



abc*multiactive*

abc Multiactive Limited

(Incorporated in Bermuda with limited liability)

Stock code:8131

2022

FIRST
QUARTERLY
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.*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The board of directors (the “Board”) of the Company presents the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 28 February 2022, together with the comparative figures:

		(Unaudited)	
		For the three months ended	
	Notes	28 February 2022 HK\$'000	28 February 2021 HK\$'000
Revenue	3	18,920	7,035
Cost of sales		<u>(6,219)</u>	<u>(1,505)</u>
Gross profit		12,701	5,530
Software research and development and operating expenses		(1,140)	(752)
Selling and marketing expenses		(4,234)	(883)
Administrative expenses		(2,728)	(1,737)
Unrealised exchange loss		<u>(1)</u>	<u>(7)</u>
Profit from operating activities	4	4,598	2,151
Finance costs	5	<u>(372)</u>	<u>(1,227)</u>
Profit before taxation		4,226	924
Income tax credit	6	<u>–</u>	<u>136</u>
Profit and total comprehensive income for the period		<u>4,226</u>	<u>1,060</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u>4,226</u>	<u>1,060</u>
Earnings per share			
– Basic	7	HK0.89 cents	HK0.35 cents
– Diluted	7	HK0.71 cents	HK0.31 cents

*NOTES:***1. BASIS OF PREPARATION**

The unaudited 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 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 three months ended 28 February 2022 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 2021, 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 2021. 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 three months ended 28 February 2022:

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2 ¹
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021 ²

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for annual periods beginning on or after 1 April 2021.

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 sales of computer software licenses and provision of related services, 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 period is as follows:

	(Unaudited)	
	For the three months ended	
	28 February 2022 HK\$'000	28 February 2021 HK\$'000
Disaggregation of revenue from contracts with customers		
Sales of computer software licences, computer software licenses leasing and provision of related services	14,094	4,861
Provision of maintenance services	2,956	992
Sales of computer hardware and related products	20	908
Provision of fintech resources services	1,850	270
Provision of overseas mortgage loan consultancy services	–	4
	18,920	7,035
Timing of revenue recognition		
A point in time	20	912
Over time	18,900	6,123
	18,920	7,035

4. PROFIT FROM OPERATING ACTIVITIES

	(Unaudited)	
	For the three months ended	
	28 February 2022 HK\$'000	28 February 2021 HK\$'000
Profit from operating activities is arrived at after charging:		
Depreciation on property, plant and equipment	21	22
Depreciation on right-of-use assets	304	298
Directors' remunerations	350	15
Staff costs (excluding directors' remunerations)		
– salaries and allowances	2,175	2,161
– retirement benefit costs	92	84
Cost of computer hardware and related products sold	12	870
Unrealised exchange loss	1	7
	<u>1</u>	<u>7</u>

5. FINANCE COSTS

	(Unaudited)	
	For the three months ended	
	28 February 2022 HK\$'000	28 February 2021 HK\$'000
Imputed interest expenses on promissory notes	365	372
Imputed interest expenses on convertible bond	–	824
Interests on lease liabilities	7	31
	<u>7</u>	<u>31</u>
	<u>372</u>	<u>1,227</u>

6. INCOME TAX CREDIT

	(Unaudited)	
	For the three months ended	
	28 February 2022	28 February 2021
	HK\$'000	HK\$'000
Deferred tax		
Credit for the period	-	136

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 period ended 28 February 2022 and 2021.

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 (2021: Nil).

As at 28 February 2022, the Group has unaudited tax losses arising in Hong Kong of approximately HK\$48,049,000 (As at 28 February 2021: approximately HK\$71,908,000) can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

7. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company for the three months ended 28 February 2022 is based on the unaudited net profit for the period of approximately HK\$4,226,000. (For the three months ended 28 February 2021 unaudited net profit: approximately HK\$1,060,000) and the weighted average number of 475,813,216 ordinary shares (2021: 301,108,062 ordinary shares).

Diluted earnings per share

The calculation of diluted earnings per share assumed the exercise of the convertible preference shares existed on 28 February 2022 and the weighted average number of ordinary shares outstanding has assumed conversion of all potentially dilutive ordinary shares as the exercise of the convertible preference shares would reduce earnings per share, therefore dilutive.

The calculation of diluted earnings per share is based on the unaudited net profit for the period, adjusted to reflect the interest and effect on the convertible bond and assumed the exercise of the convertible bond and convertible preference shares existed on 28 February 2021. The weighted average number of ordinary shares outstanding has assumed conversion of all potentially dilutive ordinary shares as the exercise of the convertible bond and convertible preference shares would reduce earnings per share, therefore dilutive.

8. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 28 February 2022

	Attributable to owners of the Company						
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited) Convertible	(Unaudited)	(Unaudited)
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Special reserve HK\$'000	bond reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
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	-	-	-	-	-	1,060	1,060
As at 28 February 2021	<u>42,464</u>	<u>113,656</u>	<u>37,600</u>	<u>10,828</u>	<u>11,830</u>	<u>(240,522)</u>	<u>(24,144)</u>
As at 1 December 2021	59,934	129,427	37,600	8,530	-	(223,644)	11,847
Profit and total comprehensive income for the period	-	-	-	-	-	4,226	4,226
As at 28 February 2022	<u>59,934</u>	<u>129,427</u>	<u>37,600</u>	<u>8,530</u>	<u>-</u>	<u>(219,418)</u>	<u>16,073</u>

Notes:

The contributed surplus arises from a share for share exchange in acquiring a subsidiary. The amount represents the different between the nominal value of the Company's shares issued and the fair value of net assets of the subsidiary.

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 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 28 February 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited revenue of approximately HK\$18,920,000 for the three months ended 28 February 2022, increased by 169% from approximately HK\$7,035,000 for the corresponding period last year. The unaudited net profit of the Group for the period was approximately HK\$4,226,000, whereas the Group recorded a unaudited net profit of approximately HK\$1,060,000 for the corresponding period last year. Of the total unaudited revenue amount, (i) approximately HK\$14,094,000 or 74% was generated from sales of computer software licenses, licenses leasing and provision of related services, (ii) approximately HK\$2,956,000 or 16% was generated from maintenance services, (iii) approximately HK\$20,000 was generated from sales of computer hardware and related products and (iv) approximately HK\$1,850,000 or 10% was generated from fintech resources services. The increase in total revenues are results of self-developed of FinReg Innovative Tools ("**FinReg**"), KYC+ and its peripheral product lines accorded by the strong acceptance in the market which enables the Group to sign more sales contracts with new customers to implement its FinReg and KYC+, thereby increasing its revenue from software licenses and maintenances services during the period. Another contributing factor to the increase was the Group had acquired Leadership Solutions Limited ("**Leadership**") in the second quarter of last year which expanded the fintech resources segment and broadened the customer base and resulted that revenue generated from fintech resources recorded significant growth when compared to the corresponding period last year.

During the period, although the Group continued to exercise prudent cost control measures by implementing tight expenses measures in its operations, the operating expenditures increased in line with the increase in operations. The unaudited operating expenditures amounted to approximately HK\$8,102,000 for the three months ended 28 February 2022, increased by 140% when compared to approximately HK\$3,372,000 for the corresponding period last year. The increases were attributed to increase in sales commission and headcount in sales and marketing team and also increased the advertising and administrative expenses to cope with the Group's business expansion plan.

During the period, the depreciation expenses on right-of-use assets was approximately HK\$304,000. The depreciation expenses on property, plant and equipment was approximately HK\$21,000, remains stable when compared to approximately HK\$22,000 for the corresponding period last year.

The Group has no provision made for impairment of trade receivables for the three months ended 28 February 2022.

Total unaudited staff costs (excluding directors' remuneration) are approximately HK\$2,267,000 for the three months ended 28 February 2022, remains stable when compared to approximately HK\$2,245,000 for the corresponding period last year.

Operation Review

For the three months ended 28 February 2022, the Group's unaudited revenue was approximately HK\$18,920,000, increased by 169% from approximately HK\$7,035,000 for the corresponding period last year. Of the total unaudited revenue, revenue of approximately HK\$17,050,000 represents sales of self-developed software, revenue of approximately HK\$1,850,000 was generated from fintech resources services and revenue generated from resales of computer hardware and the third parties' products were approximately HK\$20,000.

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. In view of increasing awareness of regulatory compliance driven by the rapid development of financial industry, the Group captured the business opportunities of this promising market by devoting more 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 has also expanded its FinReg peripheral product lines, including the completed development of new solutions "KYC+", which was successfully launched to the market since 2021.

Overall, FinReg, KYC+ and its peripheral product lines has contributed a positive outcome to the Group. In addition to the increase in revenue, the Group also has a significant increase in new customers gained from FinReg, KYC+ and its peripheral product lines. Since the launch of such product lines, the Group's customer base also has significant growth in 2021. Step into the first quarter of 2022, FinReg, KYC+ and its peripheral product lines continued its growth momentum. Except for sales of software licenses and provision of professional services on FinReg, the Group also provides these new customers with annual maintenance services for these products, which greatly increases the Group's revenue from software licenses and maintenance services respectively. In the meantime, the Group is also in close negotiation with certain potential customers to implement its diversified product lines and provision of professional services.

The prolonged outbreak of “COVID-19” pandemic continues to bring uncertainties to market. The business environment remains difficult and challenging. However, as more people got vaccinated and the pandemic is slowly stabilizing, it is hoped that the economy in Hong Kong would gradually recover in the second half 2022. 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 with business partners and strengthened its digital social media platform to provide customers latest product development of the Group and boosts customer interaction. Therefore, the Group remains optimistic about the prospects of regtech and IT related services. The Group will also reinforce its strategic initiatives and seeks new business opportunities to overcome the difficult operating environment.

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.

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 help 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.

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 has successfully acquired Leadership in the second quarter of last year, the Group was able to expand the fintech resources services market, which 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 and with the dedicated effort of our sales and marketing team, the Group also achieved significant growth in revenue in fintech resources services segment during the period. For the three months ended 28 February 2022, the Group's revenue generated from fintech resources was approximately HK\$1,850,000, increased by 585% when compared to that of approximately HK\$270,000 for the corresponding period last year. During the period, the Group has secured the renewal secondment contract from existing customers and successfully gained recruitment service contracts from new customers.

Prospects

Operational efficiency and increase its revenue growth will continue to be top priorities for the Group for 2022. 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 core-solutions improvement and upgrading and more new diversified solutions. In 2021, FinReg, KYC+ and its peripheral product line marks an important milestone as it has been successfully launched to the market and were well recognised by our customers. To go further, such product lines 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. Meanwhile, 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. It is the belief of the directors of the Company that the Group has well-diversified products and services range, its technology enables the delivery of robust, scalable and innovative business solutions into the market faster and at a lower cost than alternatives which maintains its market competitiveness and it is well equipped to face future challenges and believe that the Group will be strongly positioned to optimistic growth when market conditions improve.

To strive for the realization of the above initiatives, the Group will increase its focus on its research and development capabilities and also improve the quality of its sales and marketing team. The Group's sale and marketing team will also continue to maintain closer business relationships with existing customers, explore the market for potential customers and is committed to improving the sales performance for 2022.

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

As at 28 February 2022, 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 28 February 2022, 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 28 February 2022, 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	339,499,095	71.35%
Pacific East Limited	Beneficial owner	Corporate	16,450,838	3.46%
DGM Trust Corporation <i>(Note)</i>	Trustee	Corporate	355,949,933	74.81%

Note:

DGM Trust Corporation is the trustee of The City Place Trust which wholly owns (a) Maximizer International Limited, which holds 71.35% interest in the Company and (b) Pacific East Limited, which holds 3.46% 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 (the "**Convertible Bond**"). Based on the initial conversion price of HK\$0.17 per new ordinary share upon the exercise of the conversion rights attached 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 attached to the Convertible Bond.

On 18 August 2021, Maximizer International Limited fully exercised the conversion rights attached to the Convertible Bond for the full conversion into 174,705,154 ordinary shares in the capital of the Company at the conversion price of HK\$0.17 per ordinary share, following which the Company allotted and issued a total number of 174,705,154 ordinary shares to Maximizer International Limited.

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 three months ended 28 February 2022, the audit committee held a meeting 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 28 February 2022 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standard.

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, 23 March 2021, 13 July 2021, 14 July 2021, 22 July 2021, 20 October 2021, 26 October 2021 and 20 January 2022. As the request of the Company, trading in the Shares on the Stock Exchange has been suspend with effect from 9:00 a.m. on 21 October 2021. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules. Shareholders and potential investors should note that the resumption of trading in the Shares on the Stock Exchange is subject to the above condition which may or may not be fulfilled. There is no guarantee that the resumption of trading in the Shares on the Stock Exchange will take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three months ended 28 February 2022, 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. Ka Wing LAU	<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, 14 April 2022

This report will remain on the GEM website on the "Latest Listed Company Information" page for at least 7 days from the day of its posting and the website of the Company at www.hklistco.com.