



**INTERIM REPORT 2016**

***abc*multiactive**

**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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## **INTERIM RESULTS**

The board of directors (the "Board") of abc Multiactive Limited (the "Company") presents the unaudited consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the three months and six months ended 31 May 2016, together with the comparative figures.

The unaudited turnover of the Group for the three months and six months ended 31 May 2016 was HK\$5,146,000 and HK\$9,460,000 respectively (Three months and six months ended 31 May 2015: HK\$3,448,000 and HK\$6,534,000 respectively). The unaudited net loss for the three months and six months ended 31 May 2016 was HK\$1,028,000 and HK\$1,540,000 respectively (Three months and six months ended 31 May 2015: net loss of HK\$1,328,000 and HK\$2,640,000 respectively). Unaudited basic loss per share for the three months and six months ended 31 May 2016 was HK\$0.43 cents and HK\$0.64 cents respectively (Three months and six months ended 31 May 2015: basic loss per share of HK\$0.55 cents and HK\$1.10 cents respectively).



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

For the three months and six months ended 31 May 2016

	Notes	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Turnover	3	<b>5,146</b>	3,448	<b>9,460</b>	6,534
Cost of sales		<b>(1,449)</b>	(627)	<b>(1,985)</b>	(1,425)
Gross profit		<b>3,697</b>	2,821	<b>7,475</b>	5,109
Other revenue	3	-	-	-	-
Software research and development expenses		<b>(1,515)</b>	(1,277)	<b>(2,947)</b>	(2,451)
Selling and marketing expenses		<b>(278)</b>	(364)	<b>(533)</b>	(817)
Administrative expenses		<b>(2,120)</b>	(1,891)	<b>(4,155)</b>	(3,881)
Unrealised exchange (loss)/gain		<b>(192)</b>	(19)	<b>(153)</b>	586
Loss from operating activities	5	<b>(408)</b>	(730)	<b>(313)</b>	(1,454)
Finance costs	6	<b>(620)</b>	(598)	<b>(1,227)</b>	(1,186)
Loss before taxation		<b>(1,028)</b>	(1,328)	<b>(1,540)</b>	(2,640)
Taxation	7	-	-	-	-
Loss for the period		<b>(1,028)</b>	(1,328)	<b>(1,540)</b>	(2,640)

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
Notes	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Other comprehensive income				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Exchange differences on translating foreign operations	<u>1</u>	<u>27</u>	<u>2</u>	<u>115</u>
Other comprehensive income for the period, net of tax	<u>1</u>	<u>27</u>	<u>2</u>	<u>115</u>
<b>Total comprehensive loss for the period</b>	<b><u>(1,027)</u></b>	<b><u>(1,301)</u></b>	<b><u>(1,538)</u></b>	<b><u>(2,525)</u></b>
Loss for the period attributable to owners of the Company	<b><u>(1,028)</u></b>	<b><u>(1,328)</u></b>	<b><u>(1,540)</u></b>	<b><u>(2,640)</u></b>
Total comprehensive loss for the period attributable to owners of the Company	<b><u>(1,027)</u></b>	<b><u>(1,301)</u></b>	<b><u>(1,538)</u></b>	<b><u>(2,525)</u></b>
	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>
<b>Loss per share</b>				
– Basic and diluted	<b><u>(0.43)</u></b>	<b><u>(0.55)</u></b>	<b><u>(0.64)</u></b>	<b><u>(1.10)</u></b>

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 May 2016 and 30 November 2015

		(Unaudited) 31 May 2016 HK\$'000	(Audited) 30 November 2015 HK\$'000
	Notes		
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment		274	198
<b>Current assets</b>			
Trade and other receivables	11	3,005	1,196
Cash and cash equivalents		1,468	3,526
Amounts due from customers	10	502	48
		<b>4,975</b>	4,770
<b>Total assets</b>		<b>5,249</b>	4,968
<b>Capital and reserves</b>			
Share capital		24,089	24,089
Reserves	15	(75,656)	(74,118)
<b>Equity attributable to owners of the Company</b>		<b>(51,567)</b>	(50,029)

		(Unaudited) 31 May 2016 HK\$'000	(Audited) 30 November 2015 HK\$'000
	Notes		
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Promissory notes and interest payable to the related companies	13	<b>50,248</b>	48,859
<b>Current liabilities</b>			
Other payables and accruals	12	<b>4,228</b>	3,180
Deferred revenue		<b>1,286</b>	2,114
Amount due to a related company	14	<b>231</b>	225
Amounts due to customers	10	<b>823</b>	619
		<b>6,568</b>	6,138
<b>Total liabilities</b>		<b>56,816</b>	54,997
<b>Total equity and liabilities</b>		<b>5,249</b>	4,968
<b>Net current liabilities</b>		<b>(1,593)</b>	(1,368)
<b>Total assets less current liabilities</b>		<b>(1,319)</b>	(1,170)
<b>Net liabilities</b>		<b>(51,567)</b>	(50,029)



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

*For the six months ended 31 May 2016*

	(Unaudited) Six months ended 31 May	
	2016 HK\$'000	2015 HK\$'000
Net cash used in operating activities	(1,938)	(1,654)
Net cash used in investing activities	(120)	(161)
Net decrease in cash and cash equivalents	(2,058)	(1,815)
Cash and cash equivalents at the beginning of period	3,526	6,536
Cash and cash equivalents at the end of period	<b>1,468</b>	4,721
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<b>1,468</b>	4,721



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 May 2016

	Attributable to owners of the Company					
	(Unaudited) Share capital HK\$'000	(Unaudited) Share premium HK\$'000	(Unaudited) Contributed surplus HK\$'000	(Unaudited) Exchange reserve HK\$'000	(Unaudited) Accumulated losses HK\$'000	(Unaudited) Total equity HK\$'000
At 1 December 2014	24,089	105,821	37,600	(13,709)	(203,112)	(49,311)
Loss for the period	-	-	-	-	(2,640)	(2,640)
Other comprehensive income for the period	-	-	-	115	-	115
At 31 May 2015	<u>24,089</u>	<u>105,821</u>	<u>37,600</u>	<u>(13,594)</u>	<u>(205,752)</u>	<u>(51,836)</u>
At 1 December 2015	<b>24,089</b>	<b>105,821</b>	<b>37,600</b>	<b>(200)</b>	<b>(217,339)</b>	<b>(50,029)</b>
Loss for the period	-	-	-	-	(1,540)	(1,540)
Other comprehensive income for the period	-	-	-	2	-	2
At 31 May 2016	<u><b>24,089</b></u>	<u><b>105,821</b></u>	<u><b>37,600</b></u>	<u><b>(198)</b></u>	<u><b>(218,879)</b></u>	<u><b>(51,567)</b></u>



## **NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

### **1. BASIS OF PREPARATION**

The unaudited accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They are prepared under the historical cost convention.

The unaudited consolidated results for the six months ended 31 May 2016 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company's annual financial statements for the year ended 30 November 2015, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") as disclosed in note 2 below.

### **2. IMPACT OF NEW HKFRSs AND HKASs**

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised HKFRSs and HKASs which are effective for accounting periods commencing on or after 1 January 2015. The adoption has no significant impact on the Group's accounting policies, presentation, reported results and the financial position of the Group for the current period and prior accounting periods.

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

### 3. TURNOVER AND OTHER REVENUE

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

An analysis of the Group's turnover and other revenue for the three months and six months ended 31 May 2016 is as follow:

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Turnover</b>				
Sales of computer software licences, software rental and provision of related services	2,596	1,882	5,297	2,862
Provision of maintenance services	1,530	1,566	2,987	3,170
Sales of computer hardware	1,020	–	1,176	502
	<u>5,146</u>	<u>3,448</u>	<u>9,460</u>	<u>6,534</u>
<b>Other revenue</b>				
Interest income on bank deposits	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>



**4. SEGMENT INFORMATION**

The Group was engaged in two business segments, Financial Solutions and CRM Solutions during the six months ended 31 May 2016 and 31 May 2015. The Group's chief operating decision maker regularly reviews the nature of their operations and the products and services. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

**Segment revenue and results**

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

	(Unaudited)					
	Six months ended 31 May					
	Financial Solutions		CRM Solutions		Consolidated	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>9,460</u>	6,534	<u>–</u>	–	<u>9,460</u>	6,534
Segment results	<u>3,995</u>	1,841	<u>–</u>	–	<u>3,995</u>	1,841
Other revenue					–	–
Exchange (loss)/gain					(153)	586
Central administration costs					(4,155)	(3,881)
Finance costs					(1,227)	(1,186)
Loss before taxation					<u>(1,540)</u>	(2,640)
Taxation					–	–
Loss for the period					<u>(1,540)</u>	(2,640)

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

Segment results represent the profit earned by each segment without allocation of other revenue, exchange loss or gain, central administration costs, finance costs and taxation. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

**Segment assets and liabilities**

	(Unaudited)					
	Six months ended 31 May					
	Financial Solutions		CRM Solutions		Consolidated	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets and liabilities</b>						
Segment assets	4,127	3,700	81	159	4,208	3,859
Unallocated assets					1,041	1,980
Consolidated total assets					<b>5,249</b>	<b>5,839</b>
Segment liabilities	5,510	7,527	325	1,365	5,835	8,892
Unallocated liabilities					50,981	48,783
Consolidated total liabilities					<b>56,816</b>	<b>57,675</b>

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).

	(Unaudited)					
	Six months ended 31 May					
	Financial Solutions		CRM Solutions		Consolidated	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other segment Information</b>						
Depreciation on property, plant and equipment	44	24	-	1	44	25
Capital expenditure	120	161	-	-	120	161

**Geographical segments**

The Group operates in two principal geographical areas – People's Republic of China (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:

	<b>(Unaudited)</b> <b>Revenue from</b> <b>external customers</b>		<b>(Unaudited)</b> <b>Non-current assets</b>	
	<b>Six months ended 31 May</b>		<b>As at 31 May</b>	
	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
PRC	–	–	–	28
Hong Kong	<b>9,460</b>	6,534	<b>274</b>	201
	<b>9,460</b>	6,534	<b>274</b>	229

**Information about major customers**

Three (3) customers contributed 10% or more to the Group's revenue for the six months ended 31 May 2016 (2015: two (2) customers).

**5. LOSS FROM OPERATING ACTIVITIES**

	<b>(Unaudited)</b> <b>Three months ended</b> <b>31 May</b>		<b>(Unaudited)</b> <b>Six months ended</b> <b>31 May</b>	
	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
	<b>The Group's loss from operating activities is arrived at after charging:</b>			
Depreciation on property, plant and equipment	<b>23</b>	14	<b>44</b>	25
Operating lease payments in respect of				
– land and buildings	<b>505</b>	523	<b>1,010</b>	1,040
– plant and equipment	<b>7</b>	7	<b>14</b>	14
Staff costs (excluding directors' remuneration)				
– salaries and allowances	<b>2,798</b>	2,473	<b>5,174</b>	4,932
– retirement benefits costs	<b>83</b>	101	<b>164</b>	194
Cost of computer hardware sold	<b>736</b>	–	<b>862</b>	316
Unrealised exchange loss	<b>192</b>	19	<b>153</b>	–
	<b>–</b>	–	<b>–</b>	586
<b>and after crediting:</b>				
Unrealised exchange gain	<b>–</b>	–	<b>–</b>	586

**6. FINANCE COSTS**

	<b>(Unaudited)</b> <b>Three months ended</b> <b>31 May</b>		<b>(Unaudited)</b> <b>Six months ended</b> <b>31 May</b>	
	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Interest on promissory notes – wholly repayable within five years	<b>620</b>	598	<b>1,227</b>	1,186

**7. 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 profits for the period (2015: Nil).

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

The potential unaudited deferred tax asset of approximately HK\$11,122,000 (As at 31 May 2015: approximately HK\$16,373,000) relating to tax losses available for carry forward and other timing differences as at 31 May 2016 have not been recognized due to the unpredictability of the future profit streams.

**8. DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the six months ended 31 May 2016 (2015: Nil).

**9. LOSS PER SHARE**

The calculation of basic loss per share attributable to the owners of the Company for the three months and six months ended 31 May 2016 is based on the unaudited net loss for the period of approximately HK\$1,028,000 and HK\$1,540,000 respectively (For the three months and six months ended 31 May 2015: net loss of HK\$1,328,000 and HK\$2,640,000 respectively), and on the weighted average number of 240,886,450 ordinary shares for both three months and six months ended 31 May 2016 (For the three months and six months ended 31 May 2015: 240,886,450 ordinary shares) of HK\$0.10 each in issue during the period.

**Diluted loss per share**

The Group has no potentially dilutive ordinary shares in issue during the three months and six months ended 31 May 2016 and 2015. Diluted loss per share for the three months and six months ended 31 May 2016 and 2015 were the same as the basic loss per share.



**10. AMOUNTS DUE FROM/(TO) CUSTOMERS**

**Amounts due from customers**

Contract costs incurred plus recognised profits  
less recognised losses to date  
Progress billings received and receivable

(Unaudited)  
31 May  
2016  
HK\$'000

(Audited)  
30 November  
2015  
HK\$'000

1,976  
(1,474)

130  
(82)

**502**

**48**

**Amounts due to customers**

Progress billings received and receivable  
Contract costs incurred plus recognised profits  
less recognised losses to date

1,173  
(350)

873  
(254)

**823**

**619**

**11. TRADE AND OTHER RECEIVABLES**

Trade receivables  
Less: impairment loss recognised in respect  
of trade receivables

842  
(461)

861  
(461)

Trade receivables – net  
Prepayment, deposits and other receivables

381  
2,624

400  
796

**3,005**

**1,196**



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

	(Unaudited) 31 May 2016 HK\$'000	(Audited) 30 November 2015 HK\$'000
Current	10	142
31 – 60 days	101	12
61 – 90 days	158	215
Over 90 days	112	31
	<b>381</b>	<b>400</b>

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimize 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 a credit period range from 0 day to 30 days to its contract customers.

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

	(Unaudited) 31 May 2016 HK\$'000	(Audited) 30 November 2015 HK\$'000
31 – 60 days	101	12
61 – 90 days	158	215
Over 90 days	112	31
	<b>371</b>	<b>258</b>

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.



**12. OTHER PAYABLES AND ACCRUALS**

	<b>(Unaudited)</b>	(Audited)
	<b>31 May</b>	30 November
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Accruals	<b>1,608</b>	1,329
Receipt in advance	<b>1,983</b>	1,083
Other payables	<b>637</b>	768
	<b>4,228</b>	3,180

**13. PROMISSORY NOTES AND INTEREST PAYABLE TO THE RELATED COMPANIES**

As at 31 May 2016, the promissory notes payable to the related companies are interest bearing at Hong Kong prime rate for both three months and six months ended 31 May 2016 and 2015.

On 25 November 2015, Active Investments Capital Limited ("Active Investments"), a related company wholly owned by the chief executive officer of the Company, has agreed to extend the maturity date of the Hong Kong Dollar Denominated Promissory Note with the aggregate amount as at 31 May 2016 of approximately HK\$35,850,000 (included principal amount of HK\$25,705,000 and accrued interest of approximately HK\$10,145,000) to 30 June 2017. During the six months ended 31 May 2016, interest of approximately HK\$886,000 was charged to consolidated statement of profit or loss and other comprehensive income (Six months ended 31 May 2015: HK\$838,000).

On 25 November 2015, Active Investments has agreed to extend the maturity date of the Canadian Dollar Denominated Promissory Note with the aggregate amount as at 31 May 2016 of approximately CAD1,349,000 (approximately to HK\$8,374,000) included principal amount of CAD1,025,000 (approximately to HK\$6,098,000) and accrued interest of approximately CAD324,000 (approximately to HK\$2,276,000) to 30 June 2017. During the six months ended 31 May 2016, interest of approximately CAD33,000 (approximately to HK\$192,000) was charged to consolidated statement of profit or loss and other comprehensive income (Six months ended 31 May 2015: CAD32,000 (approximately to HK\$207,000)).

On 25 November 2015, Wickham Group Limited ("Wickham"), a company owned by a close family member of an executive director of the Company, has agreed to extend the maturity date of Hong Kong Dollar Denominated promissory note with the aggregate amount as at 31 May 2016 of approximately HK\$6,024,000 (included principal amount of HK\$4,635,000 and accrued interest of approximately HK\$1,389,000) to 30 June 2017. During the six months ended 31 May 2016, interest of approximately HK\$149,000 was charged to consolidated statement of profit or loss and other comprehensive income (Six months ended 31 May 2015: HK\$141,000).

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

	<b>(Unaudited)</b> <b>31 May</b> <b>2016</b> <b>HK\$'000</b>	(Audited) 30 November 2015 HK\$'000
Promissory notes and interest payables to the related companies	<b>50,248</b>	48,859

**14. AMOUNT DUE TO A RELATED COMPANY**

The amount mainly represents payables for purchases of software merchandise, royalty fee and expenses paid on behalf of the Group. The balance of amount due to a related company was interest-free, unsecured and repayable on demand for the six months ended 31 May 2016 and year ended 30 November 2015.

**15. RESERVES**

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

**16. RELATED PARTIES TRANSACTIONS**

In addition to the transactions and balances detailed elsewhere in the consolidated financial statement during the period, the Group had entered into the following significant related party transactions which were carried out on normal commercial terms and in the normal course of the Group's business:

	<b>(Unaudited)</b> <b>Six months ended 31 May</b> <b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Interest paid to the related companies on promissory notes payable <i>(Note 13)</i>	<b>1,227</b>	1,186
Consultancy fee payable to a director <i>(Note (a))</i>	<b>24</b>	24

*Note:*

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

The Group recorded an unaudited turnover of approximately HK\$5,146,000 for the three months ended 31 May 2016, a 49% increase from approximately HK\$3,448,000 for the corresponding period of the previous year. Of the total unaudited turnover amount, approximately HK\$2,596,000 or 50% was generated from software license sales and professional service, approximately HK\$1,530,000 or 30% was generated from maintenance services and approximately HK\$1,020,000 or 20% was generated from sales of hardware. As at 31 May 2016, the Group had approximately HK\$5.2 million worth of contracts that were in progress. The unaudited net loss attributable to shareholders for the three months ended 31 May 2016 was HK\$1,028,000 whereas the Group recorded an unaudited net loss of approximately HK\$1,328,000 for the same period of the previous year.

During the period, the Group's unaudited operating expenditures amounted to approximately HK\$3,913,000 for the three months ended 31 May 2016, a 11% increase from approximately HK\$3,532,000 for the corresponding period of the previous year. The increases were mainly attributed to increase in staff cost, which included increase in headcount, annual salary increment, and China staff redundancy cost incurred during the period.

With addition of office equipment and Hong Kong office renovation in the second half last year, unaudited depreciation expenses increased from approximately HK\$14,000 for the three months ended 31 May 2015 to approximately HK\$23,000 in the current period.

During the current period, the Group invested approximately HK\$1,515,000 in developing new modules for its OCTO Straight Through Processing ("STP") system.

For the three months ended 31 May 2016, the Group has no provision made for impairment of trade receivables.

Total unaudited staff costs (excluding directors' remuneration) are approximately HK\$2,881,000 for the three months ended 31 May 2016, a 12% increase from approximately HK\$2,574,000 for the same period of the previous year. This increase was mainly attributed to headcount expansions in software research and development department and overall salary increment during the period.

### 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.

As at 31 May 2016, the Group's borrowings were repayable as follows:

	<b>Other loans</b>	
	<b>(Unaudited)</b>	(Audited)
	<b>31 May</b>	30 November
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Within 1 year	<b>231</b>	225
Between 1 and 2 years	<b>50,248</b>	48,859
Between 2 and 5 years	–	–
	<hr/>	<hr/>
Wholly repayable within 5 years	<b>50,479</b>	49,084
Over 5 years	–	–
	<hr/>	<hr/>
	<b>50,479</b>	49,084
	<hr/> <hr/>	<hr/> <hr/>

As at 31 May 2016, the Group had outstanding of approximately CAD39,000 (approximately HK\$231,000) due to Maximizer Services Inc. ("MSI"), a related company of the Company. The amount due to MSI was mainly payables for purchases of software merchandise, royalty fee and expenses paid on behalf of the Group, which was unsecured and interest free.

As at 31 May 2016, approximately HK\$4,635,000 representing a loan from Wickham, 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 30 June 2017.

As at 31 May 2016, loans of amount CAD1,025,000 (approximately HK\$6,098,000) and HK\$25,705,000 are loans from Active Investments, 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 30 June 2017.



On 20 June 2016, the Company obtained an advance of HK\$1,000,000 from Active Investments, a related company wholly owned by the chief executive officer of the Company for working capital financing, which was unsecured, interest bearing at the Hong Kong prime rate and maturing on 30 June 2017.

The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total assets. As at 31 May 2016, the Group's gearing ratio was 9.57.

### **Pledge of Assets**

The Group did not have any mortgage or charge over its assets as at 31 May 2016.

### **Exposure to Fluctuation in Exchange Rates and Related Hedges**

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollars, Renminbi or Canadian dollars. Except for the current account between the Company and its 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 31 May 2016, 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 had no material contingent liabilities as at 31 May 2016.

### **Significant Investments**

The Group has not held any significant investment for the three months ended 31 May 2016.

### **Major Events**

As at 31 May 2016, the Group had no material capital commitments and no future plans for material investments or capital assets.

**Employee and Remuneration Policy**

The directors believe that the quality of its employees is the most important factor in sustaining the Group's growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salaries and mandatory provident fund, staff benefits include medical coverage scheme. As at 31 May 2016, the Group had employed 25 staff in Hong Kong and 1 staff in PRC. Total staff costs for the three months ended 31 May 2016 under review amounted to approximately HK\$2,881,000.

As at 31 May 2016, 11 employees had completed the required number of years of service under the Employment Ordinance (the "Ordinance") to be eligible for long service payments on termination of their employment with the Group. The Group is only liable to make such payments where termination meets the required circumstances specified in the Ordinance. The estimated unaudited maximum amount of such payment is approximately HK\$494,000.

**Pension Scheme**

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

The retirement benefit scheme cost charged to the consolidated statement of profit or loss and other comprehensive income represents contributions payable by the Group to the funds and is expensed as incurred. For the three months ended 31 May 2016, the unaudited retirement benefit scheme contributions borne by the Group amounted to approximately HK\$83,000 (2015: approximately HK\$101,000). 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 required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the central pension scheme.



## **Operation Review**

For the three months ended 31 May 2016, the unaudited turnover from Financial Solutions is approximately HK\$5,146,000, an increase of 49% when compared to approximately HK\$3,448,000 for the same period last year. Of the total unaudited turnover from Financial Solutions, turnover of approximately HK\$4,040,000 represents sales of self-developed software, and the revenue generated from resales of third parties software, hardware and other products are approximately HK\$1,106,000. During the period, our OCTOSTP signed various contracts as well as new sales of software licenses, system modification and software rental respectively, with customers. The Group also recorded an increase in the turnover of sales of software licenses under several projects delivered to customers during the period.

According to HKEx's tentative timeline, the Volatility Control Mechanism (VCM) and Closing Auction Session (CAS) in the securities market will be launched on end of August 2016. To commit the schedule, the Group has focused on our resources to complete development and integration work of VCM and CAS. Our team has passed the testing of first stage and market rehearsals has been completed to customers during the period.

The Group continues to focus on our resources to help securities firms generate revenue and accelerate cost savings through implementation with the Group's OCTOSTP trading system. We have taken several measures including enhancing value added services to our customers as well as upgrading our OCTOSTP to meet customer new requirements. As a result of our efforts, the Group has received positive feedback from its existing customers and secured more new prospects in the market. To improve the ability to streamline and diversify its revenue stream, the Group continues given priority to invest in the development of additional add-on modules for its OCTOSTP trading system, as well as to enhance its extensive array of solutions and capabilities through product development.

## **Prospects**

To strengthen the competitiveness in the market, the Group will further focus more on our core business and technology development with product functionality improvement and expansion in the service areas we offer to the customers. To channel our resources to new business development area of high growth solutions, maintain, enhance and evolve its proprietary financial solution products will continue to be one of the top priorities for the Group for 2016. It is the belief of the directors that the Group has a well-diversified product range, which maintains its market competitiveness and it is well equipped to face future challenges.



In 2016, we target to strive for a better diversified business line by seeking new investment opportunities in the market. To achieve the goal, we will engage in seeking partners actively to cooperate in providing more innovative business solutions. We will also continue to deliver our quality service, as well as to improve our financial solution products, for the continuous business growth of the Group.

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

As at 31 May 2016, the interests and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 to 5.68 of the GEM Listing Rules were as follows:

### **Long positions in shares**

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

### **Long positions in underlying shares**

*a) The Company:*

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

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

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

*b) Associated Corporation:*

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



### **Long positions in debentures**

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

### **Short positions in shares**

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

### **Short positions in underlying shares**

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

### **Short positions in debentures**

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

Save as disclosed above, as at 31 May 2016, 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

As at 31 May 2016, 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	140,992,968	58.53%
Pacific East Limited	Beneficial owner	Corporate	13,160,673	5.46%
Royal Bank of Canada Financial Corporation <i>(Note)</i>	Trustee	Corporate	154,153,641	63.99%

*Note:*

Royal Bank of Canada Financial Corporation is the trustee of The City Place Trust which owns Maximizer International Limited, which holds 58.53% interest in the Company and wholly owns Pacific East Limited, which holds 5.46% interest in the Company. The City Place Trust is a discretionary trust and its beneficiaries include direct family members of Mr. Kau Mo Hui, but not include Mr. Joseph Chi Ho Hui and Ms. Clara Hiu Ling Lam or any of their respective spouse or minor child. Mr. Kau Mo Hui is the father of Mr. Joseph Chi Ho Hui, an executive director of the Company, and Mr. Samson Chi Yang Hui, the chief executive officer of the Company. Mr. Kau Mo Hui is also the father-in-law of Ms. Clara Hiu Ling Lam, an executive director of the Company.

### Long positions in underlying shares

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

### Short positions in shares

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

### **Short positions in underlying shares**

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

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

### **AUDIT COMMITTEE**

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

The written terms of reference which describe the authorities and duties of the audit committee were prepared and adopted with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the audit committee should also require it to review arrangement employees of the Company can use to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action and to act as the key representative body for overseeing the Company's relations with the external auditors. The audit committee provides an important link between the board 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 six months ended 31 May 2016, the audit committee held two meetings for the purpose of reviewing the Company's reports and accounts, and providing advice and recommendations to the Board. The minutes of the audit committee meeting are kept by the Company Secretary.

The Group's unaudited results for the three months ended 31 May 2016 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standard.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the six months ended 31 May 2016, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to maintain and ensure high standards of corporate governance code. Except for the deviations as explained below, none of the directors is aware of information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period for the six months ended 31 May 2016, in compliance with the Corporate Governance Code (the "CG Code") set out by the Stock Exchange in Appendix 15 to the GEM Listing Rules.

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

Code provision A.4.3 of the CG Code and Report, became effective on 1 April 2012, an independent non-executive director serves more than nine (9) years, his further appointment should be subject to a separate resolution to be approved by shareholders.

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

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



## **Financial Reporting**

Code provision C.1.2 of the CG Code and Report, became effective on 1 April 2012, stipulates that management should provide all members of the Board with monthly updates giving balanced and understandable assessment of the Company's performance, position and prospects in sufficient details.

During the six months ended 31 May 2016, rather than monthly updates, the management of the Company has provided to the Board quarterly updates with quarterly consolidated financial statement of the Company's performance, position and prospects in sufficient details during the regular Board meetings of the Company. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board. The management discussion and analysis prepared by management and reviewed by the Board of the directors are included in this interim report.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 31 May 2016, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

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

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

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

Hong Kong, 13 July 2016