					
	Weighted average effective interest rate %	On demand or within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Promissory notes and interest payable to the related companies	5%	–	40,608	–	40,608	37,608
Other payables	–	170	–	–	170	170
		170	40,608	–	40,778	37,778

4. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively; and

(ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

1. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

2. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since the Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

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

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that its subsidiaries will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2011.

The capital structure of the Group consists of debts (which includes promissory notes and interest payable to the related companies, amount due to a shareholder and amount due to a related party), and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

The directors of the Company review the capital structure annually. As part of this review, the directors of the Company assess the annual budget prepared by management of the Company. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the issue of new promissory note payable to its related companies. The Group has a target gearing ratio of 4-10. This ratio is expressed by as a percentage of borrowings and long term debts over total assets.

	2012	2011
	HK$'000	HK$'000
Total debts	**54,259**	47,229
Total assets	**9,520**	6,871
Gearing ratio	**5.70**	6.87

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk in causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Critical accounting estimates and assumptions (continued)

Income tax

The Group is subject to income taxes in Hong Kong, the PRC and Australia. Judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

Impairment of trade receivables

The aging profile of trade receivables is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for trade receivable are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to profit or loss. Changes in the collectability of trade receivables for which provision are not made could affect the results of operations.

Development of customised software

Revenue from development of customised software is recognised in the profit or loss by reference to the stage of completion method which requires estimation made by management. The Group's management estimates the contract costs, outcome and expected cost to complete the contracts based on the budgets prepared for the contracts. Because of the nature of the activities, management reviews and revises the estimates of both contract outcome and expected costs to complete in the budget prepare for each contract as the contract progress. Any revisions to estimates of contract outcomes and expected costs completion would affect contract revenue recognition. Should expected costs to complete exceed contract revenue, a provision for contract loss would be recognised.

7. SEGMENT INFORMATION

The Group was engaged in two business segments, Financial Solutions and CRM Solutions, during the year ended 30 November 2012 and 30 November 2011. 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		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	**13,798**	15,587	**458**	1,221	**14,256**	16,808
Segment results	**5,951**	3,002	**12**	(24)	**5,963**	2,978
Interest income					**1**	1
Gain on disposal of property, plant and equipment					**19**	–
Exchange (loss)/gain					**(408)**	84
Central administration costs					**(6,634)**	(6,597)
Finance costs					**(2,186)**	(1,902)
Loss before taxation					**(3,245)**	(5,436)
Taxation					**-**	–
Loss for the year					**(3,245)**	(5,436)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2011: Nil).

Segment results represents the profit earned/(loss suffered) by each segment without allocation of other revenue, exchange gain/loss, 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.

7. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	Financial Solutions		CRM Solutions		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Assets and liabilities						
Segment assets	**1,472**	1,673	**47**	44	**1,519**	1,717
Unallocated assets					**8,001**	5,154
Consolidated total assets					**9,520**	6,871
Segment liabilities	**13,876**	14,631	**7,310**	7,013	**21,186**	21,644
Unallocated liabilities					**44,615**	38,111
Consolidated total liabilities					**65,801**	59,755

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 companies and prepayment that are prepaid by the investment holding companies).

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

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For the year ended 30 November 2012

7. SEGMENT INFORMATION (CONTINUED)

Other segment information

	Financial Solutions		CRM Solutions		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information						
Depreciation	**170**	204	**3**	6	**173**	210
Capital expenditure	**23**	60	**-**	4	**23**	64
Reversal of impairment loss on trade receivables	**(106)**	–	**-**	–	**(106)**	–
Impairment loss recognised in respect of trade receivables	**33**	3	**5**	–	**38**	3

Geographical segments

The Group operates in two principal geographical areas – the PRC and 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	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**-**	–	**130**	197
Hong Kong	**14,256**	16,808	**141**	219
	14,256	16,808	**271**	416

Information about major customers

No single customer contributed 10% or more to the Group's revenue for both years ended 30 November 2012 and 2011.

8. TURNOVER AND OTHER REVENUE

The Group

The Group is principally engaged in the designing and sale of computer software and the provision of professional and maintenance services for such products. 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:

	2012 HK$'000	2011 HK$'000
Turnover:		
Sales of computer software licences, software rental and provision of related services	**5,361**	6,860
Provision of maintenance services	**7,027**	7,401
Contract revenue	**1,705**	2,265
Sales of computer hardware	**163**	282
	14,256	16,808
Other revenue:		
Interest income on bank deposits	**1**	1

Interest income is solely generated from loans and receivables (including cash and bank balances) for both years ended 30 November 2012 and 2011.

9. OTHER GAINS AND LOSSES

The Group

	2012 HK$'000	2011 HK$'000
Gain on disposal of property, plant and equipment	**19**	–
Reversal of impairment loss on trade receivables	**106**	–
Impairment loss recognised in respect of trade receivables	**(38)**	(3)
Net foreign exchange (loss)/gain	**(408)**	84
	(321)	81

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10. LOSS FROM OPERATING ACTIVITIES

	2012 HK$'000	2011 HK$'000
The Group's loss from operating activities is arrived at after charging:		
Auditors' remuneration	**205**	205
Depreciation on owned property, plant and equipment	**173**	210
Operating lease payments in respect of		
– land and buildings	**1,808**	1,589
– plant and equipment	**32**	30
Staff costs (excluding directors' remuneration)		
– salaries and allowances	**9,959**	13,736
– retirement benefit costs	**350**	550
Cost of computer hardware sold	**106**	207

11. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on promissory notes		
– wholly repayable within five years *(Note 26)*	**1,940**	1,668
Interest on amount due to a shareholder/ a related party/a related company		
– wholly repayable within five years *(Note 27)*	**246**	234
	2,186	1,902

12. TAXATION

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 profit for the year (2011: Nil).

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 (2011: Nil).

No Australian income tax has been provided by the Australian subsidiaries of the Group as they had no assessable profits for the year (2011: Nil).

12. TAXATION (CONTINUED)

The Group has tax losses arising in Hong Kong of approximately HK$63,956,505 (2011: HK$69,928,830) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised due to the unpredictability of the future profit streams.

No income tax was recognised in other comprehensive income during the year (2011: Nil).

The charge for the year can be reconciled to the loss per profit or loss as follows:

The Group – 2012

	Hong Kong		Australia		The PRC		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Loss before taxation	(2,444)		(61)		(740)		(3,245)	
Tax at the applicable tax rate in the respective jurisdictions	(403)	(16.5)	(18)	(30)	(185)	(25)	(606)	(18.7)
Estimated tax effect of income and expenses not taxable or deductible for tax purposes	88	3.6	12	19.6	-	-	100	3.1
Estimated tax effect of unrecognised temporary differences	10	0.4	-	-	22	2.9	32	1
Estimated tax effect of unrecognised tax losses	305	12.5	6	10.4	163	22.1	474	14.6
Tax charge at the effective tax rate for the year	-	-	-	-	-	-	-	-

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12. TAXATION (CONTINUED)

The Group – 2011

	Hong Kong		Australia		The PRC		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Loss before taxation	(3,257)		34		(2,213)		(5,436)	
Tax at the applicable tax rate in the respective jurisdictions	(537)	(16.5)	10	30	(553)	(25)	(1,080)	(19.9)
Estimated tax effect of income and expenses not taxable or deductible for tax purposes	65	2.0	(35)	(103)	–	–	30	0.6
Estimated tax effect of unrecognised temporary differences	11	0.3	4	12	1	–	16	0.3
Estimated tax effect of unrecognised tax losses	461	14.2	21	61	552	25	1,034	19.0
Tax charge at the effective tax rate for the year	–	–	–	–	–	–	–	–

13. NET LOSS FOR THE YEAR

The net loss for the year dealt with in the financial statements of the Company amounted to approximately HK$2,829,000 (2011: HK$2,339,000).

14. LOSS PER SHARE

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

	2012	2011
	HK$'000	HK$'000
Loss		
Loss for the purpose of basic loss per share (loss for the year attributable to the owners of the Company)	**(3,245)**	(5,436)

	2012	2011
Number of shares		
Weighted average number of shares for the purpose of basic loss per share	**160,590,967**	160,590,967
Basic loss per share	**HK(2.02) cents**	HK(3.38) cents

Diluted loss per share for the years ended 30 November 2012 and 2011 were the same as the basic loss per share. For the year ended 30 November 2011, the Company's outstanding share options were not included in the calculation of diluted loss per share because the effect of the Company's share options were anti-dilutive.

15. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 30 November 2012 (2011: Nil).

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16. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS

(a) Directors' emoluments

The remunerations, pension and compensation arrangements paid/payable to the directors and past directors for their services on the Company were as follows:

Name of director	**Director's fee HK$'000**	**Salaries and allowances HK$'000**	**Contribution to pension scheme HK$'000**	**Total HK$'000**
2012:				
Executive Directors				
Mr. Kau Mo Hui *(Note i)*	**–**	**–**	**–**	**–**
Mr. Joseph Chi Ho Hui *(Note ii)*	**–**	**–**	**–**	**–**
Ms. Clara Hiu Ling Lam	**–**	**–**	**–**	**–**
Non-executive Directors				
Mr. Terence Chi Yan Hui	**–**	**–**	**–**	**–**
Mr. Joseph Chi Ho Hui *(Note ii)*	**–**	**–**	**–**	**–**
Independent Non-executive Directors				
Mr. Kwong Sang Liu	**20**	**–**	**–**	**20**
Mr. Edwin Kim Ho Wong	**20**	**–**	**–**	**20**
Mr. William Keith Jacobsen	**20**	**–**	**–**	**20**
	60	**–**	**–**	**60**

Name of director	Director's fee HK$'000	Salaries and allowances HK$'000	Contribution to pension scheme HK$'000	Total HK$'000
2011:				
Executive Directors				
Mr. Kau Mo Hui *(Note v)*	–	–	–	–
Mr. Terence Chi Yan Hui *(Note iv)*	–	–	–	–
Mr. Joseph Chi Ho Hui *(Note iv)*	–	–	–	–
Ms. Clara Hiu Ling Lam *(Note iii)*	–	–	–	–
Non-executive Directors				
Mr. Kau Mo Huii *(Note v)*	–	–	–	–
Mr. Terence Chi Yan Hui *(Note iv)*	–	–	–	–
Mr. Joseph Chi Ho Hui *(Note iv)*	–	–	–	–
Independent Non-executive Directors				
Mr. Kwong Sang Liu	20	–	–	20
Mr. Edwin Kim Ho Wong	20	–	–	20
Mr. William Keith Jacobsen	20	–	–	20
	60	–	–	60

16. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (continued)

Notes:

i. Mr. Kau Mo Hui resigned as executive director on 28 November 2012.

ii. Mr. Joseph Chi Ho Hui was re-designated from non-executive director to executive director on 28 November 2012.

iii. Ms. Clara Hiu Ling Lam was appointed as executive director on 14 July 2011.

iv. Mr. Terence Chi Yan Hui and Mr. Joseph Chi Ho Hui were re-designated from executive directors to non-executive directors on 14 July 2011.

v. Mr. Kau Mo Hui was re-designated from non-executive director to executive director on 14 July 2011.

No executive directors received individual emolument for the years ended 30 November 2012 and 2011.

No directors of the Company waived any emoluments during the year (2011: Nil).

During the year, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office (2011: Nil).

During the year, no options were granted to the executive directors under the share option scheme approved by the shareholders of the Company on 22 January 2001 (2011: Nil). Details of the share option scheme were set out in Note 17 to the consolidated financial statements.

(b) Five highest paid individuals

No director of the Company was included in the five highest paid individuals in the Group for the year (2011: Nil). The emoluments payable to the five (2011: five) individuals (the "Employees") during the year are as follows:

	2012 **HK$'000**	2011 HK$'000
Basic salaries and allowances	**3,320**	3,240
Contribution to provident fund	**68**	59
	3,388	3,299

During the year, no emoluments were paid by the Group to any of the Employees as an inducement to join, or upon joining the Group, or as compensation for loss of office (2011: Nil).

The number of the Employees whose emoluments fell within the following bands is as follow:

	Number of Employees	
	2012	2011
Nil to HK$1,000,000	**5**	5

17. EMPLOYEE BENEFITS

Retirement Benefit 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 rules of the MPF Scheme, 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$20,000. Under the revised rules of the MPF Scheme on 1 June 2012, 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$25,000. No forfeited contribution is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately.

Equity compensation benefits

Share Option

On 22 January 2001, the shareholders of the Company approved a share option scheme (the "Scheme") under which its board of directors may, at its discretion, invite full-time employees of the Company or any of its subsidiaries, including directors, who spend not less than twenty-five hours per week in providing services to the Group, to take up options to subscribe for ordinary shares in the Company. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company from time to time. No employee can be granted an option under the Scheme which, if exercised in full, would result in such an employee becoming entitled to subscribe for such number of shares that would exceed 25% of the aggregate number of shares for the time being issued and issuable under the Scheme. The subscription price will be determined by the Company's board of directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the trade day immediately preceding the date of offer of the options, and (iii) the average of the quoted closing price of the Company's shares on the five trading days immediately preceding the date of offer of the options. The Scheme was adopted on 22 January 2001 (the "Adoption Date") and is valid and effective for a period of ten years commencing on the Adoption Date. Any options granted under the Scheme expire ten years from the date of grant and are exercisable over four years with one quarter exercisable on each anniversary date from the date of grant. A nominal value of HK$1.00 is payable on acceptance of each grant of options. As at 30 November 2012, the Group has not granted any share options. All options granted were expired and no outstanding option was noted as at 30 November 2012.

No further options can be granted under the Scheme until the new requirements of Chapter 23 of the GEM Listing Rules are complied with.

17. EMPLOYEE BENEFITS (CONTINUED)

Equity compensation benefits (continued)

Share Option (continued)

For the year ended 30 November 2012

The scheme was expired on 22 January 2011. The Company did not adopt any new share option scheme.

For the year ended 30 November 2011

Details of the share options granted by the Company pursuant to the Scheme and the options outstanding were as follows:

	Date of grant	Exercise price	Exercisable period	Options held as at 1 December 2010	Lapsed during the year	Options held as at 30 November 2011
Executive Directors	17 April 2001	HK$3.625	17 April 2002 to 16 April 2011	480,000	(480,000)	–
	28 May 2001	HK$4.675	28 May 2002 to 27 May 2011	48,000	(48,000)	–
Continuous contracts employees	17 April 2001	HK$3.625	17 April 2002 to 16 April 2011	535,507	(535,507)	–
	28 May 2001	HK$4.675	28 May 2002 to 27 May 2011	40,781	(40,781)	–

These options expire ten years from the date of grant and are exercisable over four years from the date of grant, with one quarter of the options granted exercisable on each anniversary date from the date of grant. During the year, all options granted were expired and no outstanding options were noted as at the end of the reporting period.

18. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Total HK$'000
Cost:				
At 1 December 2010	269	417	6,487	7,173
Additions	–	7	57	64
Exchange realignment	4	2	8	14
At 30 November 2011 and 1 December 2011	273	426	6,552	7,251
Additions	–	3	20	23
Disposals/written off	–	–	(99)	(99)
Exchange realignment	5	7	9	21
At 30 November 2012	278	436	6,482	7,196
Accumulated depreciation:				
At 1 December 2010	151	348	6,122	6,621
Charge for the year	29	18	163	210
Exchange realignment	–	–	4	4
At 30 November 2011 and 1 December 2011	180	366	6,289	6,835
Charge for the year	31	18	124	173
Elimination on disposal/written off	–	–	(94)	(94)
Exchange realignment	2	1	8	11
At 30 November 2012	213	385	6,327	6,925
Net book value:				
At 30 November 2012	**65**	**51**	**155**	**271**
At 30 November 2011	93	60	263	416

19. INVESTMENTS IN SUBSIDIARIES

The Company

	2012	2011
	HK$'000	HK$'000
Unlisted shares, at costs	**61,686**	61,686
Less: Impairment loss recognised in respect of the investments costs	**(61,686)**	(61,686)
	–	–

	2012	2011
	HK$'000	HK$'000
Amounts due from subsidiaries *(Note a)*	**70,249**	69,401
Less: Impairment loss recognised in respect of amounts due from subsidiaries *(Note b)*	**(70,249)**	(69,401)
	–	–

Notes:

(a) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(b) The movements in provision for impairment loss in respect of amounts due from subsidiaries are as follows:

	2012	2011
	HK$'000	HK$'000
At 1 December 2011/2010	**69,401**	68,475
Impairment loss recognised	**848**	926
At 30 November 2012/2011	**70,249**	69,401

Due to the subsidiaries incurred losses continuously and the directors of the Company carried out a review on the recoverable amounts of the investments costs and amounts due from subsidiaries. The carrying amounts of the investments costs and amounts due from subsidiaries are reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 30 November 2012

19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the subsidiaries as at 30 November 2012 and 2011 are as follows:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital	Proportion of nominal value of issued shares held by the Company		Principal activities
			Directly	Indirectly	
abc Multiactive (Hong Kong) Limited	Hong Kong	300,000 ordinary shares of HK$1.00 each	100%	–	Design and sales of computer software and provision of maintenance services
ABC Enterprise Limited	Hong Kong	1 ordinary share of HK$1.00 each	100%	–	Dormant
Maximizer Asia Limited	Hong Kong	10,000 ordinary share of HK$1.00 each	100%	–	Sale of computer products and provision of maintenance services
Multiactive Software Pty. Limited ("abc Australia")	Australia	100,000 ordinary shares of A$1.00 each	99.99%	0.01%	Dormant
Maximizer Software Pty. Limited	Australia	1 ordinary share of A$1.00 each	–	100%	Dormant
abc Multiactive (Shenzhen) Limited *(Note a)*	The PRC	Registered capital HK$1,500,000	–	100%	Design and sales of computer software and provision of maintenance services
Maximizer Asia (Shanghai) Limited *(Note a)*	The PRC	Registered capital RMB100,000	–	100%	Sales of computer products and provision of maintenance services

Note (a): abc Multiactive (Shenzhen) Limited and Maximizer Asia (Shanghai) Limited were formed as a wholly-owned foreign enterprise in the PRC.

None of the subsidiaries issued debt securities during the year or at the year end.

20. CONSTRUCTION CONTRACTS

	The Group	
	2012	2011
	HK$'000	HK$'000
Amounts due from customers for contract work	**20**	226
Amounts due to customers for contract work	**(1,604)**	(1,915)
	(1,584)	(1,689)

	The Group	
	2012	2011
	HK$'000	HK$'000
Contract costs incurred plus recognised profits less recognised losses to date	**993**	1,870
Less: Progress billings	**(2,577)**	(3,559)
	(1,584)	(1,689)

At 30 November 2012 and 2011, there were no retentions held by customers for contract works. Advances received from customers for contract work amounted to approximately HK$2,496,000 (2011: HK$3,292,000).

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**342**	397	**–**	–
Prepayment, deposits and other receivables	**707**	414	**30**	10
	1,049	811	**30**	10

Notes to the Consolidated Financial Statements

For the year ended 30 November 2012

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

The analysis of trade receivables were as follow:

	The Group	
	2012	2011
	HK$'000	HK$'000
Trade receivables	**1,974**	2,097
Less: Impairment loss recognised in respect of trade receivables	**(1,738)**	(1,700)
Add: Reversal of impairment loss on trade receivables	**106**	–
At 30 November 2012/2011	**342**	397

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 debtors. The Group's trading terms with its customers are mainly based on product delivery and user acceptance. The Group allows an average credit period of 0 day to 30 days to its contract customers.

The following is an aged analysis of the trade receivables, net of provision of impairment loss:

	The Group	
	2012	2011
	HK$'000	HK$'000
Current	**132**	269
31 – 60 days	**96**	38
61 – 90 days	**–**	–
Over 90 days	**114**	90
	342	397

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	The Group	
	2012	2011
	HK$'000	HK$'000
31 – 60 days	**96**	38
61 – 90 days	**–**	–
Over 90 days	**114**	90
	210	128

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 in respect of trade receivables are as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
At 1 December 2011/2010	**1,700**	1,697
Reversal of impairment loss on trade receivables	**(106)**	–
Impairment loss recognised in respect of trade receivables	**38**	3
At 30 November 2012/2011	**1,632**	1,700

Included in provision for impairment loss recognised in respect of trade receivables are individually impaired trade receivables with balance of approximately HK$38,000 (2011: HK$3,000). 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 2012, 66% (2011: 4%) of the trade receivables were due from the Group's top five customers. Three individual customers exceeded 10% of the total balance of trade receivables which represents approximately HK$225,000 (2011: HK$235,000).

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	The Group	
	2012	2011
	HK$'000	HK$'000
Prepayment, deposits and other receivables	**1,117**	824
Less: Impairment loss recognised in respect of prepayment, deposits and other receivables	**(410)**	(410)
At 30 November 2012/2011	**707**	414

The directors of the Company had assessed the recoverability of prepayment, deposits and other receivables for the year ended 30 November 2012 and considered no further provision for impairment in respect of prepayment, deposits and other receivables is required.

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.

22. AMOUNT DUE FROM A RELATED PARTY

Details of the amount due from a related party disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

Name of a related party	**Maximum amount outstanding during the year HK$'000**	**2012 HK$'000**	2011 HK$'000
Wing Hong Interior Contracting Ltd.	**13**	**13**	–

The related party was indirectly owned by close family member of an executive director of the Company.

The above amount due from a related party is unsecured, interest-free and repayable on demand.

23. CASH AND CASH EQUIVALENTS

The Group included in the cash and cash equivalents as at 30 November 2012 and 2011 were amounts denominated in RMB of approximately RMB33,000 and RMB122,000 respectively. RMB is not freely convertible into other currencies, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

The Company's cash and cash equivalents as at 30 November 2012 and 2011 mainly were CAD and HK$.

24. SHARE CAPITAL

	2012		2011	
	Number of shares	**Amount HK$'000**	Number of shares	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**10,000,000,000**	**1,000,000**	10,000,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of HK$0.1 each	**160,590,967**	**16,059**	160,590,967	16,059

Note:

The Company operates a share option scheme, further details of which are set out under the heading "Equity compensation benefits" in Note 17 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 November 2012

25. RESERVES

(a) The Group

The amounts of the Group's reserves and the movement therein for the current and prior years are presented in the consolidated statement of changes in equity on page 38 of the consolidated financial statements.

The contributed surplus arises from a share for share exchange in acquiring a subsidiary. The amount represents the difference between the nominal value of the Company's shares issued and the fair value of net assets of the subsidiary. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(b) The Company

	Share premium	**Contributed surplus**	**Accumulated losses**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 December 2010	106,118	37,600	(189,440)	(45,722)
Total comprehensive loss for the year	–	–	(3,265)	(3,265)
At 30 November 2011 and 1 December 2011	106,118	37,600	(192,705)	(48,987)
Total comprehensive loss for the year	–	–	(3,677)	(3,677)
At 30 November 2012	**106,118**	**37,600**	**(196,382)**	**(52,664)**

26. PROMISSORY NOTES AND INTEREST PAYABLE TO THE RELATED COMPANIES

The Group and the Company

As at 30 November 2012, the promissory notes of approximately HK$38,186,000 (2011: approximately HK$33,744,000) payable to the related companies are interest bearing at Hong Kong prime rate (2011: Hong Kong prime rate).

Active Investments, a related company owned by the chief executive officer of the Company, has agreed that it will not demand repayment of the promissory note and the interest related to the promissory note in the amount of approximately CAD593,000 (approximately to HK$4,590,000) within the next twelve months of the reporting period. On 30 November 2012, Active Investments had agreed to further extend the maturity date of the promissory note in the amount of CAD485,000 (approximately to HK$3,787,000) together with the accrued interest of approximately CAD108,000 (approximately to HK$803,000) to 31 May 2014. Interest incurred during the current year was being approximately CAD29,000 (approximately to HK$224,000) (2011: approximately CAD28,000, approximately to HK$217,000). (Note 11)

Active Investments has also agreed that it will not demand repayment of the promissory note and the interest related to the promissory note in the amount of approximately HK$22,242,000 within the next twelve months of the reporting period. On 30 November 2012, Active Investments had agreed to extend the maturity date of the promissory note in the amount of approximately HK$18,205,000 together with the accrued interest of approximately HK$4,037,000 to 31 May 2014. Interest incurred during the current year was being approximately HK$1,085,000 (2011: approximately HK$1,029,000). (Note 11)

Active Investments has also agreed that it will not demand repayment of the promissory note and the interest related to the promissory note in the amount of approximately HK$3,318,000 within the next twelve months of the reporting period. On 30 November 2012, Active Investments had agreed to extend the maturity date of the promissory note in the amount of HK$3,000,000 together with the accrued interest of approximately HK$318,000 to 31 May 2014. Interest incurred during the current year was being approximately HK$162,000 (2011: approximately HK$154,000). (Note 11)

Active Investments has also agreed that it will not demand repayment of the promissory note and the interest related to the promissory note in the amount of approximately HK$2,103,000 within the next twelve months of the reporting period. On 30 November 2012, Active Investments had agreed to extend the maturity date of the promissory note in the amount of HK$2,000,000 together with the accrued interest of approximately HK$103,000 to 31 May 2014. Interest incurred during the current year was being approximately HK$103,000 (2011: Nil). (Note 11)

26. PROMISSORY NOTES AND INTEREST PAYABLE TO THE RELATED COMPANIES (CONTINUED)

The Group and the Company (continued)

Active Investments has also agreed that it will not demand repayment of the promissory note and the interest related to the promissory note in the amount of approximately CAD315,000 (approximately to HK$2,462,000) within the next twelve months of the reporting period. On 30 November 2012, Active Investments had agreed to further extend the maturity date of the promissory note in the amount of CAD300,000 (approximately to HK$2,343,000) together with the accrued interest of approximately CAD15,000 (approximately to HK$119,000) to 31 May 2014. Interest incurred during the current year was being approximately CAD15,000 (approximately to HK$119,000) (2011:Nil). (Note 11)

On 28 November 2012, the Company had issued a new promissory note in the amount of CAD540,000 (approximately to HK$4,217,000) payable to Active Investments, which was unsecured, interest bearing at the Hong Kong prime rate and will not be repayable within the next eighteen months of 31 May 2014.

Furthermore, a party owned by close family member of an executive director of the Company, Wickham, has also agreed that it will not demand repayment of the promissory note and the interest related to the promissory note in the amount of approximately HK$5,058,000 within the next twelve months of the reporting period. On 30 November 2012, Wickham had agreed to extend the maturity date of the promissory note in the amount of approximately HK$4,634,000 together with the accrued interest of approximately HK$424,000 to 31 May 2014. Interest incurred during the current year was being approximately HK$247,000 (2011: approximately HK$268,000). (Note 11)

The carrying amounts of the non-current borrowings are as follows:

	The Group and the Company	
	2012	2011
	HK$'000	HK$'000
Promissory notes and interest payable to the related companies	**43,990**	37,608

27. AMOUNT DUE TO A SHAREHOLDER/A RELATED PARTY/A RELATED COMPANY

The Group

The amounts mainly represent payables for development costs, purchases of software merchandise, royalty fee and expenses paid on behalf of the Group. The balance are approximately HK$6,052,000, HK$4,217,000 and HK$376,000 respectively. The balances are interest-free except for approximately HK$3,136,000 and HK$1,984,000 respectively of which carries interest at the annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly (2011: Annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly). The shareholder and the related party have confirmed that it will not demand repayment within the next twelve months of the reporting period.

28. OTHER PAYABLES AND ACCRUALS

	The Group		**The Company**	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accruals	**2,117**	2,221	**294**	304
Receipt in advance	**2,496**	3,292	**–**	–
Other payables	**1,411**	1,131	**289**	170
	6,024	6,644	**583**	474

29. OPERATING LEASES COMMITMENTS

The Group

As lessee

The Group leases certain of its office and office equipment under operating leases arrangements which are negotiated and fixed for a term of two years.

As at 30 November 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2012	2011
	HK$'000	HK$'000
Within one year	**2,488**	973
In the second to fifth years inclusive	**1,604**	72
	4,092	1,045

The Company

The Company has no material operating lease commitment as at 30 November 2012 (2011: Nil).

Notes to the Consolidated Financial Statements

For the year ended 30 November 2012

30. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, during the years ended 30 November 2012 and 2011, the Group had entered into the following material related party transactions which, in the opinion of the directors of the Company, were carried out in the operations of the Group's business:

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Group's directors as disclosed in Note 16 is as follows:

	2012	2011
	HK$'000	HK$'000
Directors' emoluments	**60**	60

(b)

	2012	2011
	HK$'000	HK$'000
Software merchandises purchased from Maximizer Software Inc. ("MSI") for resale *(Note (i))*	**41**	83
Interest paid to the related companies on promissory notes payables *(Note 26)*	**1,940**	1,668
Interest paid to MSI	**1**	–
Interest paid to CPT	**153**	146
Interest paid to Maximizer (Barbados)	**92**	88
Consultancy fee payable to a director *(Note (ii))*	**48**	48
Rental fee income received from Wing Hong Interior *(Note(iii))*	**156**	156

30. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) (continued)

Notes:

(i) The Group purchased software, in the normal course of business, from MSI for re-sale in accordance with a Products Sales Agreement and a Supplemental Products Sales Agreement entered into between the Company and MSI on 5 February 2004 and 28 June 2004 respectively. The Supplemental Products Sales Agreement was expired on 31 May 2006. Subsequent to the expire date, MSI has confirmed that the pricing of the product cost remains at 25% of the gross license revenue, that is in accordance with the terms and conditions specified in the 5 February 2004 Product Cost Agreement and the subsequent 28 June 2004 Amendment (the "Product Cost Agreements") entered into between the Company and MSI. On 1 August 2012, the Group has entered into a new International Authorized Agent Agreement with MSI for distribution rights of Maximizer CRM software in the Asian Pacific region. According to the new agreement, the Group will receive a standard rate service fee on the gross license revenue in connection with any of sales lead provided to MSI by the Group.

Mr. Terence Chi Yan Hui had interests in the transactions with MSI to the extent that he is the chairman of MSI and that issued shares of MSI are indirectly owned by his family as at 30 November 2012 and 2011.

(ii) Consultancy fee was payable to Ms. Clara Hiu Ling Lam as the legal representative of the subsidiaries in PRC.

(iii) Monthly rental income from Wing Hong Interior Contracting Limited ("Wing Hong Interior"). Mr. Kau Mo Hui (the former chairman of the Board who resigned on 28 November 2012) and Mr. Kwong Sang Liu are independent non-executive directors of China Railsmedia Corporation Limited, which is the ultimate holding company of Wing Hong Interior.

31. NON-CASH TRANSACTION

The Group did not have any non-cash transaction for the both years ended 2012 and 2011.

32. CONTINGENT LIABILITIES

The Group and the Company had no material contingent liabilities as at 30 November 2012 (2011: Nil).

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm with the current year's presentation.

34. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of directors on 1 February 2013.

FINANCIAL SUMMARY

Five Years Financial Summary

The following table summarised the audited results, assets and liabilities of the Group for the five years ended 30 November 2012, 2011, 2010, 2009 and 2008.

Results

	Year ended 30 November				
	2008 HK$'000 (Audited)	2009 HK$'000 (Audited)	2010 HK$'000 (Audited)	2011 HK$'000 (Audited)	**2012** **HK$'000** **(Audited)**
Turnover	17,851	14,980	17,141	16,808	**14,256**
Net loss for the year	(2,214)	(4,664)	(4,510)	(5,436)	**(3,245)**

Assets and Liabilities

	As at 30 November				
	2008 HK$'000 (Audited)	2009 HK$'000 (Audited)	2010 HK$'000 (Audited)	2011 HK$'000 (Audited)	**2012** **HK$'000** **(Audited)**
Total assets	8,310	7,570	9,040	6,871	**9,520**
Total liabilities	(44,845)	(50,113)	(56,334)	(59,755)	**(65,801)**
Shareholders' deficits	(36,535)	(42,543)	(47,294)	(52,884)	**(56,281)**

The results of the Group for the years ended 30 November 2012 and 2011 are those set out on page 34 to 36 of this annual report.