abc Multiactive Limited

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

2020
INTERIM REPORT

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

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INTERIM RESULTS

The board of directors (the "Board") of abc Multiactive Limited (the "Company") presents the unaudited consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the three months and six months ended 31 May 2020, together with the comparative figures.

The unaudited turnover of the Group for the three months and six months ended 31 May 2020 was HK$2,144,000 and HK$4,643,000 respectively (Three months and six months ended 31 May 2019: HK$8,519,000 and HK$11,162,000 respectively). The unaudited net loss for the three months and six months ended 31 May 2020 was HK$2,627,000 and HK$4,233,000 respectively (Three months and six months ended 31 May 2019: net loss of approximately HK$937,000 and HK$2,353,000 respectively). Unaudited basic loss per share for the three months and six months ended 31 May 2020 was HK$0.87 cents and HK$1.41 cents respectively (Three months and six months ended 31 May 2019: basic loss per share of HK$0.31 cents and HK$0.78 cents respectively).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 May 2020

		(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	Notes	**2020** ***HK$'000***	2019 *HK$'000*	**2020** ***HK$'000***	2019 *HK$'000*
Turnover	3	**2,144**	8,519	**4,643**	11,162
Cost of sales		**(381)**	(5,918)	**(854)**	(6,244)
Gross profit		**1,763**	2,601	**3,789**	4,918
Software research and development and operating expenses		**(767)**	(840)	**(1,277)**	(1,614)
Selling and marketing expenses		**(375)**	(267)	**(567)**	(607)
Administrative expenses		**(2,390)**	(1,926)	**(4,478)**	(4,041)
Unrealised exchange gain		**7**	7	**10**	4
Loss from operating activities	5	**(1,762)**	(425)	**(2,523)**	(1,340)
Finance costs	6	**(981)**	(594)	**(1,940)**	(1,175)
Loss before taxation		**(2,743)**	(1,019)	**(4,463)**	(2,515)
Income tax credit	7	**116**	82	**230**	162
Loss for the period		**(2,627)**	(937)	**(4,233)**	(2,353)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Other comprehensive income for the period, net of tax		**–**	–	**–**	–
Total comprehensive loss for the period		**(2,627)**	(937)	**(4,233)**	(2,353)

		(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
		2020	2019	**2020**	2019
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss for the period attributable to owners of the Company		**(2,627)**	(937)	**(4,233)**	(2,353)
Total comprehensive loss for the period attributable to owners of the Company		**(2,627)**	(937)	**(4,233)**	(2,353)
		HK cents	*HK cents*	***HK cents***	*HK cents*
Loss per share					
– Basic and diluted	9	**(0.87)**	(0.31)	**(1.41)**	(0.78)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 May 2020 and 30 November 2019

	Notes	(Unaudited) 31 May 2020 HK$'000	(Audited) 30 November 2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**176**	226
Right-of-use asset		**73**	–
		249	226
Current assets			
Trade and other receivables	10	**2,199**	2,170
Contract costs		**1,388**	672
Cash and cash equivalents		**2,033**	4,685
		5,620	7,527
Total assets		**5,869**	7,753
Capital and reserves			
Share capital		**42,464**	42,464
Reserves	11	**(68,914)**	(64,681)
Equity attributable to owners of the Company		**(26,450)**	(22,217)
LIABILITIES			
Non-current liabilities			
Promissory note	12	**7,102**	6,560
Convertible bond	13	**16,562**	15,167
Deferred tax liability	14	**1,712**	1,942
		25,376	23,669
Current liabilities			
Other payables and accruals	15	**4,021**	4,313
Contract liabilities	16	**2,630**	1,759
Amount due to a related company	17	**218**	229
Lease liability		**74**	–
		6,943	6,301

	(Unaudited) **31 May** **2020** ***HK$'000***	(Audited) 30 November 2019 *HK$'000*
Total liabilities	**32,319**	29,970
Total equity and liabilities	**5,869**	7,753
Net current (liabilities)/assets	**(1,323)**	1,226
Total assets less current liabilities	**(1,074)**	1,452
Net liabilities	**(26,450)**	(22,217)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 May 2020

	(Unaudited) Six months ended 31 May	
	2020	2019
	HK$'000	*HK$'000*
Net cash used in operating activities	**(2,590)**	(7,247)
Net cash used in investing activities	**(62)**	(30)
Net cash generated from financing activities	**–**	5,000
Net decrease in cash and cash equivalents	**(2,652)**	(2,277)
Cash and cash equivalents at the beginning of the period	**4,685**	2,836
Cash and cash equivalents at the end of the period	**2,033**	559
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	**2,033**	559

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 May 2020

	Attributable to owners of the Company							
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Share capital	Share premium	Contributed surplus	Special reserve	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 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	–	–	–	–	–	–	(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 period	–	–	–	–	–	–	(2,353)	(2,353)
As at 31 May 2019	42,464	113,656	37,600	10,828	11,830	–	(235,983)	(19,605)
As at 1 December 2019	42,464	113,656	37,600	10,828	11,830	–	(238,595)	(22,217)
Loss and total comprehensive loss for the period	–	–	–	–	–	–	(4,233)	(4,233)
As at 31 May 2020	**42,464**	**113,656**	**37,600**	**10,828**	**11,830**	**–**	**(242,828)**	**(26,450)**

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinances and GEM Listing Rules. They are prepared under the historical cost convention.

The unaudited consolidated results for the six months ended 31 May 2020 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company's annual financial statements for the year ended 30 November 2019, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") as disclosed in note 2 below.

2. IMPACT ON NEW HKFRSs AND HKASs

The HKICPA has issued a number of new and revised HKFRSs and HKASs which are effective for accounting periods commencing on or after 1 January 2019. The Group has adopted, for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

Changes in accounting policies

HKFRSs and HKASs that are effective for the six months ended 31 May 2020:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
HKFRS 16	Leases[1]
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.

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

HKFRS 16 Leases

The Group has adopted HKFRS 16 Leases for the first time in the current period from 1 December 2019. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations. The Group has adopted HKFRS 16 using the simplified transition approach and has not restated comparatives for the year prior to first adoption as permitted under the specific transition provisions in the standard.

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease payments were recognised as expenses in the consolidated statement of profit or loss and other comprehensive income over the lease period on a straight-line basis.

At adoption of HKFRS 16, the Group recognised lease liabilities and right-of-use assets in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 December 2019, with the relevant interest charged to consolidated statement of profit or loss and other comprehensive income over the lease period. The right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the adoption of the HKFRS 16. The right-of-use assets were depreciated over the lease period on a straight-line basis.

As a result of the adoption of HKFRS 16, as of 1 December 2019, the Group recognised a right-of-use asset of approximately HK$86,000, and a lease liability of approximately HK$86,000 respectively. The depreciation on right-of-use asset and the interest expenses on lease liability charged to consolidated statement of profit or loss and other comprehensive income during the six months ended 31 May 2020 was approximately HK$13,000 and approximately HK$3,000 respectively.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for certain operating leases with a remaining lease term of less than 12 months as of 1 December 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- The use of hindsight in determining the lease term when the contract contains option to extend or terminate the lease.

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

3. TURNOVER

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

An analysis of the Group's turnover for the three months and six months ended 31 May 2020 is as follows:

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Disaggregation of revenue from contracts with customers				
Sales of computer software licences, software rental and provision of related services	**460**	2,285	**1,711**	3,072
Provision of maintenance services	**1,155**	735	**2,313**	2,168
Sales of computer hardware	**125**	5,189	**153**	5,324
Provision of Fintech resources services	**356**	310	**418**	598
Provision of overseas mortgage loan consultancy services	**48**	–	**48**	–
Revenue from contracts with customers	**2,144**	8,519	**4,643**	11,162
Timing of revenue recognition				
A point in time	**173**	5,189	**201**	5,324
Over time	**1,971**	3,330	**4,442**	5,838
Revenue from contracts with customers	**2,144**	8,519	**4,643**	11,162

4. SEGMENT INFORMATION

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.

The Group was engaged in three business segments, namely financial solutions ("Financial Solutions"), fintech resources ("Fintech Resources") and overseas property mortgage consultancy services ("Consultancy Services") for the current period ended 31 May 2020.

Segment revenue and results

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

	(Unaudited) Six months ended 31 May							
	Financial Solutions		Fintech Resources		Consultancy Services *(Note)*		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**4,177**	10,564	**418**	598	**48**	–	**4,643**	11,162
Segment results	**1,855**	2,379	**138**	318	**(48)**	–	**1,945**	2,697
Unrealised exchange gain							**10**	4
Central administration costs							**(4,478)**	(4,041)
Finance costs							**(1,940)**	(1,175)
Loss before taxation							**(4,463)**	(2,515)
Income tax credit							**230**	162
Loss for the period							**(4,233)**	(2,353)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2019: Nil).

Segment results represent the profit/(loss) earned by each segment without allocation of unrealised exchange 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.

Note:

To assist the overseas property investors in Hong Kong affected by the worldwide outbreak of Coronavirus disease and in light of steady demand from overseas property investors in Hong Kong who are sourcing overseas mortgage and arrangement after committing into purchase agreement with the property developer, the Group commenced a new business in the second quarter of 2020 to provide overseas property mortgage consultancy service to give the overseas property investors in Hong Kong one stop solution to choose the right package with a reputation of having high bank loan approval success rates. To implement the new business, the Group makes use of existing developed mobile apps architectural for further development of mortgage loan application platform for customer services handling. During the period, the Group is upgrading its existing web application architectural to develop the mobile platform for rollout the new business.

Segment assets and liabilities

	Financial Solutions		Fintech Resources		Consultancy Services		Total	
	(Unaudited) Six months ended 31 May							
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities								
Segment assets	**3,843**	6,665	**58**	60	**7**	–	**3,908**	6,725
Unallocated assets							**1,961**	384
Consolidated total assets							**5,869**	7,109
Segment liabilities	**5,542**	3,935	**236**	225	**142**	19	**5,920**	4,179
Unallocated liabilities							**26,399**	22,510
Consolidated total liabilities							**32,319**	26,689

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 and promissory note, other payables and accruals borne by the investment holding company).

	Financial Solutions		Fintech Resources		Consultancy Services		Total	
	(Unaudited) Six months ended 31 May							
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information								
Depreciation on property, plant and equipment	**112**	118	**–**	–	**–**	–	**112**	118
Depreciation on right-of-use asset	**13**	–	**–**	–	**–**	–	**13**	–
Capital expenditure	**56**	30	**–**	–	**6**	–	**62**	30

Geographical segment

The Group's revenue is generated in 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

Two (2) customers contributed 10% or more to the Group's revenue for the six months ended 31 May 2020 (2019: Two (2) customers).

5. LOSS FROM OPERATING ACTIVITIES

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loss from operating activities is arrived at after charging/(crediting):				
Depreciation on property, plant and equipment	**47**	58	**112**	118
Depreciation on right-of-use asset	**7**	–	**13**	–
Operating lease payments in respect of				
– land and buildings	**645**	645	**1,290**	1,290
– plant and equipment	**–**	7	**–**	14
Directors' remuneration	**15**	15	**30**	30
Staff costs (excluding directors' remuneration)				
– salaries and allowances	**2,029**	1,855	**3,833**	3,798
– retirement benefit costs	**82**	78	**158**	167
Cost of computer hardware sold	**99**	5,102	**104**	5,226
Unrealised exchange gain	**(7)**	(7)	**(10)**	(4)

6. FINANCE COSTS

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Imputed interest expenses on promissory note *(Note 12)*	**278**	–	**542**	–
Imputed interest expenses on convertible bond *(Note 13)*	**701**	594	**1,395**	1,175
Interest expenses on lease liability	**2**	–	**3**	–
	981	594	**1,940**	1,175

7. INCOME TAX CREDIT

	(Unaudited) Three months ended		(Unaudited) Six months ended	
	31 May	31 May	**31 May**	31 May
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deferred tax				
Credit for the period *(Note 14)*	**116**	82	**230**	162

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, 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 had no estimated assessable profits for the period (2019: Nil).

The Group has unaudited tax losses arising in Hong Kong of approximately HK$75,446,000. (As at 31 May 2019: approximately HK$68,218,000) 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 loss and other comprehensive income during the period (2019: Nil).

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 May 2020 (2019: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company for the three months and six months ended 31 May 2020 is based on the unaudited net loss for the period of approximately HK$2,627,000 and HK$4,233,000 respectively (For the three months and six months ended 31 May 2019: unaudited net loss of approximately HK$937,000 and HK$2,353,000 respectively), and the weighted average number of 301,108,062 ordinary shares for both three months and six months ended 31 May 2020 (For the three months and six months ended 31 May 2019: 301,108,062 ordinary shares).

Diluted loss per share

The calculation of diluted loss per share did not assume the exercise of the convertible bond and convertible preference shares that existed during the period 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 three months and six months ended 31 May 2020 and 2019 were the same as the basic loss per share.

10. TRADE AND OTHER RECEIVABLES

	(Unaudited) 31 May 2020 *HK$'000*	(Audited) 30 November 2019 *HK$'000*
Trade receivables, net of impairment	**840**	860
Prepayment, deposits and other receivables	**1,359**	1,310
	2,199	2,170

The analysis of trade receivables was as follows:

	(Unaudited) 31 May 2020 *HK$'000*	(Audited) 30 November 2019 *HK$'000*
Trade receivables	**840**	866
Less: Allowance for impairment losses on trade receivables	**–**	(6)
	840	860

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 the trade receivables presented based on invoices date at the end of the reporting periods:

	(Unaudited) 31 May 2020 ***HK$'000***	(Audited) 30 November 2019 *HK$'000*
Current	**141**	576
31 – 60 days	**168**	192
61 – 90 days	**96**	–
Over 90 days	**435**	98
	840	866

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

	(Unaudited) 31 May 2020 ***HK$'000***	(Audited) 30 November 2019 *HK$'000*
31 – 60 days	**168**	192
61 – 90 days	**96**	–
Over 90 days	**435**	98
	699	290

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.

11. RESERVES

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

12. PROMISSORY NOTE

On 27 March 2019, a Promissory Note was issued by the Company in favour of Active Investments Capital Limited ("Active Investments"), a related company wholly owned by the chief executive officer of the Company, 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 issued on 27 March 2019 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. 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. As at 31 May 2020, the aggregate amount of the promissory note was approximately HK$7,102,000 (including the promissory note in fair value of approximately HK$6,560,000 and imputed interest of approximately HK$542,000).

The carrying amount of the promissory note is as follows:

	(Unaudited) 31 May 2020 *HK$'000*	(Audited) 30 November 2019 *HK$'000*
Promissory note payable to a related company	**7,102**	6,560

13. CONVERTIBLE BOND

On 22 November 2018, the Company completed to issue the convertible bond to Maximizer International Limited ("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 share of HK$0.17 per share during the period from 22 November 2018 to 21 November 2023.

The convertible bond contains 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 periods ended 31 May 2020 and 2019.

The movement of the liability component of the convertible bond during the period is as follows:

	HK$'000
Liability component as at 30 November 2019 and as at 1 December 2019	15,167
Imputed interest expenses *(Note 6)*	1,395
Liability component as at 31 May 2020	**16,562**

14. DEFERRED TAX LIABILITY

The movement on the unaudited deferred tax liability during the period is as follows:

	Convertible bond *HK$'000*
As at 30 November 2019 and as at 1 December 2019	1,942
Credit to consolidated statement of profit or loss and other comprehensive income *(Note 7)*	(230)
As at 31 May 2020	**1,712**

Deferred income tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through future taxable profits is probable. As at 31 May 2020, no deferred tax asset that has been recognised in respect of the unused tax losses (2019: Nil) due to unpredictability of future profit streams. As at 31 May 2020, the unaudited tax losses of approximately HK$75,446,000 (As at 31 May 2019: approximately HK$68,218,000) can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

15. OTHER PAYABLES AND ACCRUALS

	(Unaudited) 31 May 2020 ***HK$'000***	(Audited) 30 November 2019 *HK$'000*
Accruals	**3,005**	3,275
Other payables	**1,016**	1,038
	4,021	4,313

16. CONTRACT LIABILITIES

	(Unaudited) 31 May 2020 ***HK$'000***	(Audited) 30 November 2019 *HK$'000*
Maintenance services fees received in advance	**1,623**	1,278
Contract revenue received in advance	**1,007**	481
	2,630	1,759

17. AMOUNT DUE TO A RELATED COMPANY

The amount mainly represents payables for purchases of software merchandise, royalty fee and expenses paid on behalf of the Group. The balance of amount due to a related company was interest-free, unsecured and repayable on demand for the six months ended 31 May 2020 and year ended 30 November 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited turnover of approximately HK$2,144,000 for the three months ended 31 May 2020, decreased by 75% from approximately HK$8,519,000 for the corresponding period last year. Of the total unaudited turnover amount, (i) approximately HK$460,000 or 21% was generated from software license sales and professional services, (ii) approximately HK$1,155,000 or 54% was generated from maintenance services, (iii) approximately HK$125,000 or 6% was generated from sales of computer hardware, (iv) approximately HK$356,000 or 17% was generated from Fintech resources services and (v) approximately HK$48,000 or 2% was generated from overseas mortgage loan consultancy services. The unaudited net loss attributable to shareholders of the Company for the three months ended 31 May 2020 was approximately HK$2,627,000, in which approximately HK$981,000 was imputed interest expenses on convertible bond and promissory note and interest expenses on lease liability, whereas the Group recorded an unaudited net loss of approximately HK$937,000 for the corresponding period last year after deducting the imputed interest of approximately HK$594,000.

During the period, the Group continued to exercise prudent cost control measures by implementing tight expenses measures in its operations. The unaudited operating expenditures amounted to approximately HK$3,532,000 for the three months ended 31 May 2020, increased by 16% when compared to approximately HK$3,033,000 for the corresponding period last year. The increases were mainly due to increase in professional and legal fee and increase in headcount in sales and marketing team to cope with the Group's diversify business expansion plan.

During the period, the depreciation expenses amounted to approximately HK$54,000, remained stable when compared to that of approximately HK$58,000 for the corresponding period last year. Depreciation expenses for the three months ended 31 May 2020 included approximately HK$47,000 of depreciation on property, plant and equipment and approximately HK$7,000 of depreciation on right-of-use asset.

The Group continues to invest in the development of its existing products and strengthen its customer support services. The Group also devoted resources in the phase 2 development of its new product "FinReg Innovative Tools". Furthermore, the Group is upgrading its existing web application architectural to develop the mobile platform for rollout the new business for the provision of overseas property mortgage loan consultancy services. To cope with the new business, the Group has built up a new business team during the period. The Group believes that these would help maintaining its competitiveness in the market and achieve sustainable growth.

The Group has no provision made for impairment of trade receivables for the three months ended 31 May 2020.

Total unaudited staff costs (excluding directors' remuneration) were approximately HK$2,111,000 for the three months ended 31 May 2020, a 9% increase from approximately HK$1,933,000 for the corresponding period last year. The increase was mainly attributed to increase in headcount in sales and marketing team during the period to cope with business expansion plan.

Liquidity and Financial Resources

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

As at 31 May 2020 and 30 November 2019, the convertible bond to MIL, amount due to a related company and the promissory note payables to a related company were repayable as follows:

	(Unaudited)	(Audited)
	31 May	30 November
	2020	2019
	HK$'000	*HK$'000*
Within 1 year	**218**	229
Between 1 and 2 years	**7,102**	6,560
Between 3 and 5 years	**16,562**	15,167
Wholly repayable within 5 years	**23,882**	21,956

As at 31 May 2020, the Group had outstanding of approximately CAD39,000 (approximately HK$218,000) 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.

As at 31 May 2020, 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 the aggregate amount of the promissory note was approximately HK$7,102,000 as at 31 May 2020 (including the promissory note in fair value of approximately HK$6,560,000 and imputed interest of approximately HK$542,000). (Note 12)

As at 31 May 2020, the carrying amount of the liability component of the convertible bond amounted to approximately HK$16,562,000, which were included in non-current liabilities on the consolidated statement of financial position of the Group. (Note 13)

The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total assets. As at 31 May 2020, the Group's gearing ratio was 4.03 (2019: 2.67).

Pledge of Assets

The Group did not have any mortgage or charge over its assets as at 31 May 2020.

Exposure to Fluctuation in Exchange Rates and Related Hedges

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollars 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 31 May 2020, the Group did not have any foreign currency investments which have been hedged by currency borrowings and other hedging instruments.

Treasury Policy

Cash and bank deposits of the Group are either in Hong Kong dollars and Canadian dollars. The Group conducts its core business transaction mainly in Hong Kong dollars, such that the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 May 2020.

Significant Investments

The Group has not held any significant investment for the three months ended 31 May 2020.

Major Events

As at 31 May 2020, the Group had no material capital commitments and no future plans for material investments or capital assets.

Employee and Remuneration Policy

The directors believe that the quality of its employees is the most important factor in sustaining the Group's growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salaries and mandatory provident fund, staff benefits include medical coverage scheme. As at 31 May 2020, the Group had employed 24 staffs in Hong Kong (2019: 22 staffs in Hong Kong). Total staff costs for the three months ended 31 May 2020 under review amounted to approximately HK$2,111,000.

As at 31 May 2020, 8 employees had completed the required number of years of service under the Employment Ordinance (the "Ordinance") to be eligible for long service payments on termination of their employment with the Group. The Group is only liable to make such payments where termination meets the required circumstances specified in the Ordinance. The estimated unaudited maximum amount of such payment is approximately HK$389,000.

Pension Scheme

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

The retirement benefit scheme cost charged to the consolidated statement of profit or loss and other comprehensive income represents contributions payable by the Group to the funds and is expensed as incurred. For the three months ended 31 May 2020, the unaudited retirement benefit scheme contributions borne by the Group amounted to approximately HK$82,000 (2019: approximately HK$78,000). No forfeited contribution for the Group is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately.

Operation Review

For the three months ended 31 May 2020, the unaudited turnover was approximately HK$2,144,000, a 75% decrease from approximately HK$8,519,000 for the corresponding period last year. Of the total unaudited turnover, turnover of approximately HK$1,615,000 represented sales of self-developed software, turnover of approximately HK$404,000 was generated from Fintech resources services and overseas mortgage loan consultancy services and turnover generated from resales of computer hardware and the third parties' products were approximately HK$125,000.

The Coronavirus disease (COVID-19) ("COVID-19"), economic recession and political instability in Hong Kong continue to post threats to the Group. It is expected that the uncertain market condition will adversely affect the financial market. The Hong Kong stock market is volatile and the investment intention is prudent. Under this unfavourable business environment, the potential and existing customers of the Group have slowed down their business activities and decided to further delay the business expansion plan as well as implementation of IT infrastructure and upgrade projects. As results, signing of the new projects has been conspicuously slowed down and postponed and also the delivery of the existing ongoing projects was delayed to the second half year 2020 as affected by COVID-19. As at 31 May 2020, the Group had approximately HK$2.5 million worth of service contracts and hardware sales contracts that were in progress.

To overcome these difficulties, the Group continues to improve its existing products for better user experience. Simultaneously, the Group has been attaining product diversification and broadening its customer base. The Group has also taken several measures including (i) holding virtual seminars and making use of video conferencing software to follow up with customers; (ii) strengthening online media promotion; (iii) cooperating with new business partners for expansion of product base; (iv) seeking for new business opportunity by modifying the existing software of the Group to cater a new group of target customers; and (v) maintaining an efficient and lean cost structure with stringent control on fixed cost.

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.

After dedicated efforts in the development of our new product, “FinReg Innovative Tools”, our endeavors start to bear fruit. As at 31 May 2020, the Group has signed two sales contracts to implement “FinReg Innovative Tools” with one new brokerage house customer and one existing customer, which is expected to have system live run in the third quarter of this year. This is a remarkable breakthrough and the Group is also closely negotiating with not less than ten potential customers in the meantime. The Group actively carries out marketing campaign to promote its services and is confident that “FinReg Innovative Tools” would contribute positively to the Group’s profitability.

Recently, the Stock Exchange has launched several new products and market change enhancements which are including (i) new spread table and continuous quoting market making obligations for Exchange Traded Funds (“ETFs”) and Leveraged and Inverse (“L&I”) Products; (ii) upgrade OMD and OCG Module which is covering “pre-opening Session Enhancement and Resilience Model Enhancement” respectively. ETFs and L&I was launched to the market in the first quarter of the year. And according to the Stock Exchange tentatively timeline, the pre-opening Session Enhancement and Resilience Model Enhancement will be launched to the market at the fourth quarter of the year. During the period, the Group is closely negotiating with certain customers for the well preparation to implement the system upgrade enhancements.

The Group has successfully registered as the IT service providers of the Distance Business Programme (“D-Biz Programme”) launched by the HKSAR Government recently. The Innovative and Technology Commission (ITC) has launched the D-Biz Programme which provides funding support through fast-track processing for enterprises to adopt IT solutions for developing distance business. The Group’s services fall into the funding scope, including (i) online order taking and delivery, and smart self-service system; (ii) online customer services and engagement; and (iii) other online/custom-built/cloud-based business support systems. The D-Biz Programme allows the Group to expand its customer base to non-financial institutions.

Since 2019, the Group has cooperated with not less than ten new business partners on cloud services, network security solutions, compliance solutions, IT managing service, scanning and storage solutions, CCTV solutions and mobile application design services to provide more innovative business solutions. In 2020, the Group has been partnering with a global well-known multinational company, who provides both hardware and software and most notably its sound artificial intelligence (AI) driven solutions. Moreover, the Group is also partnering with different companies aiming to provide a wide variety of services to its valued customers including FileCloud, VDI solution, active back-up solution, video conferencing and cyber securities solution.

More information on the Group's development and expansion plan are set out below in this report.

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 solutions 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.

SUPPLEMENTARY INFORMATION FOR THE SIX MONTHS ENDED 31 MAY 2020

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 explored and will dig in to every business opportunity to keep its competitiveness and sustainability. Therefore, the Group has 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 (Order 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 recent years. It has devoted its resources in developing the new C# version of its core brokerage settlement system (i.e. OCTOSTP) since 2018. 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 improved stabilization. The Group is well-positioned to further promote its upgraded system and attract new customers and also will launch the rental plan for new C# version of OCTOSTP to the market.

In 2019, the Group has successfully signed a sales contract for the upgraded C# version of OCTOSTP System to one well known brokerage house in Singapore that has local operation in Hong Kong. The first stage of development work and system integration test ("SIT Testing Criteria") has been delivered on schedule. The coming stage of user acceptance test ("UAT Testing Criteria") and parallel run testing of the upgrade C# version system live run are postponed due to outbreak of COVID-19 and are expected to be completed in the third quarter of this financial year. The Group targets to sign more sales contracts for its OCTOSTP system for the years 2020 – 2021.

Additionally, the Stock Exchange has several new launch products and market change enhancements in the People's Republic of China ("PRC") and Hong Kong stock trading markets which are including (i) new spread table and continuous quoting market making obligations for Exchange Traded Funds ("ETFs") and Leveraged and Inverse ("L&I") Products; (ii) upgrade OMD and OCG Module which is covering "pre-opening Session Enhancement and Resilience Model Enhancement" respectively.

ETFs and L&I was launched to the market in the first quarter of the year. The Group was awarded the satisfactory result that new sales contracts were signed with not less than five brokerage firms for system enhancement and calibration for the ETFs and L&I.

According to the Stock Exchange tentatively timeline, the pre-opening Session Enhancement and Resilience Model Enhancement will be launched to the market at the fourth quarter of the year. During the period, the Group is closely negotiating with certain customers for the well preparation to implement the system upgrade enhancements.

(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 and insurance company 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. Since the fourth quarter of the year 2019, the Group actively hosted four seminars 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. During 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 products and services. As at 31 May 2020, the Group has signed two sales contracts to implement "FinReg Innovative Tools" with one new brokerage house customer and one existing customer, who is expected to have system live run in the third quarter of this year and. The Group is also closely negotiating with not less than ten potential customers in the meantime.

Having accessed the COVID-19 situation in Hong Kong, in order to protect the health of participants in seminars, the Group has taken precaution measures. We make use of online platform actively to provide customers with information about the Group's latest development and services. The Group has held Facebook live broadcasting with business partners at least once a month. The Group will continue to corporate with various business partners throughout the Company's Facebook live to promote its products and services. In May 2020, the Group has signed two new partnership agreements and corporate with the partners to host two Live Webinars.

(iii) *Expansion of product base*

In order to strengthen the Group's competitiveness, the Group has also dedicated resources to improve and enhance "FinReg Innovative Tools" which was launched to the market in the fourth quarter of 2019. "FinReg Innovative Tools" 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 ongoing products and services and introduction of its new products, the Group has strengthened the media promotion platform by revamped the Company's website, established the Company Facebook pages and throughout its Facebook live and YouTube channel respectively. The Group considers that the revamped website and throughout Company Facebook and YouTube 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. The Group has cooperated with several business partners through its Facebook live to promote its ongoing products and services. The Group also targets to cooperate with various business partners to promote its ongoing products and services throughout the Company Facebook live monthly. As at the date of this report, the Group through the video introduction from the Company's Facebook page to introduce the information of Technology Voucher Program (the "TVP") and the application. The TVP scheme aims to subsidize local SMEs to use technology services and solutions to increase productivity or upgrade and transform. The Group expects that through the TVP scheme, it can help customers grasp TVP opportunities, use technology services and solutions to increase productivity or upgrade information, thereby expanding its customer base to increase turnover goal.

(2) Provision of Overseas Mortgage Loan Consultancy Services (New business for the Group in 2020)

To assist the overseas property investors in Hong Kong affected by the worldwide outbreak of Coronavirus disease and in light of steady demand on resolving mortgage matters which include sourcing overseas mortgage and seeking for approval after committing into purchase agreement with the property developer from overseas property investors in Hong Kong, the Group commenced a new mortgage loan consultancy service to give the overseas property investors in Hong Kong one stop solution to choose the right package with a reputation of having high bank loan approval success rates. During the period, the Group's subsidiary, ABC Enterprise Limited has changed its company name to Canada Mortgage Limited to cope with the Group's business expansion plan. The principal activity of Canada Mortgage Limited is provision of the consultancy service on overseas property mortgage loan to customers. To implement the new business, the Group makes use of existing developed mobile apps architectural for further development of mortgage loan application platform for customer services handling. During the period, the Group is upgrading its existing web application architectural to develop the mobile platform for rollout the new business. Furthermore, the Group has built up a new business team including consultant, sales and marketing staff. The Company Facebook page "Canada Mortgage" has been launched to promote the service. During the period, the Group is closely negotiating with customers for the provision of overseas mortgage loan consultancy service and secured nine applications from the customers.

(3) 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.

(4) Sales of Computer Hardware

The Group intends to expand this segment by (i) expansion of customer base; (ii) expansion of product base; 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. In 2020, the Group has signed five hardware sales contracts with one non-financial customer and will also to approach other departments of brokerage houses and banks by warm call and throughout seminars. As at the date of this report, the Group is in negotiation with several customers for upgrading its computer hardware, firewall and other third party products.

(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.

The Group has cooperated with not less than ten new business partners since the beginning of year 2019 on cloud services, network security solutions, compliance solutions, IT managing service, scanning and storage solutions, CCTV solutions and mobile application design services to provide more innovative business solutions. In 2020, the Group has been partnering with a global well-known multinational company, who provides both hardware and software and most notably its sound artificial intelligence (AI) driven solutions. Moreover, the Group is also partnering with different companies aiming to provide a wide variety of services to customers including FileCloud, VDI solution, active back-up solution, video conferencing and cyber securities solution.

(5) 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. In 2020, the Group has signed a new secondment contract with one existing financial customer. The secondment contract was effective in April 2020. Meanwhile, the Group also will participate in tendering for IT support secondment services to NGO. The Group targets to sign more secondment contracts and to generate more turnover from Fintech resources. 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. During the period, the Group has cooperated with a well-known recruitment company throughout the Company Facebook Live to promote its ongoing Fintech resources services. The Group will continue to corporate with various recruitment agencies through the Company's Facebook live to promote its services.

(iii) *Recruitment portals*

The Group has also begun to publish recruitment advertisements on well-known recruitment portals including jobsDB, CTgoodjobs, SCMP online, Indeed 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.

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

As at 31 May 2020, the interests and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 to 5.68 of the GEM Listing Rules were as follows:

Long positions in shares

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

Long positions in underlying shares

a) *The Company:*

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

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

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

b) *Associated Corporation:*

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

Long positions in debentures

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

Short positions in shares

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

Short positions in underlying shares

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

Short positions in debentures

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

Save as disclosed above, as at 31 May 2020, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 May 2020, 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.

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. Base 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.

AUDIT COMMITTEE

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

The written terms of reference which describe the authorities and duties of the audit committee were prepared and adopted with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the audit committee should also require it to review arrangement employees of the Company can use to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action and to act as the key representative body for overseeing the Company's relations with the external auditors. The audit committee provides an important link between the board of directors and the Company's auditors in matters coming within the scope of the Group audit. It also reviews the financial reporting process and the adequacy and effectiveness of the Group's internal control system.

During the six months ended 31 May 2020, the audit committee held two meetings for the purpose of reviewing the Company's reports and financial statements, 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 unaudited results for the three months ended 31 May 2020 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standard.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 May 2020, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

CORPORATE GOVERNANCE CODE

The Company is committed to maintain and ensure high standards of corporate governance code. Except for the deviations as explained below, none of the directors is aware of information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period for the six months ended 31 May 2020, in compliance with the Corporate Governance Code (the "CG Code") set out by the Stock Exchange in Appendix 15 to the GEM Listing Rules.

Appointments, Re-election and Removal of Director

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

Mr. Kwong Sang Liu, 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 31 March 2020, and are subject to a separate resolution to be approved by shareholders in each year.

Financial Reporting

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

During the six months ended 31 May 2020, rather than provide monthly updates, the management of the Company has provided to the Board quarterly updates with quarterly consolidated financial statement of the Company's performance, position and prospects in sufficient details during the regular Board meetings of the Company. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board. The management discussion and analysis prepared by management and reviewed by the Board of the directors are included in this interim 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 six months ended 31 May 2020, 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 Group 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 2020, the review bases on a framework which assesses the Group's internal control system into receipt and revenue 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 May 2020, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

By order of the Board
Joseph Chi Ho HUI
Chairman

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

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

Hong Kong, 10 July 2020