abcmultiactive

abc Multiactive Limited

(Incorporated in Bermuda with limited liability)

Stock code:8131

2020

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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors of abc Multiactive Limited (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

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

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

BERMUDA RESIDENT REPRESENTATIVE

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Bermuda

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BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
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41 Cedar Avenue
Hamilton HM 12 Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
The HongKong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited

STOCK CODE

8131

WEBSITE

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AUDITORS

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

Chairman's Statement

It was unprecedentedly challenging year in 2020, overall business performances across the industries was hampered in the year. Due to the impact of coronavirus, sales activities were slower down, projects development has been delayed with customers and also the rollout plan of new products and business were lengthened. The good news is that we have a strong and diligent team that push our business ahead in the face of these challenges. Although there are still many uncertainties in the road of recovery. The Group hope the recent development in vaccines will begin to signal the end of this pandemic. The Group believe the pandemic will be an accelerator of the digital transformation in our daily life and the way we do business. These changes are here to stay. Fast adaptation of these changes will be important to our success in the post pandemic world.

The Group will continue to be focused on a creative innovator in our industry to face keen competition in the market. During the Year, our teams have been making great strides with the successful live run implementation of our FinReg Solutions in market. Indeed, our FinReg Solutions has come to be the cornerstone of innovative RegTech solution in the securities brokerage industry in Hong Kong. With the growing awareness in adoption of digital technology in compliance and regulatory administration across the securities brokerage industry, we believe our FinReg Solutions is leading and competitive in the market. Relied on its strong customer base and renowned reputation, the Group strives to enlarge its products base and ensure its competitive position in its core business by introducing different partners' innovative solutions to its customers. Meanwhile, the Group remains cautious to maintain a proactive and prudent approach in its cost control and financial strategy to improve the financial position.

On behalf of the Board, I would like to close by thanking our shareholders, customers and business partners for their continued confidence and support, our board of directors, management team and every member of the dedicated staff for their hard work and significant contribution in the past years.

Let's all emerge stronger in 2021.

Joseph Chi Ho Hui
Chairman

Hong Kong, 9 February 2021

Financial Highlights

Key Financial Figures and Ratios	Note	**Year ended 30 November 2020 HK$'000**	Year ended 30 November 2019 HK$'000	Increase/ (decrease) in %
Performance				
Revenue		**16,626**	17,361	(4.2%)
Profit/(loss) before interest, taxation and depreciation		**1,916**	(2,764)	(169.3%)
Loss for the year		**2,987**	4,965	(39.8%)
Loss attributable to owners of the Company		**2,987**	4,965	(39.8%)
Gross profit margin	1	**55.2%**	53.8%	1.4%

Key Financial Figures and Ratios	Notes	**Year ended 30 November 2020 HK$'000**	Year ended 30 November 2019 HK$'000	Increase/ (decrease) in %
Total assets		**12,123**	7,753	56.4%
Net liabilities		**25,204**	22,217	13.4%
Cash and cash equivalents		**4,429**	4,685	(5.5%)
Net cash	2	**4,429**	4,685	(5.5%)
Liquidity and Gearing				
Current ratio	3	**1.04**	1.19	(12.6%)
Gearing ratio	4	**1.19**	0.98	21.43%

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 equity.

Management Discussion and Analysis

Performance Analysis

The performance analysis of the Group for the year ended 30 November 2020 (the "Year") is set out in the "Financial Highlights" of this annual report.

Financial Review

The Group recorded a revenue of approximately HK$16,626,000 for the Year, slightly decreased by 4% from that of approximately HK$17,361,000 for the corresponding period last year. The gross profit of the Group for the Year was approximately HK$9,185,000, remained stable when compared to that of approximately HK$9,335,000 for the corresponding period last year. Of the total revenue amount, (i) approximately HK$1,080,000 or 7% was generated from sales of computer software licenses, (ii) approximately HK$1,738,000 or 10% was generated from computer software licenses leasing and provision of related services, (iii) approximately HK$3,214,000 or 19% was generated from contract revenue, (iv) approximately HK$4,409,000 or 27% was generated from maintenance services, (v) approximately HK$5,060,000 or 30% was generated from sales of computer hardware and related products, (vi) approximately HK$939,000 or 6% was generated from fintech resources services and (vii) approximately HK$186,000 or 1% was generated from overseas mortgage loan consultancy services. The net loss attributable to owners of the Company for the Year was approximately HK$2,987,000, in which approximately HK$4,078,000 was imputed interest expenses on convertible bond and promissory notes and interest expenses on lease liabilities, whereas the Group recorded a net loss attributable to owners of the Company of approximately HK$4,965,000 for the corresponding period last year after deducting of imputed interest of HK$2,363,000.

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$12,720,000 for the Year, decreased by 6% when compared to approximately HK$13,591,000 for the corresponding period last year. The decreases were mainly attributed to cost saving measures and enhanced resources allocation efficiency implemented by the Group during the Year. Meanwhile, the decrease in operating expenditures was partially offset by the increase in selling and marketing expenses arising from increase in headcount in sales and marketing team to cope with the Group's business expansion plan.

During the Year, the depreciation expenses on right-of-use assets was approximately HK$1,122,000. The depreciation expenses on property, plant, and equipment was approximately HK$163,000, decreased by 28% when comparing to approximately HK$227,000 for the same period last year since some property, plant and equipment have been fully depreciated over its useful life in the Year.

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

Total staff costs (excluding directors' remuneration) were approximately HK$8,441,000 for the Year, slightly decreased by 4% when compared to that of approximately HK$8,820,000 for the corresponding period last year. The decrease was mainly due to cost saving measures implemented by the Group.

Management Discussion and Analysis

The Group continues to invest in the research and development of new functions and enhancement of its existing products to match advance technological demand from the market. During the Year, the Group has implemented the upgraded C# version of its core brokerage settlement system (i.e. OCTOSTP) to a well-known Singapore brokerage firm for its Hong Kong operation. In addition, the Group has signed sales contracts with a brokerage house to implement OCTOSTP Back Office System and upgrade its SQL server.

During the Year, the Stock Exchange has launched several new products and market change enhancements 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. The Group as the registered service provider has implemented and delivered system enhancement to not less than five brokerage firms.

Nevertheless, the Coronavirus epidemic ("COVID-19") has accelerated technology development especially in aspects of remote working, cloud solutions and telecommunications and created customer demand for IT related products and services. The Group was benefited from this area and generated more revenue by facilitating customers' needs on IT infrastructure and software solutions. As a result, revenue from sales of computer hardware and electronic products has recorded significant increase from approximately HK$1,426,000 for the same period last year to approximately HK$5,060,000 this year.

Operation Review

For the Year, the Group's revenue was approximately HK$16,626,000, slightly decreased by 4% when compared to that of approximately HK$17,361,000 for the corresponding period last year. Of the total audited revenue, revenue of approximately HK$10,441,000 represents sales of self-developed software, revenue of approximately HK$1,125,000 was generated from fintech resources services and overseas mortgage loan consultancy services and revenue generated from resales of computer hardware and the third parties' products were approximately HK$5,060,000.

During the Year, the Group has experienced great challenges. The continuing outbreak of "COVID-19" adversely impacted the economy in Hong Kong, resulting in sluggish market demand. Some potential and existing customers of the Group have slowed down their business activities and further delayed the implementation of new projects. As at 30 November 2020, the Group had approximately HK$2.8 million worth of service contracts and hardware sales contracts that were in progress.

Although prolonged market uncertainty leads to deferring business activities by customers, the Group remains optimistic about the prospects of IT related services. Striving for expanding and diversifying its business lines to keep competition in the market and to achieve sustainable growth remain the top priorities of the Group. The Group reinforces its strategic initiative and seeks new business opportunities.

Management Discussion and Analysis

In light of the market trend to adopt technologies to improve work efficiency and the growing demand of IT professionals, the Group targeted to expand the market of fintech resources services in order to achieve larger market share and broaden its customer base. On 4 January 2021, the Group and the Vendors entered into Acquisition Agreement (the Acquisition) that the Group has conditionally agreed to acquire the 100% of the issued shares of Leadership Solutions Limited ("Leadership") for a cash consideration of HK$4,200,000 (subject to adjustment). Leadership is an IT contractor resourcing firm with long track record of providing high quality IT professionals to clients ranging from in finance service, IT industries and universities. The Acquisition has not been completed up to the date of this annual report. For details of the Acquisition, please refer to the announcement of the Company dated 4 January 2021.

Apart from the expansion of fintech resources services, the Group has been exploring additional value-added products and services extensions. Through utilizing the competitive advantages of its C# version of OCTOSTP, the Group has dedicated efforts in developing new extension of C# back office system to cover more operation functions in brokerage industry. According to the Group's tentative timeline, the new extension systems are estimated to be launched to the market in 2021 and 2022. The new extensions are more comprehensive that helps customers to improve business performance with efficiency and automation. It has certain new and advanced functionalities including (i) automated Know Your Customer system ("eKYC system"), an integrated technology platform that efficiently manages KYC policies and regulatory compliance requirements and enables online account opening; (ii) customer management system, a modular solution for enhancement of customer service and customer data management since it provides a collaboration platform connected to multi-operation systems and enables users to manage their clients' database within one solution across various functions and (iii) wealth management system, which focus on the digital transformation of the daily operation of the wealth management industry. The Group believes that these would help maintain its competitiveness in the market and achieve sustainable growth.

Also, the rapid development of financial industry has arisen increasing awareness of regulatory compliance. Regulations have been tightened in order to ensure the stability of financial markets. With the increase of regulation and reporting requirements, Regulatory Technology ("RegTech") has flourished and become highly valuable. The Group expects that the market of RegTech is promising. The Group has devoted resources in the development of its newly launched RegTech solution "FinReg Innovative Tools" that helps customers deal with trade surveillance and anti-money laundering monitoring related to securities trading activities. Following the successful launch of FinReg in late 2019, the Group has completed FinReg phase I and II product enhancement in 2020. During the Year, the Group has achieved a remarkable breakthrough that it has implemented "FinReg Innovative Tools" to several customers, which including a new customer who is a well-recognised online brokerage house. The Group is also negotiating with several new customers in the meantime. The Group will keep up promoting our well known RegTech solutions "FinReg Innovative Tools" to the market and is confident that "FinReg Innovative Tools" will enhance the Group's profitability in the coming future.

With more new products and innovative ideas going to be launched to the market, the Group is committed to enhance its marketing activities for promoting its products and services. For the Year, the Group has regularly carried out Facebook live broadcasting, organized webinars with business partners and strengthened its digital social media platform to provide customers latest product development of the Group and boosts customer interaction.

Management Discussion and Analysis

Together with solid experience and intelligence of the Group and business partners, the Group believes that the cooperation with partners can create synergy effect for both parties. Since 2019, the Group has cooperated with not less than ten new business partners to introduce various products and solutions.

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 D-Biz Programme allows the Group to expand its customer base to non-financial institutions.

Capital structure

As at 30 November 2020, the total issued share capital of the Company was approximately HK$42,464,000 (2019: approximately HK$42,464,000) divided into 301,108,062 ordinary shares and 123,529,400 non-voting convertible preference shares (2019: 301,108,062 ordinary shares and 123,529,400 non-voting convertible preference shares) of HK$0.10 each.

Liquidity and Financial Resources

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

As at 30 November 2020 and 2019, the convertible bond to Maximizer International Limited ("MIL"), amount due to a related company and the promissory notes to a related company were repayable as follows:

	The Group	
	2020	2019
	HK$'000	HK$'000
Within 1 year	**231**	229
Between 1 and 2 years	**8,464**	6,560
Between 3 and 5 years	**17,957**	15,167
Wholly repayable within 5 years	**26,652**	21,956

As at 30 November 2020, the Group had outstanding amount of approximately CAD39,000 (equivalent to approximately HK$231,000) due to Maximizer Services Inc ("MSI"), a related company of the Company. The amount due to MSI was mainly payables for purchases of software merchandise, royalty fee and expenses paid on behalf of the Group, which was unsecured, interest free and repayable on demand.

As at 30 November 2020, loans of amount HK$8,000,000 and HK$3,000,000 are loans from 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 June 2022. The valuation of the two outstanding promissory notes was performed by an independent valuer. As at 30 November 2020, the aggregate amount of two promissory notes was approximately HK$8,464,000. (Note 25)

As at 30 November 2020, the carrying amount of the liability component of the convertible bond amounted to approximately HK$17,957,000, which were included in non-current liabilities on the consolidated statement of financial position of the Group. (Note 26)

The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total equity. As at 30 November 2020, the Group's gearing ratio was 1.19 (2019: 0.98).

Pledge of Assets

The Group did not have any mortgage or charge over its assets as at 30 November 2020 (2019: 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 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 2020 and 2019, 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.

Management Discussion and Analysis

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.

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.

Treasury policy

Cash and bank deposits of the Group are either in Hong Kong dollars or 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 2020 (2019: Nil).

Event after the Reporting Period

On 4 January 2021, the Group has published an announcement of major transaction in relation to acquisition. abc Fintech Recruiters Limited (the Purchaser), a wholly-owned subsidiary of the Company, the Company (the Guarantor) and the Vendors entered into the Acquisition Agreement (the Acquisition), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the 100% of the issued shares of Leadership Solutions Limited (the Target Company) for a cash consideration of HK$4,200,000 (subject to adjustment) in accordance with the terms and conditions of the Acquisition Agreement. The acquisition has not been completed up to the date of this annual report.

Litigation

As at 30 November 2020, the Group had no material litigation (2019: Nil).

Management Discussion and Analysis

Significant Investments

The Group has not held any significant investment for the year ended 30 November 2020 (2019: Nil), except for the Acquisition as mentioned below in "Material Acquisitions, Disposal of Subsidiaries and Affiliated Companies".

Material Acquisitions, Disposal of Subsidiaries and Affiliated Companies

During the year ended 30 November 2020, the Group did not have any material acquisitions, disposals of subsidiaries and affiliated companies. (2019: Nil.) Nonetheless, on 4 January 2021, the Group has published an announcement of major transaction in relation to acquisition. abc Fintech Recruiters Limited (the Purchaser), a wholly-owned subsidiary of the Company, the Company (the Guarantor) and the Vendors entered into the Acquisition Agreement (the Acquisition), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the 100% of the issued shares of Leadership Solutions Limited (the Target Company) for a cash consideration of HK$4,200,000 (subject to adjustment) in accordance with the terms and conditions of the Acquisition Agreement. The acquisition has not been completed up to the date of this annual report. Upon completion, the Target Company will become an indirectly wholly-owned subsidiary of the Company and the assets, liabilities and results of the Target Company will be consolidated into the consolidated financial statements of the Group.

Major Events

As at 30 November 2020 and 2019, the Group had no material capital commitments and no future plans for material investments or capital assets, except for the Acquisition as mentioned above in "Material Acquisitions, Disposal of Subsidiaries and Affiliated Companies".

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 2020, the Group had employed 22 staffs in Hong Kong (2019: 24 staffs in Hong Kong). Total staff costs for the Year under review amounted to approximately HK$8,441,000 (2019: HK$8,820,000).

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 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$321,000 (2019: HK$317,000). 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 2021. 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.

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 diversified solutions. During the Year, "FinReg Innovative Tools" marks an important milestone as it has been successfully launched to the market and were well recognised by our customers. To go further, "FinReg Innovative Tools" would be the cornerstone of innovative RegTech solutions in the securities brokerage industry in Hong Kong since more companies put emphasis on regulatory compliance and look for appropriate RegTech solutions. 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 revenue 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.

Looking forward, innovation and advance technology development will be the key to maintain competitive advantage. Thus, market demand for IT professionals remains strong. The Group believes that the market of fintech resources service has considerable potential. By leveraging on the knowledge and experience of the Group's IT professionals in financial industry and to enlarge the scale of operation through acquisition to provide IT secondment and recruitment services as a strong backing, the Group is well positioned to capitalise the growing trend.

Management Discussion and Analysis

SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED 30 NOVEMBER 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 Licenses, Computer Software Licenses Leasing 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; (iii) expansion of product base and (iv) Strengthen of media promotion platform. 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. During the Year, the Group has implemented the upgraded C# version of its OCTOSTP system to a well-known Singapore brokerage firm for its Hong Kong operation. In addition, the Group has signed sales contracts with a brokerage house to implement OCTOSTP Back Office System and upgrade its SQL server.

During the Year, the Stock Exchange has launched several new products and market change enhancements 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. During the Year, the Group has signed new sales contracts with not less than five brokerage firms for these system enhancement.

The Group targets to sign more sales contracts for its OCTOSTP system for the years 2020 – 2021.

(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 to broaden its customer base. 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. Having assessed the COVID-19 situation in Hong Kong, in order to protect the health of participants in seminars, the Group has taken precaution measures. Instead of holding seminars, the Group makes use of online platform actively to provide customers with information about the Group's latest development and services. The Group has regularly held Facebook live broadcasting with business partners or Facebook video. 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 the date of this report, the Group is negotiating with several new customers for the project scope of implementing "FinReg Innovative Tools". The Group will continue to cooperate with various business partners throughout the Company's Facebook live to promote its products and services.

(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 since 2019. Following up, the Group is devoting its resources in continuing the development of phase 2 "FinReg Innovative Tools" during 2020. "FinReg Innovative Tools" helps customers deal with risk management and compliance of regulatory rules related to securities trading activities with automation and efficiencies. During the Year, the Group has achieved a remarkable breakthrough that it has implemented "FinReg Innovative Tools" to several customers, which including a new customer who is a well-recognised online brokerage house. The Group is also negotiating with several potential customers in the meantime.

Moreover, since regulatory compliance in financial industry is becoming more important, the Group has seen the market potential of RegTech and would dedicate more resources on the development of RegTech to provide customers with tailored RegTech solutions, aiming at providing protections for financial institution customers against risks and non-compliance effectively.

In addition, through utilizing the competitive advantages of its C# version of OCTOSTP, the Group has dedicated efforts in developing new extension of C# back office system to cover more operation functions in brokerage industry. According to the Group's tentative timeline, the new extension systems are estimated to be launched to the market in 2021 and 2022. The new extensions are more comprehensive that helps customers to improve business performance with efficiency and automation. It has certain new and advanced functionalities including (i) automated Know Your Customer system ("eKYC system"), an integrated technology platform that efficiently manages KYC policies and regulatory compliance requirements and enables online account opening; (ii) customer management system, a modular solution for enhancement of customer service and customer data management since it provides a collaboration platform connected to multi-operation systems and enables users to manage their clients' database within one solution across various functions and (iii) wealth management system, which focus on the digital transformation of the daily operation of the wealth management industry. The Group believes that these would help maintain its competitiveness in the market and achieve sustainable growth.

(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 page "abc Fintech World", through its Facebook live and YouTube channel respectively. The Group considers that the revamped website and through 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 regularly. Since this year, the Group has hosted seven live webinars with business partners including a well-known multinational company with its sound AI driven solution; a popular web conferencing service provider; a famous global company providing risk data, financial information publications, business news and data capabilities; a fast-growing and quality bespoke governance, risk and compliance consulting firm and an international audit, tax and advisory firm.

During the Year, the Group introduced the information of Technology Voucher Program (the "TVP") and the application through the video introduction from the Company's Facebook page. 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 revenue goal. As at the date of this report, the Group is negotiating with a new non-financial customer to provide service that is supported under the TVP scheme.

(2) Provision of Overseas Mortgage Loan Consultancy Services

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. 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 architecture for further development of mortgage loan application platform for customer services handling. Due to the impact of COVID-19, the sales progress of overseas mortgage loan consultancy service showed a slowdown. However, the Group continues to promote its services through the Company's Facebook page "Canada Mortgage".

(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 licenses, software rental and provision of related services be expanded, the performance of this segment would improve accordingly.

(4) Sales of Computer Hardware and Related Products

The Group intends to expand this segment by (i) expansion of customer base and (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. As at 30 November 2020, the Group has signed sales contracts of computer hardware and third parties products, including contracts signed with several new non-financial customers for providing firewall protection, CCTV solution, server equipment set up and backup services; This Year, the Group became a business partner with one leading enterprise and distributor in the mobile and wireless arena in Hong Kong and Mainland China to sell its mobility products which enable the Group to generate more revenue from computer hardware and electronic products.

The Group has expanded its sales and marketing team which actively approach other departments of brokerage houses and banks by warm call and 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*

Together with solid experience and intelligence of the Group and business partners, the Group believes that the cooperation with partners can create synergy effect for both parties. Since 2019, the Group has cooperated with not less than ten new business partners to introduce various products and solutions such as cloud services, network security solutions, compliance solutions, IT managing service, scanning and storage solutions, CCTV solutions, mobile application design services, active back-up solution and video conferencing solution that enable the Group to provide more innovative business solutions to its customers. Among all, one of them is a famous global company providing risk data, financial information publications, business news and data capabilities. It has integrated its financial information solutions with the Group's FinReg Innovative Tools. Furthermore, the Group became a business partner with one leading enterprise in the mobile and wireless arena in Hong Kong and Mainland China to sell its mobility products.

(5) Provision of Fintech Resources Services

The Group thinks that there is a great business opportunity in fintech resources segment because the rapid development of fintech, big data analytics, artificial intelligence and cyber security in various sectors has raised tremendous demand of IT personnel with comprehensive knowledge and experience on relevant aspects. Besides, under the current uncertain business environment, many companies are hesitated in expanding and trying to find ways to ease their operation burden. Therefore, the Group takes a proactive role to offer solutions to the potential customers with agility, flexibility and cost effective management by providing customers with more flexible on-demand workforce arrangement, IT support and related consultancy services.

To expand the fintech resources segment and to broaden the customer base, on 4 January 2021, the Group entered into the Acquisition Agreement to acquire 100% of the issued shares of Leadership from the Vendors, for a cash consideration of HK$4,200,000 (subject to adjustment) in accordance with the terms and conditions of the Acquisition Agreement. The Acquisition has not been completed up to the date of this annual report.

Leadership is an IT contractor resourcing firm which is engaged primarily in providing high quality IT professionals through secondment and recruitment services to clients ranging from small start-ups and SMBs to established enterprises in the finance services, IT industries and universities.

The Acquisition will enable the Group to enhance its scale of operations and sustainability of the business by acquiring an IT contractor resourcing company with long track record in the field and offering secondment services in IT industry in Hong Kong, taking into account the following factors: (i) the horizontal acquisition will enhance the Group's footage in the IT secondment service industry and broaden its customer base since the principal activity of the Target Company is in line with one of the principal business activities of the Group; and (ii) it is expected that the IT outsourcing industry will continue to expand and the manpower requirements of this sector is growing.

On the other hand, during the Year, the Group has also partnered with recruitment agency who has solid IT recruitment experience with extensive knowledge and network of candidates within IT industry. The Group and the partner have developed strategic cooperation plan to provide a spectrum of services to cater customers' needs in IT specialists. The Group believes that its fintech resources service can achieve win-win outcome and enables customers to streamline operation and concentrate on their core businesses.

The Group expects that the demand of IT specialists will continue to grow. The Group targets to sign more secondment contracts and to generate more revenue from fintech resources. Except for the Acquisition disclosed above, the Group will continue to expand this segment by (i) recruitment of human resource professional; (ii) cooperation with recruitment agencies; (iii) make use of recruitment portals and (iv) participating in Career Fair. Details of which are set out below.

(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 recruitment agencies*

The Group has engaged several recruitment agencies to source and identify more professionals for secondment and recruitment services. During the Year, the Group has cooperated with a well-known recruitment company to promote its ongoing fintech resources services through the Company Facebook lives. 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.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Joseph Chi Ho HUI, aged 50, 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 Controls 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 49, 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. 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. Ms. Lam did not hold any directorship in any other public companies of which are listed on any securities market in Hong Kong or overseas in the past three years.

Independent Non-executive Directors

Mr. Kwong Sang LIU, aged 58, joined the Company in September 2004 as an Independent Non-executive Director for more than 16 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 30 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 Earthasia International Holdings Limited, a company listed on the Stock Exchange with stock code 6128. 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 Pine Care Group Limited, a company listed on the Stock Exchange with stock code 1989. 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 46, joined the Company in August 2008 as an independent non-executive director for 12 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 20 years.

Mr. William Keith JACOBSEN, aged 54, joined the Company in July 2009 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. 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 of 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, a company listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") with stock code 550, and a non-executive director of Cocoon Holdings Limited, a company listed on the Stock Exchange with stock code 428. He was previously an independent non-executive director of Sustainable Forest Holdings Limited, a company listed on the Stock Exchange with stock code 723, and of Solis Holdings Limited, a company listed on the Stock Exchange with stock code 2227. 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 49, 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 25 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 48, 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 24 years.

Report of the Directors

The directors are pleased to present the 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 2020 (the "Year").

Principal activities

The principal activity of the Company is investment holding. The activities of its subsidiaries are set out in Note (35) 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 20 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 54 to 56 to the consolidated financial statements.

The directors do not recommend payment of any dividend in respect of the Year (2019: Nil).

Closure of Register of Members

The forthcoming annual general meeting of the Company ("AGM") will be held on Wednesday, 31st March 2021. 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 Friday, 26th March 2021 to Wednesday, 31st March 2021 (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 Thursday, 25th March 2021.

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.

Report of the Directors

Share capital

Details of the movements in the share capital of the Company during the Year are set out in Note (24) to the consolidated financial statements.

Distributable reserves

As at 30 November 2020, 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 2020.

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 (2019: 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

Report of the Directors

In accordance with Bye-laws 84 of the Company's bye-laws, Mr. Joseph Chi Ho Hui and Mr. Edwin Kim Ho Wong 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 2023 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 (34) 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 21 to 23 to the consolidated financial statements.

Related party transactions

Details of the related party transactions of the Group are set out in Note (34) to the consolidated financial statements.

Report of the Directors

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

As at 30 November 2020, 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.

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 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 30 November 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. 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.

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	18.05%
– five largest customers combined	51.07%

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

Purchases	
– the largest supplier	64.72%
– five largest suppliers combined	67.47%

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 2020 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, 9 February 2021

Environmental, Social and Governance Report

INTRODUCTION AND SCOPE OF ESG REPORT

The Board is pleased to present the Environmental, Social and Governance report (the "ESG Report") of the Group in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") published by the Stock Exchange, as contained in Appendix 20 to the GEM Listing Rules. The Group is committed towards sustainability and understands the importance of sustainable development of its business and community. The ESG Report discloses the Group's policies and practices for its commitment to sustainable development. As a platform for communication with all stakeholders, the ESG Report also makes responses to the major expectations of all stakeholders in efforts to facilitate mutual understandings. The ESG Report is to be read in conjunction with the Group's annual report, in particular the Corporate Governance Report contained therein.

The Group is principally engaged in the design and sales of computer software licenses; computer software licenses leasing and provision of related services; provision of maintenance services; sales of computer hardware and related products; provision of fintech resources services and overseas mortgage loan consultancy services. The ESG Report focuses on the environmental and social performance of the core business of the Group in Hong Kong Special Administrative Region (the "HKSAR") during the year ended 30 November 2020. As for the information of corporate governance, please refer to the "Corporate Governance Report" in this annual report. The Group has fully embraced social responsibility as our contribution to address the ESG requirements and challenges society faces and also implemented a number of significant initiatives relating to workplace quality, environmental protection, operating practices and community investment. The Board has overall responsibility for implementing, reviewing and monitoring the Group's environmental and social strategies and reporting and has reviewed the ESG Report.

Reporting Boundary

The ESG Report covers the business activities controlled by the Group which have significant environmental and social impacts. The ESG Report mainly includes abc Multiactive Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") in Hong Kong. Unless otherwise stated, the ESG Report covers specific ESG policies and performance from 1 December 2019 to 30 November 2020 and is consistent with the annual report.

Preparation Basis

The ESG Report complies with all the "comply or explain" provisions of the ESG Reporting Guide under Appendix 20 of the GEM Listing Rules of the Stock Exchange, and was prepared in adherence to the four reporting principles: materiality, quantitative, balance and consistency.

Stakeholder Engagement

The Group attaches great importance to the multi-channel interaction with the stakeholders. The Group respects for employee diversity, and develops competitive compensation system and prospective career path and training for employees. The Group is committed to making proactive efforts to continuously interact with key stakeholder groups, which comprise its Stock Exchange, government and regulatory bodies, customers, employees, investors, shareholders, service providers and the community. The Group maintains active engagement with its stakeholders, and collects their feedback through various communication channels to understand and address their concerns The Group will increase stakeholders' engagement via general meeting, corporate website and constructive dialogue, with a view to driving long-term prosperity.

The Group believes that sound ESG performance is important to the Group's sustainable business development and community. The Group is committed to protect and improve the ecological environment and social factors and minimize the impact of its activities on the environment. It is the Group's policy to promote green operation, thereby gradually achieving the coordinated development of the Group, the environment and the society. The Group will keep creating greater value for stakeholders, and supporting charities and environmental protection.

Information and Feedbacks

For detailed information about environmental and corporate governance, please refer to the annual report of the Group. Your opinions will be highly valued by the Group. If you have any advice or suggestions, please feel free to contact us by:

Tel: (852) 2598 2888
Fax: (852) 2598 2000
Website: www.abcmultiactive.com

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 2020, approximately 50% (2019: approximately 42%) 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 2020, the Group had employed total 22 staff in Hong Kong (2019: total 24 staff). Total workforce employment type, age group and geographical region is as follows:

Environmental, Social and Governance Report

Employment by region

Region	Full-time permanent employees	Part-time employee	Total in percentage
Hong Kong	95%	5%	100%

Employee by age and gender

	20 – 30	30 – 40	40 – 50	over 50	Male	Female	Total in percentage
Age	27%	23%	23%	27%			100%
Gender					77%	23%	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. The Group shows its genuine care for its employees. As to mitigate the impact of COVID-19, the Group has taken a quick response and precaution measures to protect the health of employees i) Face masks and alcohol-based hand sanitizers were constantly given to all employees and placed at workplace areas; ii) arranged the cleaning supplies suppliers to give away disinfection supplies to employees; iii) Non-contact thermometers were placed at the entrance of the office for measuring the body temperature; iv) Sanitation and space disinfection were frequently carried out to maintain the hygiene of workplace and v) the Group has also implemented flexible working hours and split team work from home arrangement for staff.

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.

Labour Standards
The Group has complied with labour laws and government regulations set out by 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 MPF paid for a contribution period before monthly contribution day.

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;

2 days of paid compassionate leave will be granted to permanent employees on the death of a member of the immediate family; and

Examination leave is granted to permanent employees who's examinations 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 encourages 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 85 thousand of papers (2019: 105 thousand of papers) and electricity consumption approximately 60 thousand kWh (2019: 62 thousand kWh). The Group will make use of more digital channel, such as 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.

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 (2019: 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 January 2016 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 2020, 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 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 year ended 30 November 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 pages 6 to 20 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 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 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 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 has been 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.

THE BOARD

During the year ended 30 November 2020, 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 and make recommendations to the Board;

(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 and directors;

(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.

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 2020, the Board held five meetings. Details of the attendance of individual directors are as follows:

		Attendance
(a)	**Executive Directors**	
	Mr. Joseph Chi Ho HUI	5/5
	Ms. Clara Hiu Ling LAM	4/5
(b)	**Independent Non-executive Directors**	
	Mr. Kwong Sang LIU	5/5
	Mr. Edwin Kim Ho WONG	5/5
	Mr. William Keith JACOBSEN	4/5

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 21 to 23 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 2020.

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 2020, 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.

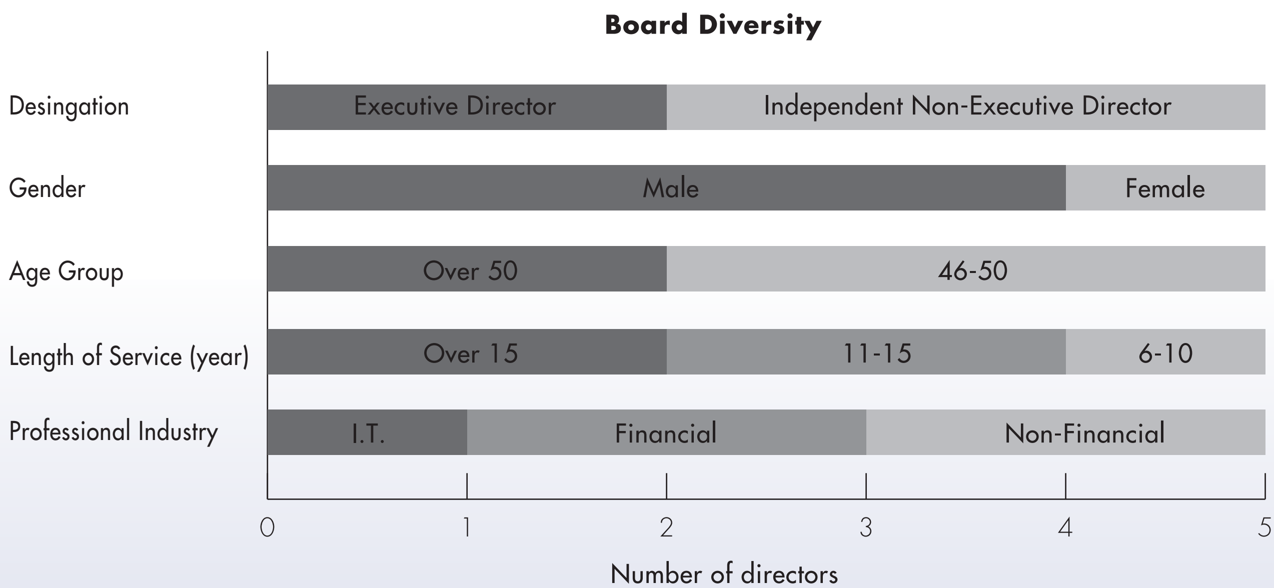
Measurable Objectives

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:



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. Independent non-executive directors have made a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

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. Every director is ensured that sufficient time and attention can be given to the Company's affairs and disclose to the Company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organizations and other significant commitments, with the identity of the public companies or organizations and an indication of the time involved. 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. It is the general practice of the Board that if the Board considers a conflict of interest that has been determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

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.

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 roles 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. The responsibilities of the chairman are to ensure that good corporate governance practices and procedures are established; encourage all directors to make a full and active contribution to the board's affairs and voice out their concerns, allowing sufficient time for discussion of issues and fair decisions; promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors during the Year. The chairman had hold one meeting with the independent non-executive directors without the executive directors present and ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.

DELEGATION BY THE BOARD

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

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

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

BOARD COMMITTEE

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

NOMINATION COMMITTEE

The Company established a nomination committee on 9 March 2012. During the reporting year 2020, 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 2020, 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	1/1
Mr. William Keith JACOBSEN	1/1
Mr. Samson Chi Yang HUI	0/1

NOMINATION OF DIRECTORS

The nomination committee is responsible for the formulation of nomination policies, making recommendations to Shareholders on directors standing for re-election, providing sufficient 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.

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 2020 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 2020.

REMUNERATION COMMITTEE

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

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

During the financial year ended 30 November 2020, one meeting of remuneration committee was held with attendance of individual members as set out below to review and consider the specific remuneration packages of the Company's executive directors and senior management.

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

The details of remuneration payable to directors and senior managements of the Company is set out in Note (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. Kwong Sang Liu is the chairman of the audit committee for the year ended 30 November 2020.

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 2020, 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 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.

	Attendance
Mr. Kwong Sang LIU	4/4
Mr. Edwin Kim Ho WONG	4/4
Mr. William Keith JACOBSEN	3/4

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 and be aware whether there is any material uncertainty relating to events or conditions that may cast significant doubt on the Group to prepare the accounts on a going concern basis. The responsibilities of the auditors for the accounts are set out in the Independent Auditors' Report on pages 49 to 53 of this annual report.

AUDITORS' REMUNERATION

For the year ended 30 November 2020, audit services and non-audit services provided to the Company and its subsidiaries by external auditors of the Group amounted to approximately HK$280,000 and approximately HK$200,000 respectively.

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 and has considered the adequacy of resources, staff qualifications and experience, training programmes, and budget of the Group's accounting and financial reporting function.

The internal control system is designed to manage risks of failure in operational system to achieve business objectives. 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 but not absolute 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.

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 2020, the review based on a framework which assesses the Group's internal control system into receipt and revenue 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.

With respect to the monitoring and disclosure of inside information, the group has adopted a policy on disclosure of inside information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information.

COMPANY SECRETARY

The selection, appointment or dismissal of the company secretary is approved by the Board. 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 23 of this annual report.

COMMUNICATION WITH SHAREHOLDERS

In respect of each separate issue at the general meeting held during the year ended 30 November 2020, separate resolution has been proposed by the chairman at that meeting. The chairman of the Board, members of the audit committee and external auditor attended the annual general meeting held on 31 March 2020 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 members of the audit committee attended the 2020 annual general meeting to answer questions at the meeting.

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

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

Shareholders may at any time send their enquiries and concerns to the Board in writing to the company secretary at the Company's office in Hong Kong at 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 2018. 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 54 to 139, which comprise the consolidated statement of financial position as at 30 November 2020, 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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then 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$2,987,000 during the year ended 30 November 2020 and, as of that date, the Group's total liabilities exceeded its total assets by approximately HK$25,204,000. 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 above, 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	How our audit addressed the 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 policies for revenue recognition are contained in Note 3 to the consolidated financial statements. The contract revenue amounting to approximately HK$3,214,000 were recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 November 2020. 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.	Our procedures in relation to the revenue recognition of contract revenue included: • Obtaining an understanding of the Group's controls and processes over the 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 supportable 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 THE 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, 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.

INDEPENDENT AUDITORS' REPORT

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

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, actions taken to eliminate threats or safeguards applied.

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
Practising Certificate Number: P06417

Hong Kong, 9 February 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 November 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	8	**16,626**	17,361
Cost of sales		**(7,441)**	(8,026)
Gross profit		**9,185**	9,335
Other gains and losses	9	**2,634**	1,246
Software research and development and operating expenses		**(2,976)**	(3,969)
Selling and marketing expenses		**(1,417)**	(862)
Administrative expenses		**(8,327)**	(8,760)
Net (allowance)/reversal of allowance for expected credit losses on trade receivables		**(1)**	19
Gain on derecognition of promissory note		**1,533**	–
Profit/(loss) from operating activities	10	**631**	(2,991)
Finance costs	11	**(4,078)**	(2,363)
Loss before taxation		**(3,447)**	(5,354)
Income tax credit	12	**460**	389
Loss and total comprehensive loss for the year		**(2,987)**	(4,965)
Loss and total comprehensive loss for the year attributable to owners of the Company		**(2,987)**	(4,965)
Loss per share			
– Basic and diluted	13	**HK(0.99) cents**	HK(1.65) cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2020

	Notes	2020 HK$'000	2019 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	18	**235**	226
Right-of-use assets	19	**3,349**	–
		3,584	226
Current assets			
Trade and other receivables	20	**2,953**	2,170
Amount due from a related company	21	**215**	–
Contract costs	22	**942**	672
Cash and cash equivalents	23	**4,429**	4,685
		8,539	7,527
Total assets		**12,123**	7,753
Capital and reserves			
Share capital	24	**42,464**	42,464
Reserves		**(67,668)**	(64,681)
Equity attributable to owners of the Company		**(25,204)**	(22,217)
Liabilities			
Non-current liabilities			
Promissory notes	25	**8,464**	6,560
Convertible bond	26	**17,957**	15,167
Lease liabilities	19	**1,247**	–
Deferred tax liability	27	**1,482**	1,942
		29,150	23,669
Current liabilities			
Other payables and accruals	28	**3,538**	4,313
Contract liabilities	29	**2,088**	1,759
Lease liabilities	19	**2,320**	–
Amount due to a related company	30	**231**	229
		8,177	6,301

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 November 2020

	2020 HK$'000	2019 HK$'000
Total liabilities	**37,327**	29,970
Total equity and liabilities	**12,123**	7,753
Net current assets	**362**	1,226
Total assets less current liabilities	**3,946**	1,452
Net liabilities	**(25,204)**	(22,217)

Approved and authorised for issue by the Board of Directors on 9 February 2021 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 2020

	Attributable to owners of the Company						
	Share capital HK$'000	**Share premium** HK$'000	**Contributed surplus** HK$'000	**Special reserve** *HK$'000 (Note)*	**Convertible bond reserve** HK$'000	**Accumulated losses** HK$'000	**Total equity** 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 year	–	–	–	–	–	(4,965)	(4,965)
As at 30 November 2019 and 1 December 2019	42,464	113,656	37,600	10,828	11,830	(238,595)	(22,217)
Loss and total comprehensive loss for the year	–	–	–	–	–	(2,987)	(2,987)
As at 30 November 2020	**42,464**	**113,656**	**37,600**	**10,828**	**11,830**	**(241,582)**	**(25,204)**

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 during the year ended 30 November 2018.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 November 2020

	Notes	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(3,447)**	(5,354)
Adjustments for:			
Imputed interest expenses on promissory notes	*11*	**1,133**	6
Imputed interest expenses on convertible bond	*11*	**2,790**	2,357
Interests on lease liabilities	*11*	**155**	–
Bank interest income	*9*	**–**	(1)
Net exchange loss	*9*	**2**	1
Depreciation on property, plant and equipment	*10,18*	**163**	227
Depreciation on right-of-use assets	*10,19*	**1,122**	–
Written off of trade receivables	*9*	**–**	200
Waiver of other payables	*9*	**(206)**	–
Net allowance/(reversal) of allowance for expected credit losses on trade receivables		**1**	(19)
Gain on derecognition of promissory note		**(1,533)**	–
Gain on issuance of promissory note	*9*	**(696)**	(1,446)
Operating loss before working capital changes		**(516)**	(4,029)
Increase in trade and other receivables		**(784)**	(41)
Increase in amount due from a related company		**(215)**	–
Increase in contract costs		**(270)**	(6)
Decrease in other payables and accruals		**(569)**	(2,646)
Increase in contract liabilities		**329**	1,759
Decrease in deferred revenue		**–**	(1,094)
Net cash used in operating activities		**(2,025)**	(6,057)
CASH FLOW FROM INVESTING ACTIVITIES			
Bank interest received		**–**	1
Purchase of property, plant and equipment	*18*	**(172)**	(95)
Net cash used in investing activities		**(172)**	(94)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 30 November 2020

	Notes	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		**(1,059)**	–
Proceed from issue of a promissory note	25	**3,000**	8,000
Net cash generated from financing activities		**1,941**	8,000
Net (decrease)/increase in cash and cash equivalents		**(256)**	1,849
Cash and cash equivalents at the beginning of the year		**4,685**	2,836
Cash and cash equivalents at the end of the year		**4,429**	4,685
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents		**4,429**	4,685

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

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 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 23rd Floor, 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 licenses, computer software licenses leasing and provision of related services, provision of maintenance services, sales of computer hardware and related products, provision of fintech resources services and overseas mortgage loan consultancy services.

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance 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 2020

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

HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases, and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 December 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 December 2019.

As at 1 December 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months from the date of initial application;

(ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

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

HKFRS 16 *Leases* (continued)

Definition of a lease (continued)

As a lessee (continued)

(iv) used hindsight based on facts and circumstances as at the date of initial application in determining the lease term for the Group's leases with extension and termination options; and

(v) relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowings rates applied by the relevant group entities is 6.48%.

The following table reconciles the operating lease commitments as disclosed in Note 33 as at 30 November 2019 to the opening balance for lease liabilities recognised as at 1 December 2019:

	HK$'000
Operating lease commitments disclosed as at 30 November 2019	1,385
Less: total future interest expenses	(10)
Lease liabilities relating to operating lease recognised upon application of HKFRS 16	1,375
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	(1,290)
Lease liabilities as at 1 December 2019	85
Analysed as:	
Non-current liabilities	61
Current liabilities	24
	85

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

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

HKFRS 16 *Leases* (continued)

Definition of a lease (continued)

As a lessee (continued)

The carrying amount of right-of-use assets as at 1 December 2019 comprises the following:

	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	85
By class:	
– Office equipment	85

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position at 1 December 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 30 November 2019 HK$'000	Adjustments HK$'000	**Carrying amounts under HKFRS 16 at 1 December 2019 HK$'000**
Non-current assets			
Right-of-use assets	–	85	**85**
Current liabilities			
Lease liabilities	–	24	**24**
Non-current liabilities			
Lease liabilities	–	61	**61**

Note:

The application of HKFRS 16 to leases previously classified as operating leases under HKAS 17 resulted in the recognition of right-of-use assets of approximately HK$85,000 and lease liabilities of approximately HK$85,000 at the initial adoption of HKFRS 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

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

New and amendments to HKFRSs issued but not yet effective

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

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[7]
HKAS 1 and HKAS 8 (Amendments)	Definition of Material[2]
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use[6]
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract[6]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018 – 2020[6]
HKFRS 3 (Amendments)	Definition of a Business[1]
HKFRS 3 (Amendments)	Reference to the Conceptual Framework[6]
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform[2]
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 16 (Amendments)	COVID-19-Related Rent Concession[5]
HKFRS 17	Insurance Contracts and the related Amendments[7]

1 Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
2 Effective for annual periods beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 June 2020.
6 Effective for annual periods beginning on or after 1 January 2022.
7 Effective for annual periods beginning on or after 1 January 2023.

In addition to the above new and amendments to HKFRSs, a revised "Conceptual Framework for Financial Reporting" was issued in 2018. Its consequential amendments, the "Amendments to References to the Conceptual Framework" in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors anticipate that the application of all new and amendments to 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 2020

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.

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 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 December 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

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$2,987,000 (2019: HK$4,965,000) and a net cash outflow from operating activities of approximately HK$2,025,000 (2019: HK$6,057,000) for the year ended 30 November 2020. As at 30 November 2020, the Group's total liabilities exceeded its total assets by approximately HK$25,204,000 (2019: HK$22,217,000). 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 2020.

The promissory notes holder, Active Investments Capital Limited ("Active Investments") with the aggregate principal amount of approximately HK$11,000,000, which is a related company of the Company 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 2020.

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.

Should the Group be unable to continue as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

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. 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.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations

Acquisitions of businesses, other than business combination under common control, 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 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which the lease term ends within 12 months of the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

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.

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 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 to fair value at subsequent reporting dates, 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 or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

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.

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.

Revenue from contracts with customers

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

Except for granting of a licence that is distinct from other promised goods or services, 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.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

The Group recognises revenue from the following accounting policies:

(i) *Sales 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 the performance obligation is satisfied at a point in time at when the software license is granted and delivered to the customers.

(ii) *Computer software licenses leasing 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 over a period of time. The customer simultaneously receives and consumes the benefits provided by the Group and accounts the grant of license as a performance obligation satisfied over time.

(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. The contract revenue is recognised over time as the Group's performance creates and enhances an asset that the customers control as the Group performs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

(v) Sale of computer hardware and related products

Revenue from sales of computer hardware and related products are 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.

(vii) Provision of overseas mortgage loan consultancy services

Revenue from the overseas mortgage loan consultancy services is recognised on a success basis, i.e. when the relevant loan application for mortgage loan transaction is approved. The consideration is determined at an agreed rate at the inception of the contract on the basis of the loan amount approved.

Application fee income is recognised at a point in time when the relevant transactions have been arranged or the relevant services have been rendered without future performance obligations.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

Contract costs

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its contracts revenue. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant Standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

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 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transition in Note 2)

A contract is, or contain, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transition in Note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transition in Note 2) (continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transition in Note 2) (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options if the Group is reasonably certain to exercise the options; and
- payments of penalties for terminating lease, if the lease term reflects the Group exercising of an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment, and
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transition in Note 2) (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liabilities based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Leasing (prior to adoption of HKFRS 16 on 1 December 2019)

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 a 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Leasing (prior to adoption of HKFRS 16 on 1 December 2019) (continued)

The Group as a lessee (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other gains and losses".

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax (continued)

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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%.

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 property, plant and equipment, right-of-use assets and contract costs excluding goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of property, plant and equipment, right-of-use assets and contract costs excluding goodwill (continued)

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. 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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

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.

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 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Impairment under ECL model

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, amount due from a related company and cash and cash equivalents) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date 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 ("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 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Impairment under ECL model (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 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Impairment under ECL model (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 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Impairment under ECL model (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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Impairment under ECL model (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.

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.

Financial liabilities at amortised cost

Financial liabilities (including promissory notes, convertible bond, other payables and accruals, lease liabilities 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 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Convertible bond contain equity component

The component parts of the convertible bond are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bond, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bond using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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.

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.

Derecognition of financial liabilities

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

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 recognized 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2020

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

	2020	2019
	HK$'000	HK$'000
Financial assets		
At amortised cost	**7,255**	6,385
Financial liabilities		
At amortised cost	**33,458**	26,011

(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.

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. Details of each type of market risks are described as follows:

Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to promissory notes, convertible bond and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 23 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and Hong Kong prime rate. No sensitivity analysis was prepared for bank balances as the financial impact arising on changes in interest rates was minimal due to limited changes in interest rate. 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (continued)

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

	2020 HK$'000	2019 HK$'000
Monetary assets:		
CAD	**8**	8
Monetary liabilities:		
CAD	**231**	229

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 only outstanding foreign currency denominated monetary items, and adjusts their translation at the year end for a 5% change in foreign currency rates. A negative number below indicates an increase in post-tax loss 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 loss and total comprehensive loss, and the balances below would be positive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (continued)

Sensitivity analysis on foreign currency risk management (continued)

	2020 **HK$'000**	2019 HK$'000
Impact of CAD		
HK$ weakening against CAD*	**(9)**	(9)

* 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 2020, 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 2020

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 91% (2019: approximately 100%) of the trade receivables and the largest trade receivable was approximately 33% (2019: 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 2020.

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. 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. 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.

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 2020 and 2019:

	Expected loss rate %	**Gross carrying amount HK$'000**	**Net Lifetime ECL HK$'000**	**Carrying amount HK$'000**
As at 30 November 2020				
Current (not past due)	**0.19**	**1,600**	**(3)**	**1,597**
31-60 days past due	**–**	**–**	**–**	**–**
61-90 days past due	**1.22**	**82**	**(1)**	**81**
Over 90 days past due	**2.56**	**117**	**(3)**	**114**
		1,799	**(7)**	**1,792**

	Expected loss rate %	Gross carrying amount HK$'000	Net Lifetime ECL HK$'000	Carrying amount HK$'000
As at 30 November 2019				
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

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 2020 reconciled as follows:

	Trade receivables HK$'000
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 and 1 December 2019	(6)
Loss allowance recognised in profit or loss during the year	(7)
Reversal of loss allowance recognised in profit or loss during the year	6
As at 30 November 2020	**(7)**

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 20 to the consolidated financial statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

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 and deposits

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 and deposits were recognised as at 30 November 2020 and 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.

Amount due from a related company

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

As at 30 November 2020, the internal credit rating of amounts due from a related company were performing. The Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected credit losses method. Thus, no loss allowance for amount due from a related company was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

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. 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.

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.

	2020						
	Weighted average effective interest rate %	On demand or within 1 year HK$'000	More than 1 to 2 years HK$'000	More than 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	19.07	-	11,000	-	-	11,000	8,464
Convertible bond	18.39	-	-	29,700	-	29,700	17,957
Amount due to a related company	-	231	-	-	-	231	231
Other payables and accruals	-	3,239	-	-	-	3,239	3,239
Lease liabilities	7.25	2,502	1,265	10	-	3,777	3,567
		5,972	12,265	29,710	-	47,947	33,458

4. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (continued)

	2019						
	Weighted average effective interest rate %	On demand or within 1 year HK$'000	More than 1 to 2 years HK$'000	More than 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	18.39	–	–	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

(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 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 2020

4. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value estimation (continued)

The directors 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:

Financial liabilities	Fair value as at 2020	Fair value as at 2019	Fair value hierarchy	Valuation techniques and key inputs
Promissory notes	**In Hong Kong HK$8,503,000**	In Hong Kong HK$6,560,000	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 18.71% in 2020 (2019: 17.18%).
Convertible bond	**In Hong Kong HK$17,782,000**	In Hong Kong HK$15,897,000	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 18.80% in 2020 (2019: 17.00%).

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).

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 during the reporting period.

The capital structure of the Group consists of debts (which includes promissory notes, convertible bond and lease liabilities), and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

The directors review the capital structure annually. As part of this review, the directors assess the annual budget prepared by management of the Company. Based on the proposed annual budget, the directors consider the cost of capital and the risk associated with each class of capital. The directors 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 equity.

	2020 **HK$'000**	2019 HK$'000
Total debts	**29,988**	21,727
Total equity	**25,204**	22,217
Gearing ratio	**1.19**	0.98

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 2020

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 and right-of-use assets

The Group reviews its property, plant and equipment and right-of-use assets for indications of impairment at each reporting period. In analysing potential impairments identified, the Group uses projections of future cash flows from the assets based on management's assignment of a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 2020, the carrying amount of trade receivables is approximately HK$1,792,000 (2019: HK$860,000) (net of loss allowance of approximately HK$7,000 (2019: 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 20.

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 2020

7. SEGMENT INFORMATION

The Group was engaged in three business segments, financial solutions ("Financial Solutions"), fintech resources ("Fintech Resources") and overseas property mortgage consultancy services ("Consultancy Services") during the year ended 30 November 2020.

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

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		Consultancy Services		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
Revenue	**15,501**	16,401	**939**	960	**186**	–	**16,626**	17,361
Segment results	**4,655**	3,931	**153**	573	**(16)**	–	**4,792**	4,504
Written off of trade receivables	**-**	(200)	**-**	–	**-**	–	**-**	(200)
Gain on derecognition of promissory note							**1,533**	–
Gain on issuance of promissory note							**696**	1,446
Bank interest income							**-**	1
Other gains							**1,940**	–
Net (allowance)/reversal of allowance for ECL on trade receivables							**(1)**	19
Net exchange loss							**(2)**	(1)
Central administration costs							**(8,327)**	(8,760)
Finance costs							**(4,078)**	(2,363)
Loss before taxation							**(3,447)**	(5,354)
Income tax credit							**460**	389
Loss for the year							**(2,987)**	(4,965)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

7. SEGMENT INFORMATION (CONTINUED)

Revenue reported above represents revenue generated from external customers. There were no intersegment sales during the year (2019: Nil).

Segment results represent the profit/(loss) by each segment without allocation of written off of trade receivables, gain on derecognition of promissory note, gain on issuance of promissory note, bank interest income, other gains, net (allowance)/reversal of allowance for ECL on trade receivables, net exchange loss, 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		Consultancy Services		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
Assets and liabilities								
Segment assets	**8,204**	4,095	**212**	156	**67**	–	**8,483**	4,251
Unallocated assets							**3,640**	3,502
Consolidated total assets							**12,123**	7,753
Segment liabilities	**8,441**	4,895	**245**	257	**48**	–	**8,734**	5,152
Unallocated liabilities							**28,593**	24,818
Consolidated total liabilities							**37,327**	29,970

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

7. SEGMENT INFORMATION (CONTINUED)

Other segment information

	Financial Solutions		Fintech Resources		Consultancy Services		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
Depreciation on property, plant and equipment	**162**	227	**-**	–	**1**	–	**163**	227
Depreciation on right-of-use assets	**1,122**	–	**-**	–	**-**	–	**1,122**	–
Written off of trade receivables	**-**	200	**-**	–	**-**	–	**-**	200
Capital expenditure	**166**	95	**-**	–	**6**	–	**172**	95

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, Fintech Resources and Consultancy Services of approximately HK$16,626,000 (2019: HK$17,361,000) are revenue of approximately HK$3,001,000 (2019: HK$8,790,000) 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:

	2020	2019
	HK$'000	HK$'000
Customer A *(Note (i))*	**3,001**	N/A*
Customer B *(Note (i))*	**N/A***	6,123
Customer C *(Note (ii))*	**N/A***	2,667

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

Notes:

(i)	Revenue from Financial Solutions.

(ii)	Revenue from Fintech Resources and Financial Solutions.

No other single customer contributed 10% or more to the Group's revenue during the years ended 30 November 2020 and 2019 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

8. REVENUE

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

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

	2020	2019
	HK$'000	HK$'000
Disaggregation of revenue from contracts with customers		
Sales of computer software licenses	**1,080**	–
Computer software licenses leasing and provision of related services	**1,738**	1,601
Provision of maintenance services	**4,409**	4,455
Contract revenue	**3,214**	8,919
Sales of computer hardware and related products	**5,060**	1,426
Provision of fintech resources services	**939**	960
Provision of overseas mortgage loan consultancy services	**186**	–
	16,626	17,361
Timing of revenue recognition		
A point in time	**6,326**	1,426
Over time	**10,300**	15,935
	16,626	17,361

Performance obligations for contracts with customers

Details of performance obligations for contracts with customers for the year ended 30 November 2020 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

9. OTHER GAINS AND LOSSES

	2020 HK$'000	2019 HK$'000
Bank interest income	–	1
Government grants *(Note)*	1,219	–
Gain on issuance of promissory note	696	1,446
Written off of trade receivables	–	(200)
Waiver of other payables	206	–
Net exchange loss	(2)	(1)
Other services income	515	–
	2,634	1,246

Note:

During the current year, the Group recognised government grant of approximately HK$1,219,000 in respect of COVID-19 related subsidies which is related to Employment Support Scheme provided by the Hong Kong government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

10. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	2020 HK$'000	2019 HK$'000
Profit/(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)*	163	227
Depreciation on right-of-use assets *(Note 19)*	1,122	–
Operating lease payments in respect of		
– land and buildings	–	2,580
– plant and equipment	–	36
Expense relating to short-term lease	1,290	–
Directors' remunerations	60	60
Staff costs (excluding directors' remunerations)		
– salaries and allowances	8,120	8,503
– retirement benefit costs	321	317
Cost of computer hardware and related products sold	4,986	1,356
Net allowance/(reversal of) allowance for ECL on trade receivables		
– allowance for ECL on trade receivables	7	6
– reversal of allowance for ECL on trade receivables	(6)	(25)
Written off of trade receivables	–	200

11. FINANCE COSTS

	2020	2019
	HK$'000	HK$'000
Imputed interest expenses on promissory notes *(Note 25)*	**1,133**	6
Imputed interest expenses on convertible bond *(Note 26)*	**2,790**	2,357
Interests on lease liabilities	**155**	–
	4,078	2,363

12. INCOME TAX CREDIT

	2020	2019
	HK$'000	HK$'000
Deferred tax		
Credit for the year *(Note 27)*	**460**	389

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%. The two-tiered profits tax rates regime is applicable to the Group for the years ended 30 November 2020 and 2019.

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits for the years ended 30 November 2020 and 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

12. INCOME TAX CREDIT (CONTINUED)

The income credit for the year can be reconciled to the loss before taxation to the consolidated statement of profit or loss as follows:

	2020		2019	
	HK$'000	**%**	HK$'000	%
Loss before taxation	**(3,447)**		(5,354)	
Tax at the applicable tax rate in the respective jurisdictions	**(569)**	**16.5**	(883)	16.5
Estimated tax effect of income and expenses not taxable or deductible for tax purposes	**79**	**(2.3)**	(164)	3.1
Estimated tax effect of unrecognised temporary differences	**458**	**(13.3)**	411	(7.7)
Utilisation of tax losses	**(3)**	**0.1**	(1)	–
Estimated tax effect of unrecognised tax losses	**495**	**(14.3)**	1,026	(19.2)
Tax credit at the effective tax rate for the year	**460**	**(13.3)**	389	(7.3)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

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:

	2020 HK$'000	2019 HK$'000
Loss		
Loss for the purpose of basic loss per share attributable to owners of the Company	**(2,987)**	(4,965)

	2020	2019
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$2,987,000 (2019: HK$4,965,000) and the weighted average number of 301,108,062 shares (2019: 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 on 30 November 2020 and 2019 as the exercise of the convertible bond and convertible preference shares would reduce loss per share, therefore anti-dilutive.

The diluted loss per share for the years ended 30 November 2020 and 2019 were the same as the basic loss per share as the outstanding convertible bond and convertible preference shares had an anti-dilutive effect on the basic loss per share.

14. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 30 November 2020 (2019: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

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
2020:				
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. William Keith Jacobsen	20	–	–	20
Chief Executive Officer				
Mr. Samson Chi Yang Hui	–	792	18	810
	60	792	18	870

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

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
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. William Keith Jacobsen	20	–	–	20
Chief Executive Officer				
Mr. Samson Chi Yang Hui	–	936	18	954
	60	936	18	1,014

Included in the directors' and chief executive officer's remunerations were fees of HK$60,000 (2019: HK$60,000) paid to independent non-executive directors, and remuneration and pension of HK$810,000 (2019: 954,000) paid to chief executive officer. No fees were paid to executive directors for the years ended 30 November 2020 and 2019.

During the year, no bonus was paid to the directors and chief executive officer (2019: Nil). No directors and chief executive officer waived or agreed to waive any remuneration during the year (2019: 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 (2019: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

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 (2019: Nil). The emoluments of the five (2019: five) individuals were as follows:

	2020 **HK$'000**	2019 HK$'000
Basic salaries and allowances	**3,727**	4,338
Contribution to mandatory provident fund	**90**	81
	3,817	4,419

The emoluments of the five (2019: five) individuals with the highest emoluments are within the following band:

	2020	2019
Nil to HK$1,000,000	**5**	5

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:

	2020	2019
Nil to HK$1,000,000	**2**	2

During the year, no bonus was paid to the five highest paid individuals of the Group (2019: 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 (2019: 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 2020

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Total HK$'000
Cost:				
As at 1 December 2018	548	512	6,101	7,161
Additions	–	15	80	95
Disposals	–	–	(36)	(36)
As at 30 November 2019 and 1 December 2019	548	527	6,145	7,220
Additions	–	9	163	172
Written off	–	–	(53)	(53)
As at 30 November 2020	548	536	6,255	7,339
Accumulated depreciation:				
As at 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 and 1 December 2019	491	490	6,013	6,994
Charge for the year	57	26	80	163
Elimination on written off	–	–	(53)	(53)
As at 30 November 2020	548	516	6,040	7,104
Net book value:				
As at 30 November 2020	**–**	**20**	**215**	**235**
As at 30 November 2019	57	37	132	226

19. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

Right-of-use assets

	Leased property HK$'000	Office equipment HK$'000	Total HK$'000
As at 1 December 2019 – Adjustment upon initial application of HKFRS 16	–	85	85
Addition during the year	4,386	–	4,386
Charge for the year	(1,096)	(26)	(1,122)
As at 30 November 2020	3,290	59	3,349

The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

Lease liabilities

	2020 HK$'000
Lease liabilities payable:	
– Within one year	2,320
– With in a period of more than one year but not exceeding two years	1,237
– Within a period of more than two years but not exceeding five years	10
	3,567
Less: Amount due for settlement with 12 months shown under current liabilities	(2,320)
Amount due for settlement after 12 months shown under non-current liabilities	1,247

The weighted average incremental borrowing rates applied to lease liabilities are ranged from 6.48% to 7.26%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

20. TRADE AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables, net of impairment	1,792	860
Prepayment, deposits and other receivables	1,161	1,310
	2,953	2,170

The analysis of trade receivables was as follows:

	2020 HK$'000	2019 HK$'000
Trade receivables	1,799	866
Less: Allowance for impairment losses on trade receivables	(7)	(6)
	1,792	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 trade receivables presented based on invoices date at the end of the reporting periods:

	2020 HK$'000	2019 HK$'000
Current	1,600	576
31 – 60 days	–	192
61 – 90 days	82	–
Over 90 days	117	98
	1,799	866

Details of impairment assessment of trade receivables and deposit and other receivables for the years ended 30 November 2020 and 2019 are set out in Note 4(b).

21. AMOUNT DUE FROM A RELATED COMPANY

	Maximum outstanding balance during the year HK$'000	2020 HK$'000	2019 HK$'000
Vision Media Group Limited ("Vision Media")	**215**	**215**	–

The amount due from a related company is non-trade in nature, unsecured, interest free and repayable on demand. The amount due mainly represents the service income for general administration recharged to the related company. Mr. Samson Chi Yang Hui is the director of Vision Media and is a close family member of Mr. Joseph Chi Ho Hui, who is the chairman and executive director of the Company.

Details of impairment assessment of amount due from a related company for the year ended 30 November 2020 are set out in Note 4(b) to the consolidated financial statements.

22. CONTRACT COSTS

	2020 HK$'000	2019 HK$'000
Cost to fulfill contracts	**942**	672

As at 30 November 2020 and 2019, the contract costs are mainly directly related to a contract or to an anticipated contract that the entity can specifically identify and expected to be recovered.

An amount of approximately HK$733,000 is capitalised during the year ended 30 November 2020 which are the software development contract cost in relating to fulfil the contract revenue. Contract costs are recognised as part of cost of sales in the consolidated statement of profit or loss and other comprehensive income in the period in which related revenue is recognised. The amount of capitalised costs recognised in profit or loss during the year was approximately HK$1,731,000 (2019: approximately HK$1,754,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2019: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

23. CASH AND CASH EQUIVALENTS

	2020 HK$'000	2019 HK$'000
Bank balances	**4,423**	4,683
Cash on hand	**6**	2
	4,429	4,685

Bank balances carry interest at market rates which range from 0.001% to 0.5% per annum for both years ended 30 November 2020 and 2019.

24. SHARE CAPITAL

Authorised and issued share capital

	2020 Number of shares	2020 Amount HK$'000	2019 Number of shares	2019 Amount HK$'000
Authorised:				
Ordinary shares				
Ordinary shares of HK$0.1 each				
At the beginning and 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 and the end of the year	**1,000,000,000**	**100,000**	1,000,000,000	100,000

24. SHARE CAPITAL (CONTINUED)

	2020 Number of shares	2020 Amount HK$'000	2019 Number of shares	2019 Amount HK$'000
Issued and fully paid:				
Ordinary shares				
Ordinary shares of HK$0.1 each				
At the beginning and 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 and the end of the year	**123,529,400**	**12,353**	123,529,400	12,353

Convertible preference shares

The holders of the convertible preference shares ("CPS") 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

25. PROMISSORY NOTES

(i) On 27 March 2019, a promissory note was issued by the Company in favour of 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 was 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.

On 26 November 2020, the Company signed an extension agreement with Active Investments with a modification of terms with extended maturity date from 1 March 2021 to 1 June 2022. The extension of promissory note considered as substantial modification. Upon the derecognition of the promissory note with carrying amount of approximately HK$7,677,000 and recognition of the new promissory note with the fair value of approximately HK$6,144,000, the difference of approximately HK$1,533,000 between the carrying amount of original promissory note and the fair value of promissory note with extension of maturity date is recognised as gain on derecognition of promissory note in profit or loss. The fair value of the promissory note with extension of maturity date are determined by the directors of the Company based on the valuation prepared by an independent qualified professional valuer to the Group.

(ii) On 26 November 2020, another new promissory note was issued by the Company in favour of Active Investments with the principal amount of HK$3,000,000 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 1 June 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

26. 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 2020 and 2019.

The movements of the liability component of the convertible bond for the years ended 30 November 2020 and 2019 are set at below:

	HK$'000
Liability component as at 1 December 2018	**12,810**
Imputed interest expenses *(Note 11)*	**2,357**
Liability component as at 30 November 2019 and 1 December 2019	**15,167**
Imputed interest expenses *(Note 11)*	**2,790**
Liability component as at 30 November 2020	**17,957**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

27. DEFERRED TAX LIABILITY

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

	Convertible bond HK$'000
As 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 and 1 December 2019	**1,942**
Credit to consolidated statement of profit or loss and other comprehensive income *(Note 12)*	**(460)**
As at 30 November 2020	**1,482**

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 30 November 2020, no deferred tax asset has been recognised in respect of the unused tax losses (2019: Nil) due to unpredictability of future profit streams. The Group has unused tax losses of approximately HK$74,441,000 (2019: approximately HK$71,462,000) can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

28. OTHER PAYABLES AND ACCRUALS

	2020 HK$'000	2019 HK$'000
Accruals	**3,020**	3,275
Other payables	**518**	1,038
	3,538	4,313

29. CONTRACT LIABILITIES

	2020	2019
	HK$'000	HK$'000
Maintenance services fees	**1,400**	1,278
Computer software contract and licenses leasing fees	**688**	481
	2,088	1,759

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

	HK$'000
Impact on initial application of HKFRS 15 and restated balance as at 1 December 2018	3,315
Consideration received from customers over the amounts of revenue recognised	8,532
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(3,315)
Revenue recognised from performance obligations satisfied during the year	(6,773)
As at 30 November 2019 and 1 December 2019	1,759
Consideration received from customers over the amounts of revenue recognised	7,742
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(1,759)
Revenue recognised from performance obligations satisfied during the year	(5,654)
As at 30 November 2020	**2,088**

Typical payment terms which have impact on the amount of contract liabilities recognised are as follows:

Provision of maintenance services and computer software contract and licenses leasing fees

When the Group received a deposit before the maintenance services, computer software contract and licenses leasing provided, this will give rise to contract liabilities at the start of a contract. The contract liabilities will be recognised as revenue when the Group fulfill the contract's performance obligation.

30. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company was interest-free, unsecured and repayable on demand for both years ended 30 November 2020 and 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 HK$'000	2019 HK$'000
Assets		
Non-current asset		
Investments in subsidiaries	–	–
Current assets		
Prepayments	34	211
Cash and cash equivalents	3,606	3,290
	3,640	3,501
Total assets	3,640	3,501
Capital and reserves		
Share capital	42,464	42,464
Reserves *(Note 32)*	(67,417)	(63,755)
Equity attributable to owners of the Company	(24,953)	(21,291)
Liabilities		
Non-current liabilities		
Promissory notes	8,464	6,560
Convertible bond	17,957	15,167
Deferred tax liability	1,482	1,942
	27,903	23,669
Current liability		
Other payables and accruals	690	1,123
Total liabilities	28,593	24,792
Total equity and liabilities	3,640	3,501

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

	2020 HK$'000	2019 HK$'000
Net current assets	**2,950**	2,378
Total assets less current liabilities	**2,950**	2,378
Net liabilities	**(24,953)**	(21,291)

Approved and authorised for issue by the Board of Directors on 9 February 2021 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 2020

32. 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 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 and 1 December 2019	113,656	37,600	10,828	11,830	(237,669)	(63,755)
Loss and total comprehensive loss for the year	–	–	–	–	(3,662)	(3,662)
As at 30 November 2020	**113,656**	**37,600**	**10,828**	**11,830**	**(241,331)**	**(67,417)**

As at 30 November 2020, the Company had no distributable reserve (2019: Nil).

33. OPERATING LEASE COMMITMENTS

As lessee

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

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

	2019
	HK$'000
Within one year	1,318
In the second to fifth years inclusive	67
	1,385

34. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, during the years ended 30 November 2020 and 2019, 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:

	2020 HK$'000	2019 HK$'000
Fees	**60**	60
Salaries, allowance and other benefits	**3,727**	4,338
Contribution to mandatory provident fund	**90**	81
	3,877	4,479

(b) During the year ended 30 November 2020, the Group recharged services income relating to general administration of approximately HK$215,000 (2019: nil) to Vision Media, Mr. Samson Chi Yang Hui is the director of Vision Media and is a close family member of the Mr. Joseph Chi Ho Hui, who is the chairman and executive director of the Company.

(c) During the year ended 30 November 2020, the Company has issued the promissory note with principal amount of HK$3,000,000 to Active Investments (Note 25).

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 and extended the maturity date from 1 March 2021 to 1 June 2022 during the year ended 30 November 2020 (Note 25).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

35. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 30 November 2020 and 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
Canada Mortgage Limited (Formally known as ABC Enterprise Limited)	Hong Kong	1 ordinary shares of HK$1.00 each	100%	–	Provision of overseas mortgage loan consultancy services
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 2020

36. 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 HK$'000	Amount due to a related company HK$'000	Convertible bond HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 December 2018	–	228	12,810	–	13,038
Cash flows					
– Proceeds from issue of a promissory note	8,000	–	–	–	8,000
Total change from cash flows	8,000	–	–	–	8,000
Non-cash changes					
– Imputed interest expenses *(Note 11)*	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
Adjustments upon application of HKFRS 16	–	–	–	85	85
As at 1 December 2019 (restated)	6,560	229	15,167	85	22,041
Cash flows					
– Repayment of lease liabilities	–	–	–	(1,059)	(1,059)
– Proceeds from issue of a promissory note	3,000	–	–	–	3,000
Total changes from cash flows	3,000	–	–	(1,059)	1,941
Non-cash changes					
– Imputed interest expenses *(Note 11)*	1,133	–	2,790	–	3,923
– Foreign exchange movement	–	2	–	–	2
– Gain on derecognition of promissory note	(1,533)	–	–	–	(1,533)
– Gain on issuance of promissory note *(Note 9)*	(696)	–	–	–	(696)
– Additions of lease liabilities *(Note 19)*	–	–	–	4,386	4,386
– Interest on lease liabilities *(Note 19)*	–	–	–	155	155
Total changes from non-cash changes	(1,096)	2	2,790	4,541	6,237
As at 30 November 2020	**8,464**	**231**	**17,957**	**3,567**	**30,219**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2020

37. EVENT AFTER THE REPORTING PERIOD

(a) On 4 January 2021, abc Fintech Recruiters Limited (the "Purchaser"), a wholly owned subsidiary of the Company, the Company (the "Guarantor") and Mr. Lam Fu Keung Frank, Mr. Suen Hoi Chuen and Mr. Young Man Chung Albert (the "Vendors"), entered into the acquisition agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares for a cash consideration of HK$4,200,000 (subject to the adjustment) in accordance with the terms and conditions of the acquisition agreement. Detail of the proposed acquisition were disclosed in the announcement of the Company dated on 4 January 2021. The acquisition has not been completed up to the date of this annual report.

(b) Since early 2020, the outbreak of novel coronavirus ("COVID-19") has impact on the global business environment. Pending the development and spread of the epidemic subsequent to the date of the approval of these consolidated financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of the approval of these consolidated financial statements. The Group will pay close attention to the development of COVID-19 and evaluate its impact on the financial position and operating results of the Group.

38. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 December 2019. Upon the transition methods, comparative information is not restated. Further details, of the changes in accounting policies are disclosed in Note 2.

39. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 9 February 2021.

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 2020, 2019, 2018, 2017 and 2016.

RESULTS

	Year ended 30 November				
	2016 HK$'000 (Audited)	2017 HK$'000 (Audited)	2018 HK$'000 (Audited)	2019 HK$'000 (Audited)	**2020** **HK$'000** **(Audited)**
Revenue	18,400	14,704	15,163	17,361	**16,626**
Net loss for the year	(4,295)	(5,828)	(5,049)	(4,965)	**(2,987)**

Assets and Liabilities

	Year ended 30 November				
	2016 HK$'000 (Audited)	2017 HK$'000 (Audited)	2018 HK$'000 (Audited)	2019 HK$'000 (Audited)	**2020** **HK$'000** **(Audited)**
Total assets	5,074	3,781	5,529	7,753	**12,123**
Total liabilities	(59,407)	(52,483)	(21,662)	(29,970)	**(37,327)**
Total equity	(54,333)	(48,702)	(16,133)	(22,217)	**(25,204)**

Note:

The results of the Group for the years ended 30 November 2020 and 2019 are those set out on page 54 to 56 of this annual report.