abc Multiactive Limited

(Incorporated in Bermuda with limited liability)
Stock code:8131

2019

ANNUAL REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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*This report, for which the directors of abc Multiactive Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this 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.*

Contents

Corporate Information

DIRECTORS

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Mr. Joseph Chi Ho HUI
Ms. Clara Hiu Ling LAM

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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

AUTHORISED REPRESENTATIVES

Mr. Joseph Chi Ho HUI
Mr. Siu Leong CHEUNG

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

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Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

STOCK CODE

8131

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Chairman's Statement

On behalf of the board of directors (the "Board") of abc Multiactive Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present the annual report of the Group for the year ended 30 November 2019.

During the Year 2019, uncertainties of global economy over Sino-US Trade friction together with the recent changes in political regulatory environment in Hong Kong, had created unfavorable market conditions and negatively impacted the performance of the Hong Kong stock and investment market. It has been a tough year in which the performance of the Group had been affected by weakening demand and slow growth in the Financial solution market.

The Group utilized its resources to enhance its existing OCTOSTP system products. During the year, the Group has devoted effort in the development and integration work of the upgrade C# version of the OCTOSTP system project for a well-known brokerage firm and is reaching to its final stage. The Group also succeeded in expanding its revenue channel on selling third-party products and project management services to non-financial customer. In addition, the Group has started and continued to enter the Fintech resources service market by providing professional and secondment staff to our customers.

Though facing unprecedented challenges, the Group keeps moving forward to strive for opportunities and to explore diversity in businesses. "FinReg Innovative Tools", an innovative risk driven perform was developed as our new and remarkable product to assist brokerage houses to effectively prevent possible violation risks from securities trading activities for compliance with the SFC's regulation. We are optimistic this will broaden the Group's revenue source for sustained growth and profitability.

Looking ahead, we continue to evaluate commercial feasibility of various competitive projects and products with the aim to expand and diversify our business lines. Leveraging the Group's existing competitive advantages and leadership position as a financial solution provider, the Group is confident that its experienced professional teams and provision of high quality products and services will keep it well-positioned to capture the surging business opportunities.

On behalf of the Board, I would like to thank our management team, our employees and my fellow Board members for their continuous hard work and dedication. I would also like to express my sincere gratitude to our shareholders, customers and business partners for their continuous support for the past years. We expect the business environment in 2020 will remain challenging but I am confident that we will be able to deliver strong performance in the coming years.

Joseph Chi Ho Hui
Chairman

Hong Kong, 13 February 2020

Financial Highlights

Key Financial Figures and Ratios	Note	**Year ended 30 November 2019 HK$'000**	Year ended 30 November 2018 HK$'000	Increase/ (decrease) in %
Performance				
Revenue		**17,361**	15,163	14.5%
Loss before interest, taxation and depreciation		**2,764**	2,042	35.4%
Loss for the year		**4,965**	5,049	(1.7%)
Loss attributable to owners of the Company		**4,965**	5,049	(1.7%)
Gross profit margin	1	**53.8%**	82.3%	(28.5%)
Net profit margin		**N/A**	N/A	N/A

Key Financial Figures and Ratios	Notes	**Year ended 30 November 2019 HK$'000**	Year ended 30 November 2018 HK$'000	Increase/ (decrease) in %
Total assets		**7,753**	5,529	40.2%
Net liabilities		**22,217**	16,133	37.7%
Cash and cash equivalents		**4,685**	2,836	65.2%
Net cash	2	**4,685**	2,836	65.2%
Liquidity and Gearing				
Current ratio	3	**1.19**	0.79	50.6%
Gearing ratio	4	**2.80**	2.32	20.7%

Notes:

1. Gross profit margin is calculated by dividing gross profit by revenue and multiplying the resulting value by 100%. Gross profit equals to revenue minus cost of sales.

2. Net cash is cash and cash equivalents less interest-bearing bank borrowings.

3. Current ratio is calculated by dividing current assets by current liabilities.

4. Gearing ratio is a percentage of borrowings and long term debts over total assets.

Management Discussion and Analysis

Performance Analysis

The performance analysis of the Group for the Year is set out in the "Financial Highlights" of this annual report.

Financial Review

The Group recorded a turnover of approximately HK$17,361,000 for the year ended 30 November 2019 (the "Year"), increased by 14.5% from that of approximately HK$15,163,000 for the corresponding period last year. The gross profit of the Group decreased by approximately 25.2% from approximately HK$12,482,000 for the year ended 30 November 2018 to approximately HK$9,335,000 for the year ended 30 November 2019. The drop is mainly attributed to increase in sales of third parties products and professional service which have a lower gross profit margin compared to self-developed products and services. Of the total turnover amount, (i) approximately HK$1,601,000 or 9% was generated from software license sales, (ii) approximately HK$8,919,000 or 51% was generated from contract revenue, (iii) approximately HK$4,455,000 or 26% was generated from maintenance services, (iv) approximately HK$1,426,000 or 8% was generated from sales of computer hardware and (v) approximately HK$960,000 or 6% was generated from Fintech resources services. The net loss attributable to shareholders of the Company for the Year was approximately HK$4,965,000, in which approximately HK$2,363,000 was imputed interest expenses on convertible bond and promissory note, whereas the Group recorded a net loss attributable to shareholders of HK$5,049,000 for the corresponding period last year after deducting of imputed interest of HK$2,775,000.

The Group has concluded the sales contracts (excluding maintenance services contracts) with total contract sum of approximately HK$12,200,000 (2018: approximately HK$5,500,000). Of the total signed contract sum, (i) approximately HK$4,800,000 (2018: approximately HK$3,700,000) represents sales of self-developed software; (ii) approximately HK$1,000,000 (2018: approximately HK$893,000) represents sales of Fintech resources services; and (iii) approximately HK$6,400,000 (2018: approximately HK$907,000) represents sales of third party products.

During the Year, the Group provided professional services to existing customers to streamline and migrate functions and features of their existing systems to enhance system performance and efficiency that resulted in decrease in maintenance revenue due to replacement of idle functions and modules. As at 30 November 2019, approximately HK$2.1 million worth of service contract was in progress (2018: approximately HK$950,000 contract in progress). Furthermore, the Group has also signed contracts with a new non-financial customer for the provision of CCTV project and electrical installation services and recognised turnover of approximately HK$6 million in the financial year 2019 which was included in the sales of third party products.

During the Year, the Group continued to exercise prudent cost control measures by implementing tight expenses measures in its operations. The operating expenditures amounted to approximately HK$13,591,000 for the Year, decreased by 8% when compared to approximately HK$14,761,000 for the corresponding period last year. The decrease was mainly due to decrease in legal and professional service fee for the Year when compared to last year.

Management Discussion and Analysis

During the Year, the depreciation expenses amounted to approximately HK$227,000, remained stable when compared to that of approximately HK$239,000 for the corresponding period last year.

The Group did not have any amortisation expenses during the Year.

During the Year, the Group invested approximately HK$3,969,000 in maintenance and regular development for its OCTO Straight Through Processing system ("OCTOSTP") including the developing the new C# version of OCTOSTP and new product "FinReg Innovative Tools". Details of new C# version of OCTSTP and "FinReg Innovative Tools" are set out in this report of supplementary information for the year ended 30 November 2019.

The Group has made an impairment loss of approximately HK$200,000 on trade receivables for the Year. The impaired trade receivable was related to a customer that it de-registered its corporate registration in Hong Kong and the Group assessed that amount was not expected to be recovered.

Total staff costs (excluding directors' remuneration) were approximately HK$8,820,000 for the Year, remained stable when compared to that of approximately HK$9,345,000 for the corresponding period last year.

Operation Review

For the Year, the turnover from Financial solutions and Fintech resources segments were approximately HK$17,361,000, increased by 14.5% when compared to that of approximately HK$15,163,000 for the corresponding period last year. Of the total audited turnover, turnover of approximately HK$10,075,000 represents sales of self-developed software, turnover of approximately HK$960,000 was generated from Fintech resources services and turnover generated from resales of computer hardware and the third parties' products were approximately HK$6,326,000.

Owing to weak stock market performance and unfavourable economic conditions stemming from the uncertainty of Sino US trade conflict and recent instability in Hong Kong, the customers are cautious and have slowed down their expenditures on their Information Technology infrastructure and upgrade projects. As the existing and potential customers of the Company are mainly financial institutions including brokerage houses and banks in Hong Kong, whose businesses are closely related to the Hong Kong financial industry and stock market performance. Consequently, the Company's core business, particularly the contract revenue and sales of computer software licenses, software rental and provision of related services decreased. Although the Group is facing stronger pressure from weakening demand and slowing global growth, the Group continue to improve its existing products for better user experience and simultaneously explore more new business opportunities and attain product diversification. The Group succeeded in expanding its revenue channels on other third party products and Fintech resources. As a result, the overall turnover for the Year increased.

Management Discussion and Analysis

During the Year, the Group completed in developing the new C# version of its core brokerage settlement system. By upgrading the existing software products of its core business and improving its technology, the Group signed a sales contract for the upgraded C# version of its OCTOSTP system with a well-known Singapore brokerage firm for its Hong Kong operation. The first stage of development work and system integration test ("SIT Testing Criteria") has been delivered on-time with acceptance criteria by customer in accordance with the project schedule timeline in the second quarter of this year. The Group is confident that we are well-equipped for the coming stages of user acceptance test ("UAT Testing Criteria") and parallel run testing of the upgrade C# version system live run. In addition, the Group has also closely working with one well-known brokerage house in the development of client master migration project.

Given that Securities and Futures Commission (the "SFC") publishes circulars and revises its securities trading regulations from time to time to remind industry participants of regulatory requirements and provision. In order to assist brokerage houses preventing possible violation risks from the securities trading activities effectively, the Group has devoted effort in the development of our new product, "FinReg Innovative Tools". It is an innovative risk driven platform, it can assist brokerage houses and asset management companies to cope with "Know Your Customers" requirement, it also enables brokerage houses to identify, manage and mitigate risk and manage compliance for SFC requirements through monitoring abnormal trade, identifying suspicious trading activities and preventing Anti-Money Laundering fund movement. The Group is currently actively carrying marketing campaign to promoting its services and is in negotiation with a number of potential customers.

For 2019, the Group targets to strive for expanding and diversifying its business lines and seeking new business opportunities to keep competition in the market and to achieve sustainable growth remain the top priorities of the Group. During the Year, the Group has cooperated with different new business partners on IT managing services, CCTV solutions and mobile application design services to provide more innovative business solutions to the Group. To further accelerate business development, the Group has established a new sale and business product team to approach different customers to expand the customer base and to source and bring in new products. The team regularly carry out marketing campaigns through holding seminars and participating in exhibitions to actively approach new and potential customers.

Capital structure

As at 30 November 2019, the total issued share capital of the Company was approximately HK$42,464,000 (2018: approximately HK$42,464,000) divided into 301,108,062 ordinary shares and 123,529,400 non-voting convertible preference shares (2018: 301,108,062 ordinary shares and 123,529,400 non-voting convertible preference shares) of HK$0.10 each.

Management Discussion and Analysis

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 30 November 2019 and 2018, the convertible bond to Maximizer International Limited ("MIL"), amount due to a related company and the promissory note to a related company were repayable as follows:

	The Group	
	2019	2018
	HK$'000	HK$'000
Within 1 year	**229**	228
Between 1 and 2 years	**6,560**	–
Between 3 and 5 years	**15,167**	12,810
Wholly repayable within 5 years	**21,956**	13,038

As at 30 November 2019, the Group had outstanding of approximately CAD39,000 (approximately HK$229,000) due to Maximizer Services Inc ("MSI"), a related company of the Company. The amount due to MSI was mainly payables for purchases of software merchandise, royalty fee and expenses paid on behalf of the Group, which was unsecured, interest free and repayable on demand.

On 28 August 2018, the Company and MIL (the "Subscriber") entered into the subscription agreement as supplemented and amended on 10 October 2018 relating to the subscription of Convertible Preference Shares (the "CPS") and Convertible Bond (the "CB") (the "Subscription Agreement"). The completion of the Subscription Agreement took place on 22 November 2018 whereupon the CPS and CB were issued to MIL and the CPS subscription price and the CB subscription price were fully set off against the outstanding amount of the promissory note in full, being approximately HK$50,700,000 was set off in full by the issued of (i) the CPS with total subscription price of approximately HK$21,000,000 and (ii) the CB in the aggregate principal amount of approximately HK$29,700,000. The promissory note was deemed to have fully settled and became void and of no effect. The convertible bond issued are split into their liability and equity components at initial recognition at the fair values of each of the convertible bond. As at 30 November 2019, the liability component of the convertible bond is approximately HK$15,167,000 (2018: approximately HK$12,810,000). *(Note 24)*

As at 30 November 2019, the Company had an outstanding promissory note in principal amount of HK$8,000,000 due to Active Investments Capital Limited ("Active Investments"), a related company wholly owned by the chief executive officer of the Company, which were unsecured, non-interest bearing and maturing on 1 March 2021. The valuation of the outstanding promissory note was performed by an independent valuer and its fair value was approximately HK$6,560,000 for the year ended 30 November 2019. *(Note 23)*

Management Discussion and Analysis

The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total assets. As at 30 November 2019, the Group's gearing ratio was 2.80 (2018:2.32).

Pledge of Assets

The Group did not have any mortgage or charge over its assets as at 30 November 2019 (2018: Nil).

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 or Canadian dollars. It is the Group's policy for each operating entity to borrow in local currencies where necessary in order to minimise currency risk.

As at 30 November 2019 and 2018, the Group did not have any foreign currency investments which have been hedged by currency borrowings and other hedging instruments.

Possible Risk Exposure

Risks which are relevant to the Group and its business

There are no significant barriers to entry in the markets in which the Group participates. The market for the Group's software solutions is highly competitive, subject to rapid change and can be significantly affected by the introduction of new products and market activities of other industry participants. Competitors may vary in size, scope and breadth of the products and services offered.

The Group's success and ability to compete are dependent to a significant degree on its proprietary technology and on the proprietary technology of others. The Group relies primarily on copyright, trade secret and trademark law to protect its technology as well as its commercial reputation. The inability of the Group to adequately protect such intellectual properties it uses could have material adverse effect on the Group's business, financial condition and operating results.

Risks which are relevant to the software industry

The software industry is characterised by rapid technological change, changes in customer requirements, frequent new service and productions and enhancements, and emerging industry standards. If the Group is unable to develop and introduce new services and products or enhancements of existing services and products in a timely manner in response to changing market conditions or customer requirements, or if new services and products do not achieve market acceptance, the Group's business, financial condition and operating results will be materially adversely affected.

The internet industry is characterised by rapidly changing industry standards, frequent introduction of new products and services and evolving business models. The introduction of any new laws and regulations or changes in any relevant jurisdiction to any existing laws and regulations or their interpretation that make it more restrictive for the Group to operate and/or lead to an escalation of compliance costs could have an adverse impact on the Group. In the event the business structure or operating system cannot be modified to conform to the then applicable law or practice or its interpretation, the Group may be unable to conduct the whole or some part of its business.

Management Discussion and Analysis

If the Group fails to attract and retain qualified personnel, its growth could be limited and its costs increased

The Group's success has been, and will be, dependent to a large degree on its ability to attract and retain qualified senior and middle managers and highly skilled technical personnel. The Group cannot be certain that recently hired personnel or any personnel it hires in the future will successfully integrate into its organisation or ultimately contribute positively to its business. The loss of the services of professional personnel or the inability to identify, hire, train and retain other qualified technical and managerial personnel in the future could also adversely affect the Group's business.

The Group may be liable for defects or errors in the software solutions it develops

Many of the software solutions that the Group develops are critical to the operations of its clients' businesses. Any defects or errors in these solutions could result in delayed or lost client revenues, adverse customer reaction toward the Group, negative publicity, additional expenditures to correct the problems and claims against the Group.

The Group has a policy of seeking to include provisions in its contracts to limit its liability in rendering its services. However, not all contracts include provisions to such effect, and, even if included, they may be unenforceable. Hence, these contractual provisions may not protect the Group from liability. If held liable for defects or errors in its software solutions, the Group's business, reputation and financial position is likely to be adversely affected.

The Group's business may be adversely affected by the downturn of Hong Kong's economy or stock market owing to unforeseen circumstances

Since a substantial part of the Group's revenue is derived from Hong Kong, the Group's business and results of operations are affected by the overall performance of the Hong Kong economy which is influenced by factors including, inter alia, local and international economic and political conditions, general market sentiment, changes in the regulatory environment and fluctuations in interest rates. Unforeseen circumstances such as economic downturn or natural disaster which are beyond the control of the Group may affect its business. Likewise, any prolonged downturn in the stock market may lead to a reduction in stock trading volume in Stock Exchange, initial public offerings and/or other corporate activities, which may adversely affect the volume of the Group's business and profitability. Any such unforeseen circumstances may adversely affect the operations and financial performance of the Group in a material respect.

Further, any adverse change in the economic conditions in Hong Kong will have adverse impact on the Group such as increase in the risk of cancellation or termination of projects by clients and default in payment of services fee. If such events materialise, the Group's performance will be adversely affected.

Financial risk

Details of the financial risk of the Group are set out in Note (4) to the consolidated financial statements.

Management Discussion and Analysis

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 30 November 2019 (2018: Nil).

Event after the Reporting Period

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

Litigation

As at 30 November 2019, the Group had no material litigation (2018: Nil).

Significant Investments

The Group has not held any significant investment for the year ended 30 November 2019 (2018: Nil).

Material Acquisitions, Disposal of Subsidiaries and Affiliated Companies

During the year ended 30 November 2019, the Group did not have any material acquisitions, disposals of subsidiaries and affiliated companies. (2018: On 24 August 2018, the de-registration of Maximizer Asia (Shanghai) Limited, a wholly-owned subsidiary in People's Republic of China (the "PRC") has been completed. The audited loss on written off subsidiary assets was approximately HK$3,000 and audited loss on foreign currency translation adjustment of approximately HK$29,000 was released from exchange reserve to profit and loss account.)

Major Events

As at 30 November 2019 and 2018, 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 2019, the Group had employed 24 staffs in Hong Kong (2018: 21 staffs in Hong Kong). Total staff costs for the Year under review amounted to approximately HK$8,820,000 (2018: HK$9,345,000).

Management Discussion and Analysis

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 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$317,000 (2018: HK$282,000). No forfeited contribution for the Group is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately.

Prospects

Operational efficiency and increase its revenue growth will continue to be top priorities for the Group for 2020. In the coming year, the directors expect to be able to gain the benefits from its efforts spent on new products development and marketing promotion in 2019.

With a more efficient infrastructure and our well experience in the financial industry, the Group can dedicate more research and development focus on its OCTOSTP improvement and upgrading and more new diversify solutions such as "FinReg Innovative Tools" availability to be launched to the markets. The Group will continue to keep up with the market trend and the industry requirements and also will explore new business opportunities and widen the Group's turnover stream from both existing and potential customers.

Besides, based on the Group's experience on sourcing computer hardware and existing relationship with its customers, the Group believes that it is capable to extend its customer base to other departments of the brokerage houses and banks as well as explore its sale and business product team to approach other financial or non-financial corporations in Hong Kong. It is the belief of the directors of the Company that the Group has well-diversified products and services range, which maintains its market competitiveness and it is well equipped to face future challenges and believe that the Group will be strongly positioned to grow when market conditions improve.

Management Discussion and Analysis

SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED 30 NOVEMBER 2019

The Board wishes to supplement the shareholders of the Company additional information in respect of the expansion plans of the Group.

Expansion Plans of the Group

The Group will further focus on its core business and technology development with product functionality improvement and expansion in the service areas offered to the customers. The Group has formulated and been implementing following expansion and development plans with the goal to improve its business performance.

(1) Sales of Computer Software Licences, Software Rental and Provision of Related Services

The Group's flagship product: OCTOSTP (Oder routing, Credit control, Transaction settlement and Online trading) is primarily designed to provide advanced solution for front and back-office trading in brokerage houses and securities divisions of local and international banks in Hong Kong.

The Group intends to expand this segment by (i) upgrade of OCTOSTP system; (ii) expansion of customer base; and (iii) expansion of product base. Details of which are set out below.

(i) Upgrade of OCTOSTP system

The Group has been developing additional value-added products and service extensions during the recent years to cope with the Stock Exchange's several new launch products in PRC and Hong Kong stock trading markets. Recently, "Northbound Investor ID" ("NB"), an investor identification regime for NB trading under the "Shanghai and Hong Kong Stock Connect" and "Shenzhen and Hong Kong Stock Connect" is newly launched. Under the NB model, "Shanghai and Hong Kong Stock Connect" and "Shenzhen and Hong Kong Stock Connect" are required to assign a Broker-to-Client Assigned Number or BCAN to each of the NB trading customers in a standard format and provide investor identification information of such customers to the Stock Exchange.

Additionally, the Group has also devoted its resources in developing the new C# version of its core brokerage settlement system (i.e. OCTOSTP). The C# version is an upgrade version of OCTOSTP Equity Back Office System to replace the old Visual Basic version. It is built upon and tightly integrated with the Group's core system and provided specifically enhanced functionality, better technical performance and more stabilization. The Group is well-positioned to further promote its upgraded system and attract new customers. In the first quarter of 2019, the Group has successfully signed a new contract for the upgraded C# version of OCTOSTP System to one well known brokerage house in Singapore that have local operation in Hong Kong. The first stage of development work and system integration test ("SIT Testing Criteria") has been on-time delivered with acceptance criteria by customer in accordance with the project schedule timeline. The Group is confident that we are well-equipped for the coming stages of user acceptance test ("UAT Testing Criteria") and parallel run testing of the upgrade C# version system live run.

Management Discussion and Analysis

At the fourth quarter of the year 2019, the market change enhancement for stock trading system - new spread table and continuous quoting market making obligations for Exchange Traded Funds ("ETFs") and Leveraged and Inverse ("L&I") Products tentatively scheduled for late February 2020 by The Stock Exchange's tentative timeline. All ETFs and L&I Products would be classified into 3 groups (A-C) based on their liquidity profile. To facilitate our customers for better preparation for the launch of the ETSs and L&I, the Group commence for the implementation of system enhancements and calibration for the ETSs and L&I starting at the end of the year 2019. At the date of this report, the Group was awarded the satisfactory result that the new sales contracts with not less than five brokerage firms for system enhancement and calibration for the ETFs and L&I. The Group has successfully completed the market rehearsals according to The Stock Exchange's tentative timeline and well equip to assist our customers for the rollout of ETSs and L&I scheduled at late February 2020.

(ii) *Expansion of customer base*

Historically, the Group mainly focused its sales to brokerage houses and securities division of banks in Hong Kong. To broaden its customer base, the Group has been expanding its customer base to non-financial institutions and asset management houses as well.

The Group has also been carrying out marketing campaigns through holding seminars and participating in exhibitions regularly to approach new and potential customers actively. For instance, the Group has attended the Stock Exchange's seminar on 4 September 2019 in relation to upcoming trading and clearing initiatives which including Fintech for market surveillance, market microstructure enhancements in the securities market, Next Generation Risks Models and relevant technical preparation. Following the Stock Exchange's seminar, the Group actively hosted four seminars up to the date of this report to promote the Group's new products "FinReg Innovative Tools" and cooperated with three business partners including one well-known global cyber security company, a global leading vendor of IT infrastructure solutions and one well-known worldwide cloud services partner respectively to promote its newly launched "FinReg Innovative Tools" to brokerage houses and assets management houses. Upon the seminars, the Group has received satisfactory feedbacks and responses from a number of customers who have indicated their interests in the Group's new product and services.

(iii) *Expansion of product base*

Historically, the Group is selling its self-developed financial solutions OCTOSTP and third-party solution software, namely FinCAD (a risk analytics and derivatives risk management software), Fortinet (an authentication solution and device), and Curtain (a document security system).

Management Discussion and Analysis

In order to strengthen the Group's competitiveness, the Group has also developed and launched new products such as High Frequency Trading Engine ("HFT"). HFT is designed to support for high frequency trade of brokerage houses; and the Group also further expanded our OCTOSTP to fulfill the needs of brokerage middle office operation. The Group has also dedicated resources to develop "FinReg Innovation Tools" which helps customers deal with risk management and compliance of regulatory rules related to securities trading activities with automation and efficiencies. The expanded function of OCTOSTP for middle office operation is a universal platform that helps customers to improve business efficiency in the area including customer relationship management, marketing and also enhance its online customer services efficiency. In addition, the middle office module provides functions to improve brokerage house operation efficiency which covers risk and compliance management and administrative functions. Such functions include CCASS Report Generator function; CCASS Report Generator function will act for download, storage, filtering daily report, sending simultaneous transmissions of report/statement information. Customer can control the transmission of all information within CCASS Report Generator. It will assist customer to achieve the shortest possible response time even at the highest data through-put rates, ensuring fast and efficient downloading, storage and sending the report/statement services at all time.

(iv) *Strengthen of media promotion platform*

In order to promote the Group's on going products and services and introduction of its new products, the Group has revamped the Company's website and established its company Facebook page. The Group considers that the revamped website and throughout company Facebook media will provide a better interface with competitive contents to its existing and potential customers, and is able to align with the Group's latest developments to enhance and sustain its competitiveness.

(2) Provision of Maintenance Services

The provision of maintenance services is part and parcel of the direct sale of OCTOSTP. After the direct purchase by the customers, the customers are required to pay a software maintenance fee to the Group. Should the segment of sales of computer software licences, software rental and provision of related services be expanded, the performance of this segment would improve accordingly.

(3) Sales of Computer Hardware

The Group intends to expand this segment by (i) expansion of customer base; (ii) expansion of product base; and (iii) establishment of new sales and business product team. Details of which are set out below.

(i) *Expansion of customer base*

Historically, the Group mainly provided the computer hardware and general software to brokerage houses and securities division of banks in Hong Kong. By leveraging the Group's experience and resources, the Group has expanded its customer base to non-financial related customers and will also to approach other departments of brokerage houses and banks.

Management Discussion and Analysis

(ii) *Expansion of product base*

The Group has explored and introduced additional diversified business solutions, such as providing the non-financial solution module, management services solutions and infrastructure services. During the Year, the Group successfully engaged management services with a non-financial customer.

The Group has cooperated with ten new business partners since the beginning of year 2019 on IT managing service, scanning and storage solutions, CCTV solutions and mobile application design services to provide more innovative business solutions.

(iii) *Establishment of new sales and business product team*

In 2019, the Group has established a new sale and business team with the target to expand the customer base as well as sourcing of new products to enrich the Group's product varieties. Since the establishment, cooperation with new partners for new products have been brought in by this new team.

(4) Provision of Fintech Resources Services

The Group intends to expand this segment by (i) recruitment of human resource professional; and (ii) cooperation with headhunt companies. The Group considers that a main key for this segment is to source and maintain a wide pool of IT professionals.

(i) *Recruitment of human resource professional*

The Group has recruited a human resource staff to source and identify IT professionals from time to time with the intention to provide the customers with suitable candidates on time.

(ii) *Cooperation with headhunt companies*

The Group has engaged a total of seven recruitment agencies to source and identify more professionals for secondment and recruitment services.

(iii) *Recruitment portals*

The Group has also begun to publish recruitment ads on well-known recruitment portals including JobsDB, CareerTimes, SCMP online and Linkedin etc. to expand its pool of IT professional candidates for the customers.

(iv) *Participating in Career Fair*

The Group has also started to participate in career fairs. Career fair enables the Group to meet a large pool of potential candidates from the crowd which is considered to be a cost effective approach.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Joseph Chi Ho HUI, aged 49, was appointed as an executive director of the Company on 8 November 2000. Mr. Hui was re-designated as a non-executive director of the Company on 14 July 2011 and re-designated as an executive director and the Chairman of the Company. He is also a member of the Internal Control Committee and the Nomination Committee of the Company. Mr. Hui graduated with a Bachelor Degree in Electrical Engineering from the University of British Columbia, Vancouver, Canada and obtained a Master's of Science Degree in Electrical Engineering from Stanford University, California, U.S.A. Mr. Hui is currently a MNC business solution provider. He was previously a vice president of research and development in Maximizer Software Inc. where he was responsible for directing the vision and development of the Maximizer line of products. He has solid management experience of software development in CRM industry and related business for more than 20 years.

Mr. Hui is the brother of Mr. Samson Chi Yang Hui, the chief executive officer of the Company, and is the brother-in-law of Ms. Clara Hiu Ling Lam, the executive director of the Company.

Ms. Clara Hiu Ling LAM, aged 48, was appointed as an executive director of the Company in July 2011. She graduated with a Bachelor's Degree in Economics from the Faculty of Arts of Simon Fraser University, British Columbia in 1994. She was the legal representative of a subsidiary of the Company in China until it was deregistered in August 2018. Ms. Lam is currently the director of One Champion Group Limited, a private company owned by Ms. Lam to provide professional consultancy service for purchasing overseas property. Ms. Lam has solid management experience gained from a well known Hong Kong financial systems services provider and related businesses for more than 10 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 Chairman and executive director of the Company.

Independent Non-executive Directors

Mr. Kwong Sang LIU, aged 57, joined the Company in September 2004 as an independent non-executive director for more than 15 years. He is also a member of the Audit Committee, the Internal Control Committee, the Remuneration Committee and the Nomination Committee of the Company. He has been practising as a certified public accountant in Hong Kong with more than 29 years of experience. Mr. Liu graduated from the Hong Kong Polytechnic University with a bachelor degree (Honors) in Accountancy and obtained the Master degree in Business Administration from the University of Lincoln, the United Kingdom. He is a fellow 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.

Biographical Details of Directors and Senior Management

Mr. Liu acts as an independent non-executive director of China National Culture Group Limited, a company listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") with stock code 745, and of Polytec Asset Holdings Limited, a company listed on the Stock Exchange with stock code 208, and of Pine Care Group Limited, a company listed on the Stock Exchange with stock code 1989. Since April 2019, Mr. Liu has been appointed as an independent non-executive director of ATIF Holdings Limited (ticker symbol: ATIF) whose shares are listed on the United States Nasdaq Stock Market. Mr. Liu was previously an independent non-executive director of Evershine Group Holdings Limited, a company listed on the Stock Exchange with stock code 8022, and of OCI International Holdings Limited (former name: Dragonite International Limited), a company listed on the Stock Exchange with stock code 329. Saved as disclosed above, Mr. Liu does not hold any other positions with the Company or its subsidiaries, nor did he hold any other directorships in other listed public companies in the past three years.

Mr. Edwin Kim Ho WONG, aged 45, joined the Company in August 2008 as an independent non-executive director for 11 years. He is also a member of the Audit Committee, the Internal Control Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Wong graduated in Major of Economics from York University, Toronto. He 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 a well known Hong Kong textile company specialized in OEM export textile industry and related business more than 18 years.

Mr. William Keith JACOBSEN, aged 53, joined the Company in July 2009 as an independent non-executive director for 10 years. He is also a member of the Audit Committee, the Internal Control Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Jacobsen graduated with a Bachelor of Laws from the University of Hong Kong and holds a Master degree of Business Administration from the University of British Columbia in Canada. Mr. Jacobsen is currently a consultant of the law firm, Messrs. Yang Chan & Jamison. Mr. Jacobsen has more than 25 years experience in corporate finance and business development for various firms and listed companies in Hong Kong.

Mr. Jacobsen is currently an independent non-executive director of KK Culture Holdings Limited and Solis Holdings Limited, being companies listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") with stock code 550 and 2227 respectively, and a non-executive director of Cocoon Holdings Limited, a company listed on the Stock Exchange with stock code 428. He was previously an executive director of Auto Italia Holdings Limited, a company listed on the Stock Exchange with the stock code 720, a non-executive director of Ping An Securities Group (Holdings) Limited, a company listed on the Stock Exchange with stock code 231 and an independent non-executive director of Sustainable Forest Holdings Limited, a company listed on the Stock Exchange with stock code 723, and of China Financial Leasing Group Limited, a company listed on the Stock Exchange with stock code 2312, and of King Stone Energy Group Limited, a company listed on the Stock Exchange with stock code 663, and of Qingdao Holdings International Limited (former name: Hycomm Wireless Limited), a company listed on the Stock Exchange with stock code 499, and of HongDa Financial Holding Limited (former name: Perception Digital Holdings Limited), a company listed on the Stock Exchange with stock code 1822. Saved as disclosed above, Mr. Jacobsen does not hold any other positions with the Company or its subsidiaries, nor did he hold any other directorships in other listed public companies in the past three years.

Biographical Details of Directors and Senior Management

Senior Management

Mr. Samson Chi Yang HUI, aged 48, joined the Company in July 2000. Mr. Hui 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 24 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 brother of Mr. Joseph Chi Ho Hui, the chairman and executive director of the Company.

Mr. Siu Leong CHEUNG, aged 47, joined the Company in August 2003. Mr. Cheung is the qualified accountant, company secretary 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 23 years.

Reports of the Directors

The directors are pleased to present their annual report together with the audited consolidated 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 2019 (the "Year").

Principal activities

The principal activity of the Company is investment holding. The activities of its subsidiaries are set out in Note (34) to the consolidated financial statements.

Business review

A review of the Group's business during the Year and analysis of the Group's performance using financial key performance indicators and prospectus of the Group's business are provided in sections headed "Chairman's Statement" on page 4 and "Management Discussion and Analysis" on pages 6 to 17 of the annual report and the notes to the consolidated financial statements.

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 and the state of affairs of the Group and the Company on that date are set out on pages 51 to 54 to the consolidated financial statements.

The directors do not recommend payment of any dividend in respect of the Year (2018: Nil).

Closure of register of members

The forthcoming annual general meeting of the Company ("AGM") will be held on Tuesday, 31st March 2020. For determining the entitlement of the shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 26th March 2020 to Tuesday, 31st March 2020 (both days inclusive), during which period no transfer of shares of the Company can be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Wednesday, 25th March 2020.

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.

Reports of the Directors

Share capital

Details of the movements in the share capital of the Company during the Year are set out in Note (22) to the consolidated financial statements.

Distributable reserves

As at 30 November 2019, the Company had 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 Group during the Year are set out in the consolidated statement of changes in the equity.

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.

Permitted indemnity provision

Pursuant to the code provision A.1.8 of Corporate Governance Code and Corporate Governance Report (the "CG Code and Report"), the Company should arrange appropriate insurance to cover potential legal actions against its directors and senior management. To comply with code provision, the Company has arranged for appropriate liability insurance for the directors and senior management for indemnifying their liabilities arising from corporate activities for the year ended 30 November 2019.

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 (2018: 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)*
Ms. Clara Hiu Ling Lam

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

Reports of the Directors

In accordance with Bye-laws 84 of the Company's bye-laws, Mr. Kwong Sang Liu and Mr. William Keith Jacobsen will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-elections.

In accordance with code provision A.4.3 of the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules, Mr. Kwong Sang Liu, Mr. Edwin Kim Ho Wong and Mr. William Keith Jacobsen have served as an independent non- executive director of the Company for more than 9 years. Their further appointments are subject to a separate resolution to be approved by Shareholders at the AGM in each year.

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 2021; 28 August 2020 and 9 July 2021 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 (33) 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 biographical details of directors and senior management are set out on pages 18 to 20 to the consolidated financial statements.

Related party transactions

Details of the related party transactions of the Group are set out in Note (33) to the consolidated financial statements.

Reports of the Directors

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

As at 30 November 2019, the interests and short positions of the directors and chief executive 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 executive 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 executive 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 executive 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 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.

Reports of the Directors

Short positions in underlying shares

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

Save as disclosed above, as at 30 November 2019, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

Interests discloseable under the SFO and substantial shareholders

As at 30 November 2019, 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	177,793,941	59.05%
Pacific East Limited	Beneficial owner	Corporate	16,450,838	5.46%
DGM Trust Corporation *(Note)*	Trustee	Corporate	194,244,779	64.51%

Note:

DGM Trust Corporation is the trustee of The City Place Trust which wholly owns Maximizer International Limited, which holds 59.05% 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 certain family members of Mr. Kau Mo Hui, but does not include Mr. Joseph Chi Ho Hui or Ms. Clara Hiu Ling Lam or any of their respective spouses or minor child. Mr. Kau Mo Hui is the father of Mr. Joseph Chi Ho Hui, an executive director of the Company and Mr. Samson Chi Yang Hui, the chief executive officer of the Company. Mr. Kau Mo Hui is also the father-in-law of Ms. Clara Hiu Ling Lam, an executive director of the Company.

Reports of the Directors

Long positions in underlying shares

On 22 November 2018, pursuant to the conditional subscription agreement dated 28 August 2018 (as supplemented and amended by a supplemental agreement dated 10 October 2018) entered into between the Company and Maximizer International Limited:

1. 123,529,400 convertible preference shares were issued by the Company to Maximizer International Limited. Based on the initial conversion price of HK$0.17 per new ordinary share upon the exercise of the conversion rights attaching to each the convertible preference share, a maximum number of 123,529,400 new ordinary shares shall be allotted and issued upon full exercise of the conversion rights attaching to the convertible preference shares.

2. five-year unlisted convertible bond with nil interest rate in the principal amount of HK$29,699,876.20 was issued by the Company to Maximizer International Limited. Based on the initial conversion price of HK$0.17 per new ordinary share upon the exercise of the conversion rights attaching to the convertible bond, a maximum number of 174,705,154 new ordinary shares shall be allotted and issued upon full exercise of the conversion rights attaching to the convertible bond.

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

Short positions in shares

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

Short positions in underlying shares

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

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

Reports 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	35.27%
– five largest customers combined	70.33%

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

Purchases	
– the largest supplier	75.89%
– five largest suppliers combined	98.80%

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 Year.

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 capitalised

The Group has not capitalised 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.

Auditors

The consolidated financial statements of the Group for the year ended 30 November 2019 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-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, 13 February 2020

Corporate Social Responsibility Report

Workplace Quality

Working Condition

The Group strives to provide a pleasant and healthy workplace for our employees. We care for our employees and recognise that having good staff relations and a motivated workplace play a vital role in the Group's efficient operation. In order to fully develop staff competence and potential, the Group has an employee handbook that ensure each staff understand the policy of the Group. Our employee handbook highlights general information about the company and policies relating to staff employment. The contents of our employee handbook are subject to periodic review and changes will be notified by internal memorandum.

Employee Development and Welfare

The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In additional to basic salaries and mandatory provident fund ("MPF"), staff benefits include a basic five-day working week, flexible leave arrangement, medical coverage scheme, festival gift and annual party. The Group also holds social gathering activities and encourage employees' voluntary participation aiming at providing opportunities for employees to get connected with each other and creating a harmonious working environment. It is mutually beneficial to both the Group and employees as it provides employees a sense of belonging and self-worth while positive work relationship helps foster better collaboration and work performance.

Performance evaluations will be re-initiated each year. Recognising the value in the skill and experience of our staff, the Group intends to adopt a policy that any promotions will be considered internally first before hiring any outside staff. It is the Group's policy to select the most suitable candidate for appointment to a higher rank based on merit, rather than on the seniority of the candidates.

Staff salary payment and promotion will be measured against their progressive performance level, contribution, and achievement against the objectives set by the Group. The annual performance evaluation will be conducted annually. During the performance discussion, staff and management team will meet and talk about the expectations of their jobs so that a mutual understanding of staff responsibilities and performance objectives for the year can be reached.

By offering competitive remuneration package and welfare to staff, the Group is able to retain high caliber talents. For the financial year 2019, approximately 42% (2018: approximately 48%) of staff has been working with the Group for more than 3 years and some even has worked up to 10 years. It indicates the Group's ability to foster staff loyalty of the Group, while job productivity and staff's performance are kept at satisfactory levels.

Workforce by Employment and Region

As at 30 November 2019, the Group had employed total 24 staff in Hong Kong (2018: total 21 staff). Total workforce employment type, age group and geographical region is as follows:

Corporate Social Responsibility Report

Employment by region

Region	Full-time permanent employees	Part-time employee	Total in percentage
Hong Kong	87.5%	12.5%	100%

Employee by age and gender

	20 – 30	30 – 40	40 – 50	over 50	Male	Female	Total in percentage
Age	25%	29%	25%	21%			100%
Gender					71%	29%	100%

Health and Safety

The Group makes the health and life safety of its employees in a close attention focus. We provide its employee with flexible rest leave arrangement, medical and hospital scheme. The Group also aware that the good working environment for its employees with a safe and comfortable working condition is very important. The Group has set work arrangement for typhoon and rainstorm warning. In the past years under review, zero staff fatalities or serious work related injuries from the Group's operation. This year, the Group organised a personal health care talk and invited registered Chinese medicine practitioners to share about health information and tips to stay healthy in our daily life. Free Chinese medicine diagnostics and consultations were also provided to staff during the talk.

Development and Training

The Group believes that the quality of its employees is the most important factor in sustaining the Group's growth and improving its profitability. Training that providing employees with the opportunities to learn pays dividends for the Group and its employees. The Group gets better-skilled staffs who are more versatile and flexible in their assignments, and employees get the opportunity to learn new skills, gain new ways of viewing the world, and network with others. Except for the training course or seminars sponsored by the Company, all employees can apply for training courses and examination leave that are recommended by their managements. Which in their view, is beneficial both to the Company's corporate direction and to the employees' career development. During the Year, the Group has sponsored 3 employees for attending the relevant information technology examination.

Labour Standards

The Group has complied with labour laws and government regulations set out by the Hong Kong. The Group does not employ staff who are below 18 years of age. No employee is paid less than the minimum wage specified by the government regulations. Monthly salary payments are made on time according to the employee handbook and Mandatory Provident Fund ("MPF") paid for a contribution period before monthly contribution day.

Corporate Social Responsibility Report

Special Leave arrangement

Except for annual leave, the Group provides special leave arrangement for employees, which including:

Compensation leave or non-office hour support allowance will be granted to employees who are required to work during non-office hours for scheduled tasks;

Maternity leave and paternity leave is granted in accordance with the employment ordinance; and

2 days of paid compassionate leave will be granted to permanent employees on the death of a member of the immediately family.

Exam leave is granted to permanent employees who's exam that are recommended by the Company.

Employee Insurances

Labour insurance coverage for all employees in Hong Kong. Except for the labour insurance, the Group also provides general out-patient, surgical, dental care and hospital insurance to all employees in Hong Kong.

Environmental Protection

The Group's business does not involve any nature resources emissions. However, the Group execute practices that improve energy efficiency, conserve resources for its operation and raise environmental awareness for our employee. The key environmental impacts from the Group's operations related to energy and paper consumption. To achieve environment protection, the Group encourage employees to shift to e-statement or scanning to reduce our use of paper and greenhouse gas emissions; switch off all computers and office equipment, electrical and air-conditioner at the end of each working day. Actual numerical results for the year under review, paper consumption approximately 105 thousand of papers (2018: approximately 87 thousand of papers) and electricity consumption approximately 62 thousand kWh (2018: approximately 63 thousand kWh). The reason of increase in paper usage during the Year was mainly attributed to increase in marketing promotion and particulars seminars. After reviewed of the paper usage, the Group will make use of more digital channel, such as electronic digital market, company facebook page instead of paper usage to achieve the environment protection. The Group focuses on paper and toner usage throughout all of our operation and we have always been devoted to reduce energy consumption.

Operating Practices

Product Responsibility

The Group has developed an internal control system for source code protection. Source code update and backup are being monitored on a timely basis to maintain the most updated versions of source code by authorised product owner of the Company. Source codes were identified and classified based on the customer served. To protect customers business information confidential, all source code is encrypted before being sent to customers. And the backing up of data is done from time to time to protect the company's most valuable assets from any event of system crashes and errors. All employees of the Company are committed to protecting the personal information of customers in strict compliance with the Personal Data (Privacy) Ordinance. The personal information of customers should be used in the proper context only for authorised business purposes. It benefits for both the Group and customers, and emphasises on the importance and ethical concern of the safeguard of source code.

Corporate Social Responsibility Report

Anti-Corruption

The Group aims to maintain a high standard of business ethics, certain policies and practices has been implemented for the Group prohibits bribery and corrupt practices. Since 2000, the Group has set out the company policy on the acceptance of advantages. Those involved in the selection of and purchase from suppliers and contractors to avoid any misuse of authority or engage in situations which could affect or appear to affect employee ability to make free and independent decisions regarding the purchase and procurement of goods and services. The policy and practices affect their objectivity in conducting the Company's business, or induce them to act against the interest of the Company, or lead to allegations of impropriety. Any advantage given in the conduct of the Company's business should be in accordance with the Company's prevailing policies on such matters and prior written approval of the Company should be obtained.

As at the date of this report, no employee concluded legal cases regarding corrupt practice, solicit or accept any advantage from any person having business dealings with the Company (2018: Nil) (e.g. customers, suppliers or contractors).

Community Investment

The Group encourages our staffs to participate in volunteering events, which could provide an opportunity for them to connect outside the workplace while contributing to the local communities, and we target through donations and sponsorships by supporting non-profit-making organisations to help charitable, cultural, educational and other needs of society.

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 effective on 1 April 2012 which set out the principles and the code provisions which the Company is expected to apply and comply.

To comply with all the code provisions set out in the CG Code and Report contained in Appendix 15 of the GEM Listing Rules, relevant amendments and adoptions has been adopted by the Company, except for the deviations from code provision A.4.3, C.1.2 and C.2.5 as explained below, none of the directors is aware of information that would reasonable indicate that the Company is not, or was not, for any parts of the accounting period for the year ended 30 November 2019, in compliance with the CG Code and Report set out by the Stock Exchange in Appendix 15 to the GEM Listing Rules. The board will continue to review regularly and take appropriate actions to comply with the Code.

Appointments, Re-election and Removal Director

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

Mr. Kwong Sang Liu, Mr. Edwin Kim Ho Wong and Mr. William Keith Jacobsen have served as independent non-executive directors of the Company for more than 9 years. Mr. Liu, Mr. Wong and Mr. Jacobsen have demonstrated their abilities to provide an independent view to the Company's matters. Notwithstanding their years of service as independent non-executive directors of the Company, the Board is of the view that Mr. Liu, Mr. Wong and Mr. Jacobsen are able to continue to fulfill their roles as required and thus recommends them for re-election at the annual general meeting of the Company. Further, the Company is of the view that Mr. Liu, Mr. Wong and Mr. Jacobsen meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms and guidelines. This deviated from the requirements of code provision A.4.3.

To comply with code provision A.4.3, Mr. Liu's, Mr. Wong's and Mr. Jacobsen's further appointment have been proposed and approved by the shareholders at the annual general meeting of the Company held on 3 April 2019, and are subject to a separate resolution to be approved by shareholders in each year.

Corporate Governance Report

Financial Reporting

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

During the year ended 30 November 2019, rather than provide monthly updates, the management of the Company has provided to the Board quarterly updates with quarterly consolidated financial statement of the Company's performance, position and prospects in sufficient details during the regular Board meetings of the Company. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board. The management discussion and analysis prepared by management and reviewed by the Board of the directors are included in pages 6 to 17 of this annual report.

Internal Audit Function

Code Provision C.2.5 of the CG Code, became effective on 1 January 2016, stipulates that the Group should have an internal audit function. For the year ended 30 November 2019, the Group does not have an internal audit function from the date of Listing since 2000. Taking into account the size, nature and complexity of the operations in the future, the Group considers that the current organization structure and management could provide adequate risk management and internal control of the Group.

The Group has established the internal control committee since 2007. The internal control committee, comprising the executive directors, independent non-executive directors and management team of the Company are responsible to review the effectiveness of the Group's internal control system. 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. 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 2019, the review bases on a framework which assesses the Group's internal control system into intangibles and intellectual property right cycle. The examination consists of enquiry, discussion and validation through observation and inspection (if necessary). The result of the review will be reported to the Board and areas of improvement, if any, will be identified and appropriate measures will be put in place to manage the risks.

Corporate Governance Report

THE BOARD

During the year ended 30 November 2019, the Board comprised two executive directors 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 delegates the following responsibilities to the audit committee, nomination committee and remuneration committee, for overseeing all aspects of the Company's affairs. The Board preserves the right to finally approve key matters and strategic decisions:

(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) to 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) to 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 and outlook 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 2019, the Board held six meetings. Details of the attendance of individual directors are as follows:

	Attendance
(a) Executive Directors	
Mr. Joseph Chi Ho HUI	6/6
Ms. Clara Hiu Ling LAM	5/6
(b) Independent Non-executive Directors	
Mr. Kwong Sang LIU	6/6
Mr. Edwin Kim Ho WONG	5/6
Mr. William Keith JACOBSEN	5/6

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. 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 18 to 20 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 for the year ended 30 November 2019.

BOARD DIVERSITY POLICY

Pursuant to the code provision A.5.6 became effective on 1 September 2013, the nomination committee (or the Board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report.

To comply with the new code provision A.5.6, the nomination committee adopted a board diversity policy in committee meeting in 2014. During the reporting year 2019, nomination committee held a meeting for the purpose of reviewing the board diversity policy of the Company and the progress of attainment when appropriate to ensure its effectiveness and discussed any revisions that may be required to be considered and make disclosure of its review results of the Company's corporate governance report. A summary of this policy, together with the measureable objectives set for implementing the policy, and the progress made towards achieving those objectives are disclosed as below.

Corporate Governance Report

Summary of the Board Diversity Policy

The Company recognised and embraced the benefits of having a diverse Board to the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a numbers of measurable aspects including gender, age, length of services, knowledge and professional industry background. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

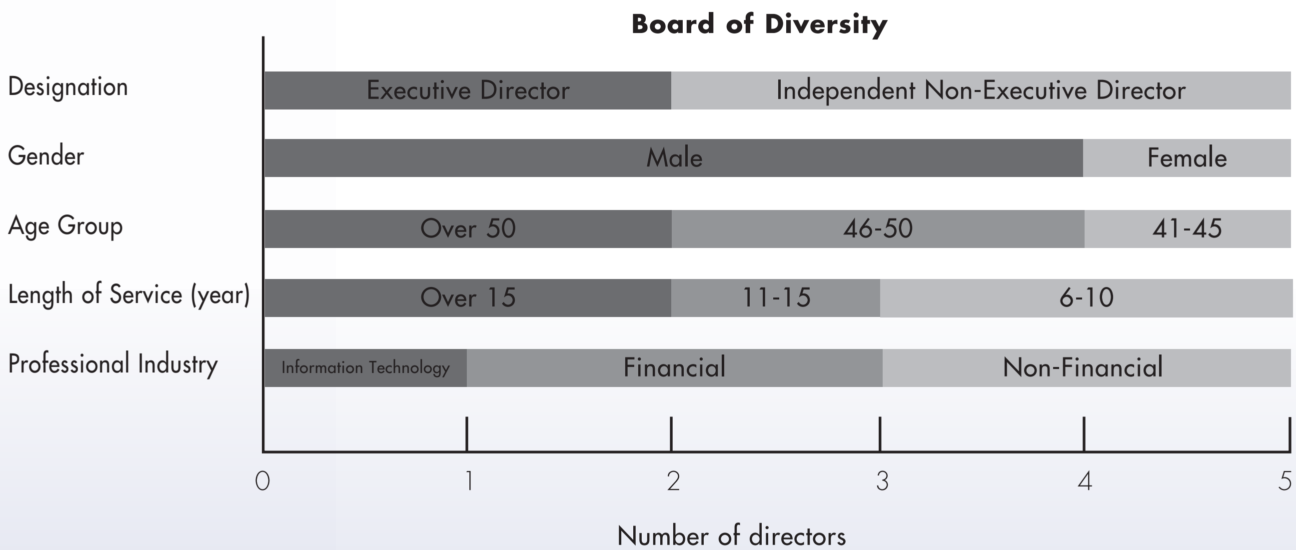
Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and education background, professional experience, skill, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Implementation and Monitoring

The nomination committee reviewed the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

As at the date of this report, the Board's composition under major diversified perspectives was summarised as follows:



Corporate Governance Report

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 of 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 four 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.

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.

Corporate Governance Report

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.

NOMINATION COMMITTEE

The Company established a nomination committee on 9 March 2012. During the reporting year 2019, the nomination committee comprises a total of five members, namely Mr. Kwong Sang Liu, Mr. Edwin Kim Ho Wong and Mr. William Keith Jacobsen, all are independent non-executive directors, and Mr. Joseph Chi Ho Hui, the executive director and Mr. Samson Chi Yang Hui, the CEO 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 and review the board diversity policy of the Company.

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 2019, one meeting of nomination committee was held with attendance of individual member as follows:

	Attendance
Mr. Joseph Chi Ho HUI	1/1
Mr. Kwong Sang LIU	1/1
Mr. Edwin Kim Ho WONG	0/1
Mr. William Keith JACOBSEN	1/1
Mr. Samson Chi Yang HUI	1/1

Corporate Governance Report

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 biographical 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 identifies 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.

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.

Corporate Governance Report

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 in the programme in 2019 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	√	√
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 2019.

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. Kwong Sang Liu.

During the financial year ended 30 November 2019, 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

Corporate Governance Report

The details of remuneration payable to directors and senior managements of the Company is set out in Note (15) and (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 ended 30 November 2019.

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 reporting year 2019, the audit committee held four meetings for the purpose of reviewing the Company's reports and accounts, and providing advice and recommendations to the Board of directors. The minutes of the audit committee meeting are kept by the company secretary.

The Group's results for the year ended 30 November 2019 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	4/4
Mr. Edwin Kim Ho WONG	3/4
Mr. William Keith JACOBSEN	3/4

Corporate Governance Report

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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 judgements 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 pages 46 to 50 of this annual report.

AUDITORS' REMUNERATION

For the year ended 30 November 2019, audit services provided to the Company and its subsidiaries by external auditors of the Group amounted to approximately HK$280,000.

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 management comprising the chief executive officer, chief financial officer and management team. 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, independent non-executive directors and management 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.

Corporate Governance Report

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 2019, the review based on a framework which assesses the Group's internal control system into intangibles and intellectual property right cycle. The examination consisted of enquiry, discussion and validation through observation and inspection (if necessary). The result of the review has been reported to the Board and areas of improvement, if any, have been identified and appropriate measures have been put in place to manage the risks.

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 20 of this annual report. During the Year, Mr. Cheung undertook not less than 20 hours of relevant professional training.

COMMUNICATION WITH SHAREHOLDERS

In respect of each separate issue at the general meeting held during the year ended 30 November 2019, 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 3 April 2019 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 2019 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.

Corporate Governance Report

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 23rd Floor, On Hing Building, No.1 On Hing Terrace, Central, Hong Kong.

DIVIDEND POLICY

Pursuant to code provision E.1.5 of the CG Code and Report, the Company should have a policy on payment of dividends.

Under the Companies Act 1981 of Bermuda on 22 January 2001 and amended on 19 November 2019. The Company in general meeting may from time to time declare dividends in any currency to be paid to the Shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board. The Company in general meeting may also make a distribution to the Members out of any contributed surplus.

No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

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

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

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

TO THE SHAREHOLDERS OF
abc MULTIACTIVE LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

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 51 to 143, which comprise the consolidated statement of financial position as at 30 November 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 November 2019, and of its consolidated financial performance and its consolidated cash flows for the year ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$4,965,000 during the year ended 30 November 2019 and, as of that date, the Group's total liabilities exceeded its total assets by approximately HK$22,217,000. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition of contract revenue

Refer to Note 8 to the consolidated financial statements and the accounting policies in Note 3 to the consolidated financial statements.

Key audit matter

We identified recognition of contract revenue as a key audit matter due to significant judgments involved in the management's assessment process.

The accounting policy for revenue recognition are contained in Note 3 to the consolidated financial statements. The contract revenue amounting to approximately HK$8,919,000 were recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 November 2019.

The recognition of contract revenue and cost of contracts is based on output method to measure the Group's progress towards to satisfaction of a performance obligation and recognises revenue over time in accordance with HKFRS 15 Revenue from contract with customers.

How our audit addressed the key audit matter

Our procedures in relation to the revenue recognition of contract revenue included:

- Evaluating the design, implementation and operating effectiveness of key internal controls relating to revenue recognition, including projects approval, invoicing and journal entry approval;
- Inspecting relevant documentation such as date of correspondence with customers to assess whether the services have been performed and completed in accordance with the terms of the services contracts;
- Agreeing the payments from customers to the bank statements;
- Inspecting contracts, on a sample basis, to assess whether management recognised the related revenue in accordance with the Group's accounting policies, with reference to the requirements of the prevailing accounting standards; and
- Assessed the appropriateness and adequacy of the disclosures made in the consolidated financial statements.

We found that the amount and timing of the revenue recorded were supported by the available evidence.

INDEPENDENT AUDITORS' REPORT

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is mode solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Ng Ka Wah.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Ng Ka Wah
Practicing Certificate Number: P06417

Hong Kong, 13 February 2020
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 November 2019

	Notes	2019 HK$'000	2018 HK$'000
Turnover	8	**17,361**	15,163
Cost of sales		**(8,026)**	(2,681)
Gross profit		**9,335**	12,482
Other gains and losses	9	**1,246**	(2)
Software research and development and operating expenses		**(3,969)**	(4,259)
Selling and marketing expenses		**(862)**	(954)
Administrative expenses		**(8,760)**	(9,548)
Net reversal of impairment losses recognised in respect of trade receivables		**19**	–
Loss from operating activities	10	**(2,991)**	(2,281)
Finance costs	11	**(2,363)**	(2,775)
Loss before taxation		**(5,354)**	(5,056)
Income tax credit	12	**389**	7
Loss for the year		**(4,965)**	(5,049)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Release of exchange reserve upon de-registration of a subsidiary		**–**	29
Other comprehensive income for the year, net of tax		**–**	29
Total comprehensive loss for the year		**(4,965)**	(5,020)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 30 November 2019

	Note	2019 HK$'000	2018 HK$'000
Loss for the year attributable to owners of the Company		**(4,965)**	(5,049)
Total comprehensive loss for the year attributable to owners of the Company		**(4,965)**	(5,020)
Loss per share			
– Basic and diluted	*13*	**HK(1.65) cents**	HK(1.68) cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2019

	Notes	2019 HK$'000	2018 HK$'000
Assets			
Non-current asset			
Property, plant and equipment	18	**226**	358
Current assets			
Trade and other receivables	19	**2,170**	2,335
Contract costs	20	**672**	–
Cash and cash equivalents	21	**4,685**	2,836
		7,527	5,171
Total assets		**7,753**	5,529
Capital and reserves			
Share capital	22	**42,464**	42,464
Reserves		**(64,681)**	(58,597)
Equity attributable to owners of the Company		**(22,217)**	(16,133)
Liabilities			
Non-current liabilities			
Promissory notes	23	**6,560**	–
Convertible bond	24	**15,167**	12,810
Deferred tax liability	25	**1,942**	2,331
		23,669	15,141
Current liabilities			
Other payables and accruals	26	**4,313**	5,199
Deferred revenue		**–**	1,094
Contract liabilities	27	**1,759**	–
Amount due to a related company	28	**229**	228
		6,301	6,521
Total liabilities		**29,970**	21,662
Total equity and liabilities		**7,753**	5,529

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 November 2019

	2019 HK$'000	2018 HK$'000
Net current assets/(liabilities)	**1,226**	(1,350)
Total assets less current liabilities	**1,452**	(992)
Net liabilities	**(22,217)**	(16,133)

Approved and authorised for issue by the Board of Directors on 13 February 2020 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 consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2019

	Attributable to owners of the Company							
	Share capital	Share premium	Contributed surplus	Special reserve *(Note)*	Convertible bond reserve	Exchange reserve	Accumulated losses	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 December 2017	30,111	111,078	37,600	–	–	(29)	(227,462)	(48,702)
Loss for the year	–	–	–	–	–	–	(5,049)	(5,049)
Other comprehensive income for the year	–	–	–	–	–	29	–	29
Total comprehensive income/(loss) for the year	–	–	–	–	–	29	(5,049)	(5,020)
Issue of convertible preference shares *(Note 22)*	12,353	2,578	–	5,806	–	–	–	20,737
Deemed capital contribution from waiver of promissory notes interest from shareholder *(Note 23)*	–	–	–	2,724	–	–	–	2,724
Issue of convertible bond *(Note 24)*	–	–	–	2,298	14,168	–	–	16,466
Deferred taxation of convertible bond *(Note 25)*	–	–	–	–	(2,338)	–	–	(2,338)
As at 30 November 2018 as originally presented	42,464	113,656	37,600	10,828	11,830	–	(232,511)	(16,133)
Impact on initial application of HKFRS 9 and HKFRS 15 *(Note 2)*	–	–	–	–	–	–	(1,119)	(1,119)
Restated balance as at 1 December 2018	42,464	113,656	37,600	10,828	11,830	–	(233,630)	(17,252)
Loss and total comprehensive loss for the year	–	–	–	–	–	–	(4,965)	(4,965)
As at 30 November 2019	**42,464**	**113,656**	**37,600**	**10,828**	**11,830**	**-**	**(238,595)**	**(22,217)**

Note:

Special reserve comprises the gain accounted for as deemed capital contribution which arose from (i) the difference between the aggregate fair value of the convertible preference shares and convertible bond issued by the Company and the outstanding amounts of the promissory notes of the Company being settled, net of the related transactions costs, and (ii) waiver of interest of promissory notes by Maximizer International Limited, the shareholder of the Company. *(Note 22, 23 and 24)*

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 November 2019

	Notes	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(5,354)**	(5,056)
Adjustments for:			
Imputed interest expenses on promissory notes	11	**6**	2,724
Imputed interest expenses on convertible bond	11	**2,357**	51
Bank interest income	9	**(1)**	(1)
Net exchange loss/(gain)	9	**1**	(7)
Loss on disposal of property, plant and equipment	9	**–**	3
Depreciation on property, plant and equipment	10,18	**227**	239
Loss on de-registration of a subsidiary	9, 31	**–**	32
Written off of trade receivables	9	**200**	–
Net reversal of impairment losses recognised in respect of trade receivables		**(19)**	–
Gain on issuance of promissory note	9	**(1,446)**	–
Operating loss before working capital changes		**(4,029)**	(2,015)
Increase in trade and other receivables		**(41)**	(778)
Increase in contract costs		**(6)**	–
(Decrease)/increase in other payables and accruals		**(2,646)**	400
Increase in contract liabilities		**1,759**	–
Decrease in amounts due to customers		**–**	(16)
Decrease in deferred revenue		**(1,094)**	(639)
Net cash used in operating activities		**(6,057)**	(3,048)
CASH FLOW FROM INVESTING ACTIVITIES			
Bank interest received		**1**	1
Purchase of property, plant and equipment	18	**(95)**	(39)
Net cash used in investing activities		**(94)**	(38)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 30 November 2019

	Note	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from issue of a promissory note	23	**8,000**	5,000
Issuance expenses of convertible bond and convertible preference shares		**–**	(738)
Net cash generated from financing activities		**8,000**	4,262
Net increase in cash and cash equivalents		**1,849**	1,176
Cash and cash equivalents at the beginning of the year		**2,836**	1,660
Cash and cash equivalents at the end of the year		**4,685**	2,836
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents		**4,685**	2,836

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are design and sales of computer software licences, software rental and provision of related services, provision of maintenance services, sales of computer hardware and provision of fintech resources services. *(Note 34)*

The directors of the Company consider the Company's ultimate controlling shareholder to be The City Place Trust, a trust incorporated in Bermuda and the Company's immediate holding company to be Maximizer International Limited ("MIL").

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

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

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") (which included all HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), that are relevant to its operations and effective for annual periods beginning on or after 1 December 2018. A summary of the new and revised HKFRSs are set out below:

HKFRS 2 (Amendments)	Classification and Measurement of Share-Based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HKFRS 15 (Amendments)	Clarification to HKFRS 15 Revenue from Contracts with Customers
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and financial positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

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

Impact on the consolidated financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated statement of financial position (extract)	As at 30 November 2018 originally presented HK$'000	Effect of the adoption of HKFRS 9 HK$'000	Effect of the adoption of HKFRS 15 HK$'000	As at 1 December 2018 restated HK$'000
Current assets				
Trade and other receivables	2,335	(25)	–	2,310
Contract costs	–	–	666	666
Current liabilities				
Other payables and accruals	5,199	–	(461)	4,738
Deferred revenue	1,094	–	(1,094)	–
Contract liabilities	–	–	3,315	3,315
Net current liabilities	(1,350)	(25)	(1,094)	(2,469)
Total assets less current liabilities	(992)	(25)	(1,094)	(2,111)
Net liabilities	(16,133)	(25)	(1,094)	(17,252)
Capital and reserves				
Reserves	(58,597)	(25)	(1,094)	(59,716)
Total equity	(16,133)	(25)	(1,094)	(17,252)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

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

HKFRS 9 *Financial Instruments*

Impacts on changes in accounting policies of application on HKFRS 9 "Financial Instrument"

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 December 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 December 2018. The difference between carrying amounts as at 30 November 2018 and the carrying amounts as at 1 December 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Accounting policies resulting from application of HKFRS 9 are disclosed in Note 3 to the consolidated financial statements.

Summary of effects arising from initial application of HKFRS 9

Below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 December 2018.

Classification and measurement of financial assets and financial liabilities at amortised cost

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets and financial liabilities that are within the scope of HKFRS 9 are subsequently measured at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

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

HKFRS 9 *Financial Instruments (continued)*

Impacts on changes in accounting policies of application on HKFRS 9 "Financial Instrument" (continued)

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Except for those which had been determined as credit impaired under HKAS 39, the remaining balances are grouped based on internal credit rating and/or past due analysis. The Group has therefore estimated the expected loss rates for the trade receivables on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including deposits, other receivables and cash and cash equivalents, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

All loss allowances including trade receivables as at 30 November 2018 reconciled to the opening loss allowances as at 1 December 2018 are as follows:

	Trade receivables HK$'000
As at 30 November 2018 - HKAS 39	–
Amounts re-measured through opening accumulated losses	25
As at 1 December 2018 – HKFRS 9 (restated)	25

The impact of these changes on the group's equity is as follows:

	Accumulated losses HK$'000
As at 30 November 2018 – HKAS 39	(232,511)
Impairment under ECL model	(25)
As at 1 December 2018 – HKFRS 9 (restated)	(232,536)*

* Exclude the effect on initial adoption of HKFRS 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

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

HKFRS 15 *Revenue from Contracts with Customers and the related Amendments*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 December 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 December 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major sources:

(i) Sales of computer software licences, software rental and provision of related services

(ii) Provision of maintenance services

(iii) Contract revenue

(iv) Sales of computer hardware

(v) Provision of fintech resources services

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Note 3 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

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

HKFRS 15 *Revenue from Contracts with Customers and the related Amendments* (continued)

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position as at 1 December 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts as at 30 November 2018 HK$'000	Adjustments under HKFRS 15 HK$'000	**Carrying amounts under HKFRS 15 as at 1 December 2018* HK$'000**
Current asset			
Contract costs	–	666	**666**
Current liabilities			
Other payables and accruals	5,199	(461)	**4,738**
Deferred revenue	1,094	(1,094)	**–**
Contract liabilities	–	3,315	**3,315**
Capital and reserves			
Reserves*	(58,597)	(1,094)	**(59,691)**

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Note:

As at 1 December 2018, receipt in advance of approximately HK$461,000 previously included in other payables and accruals was reclassified to contract liabilities.

As at 1 December 2018, deferred revenue of approximately HK$1,094,000 which related to the maintenance services agreements was reclassified to contract liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

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

HKFRS 15 *Revenue from Contracts with Customers and the related Amendments* (continued)

Summary of effects arising from initial application of HKFRS 15 (continued)

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 30 November 2019 and its consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of profit or loss and other comprehensive income

	As report HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Turnover	17,361	1,045	18,406
Cost of sales	(8,026)	(672)	(8,698)

Impact on the consolidated statement of financial position

	As report HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Current assets			
Contract costs	672	(672)	–
Amounts due from customers	–	264	264
Current liabilities			
Other payables and accruals	4,313	(300)	4,013
Deferred revenue	–	1,278	1,278
Contract liabilities	1,759	(1,759)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

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

HKFRS 15 *Revenue from Contracts with Customers and the related Amendments* (continued)

Impact on the consolidated statement of cash flows

	As report HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Cash flows from operating activities			
(Increase)/decrease in contract costs	(6)	672	666
Increase in amount due from customers	–	(264)	(264)
Decrease in other payables and accruals	(2,646)	(300)	(2,946)
(Decrease)/increase in deferred revenue	(1,094)	1,278	184
Increase in contract liabilities	1,759	(1,759)	–

Note:

Increase in revenue of approximately HK$1,045,000 which represents the increase in amount due from customers and other payables and accruals of approximately HK$264,000 and HK$781,000 would be presented under HKAS 18 and HKAS 11. Increase in cost of sales of approximately HK$672,000 which represents the decrease in contract costs would be presented under HKAS 11 and HKAS 18.

Contract liabilities of approximately HK$1,759,000 was recognised for the received in advance from customers and upon the application of HKFRS 15 which previously was classified as other payables and accruals and deferred revenue under HKAS 18. As such, the decrease in other payables and accruals and deferred revenue received in advance from customers of approximately HK$481,000 and approximately HK$1,278,000 respectively in the consolidated statement of cash flows was classified as increase in contract liabilities.

Except as described above, the application of HKFRS 15 has had no material impact on the amounts reported set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

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

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term interests in Associates and Joint Ventures[1]
HK(IFRIC) Int 23	Uncertainty over Income Tax Treatment[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for business combinations and assets acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2020.

Except for the new and revised HKFRSs described below, the directors of the Company anticipate that the application of all other new and revised HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

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

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 November 2019, the Group has non-cancellable operating lease commitments of approximately HK$1,385,000 as disclosed in Note 32 to the consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated losses without restating comparative information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, 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 ("CO").

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in areas where assumptions and estimates are significant to the consolidated financial statements, are discussed in Note 6.

A summary of significant accounting policies followed by the Group in the preparation of the consolidated financial statements is set out below:

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The Group incurred a net loss of approximately HK$4,965,000 (2018: approximately HK$5,049,000) for the year ended 30 November 2019. As at 30 November 2019, the Group's total liabilities exceeded its total assets by approximately HK$22,217,000 (2018: approximately HK$16,133,000). Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis 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.

Also, the directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

The immediate holding company, MIL, has agreed to provide financial support for the continuing operations of the Company so as to enable it to meet its liabilities as they fall due and carry on its business without a significant curtailment of operations in the twelve months from 30 November 2019.

In view of the above, the directors of the Company are of the opinion that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue as a going concern. Accordingly, the directors of the Company have prepared the consolidated financial statements on a going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries for the year ended 30 November 2019. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing 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, a gain or loss is recognised in profit or loss and 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. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). 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 joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

- deferred tax assets or liabilities, and assets or liabilities 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 arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree 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 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured 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 (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, 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 acquiree (if any), 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 fair value or, when applicable, on the basis specified in another HKFRS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

When 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 against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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 acquire 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), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 profit or loss and other comprehensive income.

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.

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

A CGU 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 CGU 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 profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventories, property, plant and equipment or intangible assets, are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2) (continued)

Contracts with multiple performance obligations (including allocation of transaction rice)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised good or service to the customer.

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

The Group recognises revenue from the following major sources:

(i) *Sale of computer software licenses*

Revenue from the sale of computer software licenses 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 provision of related services*

The Group earns revenues by leasing the software products to its customers and the nature of the Group's performance obligation in granting a license is considered to be a right to access the Group's software. The Group accounts the grant of license as a performance obligation satisfied over time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2) (continued)

The Group recognises revenue from the following major sources: (continued)

(iii) Provision of maintenance services

Revenue from provision of maintenance services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The transaction price allocated to these services is recognised as a contract liability on initial recognition and is released on a straight-line basis over the period of service.

(iv) Contract revenue

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

(v) Sale of computer hardware

Revenue from sales of computer hardware is recognised at a point in time when control of the goods has been transferred, being when the goods have been delivered to the customers.

(vi) Provision of fintech resources services

The Group provides fintech resources services, which mainly provides technical staff for support services to customers. Such services are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the support services as the Group continues to provide the support services to the customer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (prior to 1 December 2018)

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.

(iv) Contract revenue is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the estimated mandays of the contracting work can be measured reliably. The stage of completion of a contract is established by reference to the proportion that estimated mandays incurred for work performed to date bear to the estimated total mandays.

(v) 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.

(vi) Revenue from the provision of fintech resources services is recognised upon services rendered.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction contracts (prior to 1 December 2018)

When 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.

When 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.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as contract cost 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

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. 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.

Foreign currencies

In preparing the 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

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 foreign currency translation 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, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), 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.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are 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 joint arrangements 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through 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 other comprehensive income.

Borrowing 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.

Retirement benefits scheme

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of nonmonetary 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

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 'loss before taxation' as reported in the consolidated statement of profit or loss and other 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax (continued)

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.

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 in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of each item of property, plant and equipment, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose are 20% to 25%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

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.

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 (CGUs).

Cash and cash equivalents

Cash equivalents comprise cash at banks and on hand, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 December 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) 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 FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the financial assets and shareholders' rights are presented as "other gains and losses".

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transition in Note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transition in Note 2) (continued)

Amortised cost and interest income

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of 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 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 gross carrying amount of the debt instrument on initial recognition.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial assets, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 2)

Impairment under ECL model

The Group recognises a loss allowances for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for significant balances or collectively using a provision matrix for the remaining balances with appropriate groupings based on shared credit risk characteristics of customers from the relevant operating segment.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 2) (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 2) (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 30 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 2) (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice when appropriate. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 2) (continued)

(v) Measurement and recognition of ECL (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 December 2018)

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

Interest income is recognised on an effective interest basis for debt instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 December 2018) (continued)

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 and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any identified impairment losses.

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 (before application of HKFRS 9 on 1 December 2018)

Loan and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flow of the loans and receivables have been affected. Objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

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

– it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or

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

For loan and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 December 2018) (continued)

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.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Convertible bond

Convertible bond that can be converted into equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bond is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the convertible bond reserves until either the bond are converted or redeemed.

If the convertible bond are converted, the convertible bond reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the convertible bond are redeemed, the convertible bond reserves are released directly to accumulated losses.

When the convertible bond are extinguished before maturity through an early redemption or repurchase where the original conversion privileges are unchanged, the consideration paid and any transaction costs for the redemption or repurchase are allocated to the liability component and equity component using the same allocation basis as when the convertible bond were originally issued. Once the allocation of consideration and transaction costs is made, any resulting gain or loss relating to the liability component is recognised in profit or loss and the amount of consideration relating to equity component is recognised in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

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.

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 continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. 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.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition (continued)

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 (before application of HKFRS 15 on 1 December 2018)

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.

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. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent liabilities and contingent assets (continued)

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 future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Related parties transactions

A party is considered to be related to the Group if:

(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 conditions 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. If the reporting entity is itself such a plan, the sponsoring employers are also related to the Group.

(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).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties transactions (continued)

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the Group and a related party, regardless of whether a price is charged.

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2019	2018
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**–**	4,723
At amortised cost	**6,385**	–
Financial liabilities		
At amortised cost	**26,011**	17,433

(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 review and agree policies for managing each of these risks and they are summarised below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

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 no interest borrowings including promissory notes and convertible bond to the related companies, and is therefore exposure to cash flow interest rate risk is insignificant (see Note 23 and 24 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

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$. The Group is exposed to foreign currency risk arising from amount due to a related company, which are denominated in Canadian dollars ("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:

	2019	2018
	HK$'000	HK$'000
Assets:		
CAD	**8**	8
Liabilities:		
CAD	**229**	228

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$ weaken 5% against the relevant currency. For a 5% strengthening 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (continued)

Sensitivity analysis on foreign currency risk management (continued)

	2019	2018
	HK$'000	HK$'000
Impact of CAD		
Profit or loss*	**(11)**	(11)

* This is mainly attributable to the exposure outstanding on bank balances and amount due to a related company denominated in CAD.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade and other receivables and cash and cash equivalents. At 30 November 2019, 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 arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Credit evaluations are performed on all customers requiring credit terms. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as to the economic environment.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arises when the Group has significant exposure to individual customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (continued)

Trade receivables

The Group has a concentration of credit risk in certain individual customers. At the end of each reporting period, the five largest receivable balances accounted for approximately 100% (2018: approximately 100%) of the trade receivables and the largest trade receivable was approximately 44% (2018: approximately 44%) of the Group's total trade receivables. The Directors closely monitor the risk exposure of the customers and collateral and would take appropriate action to ensure the risk exposure is acceptable. The Directors are of the view that the expected cash flow of trade receivables are sufficient to cover the carrying amount of trade receivables as at 30 November 2019.

In order to minimise the credit risk, the management 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. In addition, the management reviews the recoverability of each trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Under HKAS 39, impairment losses are made for irrecoverable amounts. Upon the application of HKFRS 9 on 1 December 2018, the Group applies simplified approach on trade receivables to provide for the ECL prescribed by HKFRS 9. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix (2018: incurred loss model). As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (continued)

Trade receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECL for trade receivables as at 30 November 2019 and 2018:

	Weighted average lifetime ECL%	**Gross carrying amount HK$'000**	**Lifetime ECL HK$'000**	**Net carrying amount HK$'000**
As at 30 November 2019				
Collective assessment				
Current (not past due)	**0.35**	**576**	**(2)**	**574**
31-60 days past due	**1.56**	**192**	**(3)**	**189**
61-90 days past due	**–**	**–**	**–**	**–**
Over 90 days past due	**1.02**	**98**	**(1)**	**97**
		866	**(6)**	**860**

	Weighted average lifetime ECL%	Gross carrying amount HK$'000	Lifetime ECL HK$'000	Net carrying amount HK$'000
As at 30 November 2018				
Collective assessment				
Current (not past due)	2.41	166	(4)	162
31-60 days past due	–	6	–	6
61-90 days past due	–	–	–	–
Over 90 days past due	2.40	875	(21)	854
		1,047	(25)	1,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (continued)

Trade receivables (continued)

The closing loss allowances for trade receivables as at 30 November 2019 reconciled as follows:

	Trade receivables
	HK$'000
As at 30 November 2018 – HKAS 39	–
Amounts re-measured through opening accumulated losses *(Note 2)*	(25)
As at 1 December 2018 – HKFRS 9 (restated)	(25)
Loss allowance recognised in profit or loss during the year	(6)
Reversal of loss allowance recognised in profit or loss during the year	25
As at 30 November 2019 – HKFRS 9	**(6)**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than agreed contract terms.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Expected loss rates are based on actual loss experience over the past 1 year. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the trade receivables.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 19 to the consolidated financial statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (continued)

Trade receivables (continued)

The management monitored the financial background and creditability of those debtors on an ongoing basis. The Group seeks to minimise its risk by dealing with counterparties which have good credit history. Majority of the trade receivables that are neither past due nor impaired have no default payment history. In this regard, the directors consider that the Group's credit risk is significantly reduced.

Other receivables

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. The Group has assessed that the expected credit loss rate for these receivables are immaterial under 12 months expected credit losses method. Thus, no loss allowance for other receivables was recognised as at 30 November 2019.

In these regards, other than the credit risks mentioned above, the management considers the Group does not have any other significant credit risk and the exposures to these credit risks are monitored on an ongoing basis.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents in order to fulfil the Group's financial liabilities. The Group's liquidity risk management includes diversifying the funding sources. Internally generated cash flow and advances from related party and its ultimate shareholder are the general source of funds to finance the operation of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The Group 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (continued)

The following tables detail the Group'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 can be required to pay. The tables include both interest and principal cash flows.

		As at 30 November 2019				
	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	17.18	-	8,000	-	8,000	6,560
Convertible bond	17.00	-	29,700	-	29,700	15,167
Amount due to a related company	-	229	-	-	229	229
Other payables and accruals	-	4,055	-	-	4,055	4,055
		4,284	37,700	-	41,984	26,011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (continued)

		As at 30 November 2018				
	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						
Convertible bond	17.89	–	29,700	–	29,700	12,810
Amount due to a related company	–	228	–	–	228	228
Other payables and accruals	–	4,395	–	–	4,395	4,395
		4,623	29,700	–	34,323	17,433

(c) Fair value estimation

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 using prices or rates from observable current market transactions as input.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

4. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value estimation (continued)

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, except for the promissory notes and convertible bond. The following table gives information about the fair values of these financial liabilities are disclosed:

	Fair value as at			
Financial liabilities	**2019**	2018	**Fair value hierarchy**	**Valuation techniques and key inputs**
Promissory notes	**In Hong Kong HK$6,560,000**	N/A	Level 3	Discounted cash flow. Discounted cash flows are estimated based on present value of contractually determined stream of future cash flows discounted at discount rate of approximately 17.18% in 2019.
Convertible bond	**In Hong Kong HK$15,897,000**	In Hong Kong HK$13,089,000	Level 3	Discounted cash flow. Discount cash flow are estimated based on present value of contractually determined stream of future cash flows discounted at discount rate of approximately 17.00% in 2019 (2018: 17.89%) .

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

4. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value estimation (continued)

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.

The capital structure of the Group consists of debts (which includes promissory notes and convertible bond), 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 risk associated with each class of capital. The directors of the Company also balance its overall capital structure through the issue of new promissory note. The gearing ratio is expressed by as a percentage of borrowings and long term debts over total assets.

	2019 **HK$'000**	2018 HK$'000
Total debts	**21,727**	12,810
Total assets	**7,753**	5,529
Gearing ratio	**2.80**	2.32

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgment 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

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. Significant judgment 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 CGU is determined based on value-in-use calculations which require the use of assumptions and estimates.

Provision of ECL for trade receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 4(b).

As at 30 November 2019, the carrying amount of trade receivables is approximately HK$860,000 (net of loss allowance of approximately HK$6,000). The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 4(b) and 19.

Revenue recognition of contract revenue

The recognition of contract revenue is based on output method to measure the Group's progress towards complete satisfaction of contract's performance obligation and recognise the contract revenue over time in accordance with HKFRS 15. The progress towards complete satisfaction of the contracts is determined by customers' possession of the relevant services and reference to customers' acceptance to assess whether services have been performed and completed in accordance with the terms of the contracts. The determination of the timing and the proportion of recognition of contract revenue involved significant management judgement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

7. SEGMENT INFORMATION

The Group was engaged in two business segments, financial solutions ("Financial Solutions") and fintech resources ("Fintech Resources"), during the years ended 30 November 2019 and 2018.

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		Fintech Resources		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	**16,401**	14,251	**960**	912	**17,361**	15,163
Segment results	**3,931**	6,849	**573**	420	**4,504**	7,269
Loss on disposal of property, plant and equipment	**-**	(3)	**-**	–	**-**	(3)
Written off of trade receivables	**(200)**	–	**-**	–	**(200)**	–
Gain on issuance of promissory note					**1,446**	–
Bank interest income					**1**	1
Sundry income					**-**	25
Net reversal of impairment losses recognised in respect of trade receivables					**19**	–
Loss on de-registration of a subsidiary					**-**	(32)
Net exchange (loss)/gain					**(1)**	7
Central administration costs					**(8,760)**	(9,548)
Finance costs					**(2,363)**	(2,775)
Loss before taxation					**(5,354)**	(5,056)
Income tax credit					**389**	7
Loss for the year					**(4,965)**	(5,049)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

7. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

Revenue reported above represents revenue generated from external customers. There were no intersegment sales during the year (2018: Nil).

Segment results represent the profit earned by each segment without allocation of loss on disposal of property, plant and equipment, written off of trade receivables, gain on issuance of promissory note, bank interest income, sundry income, net reversal of impairment losses recognised in respect of trade receivables, loss on de-registration of a subsidiary, net exchange (loss)/gain, central administration costs, finance costs and income tax credit. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Financial Solutions		Fintech Resources		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Assets and liabilities						
Segment assets	**4,095**	2,777	**156**	99	**4,251**	2,876
Unallocated assets					**3,502**	2,653
Consolidated total assets					**7,753**	5,529
Segment liabilities	**4,895**	4,326	**257**	277	**5,152**	4,603
Unallocated liabilities					**24,818**	17,059
Consolidated total liabilities					**29,970**	21,662

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

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

All liabilities are allocated to reportable segments other than unallocated corporate liabilities (mainly include convertible bond, deferred tax liability, promissory note, other payables and accruals borne by the investment holding company).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

7. SEGMENT INFORMATION (CONTINUED)

Other segment information

	Financial Solutions		Fintech Resources		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information						
Depreciation on property, plant and equipment	**227**	239	**-**	–	**227**	239
Written off of trade receivables	**200**	–	**-**	–	**200**	–
Capital expenditure	**95**	39	**-**	–	**95**	39

Geographical segments

The Group's revenue is generated from Hong Kong and all of the Group's non-current assets are located in Hong Kong. Accordingly, no geographical segment information is presented.

Information about major customers

Included in revenue arising from provision of Financial Solutions and Fintech Resources of approximately HK$17,361,000 (2018: approximately HK$15,163,000) are revenue of approximately HK$8,790,000 (2018: approximately HK$5,216,000) which arose from services provided to the Group's major customers.

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

	2019	2018
	HK$'000	HK$'000
Customer A	**–***	2,916
Customer B	**–***	2,300
Customer C *(Note (i))*	**6,123**	–*
Customer D *(Note (ii))*	**2,667**	–*

* The customers contributed less than 10% of the total revenue of the Group.

Notes:

(i) Revenue form Financial Solutions.

(ii) Revenue form Fintech Resources and Financial Solutions.

No other single customer contributed 10% or more to the Group's revenue during the years ended 30 November 2019 and 2018 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

8. TURNOVER

The Group is principally engaged in the design and sales of computer software licenses, software rental and provision of related services; provision of maintenance services; sales of computer hardware and provision of fintech resources services. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's turnover for the year is as follows:

	2019	2018
	HK$'000	HK$'000
Disaggregation of revenue from contracts with customers		
Sales of computer software licences, software rental and provision of related services	**1,601**	1,660
Provision of maintenance services	**4,455**	5,971
Contract revenue	**8,919**	5,354
Sales of computer hardware	**1,426**	1,266
Provision of fintech resources services	**960**	912
Revenue from contracts with customers	**17,361**	15,163
Timing of revenue recognition		
A point in time	**1,426**	1,266
Over time	**15,935**	13,897
Revenue from contracts with customers	**17,361**	15,163

Performance obligations for contracts with customers

Details of performance obligations for contracts with customers for the year ended 30 November 2019 are set out in Note 3.

Transaction price allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts as all contract works have an original expected duration of one year or less.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 November 2019

9. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	HK$'000
Bank interest income	**1**	1
Sundry income	**–**	25
Gain on issuance of promissory note	**1,446**	–
Loss on de-registration of a subsidiary *(Note 31)*	**–**	(32)
Loss on disposal of property, plant and equipment	**–**	(3)
Written off of trade receivables	**(200)**	–
Net exchange (loss)/gain	**(1)**	7
	1,246	(2)

10. LOSS FROM OPERATING ACTIVITIES

	2019	2018
	HK$'000	HK$'000
Loss from operating activities is arrived at after charging/(crediting):		
Auditors' remuneration		
– Audit services	**280**	280
– Non-audit services	**–**	200
Depreciation on property, plant and equipment *(Note 18)*	**227**	239
Operating lease payments in respect of		
– land and buildings	**2,580**	2,490
– plant and equipment	**36**	31
Directors' remunerations	**60**	60
Staff costs (excluding directors' remunerations)		
– salaries and allowances	**8,503**	9,063
– retirement benefit costs	**317**	282
Cost of computer hardware sold	**1,356**	830
Net impairment losses recognised in respect of trade receivables		
– allowance for impairment losses on trade receivables	**6**	–
– reversal of allowance of impairment losses on trade receivables	**(25)**	–
Written off of trade receivables	**200**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

11. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Imputed interest expenses on promissory notes *(Note 23)*	**6**	2,724
Imputed interest expenses on convertible bond *(Note 24)*	**2,357**	51
	2,363	2,775

12. INCOME TAX CREDIT

	2019 HK$'000	2018 HK$'000
Deferred tax		
Credit for the year *(Note 25)*	**389**	7

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from current year the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

No provision for Hong Kong profits tax has been made as the Group either had no estimated assessable profits for the years ended 30 November 2019 and 2018.

The Group has tax losses arising in Hong Kong of approximately HK$73,081,000 (2018: approximately to HK$67,066,000) 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 consolidated statement of profit or loiss and other comprehensive income during the year (2018: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

12. INCOME TAX CREDIT (CONTINUED)

The tax charge for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 HK$'000	2019 %	2018 HK$'000	2018 %
Loss before taxation	**(5,354)**		(5,056)	
Tax at the applicable tax rate in the respective jurisdictions	**(883)**	**16.5**	(834)	16.5
Estimated tax effect of income and expenses not taxable or deductible for tax purposes	**(164)**	**3.1**	470	(9.3)
Estimated tax effect of unrecognised temporary differences	**411**	**(7.7)**	39	(0.8)
Utilisation of tax losses	**(1)**	**–**	(31)	0.6
Estimated tax effect of unrecognised tax losses	**1,026**	**(19.2)**	363	(7.2)
Tax credit at the effective tax rate for the year	**389**	**(7.3)**	7	(0.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

13. LOSS PER SHARE

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

	2019 HK$'000	2018 HK$'000
Loss		
Loss for the purpose of basic loss per share attributable to owners of the Company	**(4,965)**	(5,049)

	2019	2018
Number of shares		
Weighted average number of shares for the purpose of basic loss per share	**301,108,062**	301,108,062

The calculation of loss per share is based on the loss attributable to owners of the Company for the year of approximately HK$4,965,000 (2018: approximately HK$5,049,000) and the weighted average number of 301,108,062 shares (2018: 301,108,062 shares).

The calculation of diluted loss per share did not assume the exercise of the convertible bond and convertible preference shares existed at 30 November 2019 and 2018 as the exercise of the convertible bond and convertible preference shares would reduce loss per share, therefore anti-dilutive.

Diluted loss per share for the years ended 30 November 2019 and 2018 were the same as the basic loss per share as there were no potential ordinary shares outstanding during both years presented.

14. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 30 November 2019 (2018: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

15. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATIONS

The remunerations, pension and compensation arrangements paid/payable to the directors and the chief executive officer 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
2019:				
Executive Directors				
Mr. Joseph Chi Ho Hui *(Chairman)*	–	–	–	–
Ms. Clara Hiu Ling Lam	–	–	–	–
Independent Non-executive Directors				
Mr. Kwong Sang Liu	20	–	–	20
Mr. Edwin Kim Ho Wong	20	–	–	20
Mr. Wiliam Keith Jacobsen	20	–	–	20
Chief Executive Officer				
Mr. Samson Chi Yang Hui	–	936	18	954
	60	936	18	1,014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

15. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATIONS (CONTINUED)

The remunerations, pension and compensation arrangements paid/payable to the directors and the chief executive officer for their services on the Company were as follows: (continued)

Name of director	Director's fee HK$'000	Salaries and allowances HK$'000	Contribution to pension scheme HK$'000	Total HK$'000
2018:				
Executive Directors				
Mr. Joseph Chi Ho Hui *(Chairman)*	–	–	–	–
Ms. Clara Hiu Ling Lam	–	–	–	–
Independent Non-executive Directors				
Mr. Kwong Sang Liu	20	–	–	20
Mr. Edwin Kim Ho Wong	20	–	–	20
Mr. Wiliam Keith Jacobsen	20	–	–	20
Chief Executive Officer				
Mr. Samson Chi Yang Hui	–	936	17	953
	60	936	17	1,013

The remuneration of the directors of the Company are within the following band:

	Number of individuals	
	2019	2018
Nil to HK$1,000,000	**3**	3

Included in the directors' and chief executive officer's remunerations were fees of HK$60,000 (2018: HK$60,000) paid to independent non-executive directors, and remuneration and pension of HK$954,000 (2018: HK$953,000) paid to chief executive officer. No fees were paid to executive directors and non-executive directors for the years ended 30 November 2019 and 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

15. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATIONS (CONTINUED)

During the year, no bonus was paid to the directors and chief executive officer (2018: Nil). No directors and chief executive officer waived or agreed to waive any remuneration during the year (2018: Nil). In addition, no emoluments were paid by the Group to the directors and chief executive officer as an inducement to join, or upon joining the Group, or as compensation for loss of office (2018: Nil).

16. SENIOR MANAGEMENT'S EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, no director of the Company whose emoluments are included in the five highest paid individuals in the Group for the year (2018: Nil). The emoluments of the five (2018: five) individuals were as follows:

	2019 **HK$'000**	2018 HK$'000
Basic salaries and allowances	**4,338**	4,526
Contribution to mandatory provident fund	**81**	91
	4,419	4,617

The emoluments of the five (2018: five) individuals with the highest emoluments are within the following band:

	Number of individuals	
	2019	2018
Nil to HK$1,000,000	**5**	4
HK$1,000,001 to HK$1,500,000	**–**	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

16. SENIOR MANAGEMENT'S EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)

(b) Senior management of the Company

The emoluments of the senior management of the Company are within the following band:

	Number of individuals	
	2019	2018
Nil to HK$1,000,000	**2**	2

During the year, no bonus was paid to the five highest paid individuals of the Group (2018: Nil). No emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2018: Nil).

17. EMPLOYEE BENEFITS

Retirement Benefit Scheme

The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Office equipment	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Cost:				
As at 1 December 2017	548	506	6,108	7,162
Additions	–	6	33	39
Disposals	–	–	(40)	(40)
As at 30 November 2018 and 1 December 2018	548	512	6,101	7,161
Additions	–	15	80	95
Disposals	–	–	(36)	(36)
As at 30 November 2019	548	527	6,145	7,220
Accumulated depreciation:				
As at 1 December 2017	300	419	5,882	6,601
Charge for the year	96	36	107	239
Elimination on disposal	–	–	(37)	(37)
As at 30 November 2018 and 1 December 2018	396	455	5,952	6,803
Charge for the year	95	35	97	227
Elimination on disposal	–	–	(36)	(36)
As at 30 November 2019	491	490	6,013	6,994
Net book value:				
As at 30 November 2019	**57**	**37**	**132**	**226**
As at 30 November 2018	152	57	149	358

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

19. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	HK$'000
Trade receivables, net of impairment	**860**	1,047
Prepayment, deposits and other receivables	**1,310**	1,288
	2,170	2,335

The analysis of trade receivables was as follows:

	2019	2018
	HK$'000	HK$'000
Trade receivables	**866**	1,047
Less: Allowance for impairment losses on trade receivables	**(6)**	–
	860	1,047

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

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

	2019	2018
	HK$'000	HK$'000
Current	**576**	166
31 – 60 days	**192**	6
61 – 90 days	**–**	–
Over 90 days	**98**	875
	866	1,047

Details of impairment assessment of trade receivables for the year ended 30 November 2019 are set out in Note 4(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

Comparative information under HKAS 39

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

	2018 HK$'000
31 – 60 days	6
61 – 90 days	–
Over 90 days	875
	881

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.

As at 30 November 2019, there are three (2018: three) customers who represent more than 10% of the total net balance of trade receivables and the amounted to approximately HK$803,000 (2018: approximately to HK$1,019,000).

The analysis of prepayment, deposits and other receivables are as follows:

	2019 **HK$'000**	2018 HK$'000
Prepayment, deposits and other receivables	**1,310**	1,698
Less: Allowance for impairment losses on other receivables	**–**	(410)
	1,310	1,288

The directors of the Company had assessed the recoverability of prepayment, deposits and other receivables for the year ended 30 November 2019 and considered no further provision for impairment in respect of prepayment, deposits and other receivables is required (2018: Nil).

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

Details of impairment assessment of deposit and other receivables for the year ended 30 November 2019 are set out in Note 4(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

20. CONTRACT COSTS

	2019 HK$'000	2018 HK$'000
Cost to fulfill contracts	**672**	–

As at initial application of HKFRS 15 on 1 December 2018, contract costs of approximately HK$666,000 was recognised.

As at 30 November 2019, the contract costs are related directly to a contract or to an anticipated contract that the entity can specifically identify and expected to be recovered.

21. CASH AND CASH EQUIVALENTS

	2019 HK$'000	2018 HK$'000
Bank balances	**4,683**	2,831
Cash on hand	**2**	5
	4,685	2,836

Bank balances carry interest at market rates which range from 0.001% to 0.5% per annum for both years ended 30 November 2019 and 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

22. SHARE CAPITAL

Authorised and issued share capital

	2019 Number of shares	2019 Amount HK$'000	2018 Number of shares	2018 Amount HK$'000
Authorised:				
Ordinary shares				
Ordinary shares of HK$0.1 each				
– At the beginning of the year	**9,000,000,000**	**900,000**	10,000,000,000	1,000,000
– Re-designated and re-classified to non-voting convertible preference shares *(Note (i))*	**-**	**-**	(1,000,000,000)	(100,000)
– At the end of the year	**9,000,000,000**	**900,000**	9,000,000,000	900,000
Non-voting convertible preference shares				
Non-voting convertible preference shares of HK$0.1 each				
– At the beginning of the year	**1,000,000,000**	**100,000**	–	–
– Re-designated and re-classified from ordinary shares *(Note (i))*	**-**	**-**	1,000,000,000	100,000
– At the end of the year	**1,000,000,000**	**100,000**	1,000,000,000	100,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

22. SHARE CAPITAL (CONTINUED)

Authorised and issued share capital (continued)

	2019		2018	
	Number of shares	Amount HK$'000	Number of shares	Amount HK$'000
Issued and fully paid:				
Ordinary shares				
Ordinary shares of HK$0.1 each				
At the beginning and at the end of the year	**301,108,062**	**30,111**	301,108,062	30,111
Non-voting convertible preference shares				
Non-voting convertible preference shares of HK$0.1 each				
At the beginning of the year	**123,529,400**	**12,353**	–	–
Share issued as repayment of promissory notes *(Note (ii))*	**-**	**-**	123,529,400	12,353
At the end of the year	**123,529,400**	**12,353**	123,529,400	12,353

Notes:

(i) By an ordinary resolution passed on 19 November 2018, the existing authorised share capital of the Company was hereby re-designated and re-classified as 9,000,000,000 ordinary shares of HK$0.10 each and 1,000,000,000 convertible preference shares of HK$0.10 each.

(ii) On 22 November 2018, the Company allotted and issued 123,529,400 convertible preference shares for the settlement of promissory notes (Note 23).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

22. SHARE CAPITAL (CONTINUED)

Convertible preference shares

On 22 November 2018, the Company issued 123,529,400 non-voting convertible preference shares of HK$0.17 each ("CPSs") with total gross proceeds of HK$20,999,998 to MIL according to the subscription agreement entered into by the Company on 28 August 2018 as amended and restated on 10 October 2018.

The CPSs holders shall have no right to attend or vote at general meetings of the Company, unless a resolution is proposed to vary the rights attached to the CPSs or a resolution is proposed for the winding up of the Company. Subject to compliance with applicable terms, holders of CPSs shall not entitled to any dividend or distribution except for a return of capital upon liquidation of the Company.

Each of the CPSs, without a maturity date, is convertible into one ordinary share of the Company at no additional consideration. Conversion of CPSs into ordinaries shares of the Company, which has no expiry date, can be made at any time after the issuance of the CPSs by serving not less than 15 days' prior written notice to the holders of the CPSs. The Company may at its option at any time during the conversion period redeem the CPSs in whole or in part at the national value.

Convertible preference shares were equity instruments of the Company and measured at initial recognition at fair value of HK$0.123 per share based on the quoted price of the Company's ordinary shares as at that date.

23. PROMISSORY NOTES

(i) On 27 March 2019, a new Promissory Note was issued by the Company in favour of Active Investments Capital Limited ("Active Investments") with the principal amount of HK$5,000,000 and denominated in Hong Kong Dollar for the purpose of providing sufficient working capital to cope with the Group's development plan and improving the financial position of the Group. The principal sum shall bear no interest and will be matured on 30 November 2019.

On 28 November 2019, the Promissory Note with the principal amount of HK$5,000,000 was cancelled and a new Promissory Note with the principal amount of HK$8,000,000 and denominated in Hong Kong Dollar was issued by the Company in favour of Active Investments for the purpose of continually providing sufficient working capital to cope with the Group's development plan and improving the financial position of the Group. The principal sum shall bear no interest and will be matured on 1 March 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

23. PROMISSORY NOTES (CONTINUED)

(ii) The Hong Kong Dollar Denominated Promissory Note issued to Wickham Group Limited ("Wickham"), a company owned by a close family member of an executive director of the Company. The promissory note was interest bearing at 5% effective Hong Kong prime rate established by the Hongkong and Shanghai Banking Corporation Limited and had to be repaid on or before 30 June 2017.

On 30 June 2017, the outstanding principal amount was approximately HK$4,635,000 and its accrued interest was approximately HK$1,724,000. A new promissory note with the principal amount of approximately HK$6,359,000 was issued by the Company in favour of Wickham ("Hong Kong Dollar Denominated Promissory Note to Wickham") which was unsecured, interest bearing at effective Hong Kong prime rate established by the Hongkong and Shanghai Banking Corporation Limited plus 3%, and maturing on 1 March 2019.

On 31 August 2017, Wickham had assigned its Hong Kong Dollar Denominated Promissory Note including interest receivable from the Company in the total amount of approximately HK$6,444,000 to Active Investments, which is a related company wholly-owned by the chief executive officer of the Company. The terms and conditions were remained unchanged as previous Hong Kong Dollar Promissory Note with Wickham.

As at 22 August 2018, the Hong Kong Dollar Denominated Promissory Note issued to Active Investments with the aggregate amount of approximately HK$6,967,000 (included principal amount of approximately HK$6,444,000 and accrued interest of approximately HK$523,000).

(iii) An interest-bearing Hong Kong Dollar Denominated Promissory Notes in the principal amount of approximately HK$25,705,000 from the Company in favour of Active Investments. The promissory note was interest bearing at 5% effective Hong Kong prime rate established by the Hongkong and Shanghai Banking Corporation Limited and had to be repaid on or before 30 June 2017.

On 30 June 2017, the outstanding principal amount was approximately HK$25,705,000 and its accrued interest was approximately HK$12,134,000. A new promissory note with the principal amount of approximately HK$37,839,000 was issued by the Company in favour of Active Investments ("Hong Kong Dollar Denominated Promissory Note to Active Investments") which was unsecured, interest bearing at effective Hong Kong prime rate established by the Hongkong and Shanghai Banking Corporation Limited plus 3%, and maturing on 1 March 2019.

On 21 August 2018, a new Hong Kong Dollar Denominated Promissory Note issued by the Company in favour of Active Investments in the principal amount of HK$5,000,000 for the purpose of providing sufficient working capital to cope with the Group's development plan and improving the financial position of the Group. The principal sum shall bear no interest and will be matured on 1 March 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

23. PROMISSORY NOTES (CONTINUED)

(iii) (continued)

On 22 August 2018, Active Investments assigned its three promissory notes dated 30 June 2017, 31 August 2017 and 21 August 2018 including interest accrued of two interest bearing promissory notes and a non-interest bearing promissory note in the total amount of approximately HK$53,424,000 (being the initial principal sum of approximately HK$37,839,000, HK$6,444,000 and HK$5,000,000. The amount of approximately HK$3,618,000 and HK$523,000 equivalent to the amount of interest accrued as at 22 August 2018) to MIL under the same terms and conditions as previous promissory notes with Active Investments.

On 24 August 2018, the letter agreement entered into between the Company and MIL pursuant to which MIL waived the amounts equivalent to the interest accrued from 1 December 2017 onward on two interest bearing promissory notes such that the principal amount on the two interest bearing promissory notes has been reduced accordingly. As a result, the three promissory notes were cancelled and a new non-interest bearing promissory note in the aggregate principal sum of approximately HK$50,700,000 (being the initial principal sum of approximately HK$37,839,000, HK$6,444,000 and HK$5,000,000 and the amount of approximately HK$1,286,000 and HK$131,000 equivalent to the amount of interest accrued as at 30 November 2017) was issued by the Company in favour of MIL and will be matured on 1 March 2019. The interest accrued from 1 December 2017 to 22 August 2018, amounting to approximately HK$2,724,000, which were waived by MIL at the time when the promissory notes were assigned to MIL, is accounted for in equity of the Group as deemed capital contribution from MIL.

On 28 August 2018, the Company and MIL entered into the subscription agreement to effect that the promissory note in the total amount of approximately HK$50,700,000 will be set off in full by the issue of the convertible preference shares with total subscription price of approximately HK$50,700,000. On 20 September 2018, the Company updated announcement and announces on 10 October 2018, MIL entered into the amended subscription agreement (the "Amended Agreement") that the promissory note in the total amount of approximately HK$50,700,000 will be set off in full by the issue of the convertible preference shares with total subscription price of approximately HK$21,000,000 and the convertible bond in the aggregate principal amount of approximately HK$29,700,000. The Amended Agreement with MIL took place and effective on 22 November 2018. The related transaction costs for issue of convertible preference shares and convertible bond was approximately HK$738,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

24. CONVERTIBLE BOND

On 22 November 2018, the Company completed to issue the convertible bond to MIL in an aggregate principal amount of approximately HK$29,700,000 for the settlement of promissory note. The convertible bond bear zero interest with a right to convert the principal amount into ordinary shares of HK$0.17 per share during the period from 22 November 2018 to 21 November 2023.

The convertible bond contain two components: liability and equity components. The equity component is presented in the equity heading "convertible bond reserve" in the consolidated statement of changes in equity. The effective interest rate of the debt component on initial recognition is 17.99% per annum. The valuation of the convertible bond was performed by independent valuer.

There are no conversion of the convertible bond by the holder for both years ended 30 November 2019 and 2018.

The convertible bond recognised in the consolidated statement of financial position on initial recognition are as follows:

	HK$'000
Fair value of convertible bond	**27,402**
Less: Equity component on initial recognition, net of transaction cost	**(14,168)**
Less: Transaction costs attributable to the issue of convertible bond	**(475)**
Liability component on initial recognition	**12,759**

The movements of the liability component of the convertible bond for the years ended 30 November 2019 and 2018 are set at below:

	HK$'000
Liability component on initial recognition as at 22 November 2018	**12,759**
Imputed interest expenses *(Note 11)*	**51**
Liability component as at 30 November 2018 and as at 1 December 2018	**12,810**
Imputed interest expenses *(Note 11)*	**2,357**
Liability component as at 30 November 2019	**15,167**

25. DEFERRED TAX LIABILITY

The movements on the deferred tax liability during the year are as follows:

	Convertible bond HK$'000
As at 1 December 2017	**–**
Issue of convertible bond	**2,338**
Credit to consolidated statement of profit or loss and other comprehensive income *(Note 12)*	**(7)**
As at 30 November 2018 and at 1 December 2018	**2,331**
Credit to consolidated statement of profit or loss and other comprehensive income *(Note 12)*	**(389)**
As at 30 November 2019	**1,942**

Deferred income tax assets are recognised for tax losses carried forward to the extent that realization of the related tax benefit through future taxable profits is probable. As at 30 November 2019, no deferred tax asset has been recognised in respect of the unused tax losses (2018: Nil) due to unpredictability of future profit streams. Tax losses of HK$73,081,000 (2018: approximately HK$67,066,000) can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

26. OTHER PAYABLES AND ACCRUALS

	2019 HK$'000	2018 HK$'000
Accruals	**3,275**	3,299
Receipt in advance	**–**	461
Other payables	**1,038**	1,439
	4,313	5,199

On initial application of HKFRS 15 on 1 December 2018, receipt in advance in relation to approximately HK$461,000 was reclassified to contract liabilities. *(Note 2 and 27)*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

27. CONTRACT LIABILITIES

	30 November 2019 HK$'000	1 December 2018* HK$'000
Maintenance services fees received in advance	**1,278**	1,094
Contract revenue received in advance	**481**	2,221
	1,759	3,315

* The amounts in this column are after the adjustments from the initial application of HKFRS 15.

The movement of contract liabilities during the year is as follow:

	HK$'000
As at 30 November 2018	–
Impact on initial application of HKFRS 15	3,315
Restated balance as at 1 December 2018	3,315
Consideration received from customers over the amounts of revenue recognised	8,532
Revenue recognised during the year	(10,088)
As at 30 November 2019	**1,759**

During the year, revenue of approximately HK$3,315,000 was recognised that was included in the contract liabilities balance at the beginning of the period.

28. 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 both years ended 30 November 2019 and 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Assets		
Non-current asset		
Investments in subsidiaries	–	–
Current assets		
Prepayments	211	184
Cash and cash equivalents	3,290	2,469
	3,501	2,653
Total assets	3,501	2,653
Capital and reserves		
Share capital	42,464	42,464
Reserves *(Note 30)*	(63,755)	(56,841)
Equity attributable to owners of the Company	(21,291)	(14,377)
Liabilities		
Non-current liabilities		
Promissory notes	6,560	–
Convertible bond	15,167	12,810
Deferred tax liability	1,942	2,331
	23,669	15,141
Current liability		
Other payables and accruals	1,123	1,889
Total liabilities	24,792	17,030
Total equity and liabilities	3,501	2,653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2019 HK$'000	2018 HK$'000
Net current assets	**2,378**	764
Total assets less current liabilities	**2,378**	764
Net liabilities	**(21,291)**	(14,377)

Approved and authorised for issue by the Board of Directors on 13 February 2020 and signed on its behalf by:

Joseph Chi Ho Hui
Executive Director

Clara Hiu Ling Lam
Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

30. RESERVES OF THE COMPANY

	Share premium	Contributed surplus	Special reserve	Convertible bond reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 December 2017	111,078	37,600	–	–	(224,132)	(75,454)
Loss and total comprehensive loss for the year	–	–	–	–	(6,623)	(6,623)
Issue of convertible preference shares	2,578	–	5,806	–	–	8,384
Deemed capital contributions from waiver of promissory notes interest from shareholder	–	–	2,724	–	–	2,724
Issue of convertible bond	–	–	2,298	14,168	–	16,466
Deferred taxation of convertible bond	–	–	–	(2,338)	–	(2,338)
As at 30 November 2018 and 1 December 2018	113,656	37,600	10,828	11,830	(230,755)	(56,841)
Loss and total comprehensive loss for the year	–	–	–	–	(6,914)	(6,914)
As at 30 November 2019	**113,656**	**37,600**	**10,828**	**11,830**	**(237,669)**	**(63,755)**

As at 30 November 2019, the Company had no distributable reserve (2018: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

31. LOSS ON DE-REGISTRATION OF A SUBSIDIARY

On 24 August 2018, the Group de-registered a wholly-owned subsidiary in the PRC, Maximizer Asia (Shanghai) Limited, which was a dormant company.

Analysis of net assets over which control was lost

	2018 HK$'000
Current assets	
Cash and cash equivalents	3

The de-registered subsidiary did not have significant contribution to the Group's revenue, loss and cash flow for the year ended 30 November 2018.

Loss on de-registration of a subsidiary

	2018 HK$'000
Net assets disposed of	(3)
Release of exchange reserve	(29)
Loss on de-registration of a subsidiary *(Note 9)*	(32)

32. OPERATING LEASES COMMITMENTS

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 range from two to five years.

As at 30 November 2019 and 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**1,318**	2,623
In the second to fifth years inclusive	**67**	1,385
	1,385	4,008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

33. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, during the years ended 30 November 2019 and 2018, 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) Compensation of key management personnel

The remuneration of directors, senior management of the Company and certain of the highest paid employees, as disclosed in Notes 15 and 16 were as follows:

	2019	2018
	HK$'000	HK$'000
Fees	**60**	60
Salaries, allowance and other benefits	**4,338**	4,526
Contribution to mandatory provident fund	**81**	91
	4,479	4,677

(b) During the year, the Group had the following material transactions with related parties:

	2019	2018
	HK$'000	HK$'000
Interest paid to the related companies on promissory notes payable *(Note (i))*	**–**	2,724
Consultancy fee payable to a director *(Note (ii))*	**–**	18

Notes:

(i) As at 30 November 2018, no promissory notes were outstanding to the related companies. *(Note 23)*

(ii) Consultancy fee was payable to Ms. Clara Hiu Ling Lam as the legal representative of the subsidiaries in the PRC. The Group de-registered its subsidiary Maximizer Asia (Shanghai) Limited on 24 August 2018.

(c) During the year ended 30 November 2019, the Company has issued the promissory note with principal amount of approximately HK$8,000,000 to Active Investments *(Note 23)*.

(d) During year ended 30 November 2018, the Company has issued convertible preference shares in aggregate amount of approximately HK$21,000,000 and the convertible bond in principal amount of approximately HK$29,700,000 to MIL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

34. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 30 November 2019 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 professional and maintenance services
ABC Enterprise Limited	Hong Kong	1 ordinary shares of HK$1.00 each	100%	–	Dormant
abc Fintech Recruiters Limited	Hong Kong	10,000 ordinary shares of HK$1.00 each	100%	–	Provision of fintech resources services

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(a) The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Promissory notes	Amount due to a related company	Convertible bond	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 December 2017	45,700	235	–	45,935
Cash flows				
– Proceeds from issue of promissory notes	5,000	–	–	5,000
Total change from cash flows	5,000	–	–	5,000
Non-cash changes				
– Issue of convertible bond	(29,700)	–	12,759	(16,941)
– Issue of convertible preference shares	(21,000)	–	–	(21,000)
– Imputed interest expenses	–	–	51	51
– Foreign exchange movement	–	(7)	–	(7)
Total changes from non-cash changes	(50,700)	(7)	12,810	(37,897)
As at 30 November 2018 and as at 1 December 2018	–	228	12,810	13,038
Cash flows				
– Proceeds from issue of promissory notes	8,000	–	–	8,000
Total change from cash flows	8,000	–	–	8,000
Non-cash changes				
– Imputed interest expenses	6	–	2,357	2,363
– Foreign exchange movement	–	1	–	1
– Gain on issuance of promissory note	(1,446)	–	–	(1,446)
Total changes from non-cash changes	(1,440)	1	2,357	918
As at 30 November 2019	**6,560**	**229**	**15,167**	**21,956**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2019

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

(b) Major non-cash transaction

During year ended 30 November 2018, the Company has issued convertible preference shares in aggregate amount of approximately HK$21,000,000 and the convertible bond in principal amount of approximately HK$29,700,000 to set off in full of promissory notes in the total amount of approximately HK$50,700,000.

36. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 13 February 2020.

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 2019, 2018, 2017, 2016 and 2015.

Results

	Year ended 30 November				
	2015 HK$'000 (Audited)	2016 HK$'000 (Audited)	2017 HK$'000 (Audited)	2018 HK$'000 (Audited)	**2019** **HK$'000** **(Audited)**
Turnover	13,334	18,400	14,704	15,163	**17,361**
Net loss for the year	(14,227)	(4,295)	(5,828)	(5,049)	**(4,965)**

Assets and Liabilities

	As at 30 November				
	2015 HK$'000 (Audited)	2016 HK$'000 (Audited)	2017 HK$'000 (Audited)	2018 HK$'000 (Audited)	**2019** **HK$'000** **(Audited)**
Total assets	4,968	5,074	3,781	5,529	**7,753**
Total liabilities	(54,997)	(59,407)	(52,483)	(21,662)	**(29,970)**
Total equity	(50,029)	(54,333)	(48,702)	(16,133)	**(22,217)**

Note:

The results of the Group for the years ended 30 November 2019 and 2018 are those set out on page 51 to 54 of this annual report.