



abc*multiactive*

abc Multiactive Limited

(Incorporated in Bermuda with limited liability)

Stock code:8131



2021

INTERIM REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

INTERIM RESULTS

The board of directors (the “Board”) of abc Multiactive Limited (the “Company”) presents the unaudited consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the three months and six months ended 31 May 2021, together with the comparative figures.

The unaudited revenue of the Group for the three months and six months ended 31 May 2021 was HK\$9,090,000 and HK\$16,125,000 respectively (Three months and six months ended 31 May 2020: HK\$2,144,000 and HK\$4,643,000 respectively). The unaudited net profit for the three months and six months ended 31 May 2021 was HK\$362,000 and HK\$1,422,000 respectively (Three months and six months ended 31 May 2020: net loss of approximately HK\$2,627,000 and HK\$4,233,000 respectively). Unaudited basic earnings per share for the three months and six months ended 31 May 2021 was HK\$0.12 cents and HK\$0.47 cents respectively (Three months and six months ended 31 May 2020: basic loss per share of HK\$0.87 cents and HK\$1.41 cents respectively).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 May 2021

	Notes	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	3	9,090	2,144	16,125	4,643
Cost of sales		(3,498)	(381)	(5,003)	(854)
Gross profit		5,592	1,763	11,122	3,789
Software research and development and operating expenses		(744)	(767)	(1,496)	(1,277)
Selling and marketing expenses		(815)	(375)	(1,698)	(567)
Administrative expenses		(2,543)	(2,390)	(4,280)	(4,478)
Unrealised exchange (loss)/gain		(9)	7	(16)	10
Profit/(loss) from operating activities	5	1,481	(1,762)	3,632	(2,523)
Finance costs	6	(1,256)	(981)	(2,483)	(1,940)
Profit/(loss) before taxation		225	(2,743)	1,149	(4,463)
Income tax credit	7	137	116	273	230
Profit/(loss) and total comprehensive income/(loss) for the period		362	(2,627)	1,422	(4,233)
Profit/(loss) and total comprehensive income/(loss) for the period attributable to owners of the Company		362	(2,627)	1,422	(4,233)
		HK cents	HK cents	HK cents	HK cents
Earnings/(loss) per share					
– Basic and diluted	9	0.12	(0.87)	0.47	(1.41)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 May 2021 and 30 November 2020

		(Unaudited) 31 May 2021 HK\$'000	(Audited) 30 November 2020 HK\$'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment		211	235
Right-of-use assets		1,215	3,349
Intangible asset		593	–
Goodwill		1,100	–
		<u>3,119</u>	<u>3,584</u>
Current assets			
Trade and other receivables	10	9,098	2,953
Amount due from a related company		–	215
Contract costs		543	942
Cash and cash equivalents		3,249	4,429
Tax recoverable		22	–
		<u>12,912</u>	<u>8,539</u>
Total assets		<u>16,031</u>	<u>12,123</u>
Capital and reserves			
Share capital		42,464	42,464
Reserves	11	<u>(66,246)</u>	<u>(67,668)</u>
Equity attributable to owners of the Company		<u>(23,782)</u>	<u>(25,204)</u>
LIABILITIES			
Non-current liabilities			
Promissory notes	12	9,234	8,464
Convertible bond	13	19,613	17,957
Lease liabilities		23	1,247
Deferred tax liability	14	<u>1,209</u>	<u>1,482</u>
		<u>30,079</u>	<u>29,150</u>

		(Unaudited)	(Audited)
		31 May	30 November
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
Current liabilities			
Other payables and accruals	15	5,510	3,538
Contract liabilities	16	2,760	2,088
Lease liabilities		1,215	2,320
Amount due to a related company	17	249	231
		9,734	8,177
Total liabilities		39,813	37,327
Total equity and liabilities		16,031	12,123
Net current assets		3,178	362
Total assets less current liabilities		6,297	3,946
Net liabilities		(23,782)	(25,204)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 May 2021

	(Unaudited) Six months ended 31 May	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net cash generated from/(used in) operating activities	256	(2,590)
Net cash used in investing activities	(1,436)	(62)
Net cash used in financing activities	—	—
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(1,180)	(2,652)
Cash and cash equivalents at the beginning of the period	4,429	4,685
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	3,249	2,033
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	3,249	2,033
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 May 2021

	Attributable to owners of the Company						
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Share capital	Share premium	Contributed surplus	Special reserve	Convertible bond reserve	Accumulated losses	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 December 2019	42,464	113,656	37,600	10,828	11,830	(238,595)	(22,217)
Loss and total comprehensive loss for the period	-	-	-	-	-	(4,233)	(4,233)
As at 31 May 2020	<u>42,464</u>	<u>113,656</u>	<u>37,600</u>	<u>10,828</u>	<u>11,830</u>	<u>(242,828)</u>	<u>(26,450)</u>
As at 1 December 2020	42,464	113,656	37,600	10,828	11,830	(241,582)	(25,204)
Profit and total comprehensive income for the period	-	-	-	-	-	1,422	1,422
As at 31 May 2021	<u>42,464</u>	<u>113,656</u>	<u>37,600</u>	<u>10,828</u>	<u>11,830</u>	<u>(240,160)</u>	<u>(23,782)</u>

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The unaudited consolidated results for the six months ended 31 May 2021 have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company’s annual financial statements for the year ended 30 November 2020, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) as disclosed in note 2 below.

2. IMPACT ON NEW HKFRSs AND HKASs

The HKICPA has issued a number of new and revised HKFRSs and HKASs which are effective for accounting periods commencing on or after 1 January 2020. The Group has adopted, for the first time for the current year’s financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

Changes in accounting policies

HKFRSs and HKASs that are effective for the six months ended 31 May 2021:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material ¹
HKFRS 3 (Amendments)	Definition of a Business ¹
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform ²
HKFRS 16 (Amendments)	COVID-19-Related Rent Concession ³

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 June 2020.

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

3. 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 three months and six months ended 31 May 2021 is as follows:

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Disaggregation of revenue from contracts with customers				
Sales of computer software licenses, computer software licenses leasing and provision of related services	4,820	460	9,681	1,711
Provision of maintenance services	985	1,155	1,977	2,313
Sales of computer hardware and related products	1,703	125	2,611	153
Provision of fintech resources services	1,541	356	1,811	418
Provision of overseas mortgage loan consultancy services	41	48	45	48
	<u>9,090</u>	<u>2,144</u>	<u>16,125</u>	<u>4,643</u>
Timing of revenue recognition				
A point in time	1,744	173	2,656	201
Over time	7,346	1,971	13,469	4,442
	<u>9,090</u>	<u>2,144</u>	<u>16,125</u>	<u>4,643</u>

4. SEGMENT INFORMATION

The Group was engaged in three business segments, namely financial solutions ("Financial Solutions"), fintech resources ("Fintech Resources") and overseas property mortgage consultancy services ("Consultancy Services").

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:

	(Unaudited)							
	Six months ended 31 May							
	Financial Solutions		Fintech Resources		Consultancy Services		Total	
2021	2020	2021	2020	2021	2020	2021	2020	
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	
Revenue	<u>14,269</u>	<u>4,177</u>	<u>1,811</u>	<u>418</u>	<u>45</u>	<u>48</u>	<u>16,125</u>	<u>4,643</u>
Segment results	<u>7,854</u>	<u>1,855</u>	<u>93</u>	<u>138</u>	<u>(19)</u>	<u>(48)</u>	<u>7,928</u>	<u>1,945</u>
Exchange (loss)/gain							(16)	10
Central administration costs							(3,152)	(4,478)
Acquisition-related expenditures							(1,128)	-
Finance costs							(2,483)	(1,940)
Profit/(loss) before taxation							<u>1,149</u>	(4,463)
Income tax credit							<u>273</u>	<u>230</u>
Profit/(loss) for the period							<u>1,422</u>	<u>(4,233)</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2020: Nil).

Segment results represent the profit/(loss) by each segment without allocation of exchange (loss)/gain, central administration costs, acquisition-related expenditures, 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

	(Unaudited)							
	Six months ended 31 May							
	Financial Solutions		Fintech Resources		Consultancy Services		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
Assets and liabilities								
Segment assets	11,501	3,843	3,524	58	72	7	15,097	3,908
Unallocated assets							934	1,961
Consolidated total assets							<u>16,031</u>	<u>5,869</u>
Segment liabilities	7,311	5,542	1,311	236	13	142	8,635	5,920
Unallocated liabilities							31,178	26,399
Consolidated total liabilities							<u>39,813</u>	<u>32,319</u>

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).

Other segment information

	(Unaudited)							
	Six months ended 31 May							
	Financial Solutions		Fintech Resources		Consultancy Services		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
Depreciation on property, plant and equipment	44	112	-	-	1	-	45	112
Depreciation on right-of-use assets	597	13	-	-	-	-	597	13
Capital expenditure	21	56	-	-	-	6	21	62

Geographical segment

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

Information about major customers

Two (2) customers contributed 10% or more to the Group's revenue for the six months ended 31 May 2021 (2020: Two (2) customers).

5. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	(Unaudited)		(Unaudited)	
	Three months ended 31 May		Six months ended 31 May	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Profit/(loss) from operating activities is arrived at after charging/(crediting):				
Depreciation on property, plant and equipment	23	47	45	112
Depreciation on right-of-use assets	299	7	597	13
Expense relating to short-term lease	–	645	–	1,290
Directors' remuneration	15	15	30	30
Staff costs (excluding directors' remuneration)				
– salaries and allowances	3,086	2,029	5,258	3,833
– retirement benefit costs	128	82	212	158
Cost of computer hardware and related products sold	1,630	99	2,500	104
Expenses relating to acquisition of a subsidiary	477	–	1,128	–
Unrealised exchange (loss)/gain	9	(7)	16	(10)

6. FINANCE COSTS

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Imputed interest expenses on promissory notes (Note 12)	398	278	770	542
Imputed interest expenses on convertible bond (Note 13)	832	701	1,656	1,395
Interests on lease liabilities	26	2	57	3
	<u>1,256</u>	<u>981</u>	<u>2,483</u>	<u>1,940</u>

7. INCOME TAX CREDIT

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Deferred tax				
Credit for the period (Note 14)	<u>137</u>	<u>116</u>	<u>273</u>	<u>230</u>

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 periods ended 31 May 2021 and 2020.

No provision for Hong Kong profits tax has been made as the Group had estimated tax losses brought forward to set off the estimated assessable profits for the period (2020: Nil).

As at 31 May 2021, the Group has unaudited tax losses arising in Hong Kong of approximately HK\$70,102,000. (As at 31 May 2020: approximately HK\$75,446,000) can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 May 2021 (2020: Nil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share attributable to owners of the Company for the three months and six months ended 31 May 2021 is based on the unaudited net profit for the period of approximately HK\$362,000 and HK\$1,422,000 respectively (For the three months and six months ended 31 May 2020: unaudited net loss of approximately HK\$2,627,000 and HK\$4,233,000 respectively), and the weighted average number of 301,108,062 ordinary shares for both three months and six months ended 31 May 2021 (For the three months and six months ended 31 May 2020: 301,108,062 ordinary shares).

Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share did not assume the exercise of the convertible bond ("CB") and convertible preference shares ("CPS") as the conversion prices of CB and CPS were higher than the average market price of the Company's ordinary shares for the three months and six months ended 31 May 2021 and 2020. Diluted earnings/(loss) per share for the three months and six months ended 31 May 2021 and 2020 were the same as the basic earnings/(loss) per share.

10. TRADE AND OTHER RECEIVABLES

	(Unaudited) 31 May 2021 HK\$'000	(Audited) 30 November 2020 <i>HK\$'000</i>
Trade receivables, net of impairment	7,074	1,792
Prepayment, deposits and other receivables	2,024	1,161
	9,098	2,953

The analysis of trade receivables was as follows:

	(Unaudited) 31 May 2021 HK\$'000	(Audited) 30 November 2020 <i>HK\$'000</i>
Trade receivables	7,074	1,799
Less: Allowance for impairment losses on trade receivables	—	(7)
	7,074	1,792

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

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

	(Unaudited) 31 May 2021 HK\$'000	(Audited) 30 November 2020 HK\$'000
Current	4,028	1,600
31 – 60 days	1,501	–
61 – 90 days	96	82
Over 90 days	1,449	117
	7,074	1,799

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

	(Unaudited) 31 May 2021 HK\$'000	(Audited) 30 November 2020 HK\$'000
31 – 60 days	1,501	–
61 – 90 days	96	82
Over 90 days	1,449	117
	3,046	199

For the past due but not impaired trade receivables, although no collateral is held, the Group has assessed the credit worthiness, past payment history and substantial settlement after the reporting date, and considers that the amounts are still recoverable and no further credit provision is required in excess of allowance for doubtful debts. The Group seeks to maintain strict control over its outstanding trade receivables. Overdue balances are reviewed regularly by the management.

11. RESERVES

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

12. PROMISSORY NOTES

(i) On 27 March 2019, a promissory note was issued by the Company in favour of Active Investments Capital Limited ("Active Investments"), a related company wholly owned by the chief executive officer of the Company, with the principal amount of HK\$5,000,000 and denominated in Hong Kong Dollar for the purpose of providing sufficient working capital to cope with the Group's development plan and improving the financial position of the Group. The principal sum shall bear no interest and 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 was matured on 1 March 2021.

On 26 November 2020, the Company signed an extension agreement regarding HK\$8,000,000 promissory note with Active Investments with a modification of terms with extended maturity date from 1 March 2021 to 1 June 2022.

(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.

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. As at 31 May 2021, the aggregate amount of two promissory notes was approximately HK\$9,234,000.

The carrying amount of the promissory notes is as follows:

	(Unaudited)	(Audited)
	31 May	30 November
	2021	2020
	HK\$ '000	HK\$ '000
Promissory notes payable to a related company	9,234	8,464

13. CONVERTIBLE BOND

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

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

There are no conversion of the convertible bond by the holder for both periods ended 31 May 2021 and 2020.

The movement on the unaudited liability component of the convertible bond as at 31 May 2021 is as follows:

	<i>HK\$'000</i>
Liability component as at 30 November 2020 and as at 1 December 2020	17,957
Imputed interest expenses <i>(Note 6)</i>	1,656
	<hr/>
Liability component as at 31 May 2021	19,613
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14. DEFERRED TAX LIABILITY

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

	Convertible bond HK\$'000
As at 30 November 2020 and as at 1 December 2020	1,482
Credit to consolidated statement of profit or loss and other comprehensive income <i>(Note 7)</i>	(273)
	<hr/>
As at 31 May 2021	1,209
	<hr/> <hr/>

Deferred income tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through future taxable profits is probable. As at 31 May 2021, no deferred tax asset that has been recognised in respect of the unused tax losses (2020: Nil) due to unpredictability of future profit streams. As at 31 May 2021, the unaudited tax losses of approximately HK\$70,102,000 (As at 31 May 2020: approximately HK\$75,446,000) can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

15. OTHER PAYABLES AND ACCRUALS

	(Unaudited)	(Audited)
	31 May	30 November
	2021	2020
	HK\$'000	HK\$'000
Accruals	4,573	3,020
Other payables	937	518
	5,510	3,538

16. CONTRACT LIABILITIES

	(Unaudited)	(Audited)
	31 May	30 November
	2021	2020
	HK\$'000	HK\$'000
Maintenance services fees	951	1,400
Computer software contract and licenses leasing fees	1,584	688
Fintech resources services fees	225	–
	2,760	2,088

17. AMOUNT DUE TO A RELATED COMPANY

The amount mainly represents payables for purchases of software merchandise, royalty fee and expenses paid on behalf of the Group. The balance of amount due to a related company was interest-free, unsecured and repayable on demand for the period ended 31 May 2021 and year ended 30 November 2020.

18. ACQUISITION OF A SUBSIDIARY

On 4 January 2021, abc Fintech Recruiters Limited (the "Purchaser"), a wholly-owned subsidiary of the Company 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 entire issued shares of Leadership Solutions Limited ("Leadership") for a consideration of HK\$4,200,000, of which HK\$2,600,000 was settled by cash and the remaining balance of HK\$1,600,000 (the "Contingent consideration") shall be considered as earn-out amount and shall be settled in accordance with the accumulated gross profit achievement within 18 months after the completion of the Acquisition. The Acquisition was completed on 31 March 2021.

Leadership is an IT contractor resourcing firm with long track record of providing high quality IT professionals to clients ranging from finance service, IT industries and universities.

The fair value of identifiable assets and liabilities of Leadership as at the completion date of Acquisition on 31 March 2021 were as follows:

Net assets acquired:	HK\$ '000
Trade and other receivables	1,102
Tax recoverable	22
Cash and cash equivalent	743
Other payables and accruals	(139)
Contract liabilities	(170)
	<hr/>
	1,558
	<hr/> <hr/>
 Total consideration and goodwill on Acquisition:	 HK\$ '000
Cash consideration	2,600
Contingent consideration payable <i>(Note (i))</i>	500
Shortfall in net assets value paid by the Vendors <i>(Note (ii))</i>	(442)
	<hr/>
Total consideration	2,658
Less: Fair value of net assets acquired	(1,558)
	<hr/> <hr/>
Goodwill	1,100
	<hr/> <hr/>

Net cash outflow on Acquisition:**HK\$ '000**

Cash consideration paid	2,158
Less: Cash and cash equivalents acquired	(743)
	<u>1,415</u>

Notes:

- (i) The fair value of contingent consideration payable was determined with reference to the valuation performed by an independent valuer.
- (ii) Pursuant to the Acquisition Agreement, if the net assets value ("NAV") of Leadership calculated with reference to the Completion Accounts is less than HK\$2,000,000, the Vendors shall pay to the Group the shortfall amount in cash on a dollar for dollar basis within 14 days after determination of the NAV.

Goodwill arose in the Acquisition of Leadership of approximately HK\$1,100,000 was attributable to expected synergies, revenue growth and future development of Leadership in the fintech resources business sector.

Since the Acquisition date, Leadership recorded an unaudited revenue of approximately HK\$1,266,000 and also recorded an unaudited net loss of approximately HK\$176,000 for the results of two months ended 31 May 2021. The loss was mainly attributed to incurred one off non-recurrent professional and audit service expenditures from the completion of Acquisition.

Upon the completion of Acquisition, approximately acquisition-related expenditures of HK\$1,128,000 have been charged to the consolidated profit or loss accounts of the Group for the period ended 31 May 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited revenue of approximately HK\$9,090,000 for the three months ended 31 May 2021 (the “period”), increased by 324% from approximately HK\$2,144,000 for the corresponding period last year. Of the total unaudited revenue amount, (i) approximately HK\$4,820,000 or 53% was generated from sales of computer software licenses, computer software licenses leasing and provision of related services; (ii) approximately HK\$985,000 or 11% was generated from maintenance services; (iii) approximately HK\$1,703,000 or 19% was generated from sales of computer hardware and related products; (iv) approximately HK\$1,541,000 or 17% was generated from fintech resources services, in which revenue of approximately HK\$1,266,000 was generated by Leadership upon Acquisition; and (v) approximately HK\$41,000 was generated from overseas mortgage loan consultancy services. The unaudited net profit attributable to owners of the Company for the three months ended 31 May 2021 was approximately HK\$362,000, in which approximately HK\$1,256,000 was imputed interest expenses on convertible bond and promissory notes and interest expenses on lease liabilities, whereas the Group recorded an unaudited net loss of approximately HK\$2,627,000 for the corresponding period last year after deducting the imputed interest of approximately HK\$981,000.

During the period, the Group continued to exercise prudent cost control measures by implementing tight expenses measures in its operations. The unaudited operating expenditures amounted to approximately HK\$4,102,000 for the three months ended 31 May 2021, increased by 16% when compared to approximately HK\$3,532,000 for the corresponding period last year. The increase was mainly attributed to increase in sales and marketing expenses to cope with the Group’s diversified business expansion plans. During the period, acquisition-related expenditures of approximately HK\$477,000 have been charged to administrative expenses, factoring out these one-off expenses related to the Acquisition of Leadership, the Group has recorded administrative expenses of approximately HK\$2,066,000 for the three months ended 31 May 2021, a decrease of 14% when comparing to approximately HK\$2,390,000 for the corresponding period last year as attributed from enhanced operational efficiency and office rental deduction. The total acquisition-related expenditures incurred for the Acquisition of Leadership for the six months ended 31 May 2021 were approximately HK\$1,128,000.

During the period, the depreciation expenses on right-of-use assets was approximately HK\$597,000. The depreciation expenses on property, plant and equipment was approximately HK\$45,000, remained stable when compared to that of approximately HK\$54,000 for the corresponding period last year.

The Group has no provision made for impairment of trade receivables for the three months ended 31 May 2021.

Total unaudited staff costs (excluding directors' remuneration) were approximately HK\$3,214,000 for the three months ended 31 May 2021, a 52% increase from approximately HK\$2,111,000 for the corresponding period last year. The increases were mainly attributed to increase in headcounts in sales and marketing department and after the Acquisition of Leadership which most of the increased headcounts are secondment staff.

Liquidity and Financial Resources

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

As at 31 May 2021 and 30 November 2020, the convertible bond to Maximizer International Limited, amount due to a related company and the promissory notes to a related company were repayable as follows:

	(Unaudited) 31 May 2021 HK\$'000	(Audited) 30 November 2020 HK\$'000
Within 1 year	249	231
Between 1 and 2 years	28,847	8,464
Between 3 and 5 years	–	17,957
	<hr/>	<hr/>
Wholly repayable within 5 years	29,096	26,652
	<hr/> <hr/>	<hr/> <hr/>

As at 31 May 2021, the Group had outstanding of approximately CAD39,000 (approximately HK\$249,000) due to Maximizer Services Inc. ("MSI"), a related company of the Company. The amount due to MSI was mainly payables for purchases of software merchandise, royalty fee and expenses paid on behalf of the Group, which was unsecured, interest free and repayable on demand.

As at 31 May 2021, 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 31 May 2021, the aggregate amount of two promissory notes was approximately HK\$9,234,000. (Note 12)

As at 31 May 2021, the carrying amount of the liability component of the convertible bond amounted to approximately HK\$19,613,000, which were included in non-current liabilities on the consolidated statement of financial position of the Group. *(Note 13)*

The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total assets. As at 31 May 2021, the Group's gearing ratio was 1.27 (2020: 0.89).

Pledge of Assets

The Group did not have any mortgage or charge over its assets as at 31 May 2021.

Exposure to Fluctuation in Exchange Rates and Related Hedges

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollars or Canadian dollars. It is the Group's policy for each operating entity to borrow in local currencies where necessary in order to minimise currency risk.

As at 31 May 2021, the Group did not have any foreign currency investments which have been hedged by currency borrowings and other hedging instruments.

Treasury Policy

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

Contingent Liabilities

The Group had no material contingent liabilities as at 31 May 2021.

Significant Investments

Except for the disclosed in Note 18 to this report in respect of the Acquisition of Leadership completed on 31 March 2021, the Group has not held any other significant investment for the three months ended 31 May 2021.

Major Events

Excepted for the disclosed in Note 18 to this report in respect of the Acquisition of Leadership completed on 31 March 2021, the Group had no any other material capital commitments and no future plans for material investments or capital assets as at 31 May 2021.

Employee and Remuneration Policy

The directors believe that the quality of its employees is the most important factor in sustaining the Group's growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salaries and mandatory provident fund, staff benefits include medical coverage scheme. As at 31 May 2021, the Group had employed 38 staffs in Hong Kong (2020: 24 staffs in Hong Kong). Total staff costs for the three months ended 31 May 2021 under review amounted to approximately HK\$3,214,000.

As at 31 May 2021, 10 employees had completed the required number of years of service under the Employment Ordinance (the "Ordinance") to be eligible for long service payments on termination of their employment with the Group. The Group is only liable to make such payments where termination meets the required circumstances specified in the Ordinance. The estimated unaudited maximum amount of such payment is approximately HK\$344,000.

Pension Scheme

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

The retirement benefit scheme cost charged to the consolidated statement of profit or loss and other comprehensive income represents contributions payable by the Group to the funds and is expensed as incurred. For the three months ended 31 May 2021, the unaudited retirement benefit scheme contributions borne by the Group amounted to approximately HK\$128,000 (2020: approximately HK\$82,000). No forfeited contribution for the Group is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately.

Operation Review

For the three months ended 31 May 2021, the unaudited revenue was approximately HK\$9,090,000, increased by 324% from approximately HK\$2,144,000 for the corresponding period last year. Of the total unaudited revenue, revenue of approximately HK\$5,805,000 represented sales of self-developed software, revenue of approximately HK\$1,582,000 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\$1,703,000.

The prolonged outbreak of "COVID-19" continues to bring uncertainties to market. The business environment remains difficult and challenging. It is hoped that with the rollout of vaccine programme, the economy in Hong Kong would gradually recover in 2021. Therefore, the Group remains optimistic about the prospects of RegTech and 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 initiatives and seeks new business opportunities to overcome the difficult operating environment.

Financial Solutions services

Provision of OCTOSTP system and related services ("Financial Solutions") remain the key source of revenue to the Group. The Group has consistently made significant strides in improving its businesses including upgrade of OCTOSTP system, expansion of product base and customer base and strengthening the sales and marketing activities. The Group has expanded its "FinReg Innovative Tools" ("FinReg") peripheral product lines in 2021, including the completed development of new solutions, FinReg KYC+ and FinReg Check, which were successful launched to the market in the second quarter of 2021. The rapid development of financial industry has arisen increasing awareness of regulatory compliance. Therefore, to capture the business opportunities of this promising market, the Group has devoted resources to improve and enhance its FinReg that helps customers deal with trade surveillance and anti-money laundering monitoring related to securities trading activities with automation to ease their operation burden of regulatory compliance. The Group endeavors to promote our well known RegTech solutions FinReg to the market and was in close negotiation with a vase number of potential customers to implement RegTech solutions. The Group is confident that it 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. The Group has regularly carried out Facebook live broadcasting, organized webinars and seminars with business partners and strengthened its digital social media platform to provide customers latest product development of the Group and boosts customer interaction.

The Group has organized a number of webinars and seminars. For instance, it has registered as a member of RegTech Association of Hong Kong so as to support and promote RegTech business in Hong Kong. The Group collaborated with RegTech Association of Hong Kong to organize a webinar “How can RegTech facilitate compliance application & innovation?” on 1 April 2021 to share the recent development and insight of RegTech solutions. Recently, the Group also organized a seminar “Modern KYC challenge: Transform Customer Data to Insights X Enhance Storage Capability & Stability” with one well-known IT solution partner on 24 June 2021 to promote FinReg KYC+ and its peripheral product lines and received well responses from the participants. Nonetheless, it creates a great exposure for the Group to broaden its customer base and business partnership.

Following the successful launch of FinReg to the market and through above strategic initiatives, the Group was able to reap benefits in 2021 from completion of above new products development and the efforts of sales and marketing. The Group has achieved substantial growth in terms of customers, contracts and the total contracts sum as attributed from Financial Solutions services during the period.

Fintech resources services

In light of the market trend to adopt technologies to improve work efficiency and the growing demand of IT professionals due to rapid development of fintech, the Group targeted to expand the market of fintech resources services, which mainly provides secondment and support services of IT professionals and recruitment services for customers. Backed by the expertise and experience of the Group’s IT professionals in financial industry, the Group has also spent resources on sales and marketing activities in recent years. With the dedicated effort of our sales and marketing team, the Group performed stably with recurring revenue from customers. For the six months ended 31 May 2021, the Group has secured renewal contract from existing customer and successfully gained new contract from new customers.

To further achieve larger market share and broaden its customer base, upon completion of the Acquisition of Leadership, it enables the Group to generate synergies in terms of revenue upside and operation efficiencies as with wider spectrum of customers and shared resources. The Group expected that there will be a growth in the business of fintech resources services. For the three months ended 31 May 2021, the Group recorded revenue from fintech resources services segment of approximately HK\$1,541,000, increased by 333% from approximately HK\$356,000 for the corresponding period last year.

Computer hardware and related products

Though COVID-19 had adversely affect different business sectors in Hong Kong, it had 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 at the date of this report, the Group has signed sales contracts of computer hardware and third parties products including contracts signed with several new non-financial customers for providing services ranging from system server, back up service and network security and electronic products. The Group has recorded revenue from computer hardware and related products of approximately HK\$1,703,000 for the three months ended 31 May 2021, a significant increase in revenue when compared to approximately HK\$125,000 for the corresponding period last year.

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.

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

Prospects

Operational efficiency and increase its revenue growth will continue to be top priorities for the Group for 2021. 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. In 2020, FinReg marks an important milestone as it has been successfully launched to the market and were well recognised by our customers. To go further this year, FinReg 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.

SUPPLEMENTARY INFORMATION FOR THE SIX MONTHS ENDED 31 MAY 2021

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

Expansion Plans of the Group

The Group will further focus on its core business and technology development with product functionality improvement and expansion in the service areas offered to the customers. The Group has explored and will dig in to every business opportunity to keep its competitiveness and sustainability. Therefore, the Group has been implementing following expansion and development plans with the goal to improve its business performance.

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

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

The Group intends to expand this segment by (i) upgrade of OCTOSTP system; (ii) expansion of customer base; (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. The Group targets to sign more sales contracts for its OCTOSTP system for this year.

(ii) *Expansion of customer base*

Historically, the Group mainly focused its sales on 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 2019, the Group actively hosted seminars and webinars to promote the Group's new products and services to brokerage houses and assets management houses. The Group has also made full 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 videos. Satisfactory feedbacks and responses were received from a number of customers who have indicated their interests in the Group's new products and services. The Group will keep up promoting our well known RegTech solutions "FinReg Innovative Tools" to the market and is confident that FinReg will enhance the Group's profitability in the coming future.

(iii) *Expansion of product base*

In order to strengthen the Group's competitiveness, the Group has also dedicated resources to improve and enhance FinReg that helps customers deal with risk management and compliance of regulatory rules related to securities trading activities with automation and efficiencies. The Group managed to expand its customer base and secured contracts for the implementation of FinReg with a number of new and existing customers from various sizeable brokerage firms. Overall, sales from FinReg was increased notably and contributed a positive outcome to the Group. Meanwhile, the Group was also in close negotiation with a vase number of potential customers.

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.

FinReg and its peripheral product lines 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 ("FinReg KYC+ 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; (iii) wealth management system, which focus on the digital transformation of the daily operation of the wealth management industry; and (iv) FinReg Check is also providing customer ongoing name screening, customer risk profile monitoring and search report filing library.

(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" and 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 through the Company Facebook live regularly. Since 2020, the Group has hosted ten 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.

(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. 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 licences, 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; (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. Also, 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. As at the date of this report, the Group has signed sales contracts of computer hardware and third parties products including contracts signed with several new non-financial customers for providing services ranging from system server, back up service and network security and electronic products. The Group has recorded revenue of approximately HK\$1,703,000 for the three months ended 31 May 2021, a significant increase in revenue when compared to approximately HK\$125,000 for the corresponding period last year.

The Group has expanded its sales and marketing team which actively approach other departments of brokerage houses and banks by warm call. As at the date of this report, the Group is in negotiation with several customers for the sales of computer hardware and related products.

(iii) *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 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 believes that there is a great business opportunity in fintech resources services 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 further expand the fintech resources services segment and to broaden the customer base, the Group acquired Leadership on 31 March 2021. For details of the Acquisition, please refer to the announcement and circular of the Company dated 4 January 2021 and 31 March 2021 respectively. Upon completion of the Acquisition, it enables 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 Leadership 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, the Group has also partnered with recruitment agency who has a solid IT recruitment experience with extensive knowledge and network of candidates within IT industry. The Group and the partner have developed a strategic cooperation plan to provide a spectrum of services to cater customers' needs in IT specialists. The Group believes that its fintech resources services 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 services segment. The Group will continue to expand this segment by (i) recruitment of human resource professional; (ii) cooperation with headhunt companies; (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 human resource staff to source and identify IT professionals from time to time with the intention to provide the customers with suitable candidates on time.

(ii) Cooperation with headhunt companies

The Group has engaged several recruitment agencies to source and identify more professionals for secondment and recruitment services. The Group will continue to cooperate with various recruitment agencies through the Company's Facebook live to promote its services.

(iii) Recruitment portals

The Group has also begun to publish recruitment advertisements on well-known recruitment portals including jobsDB, CTgoodjobs, SCMP online, Indeed and LinkedIn etc. to expand its pool of IT professional candidates for the customers.

(iv) Participating in Career Fair

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

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

As at 31 May 2021, the interests and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 to 5.68 of the GEM Listing Rules were as follows:

Long positions in shares

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

Long positions in underlying shares

a) The Company:

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

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

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

b) Associated Corporation:

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

Long positions in debentures

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

Short positions in shares

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

Short positions in underlying shares

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

Short positions in debentures

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

Save as disclosed above, as at 31 May 2021, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 May 2021, the following persons (other than the directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in shares

Name	Capacity	Nature of interest	Number of ordinary shares	Percentage of issued share capital
Maximizer International Limited	Beneficial owner	Corporate	177,793,941	59.05%
Pacific East Limited	Beneficial owner	Corporate	16,450,838	5.46%
DGM Trust Corporation (Note)	Trustee	Corporate	194,244,779	64.51%

Note:

DGM Trust Corporation is the trustee of The City Place Trust which wholly owns Maximizer International Limited, which holds 59.05% interest in the Company and wholly owns Pacific East Limited, which holds 5.46% interest in the Company. The City Place Trust is a discretionary trust and its beneficiaries include certain family members of Mr. Kau Mo Hui, but does not include Mr. Joseph Chi Ho Hui or Ms. Clara Hiu Ling Lam or any of their respective spouses or minor child. Mr. Kau Mo Hui is the father of Mr. Joseph Chi Ho Hui, an executive director of the Company and Mr. Samson Chi Yang Hui, the chief executive officer of the Company. Mr. Kau Mo Hui is also the father-in-law of Ms. Clara Hiu Ling Lam, an executive director of the Company.

Long positions in underlying shares

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

1. 123,529,400 convertible preference shares were issued by the Company to Maximizer International Limited. Based on the initial conversion price of HK\$0.17 per new ordinary share upon the exercise of the conversion rights attaching to each the convertible preference share, a maximum number of 123,529,400 new ordinary shares shall be allotted and issued upon full exercise of the conversion rights attaching to the convertible preference shares.
2. five-year unlisted convertible bond with nil interest rate in the principal amount of HK\$29,699,876.20 was issued by the Company to Maximizer International Limited. Base on the initial conversion price of HK\$0.17 per new ordinary share upon the exercise of the conversion rights attaching to the convertible bond, a maximum number of 174,705,154 new ordinary shares shall be allotted and issued upon full exercise of the conversion rights attaching to the convertible bond.

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

Short positions in shares

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

Short positions in underlying shares

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

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

AUDIT COMMITTEE

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

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

During the six months ended 31 May 2021, the audit committee held two meetings for the purpose of reviewing the Company's reports and financial statements, and providing advice and recommendations to the Board of directors. The minutes of the audit committee meeting are kept by the company secretary.

The Group's unaudited results for the three months ended 31 May 2021 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standard.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 May 2021, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

CORPORATE GOVERNANCE CODE

The Company is committed to maintain and ensure high standards of corporate governance code. Except for the deviations as explained below, none of the directors is aware of information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period for the six months ended 31 May 2021, in compliance with the Corporate Governance Code (the "CG Code") set out by the Stock Exchange in Appendix 15 to the GEM Listing Rules.

Appointments, Re-election and Removal of Director

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

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

To comply with code provision A.4.3, Mr. Liu's, Mr. Wong's and Mr. Jacobsen's further appointment have been proposed and approved by the shareholders at the annual general meeting of the Company held on 31 March 2021, and are subject to a separate resolution to be approved by shareholders in each year.

Financial Reporting

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

During the six months ended 31 May 2021, rather than provide monthly updates, the management of the Company has provided to the Board quarterly updates with quarterly consolidated financial statement of the Company's performance, position and prospects in sufficient details during the regular Board meetings of the Company. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board. The management discussion and analysis prepared by management and reviewed by the Board of the directors are included in this report.

Internal Audit Function

Code Provision C.2.5 of the CG Code, became effective on 1 January 2016, stipulates that the Group should have an internal audit function. For the six months ended 31 May 2021, 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 controls committee, comprising the executive directors, independent non-executive directors and management team of the Group are responsible to review the effectiveness of the Group's internal control system. There are established control procedures to identify, assess, control and report to each of the four major types of risks consisting of business and market risk, compliance risk, financial and treasury risk and operational risk. In addition, there is regular dialogue with the Group's external auditors so that both are aware of the significant factors which may affect their respective scope of work.

A review of the effectiveness of the Group's system of internal control covering all key controls, including financial, operational and compliance and risk management controls, will be conducted annually. For the year 2021, the review bases on a framework which assesses the Group's internal control system into treasury & compliance cycle. The examination consists of enquiry, discussion and validation through observation and inspection (if necessary). The result of the review will be reported to the Board and areas of improvement, if any, will be identified and appropriate measures will be put in place to manage the risks.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set to the matters under Rule 17.26 of the GEM Listing Rules which was disclosed in the announcements by the Company dated 15 March 2021 and 23 March 2021. On 23 June 2021, the Group's representatives attended the Review Hearing of the GEM Listing Committee. Up to the date of this report, the Group has not yet received the formal decision of the Listing Committee. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 May 2021, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

By order of the Board
Joseph Chi Ho HUI
Chairman

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

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

Hong Kong, 9 July 2021