



abc Multiactive Limited

(辰罡科技有限公司)*

(incorporated in Bermuda with limited liability)

QUARTERLY RESULTS REPORT

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

HIGHLIGHTS

Turnover for the three months ended 28th February 2001 amounted to approximately HK\$8.69 million.

Net loss for the three months ended 28th February 2001 amounted to approximately HK\$14.23 million. The net loss can be attributed to increased overheads from the expansion of the Company's regional operations in Hong Kong, Australia and Singapore.

The Company's shares were successfully listed on the GEM on 31st January 2001.

QUARTERLY RESULTS

The board of directors (the "Board") of abc Multiactive Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 28th February 2001.

	<i>Note</i>	Unaudited consolidated results for the three months ended 28th February 2001 <i>HK\$'000</i>
Turnover	3	
Sales of computer hardware		1,043
Sales of computer software and provision of related services		6,302
Provision of maintenance services		1,343
		8,688
Cost of sales		(3,203)
Gross profit		5,485
Other revenue		235
Software research and development expenses		(2,392)
Royalty expenses		(9)
Selling and marketing expenses		(3,957)
Administrative expenses		(9,975)
Other operating expenses		
Amortisation of goodwill arising from acquisition of a subsidiary		(3,045)
Amortisation of intellectual properties		(433)
Operating loss		(14,091)
Finance costs		(139)
Loss attributable to shareholders		(14,230)
Dividend		—
Loss per share	5	HK cents (4.18)

1. Group reorganisation and basis of presentation

- (a) The Company was incorporated in Bermuda on 2nd March 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda.
- (b) Pursuant to a group reorganisation (the "Reorganisation") completed on 22nd January 2001 to rationalise the group structure in preparation for the listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM"), the Company became the holding company of the Group. The Company's shares were listed on the GEM on 31st January 2001. The Reorganisation was effected as follows:
 - (i) On 16th December 2000, two shares of S\$1.00 each of Multiactive Software (S) Pte Ltd ("MSSL") were transferred by Multiactive Software Pty Limited ("MSPL"), a wholly owned subsidiary of Multiactive Software Inc to the Company for a consideration of S\$2.00.
 - (ii) On 22nd January 2001, pursuant to a director's resolution, MSPL allotted and issued 99,988 shares of AUD\$1.00 each to the Company for a consideration of AUD\$99,988.

The Reorganisation was accounted for by the Company for the three months ended 28th February 2001 using acquisition accounting in accordance with Statement of Standard Accounting Practice No.27 "Accounting for Group Reconstructions". In applying acquisition accounting, the results of the MSPL and MSSL were consolidated in the consolidated accounts with effect from the effective date of acquisition by the Company. Accordingly, there are no comparative consolidated results of the Group for the three months ended 29th February 2000.

2. Principal Accounting Policies

The principal accounting policies used in the preparation of the unaudited consolidated profit and loss account of the Group for the three months ended 28th February 2001 are consistent with those used in the audited financial statements as set out in the annual report of the Company dated 26th February 2001. In addition, the goodwill arising from the Reorganisation which represents the goodwill arising from the acquisition of MSPL and MSSL, is eliminated against reserves.

3. Turnover

The Group is engaged in the sale of computer products and the provision of maintenance services for such products.

4. Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group did not generate any assessable profits during the period.

The potential deferred tax asset in respect of tax losses available carried forward and other timing differences as at 28th February 2001 has not been recognised as the crystallisation of the asset in the foreseeable future is uncertain.

5. Loss per share

The calculation of the basic loss per share for the three months ended 28th February 2001 is based on the loss attributable to the shareholders of approximately HK\$14,230,000 and the weighted average number of 340,314,972 shares in issue during the period.

No diluted loss per share has been presented for the three months ended 28th February 2001 as the Company did not have any dilutive potential ordinary shares during the period.

6. Movement of Reserves

	<i>HK\$'000</i>
Balance as at 1st December 2000	58,898
Premium on issue of shares	80,874
Share issuing expenses	(17,450)
Exchange differences	206
Elimination of goodwill arising from group reorganisation (25,279)	
Loss for the period	<u>(14,230)</u>
Balance as at 28th February 2001	<u><u>83,019</u></u>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the period.

SUPPLEMENTAL FINANCIAL INFORMATION

As mentioned above, the Reorganisation was not completed until 22nd January 2001. The directors of the Company (the “Directors”) consider that it is appropriate to provide additional financial information to the shareholders of the Company by presenting the pro forma combined profit and loss account for the three months ended 28th February 2001 and the corresponding period in 2000 to facilitate comparison of the results of the Group prepared on a basis consistent with that presented in the accountant’s report in Appendix I to the prospectus of the Company dated 22nd January 2001 (the “Prospectus”). The pro forma combined profit and loss account are prepared on a combined basis as if the current group structure had been in existence throughout the reporting periods, except for abc Multiactive (Hong Kong) Limited (“abc HK”) which was acquired by the Company with effect from 1st March 2000 for cash and other considerations. The results of abc HK was consolidated by the Company with effect from 1st March 2000 and therefore was not reflected in the pro forma combined profit and loss account for the three months ended 29th February 2000.

Unaudited Pro forma Combined Profit and Loss Account

	For the three months ended 28th February 2001 HK\$'000	For the three months ended 29th February 2000 HK\$'000
Turnover		
Sales of computer hardware	1,043	—
Sales of computer software and provision of related services	6,796	2,086
Provision of maintenance services	1,352	76
	9,191	2,162
Cost of sales	(3,681)	(95)
Gross profit	5,510	2,067
Other revenue	267	76
Software research and development expenses	(2,392)	—
Royalty expenses	(196)	(700)
Selling and marketing expenses	(5,076)	(1,613)
Administrative expenses	(9,529)	(2,034)
Other operating expenses		
Amortisation of goodwill arising from acquisition of a subsidiary	(3,045)	—
Amortisation of intellectual properties	(433)	—
Operating loss	(14,894)	(2,204)
Finance costs	(139)	(19)
Loss for the period	(15,033)	(2,223)
Dividend	—	—
Loss per share (<i>note</i>)	HK cents (4.42)	HK cent (0.64)

Note:

The calculation of the basic pro forma combined loss per share for the three months ended 28th February 2001 is based on the loss attributable to shareholders of approximately HK\$15,033,000 and the weighted average number of 340,314,972 shares in issue during the period.

The calculation of the basic pro forma combined loss per share for the three months ended 29th February 2000 is based on the loss attributable to shareholders of approximately HK\$2,223,000 and on the assumption that 345,434,750 shares (the number of shares of the Company in issue at the date of the Prospectus right before the Placing and the shares issued in connection with the private placements) deemed to be in issue throughout the three months ended 29th February 2000.

No diluted pro forma combined loss per share has been presented for the three months ended 28th February 2001 as the Company did not have any dilutive potential ordinary shares during the period.

BUSINESS REVIEW AND PROSPECTS

Business review of the Group

Summary of unaudited consolidated results

	For the three months ended 28th February 2001 <i>HK\$'000</i>
Turnover	8,688
Loss before interest, tax, depreciation, and amortisation	(10,058)
Loss for the Period	(14,230)

The Group recorded turnover of approximately HK\$8.69 million for the three months ended 28th February 2001. The turnover can be attributed to the increase in demand for the Group's e-finance products with the launch of AMS3 by the Stock Exchange, increase in turnover from sales of e-business products through recruitment of additional sales personnel in Australia and Singapore, and consistent maintenance fee income from existing customers.

As at 28th February 2001, the Group had a backlog sales of approximately \$7.2 million. These contracts are scheduled to be delivered to customers in the second and third quarter of 2001.

During the period, the Group continued product development on a new e-finance product, OCTO Straight Through Processing ("STP"). OCTO STP is a fully integrated and totally automated front and back office stock trading system. The core strength of OCTO STP is to enable continuous electronic processing flow from order input, credit control, trade execution, confirmation, settlement, to reporting. Completion of development work and release of this product is expected to take place in the second quarter of 2001.

Loss attributable to shareholders for the three months ended 28th February 2001 was approximately HK\$14.23 million. The loss is attributable to the increase in operating expenses from expansion of the Group's regional operations. The Group continues to market its products primarily through direct sales in Hong Kong, Australia, and Singapore. As at 28th February 2001, the Group had a direct sales force of 71 members which included sales, professional services, pre-sales support and post-sales support personnel. The Group intends to broaden its presence in the Asia Pacific region by continuing to expand its sales force and by entering into additional distribution agreements.

As at 28th February 2001, the Group had cash and cash equivalents of approximately HK\$31.45 million.

Business review of the pro forma Combined Group

Summary of unaudited pro forma combined results

	For the three months ended 28th February 2001	For the three months ended 29th February 2000
	<i>HK\$000's</i>	<i>HK\$000's</i>
Turnover	9,191	2,162
Loss before interest, tax, depreciation, and amortisation	(10,751)	(1,970)
Loss for the Period	(15,033)	(2,223)

For the three months ended 28th February 2001, the Group recorded pro forma combined turnover of approximately HK\$9.19 million representing a 325% increase over the same period of the previous year. The increase in total revenues and increased turnover from sales of e-business products through recruitment of additional sales personnel in Australia and Singapore and the addition of abc HK into the Group.

The Group continued to invest in research and development during this period, positioning the Company to grow its market share in the e-business software and e-finance market space. During this period, the Group's Entice! product won the Mobile eCommerce Award. Entice! is a unique software solution that unifies traditional CRM functionality with eBusiness tools and wireless technology. The award was given by Mobile Insights, a provider of professional services to the mobile computing and wireless industries and an authority on mobile computing and wireless data communications. A select group of 30 mobile computing press and analyst representatives chose Entice! as the "Mobile eCommerce Award" winner in the software category.

The Group recorded a pro forma combined loss of approximately HK\$15.03 million for the three months ended 28th February 2001 compared with a loss of approximately HK\$2.22 million for the corresponding period in the previous year. The loss position can be attributed to increase in operating expenses from expansion of the Group's regional operations. The Group is confident that with the expansion of its infrastructure firmly in place, the Group will be able to achieve better performance in the long term. The Group is now fine-tuning itself for a healthy financial future by focusing on stream-lining and improving operational efficiency.

Prospects

The Directors believe that the Group's ownership of award winning software differentiates its business from other software companies whose primary operation is system integration and custom development. The Group's ownership of the intellectual property will create a high leverage business model allowing higher margin sales of its software products through its extensive distribution network.

The Group will also continue to look for opportunities to cooperate with new technology partners which can complement its own suite of products and business. The Group is exploring a range of partnerships and alliances with leading technology companies in the Asia Pacific region to accelerate access to technologies and further enhance its established customer base.

The Group is also looking for opportunities in the PRC. The Group will utilize the expertise and connections of the Hong Kong operations to accelerate entry to the PRC market. The Group has already established a new office in Shanghai and sales activities will commence in the second quarter of 2001 once the set-up is completed.

DIRECTOR'S INTEREST IN SHARES

As at 28th February 2001, the interests of the Directors and their respective associates in the Company and its associated corporations as recorded in the registrar required to be kept by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), or which required, pursuant to Rules 5.40 to 5.59 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

a) Shares in the Company

Name of Directors	Number of ordinary shares of HK\$0.04 each			Total
	Personal interests	Family interests	Corporate interests	
Mr. Anthony Wai Hung Au	Nil	Nil	31,250,000 ⁽¹⁾	31,250,000
Mr. Kau Mo Hui	Nil	62,500,000 ⁽²⁾	Nil	62,500,000

NOTES:

- These shares are held by Asian 2000 Limited which is owned as to 60% by Mr. Anthony Wai Hung Au and as to 40% by his spouse, Mrs. Greta May Yoke Au Chui. The interest held by Mrs. Greta May Yoke Chui is deemed to be part of the interest of Mr. Anthony Wai Hung Au.
- These shares are held by Pacific East Limited which is wholly owned by The City Place Trust. The City Place Trust is a discretionary trust and its beneficiaries are Mr. Chi Yung Hui and Mrs. Chu Yuen Lam. Mr. Chi Yung Hui and Mrs. Chu Yuen Lam are, respectively, the son and spouse of Mr. Kau Mo Hui. The interest held by Mr. Chi Yung Hui and Mrs. Chu Yuen Lam are deemed to be part of the interest of Mr. Kau Mo Hui.

b) Associated Corporations

Name of Directors	Number of common shares			Total
	Personal interests	Family interests	Corporate interests	
Mr. Terence Chi Yan Hui	2,237,153	Nil	Nil	2,237,153
Mr. Anthony Wai Hung Au	Nil	Nil	1,362,524 ⁽¹⁾	1,362,524
Mr. Joseph Chi Ho Hui	17,295	10,000 ⁽²⁾	Nil	27,295
Mr. Kau Mo Hui	70,000	40,949,625 ⁽³⁾	Nil	41,019,625

NOTES:

1. These shares are held by Asian 2000 Limited. Asian 2000 Limited is owned as to 60% by Mr. Anthony Wai Hung Au and as to 40% by his spouse, Mrs. Greta May Yoke Au Chui. The interest held by Mrs. Greta May Yoke Au Chui is deemed to be part of the interest of Mr. Anthony Wai Hung Au.
2. These shares are held by Mr. Joseph Chi Ho Hui's spouse, Susanna Chow. The interest held by Mrs. Susanna Chow is deemed to be part of the interest of Mr. Joseph Chi Ho Hui.
3. These shares are held by City Place Trust and Multiactive Technologies Partnership: The City Place Trust holds 36,475,319 shares of Multiactive Software Inc representing approximately 59% of the issued capital of Multiactive Software Inc. The City Place Trust is a discretionary trust and its beneficiaries are Mr. Chi Yung Hui and Mr.s Chu Yuen Lam. The interest held by Mr. Chu Yuen Lam are deemed to be part of the interest of Mr. Kau Mo Hui.

Multiactive Technologies Partnership holds 4,474,306 shares of Multiactive Software Inc. representing approximately 7.2% of the issued share capital of Multiactive Software Inc. The interest in Multiactive Technologies Partnership is owned as to 1% by Multiactive Technologies Inc, a company controlled by Mr. Terence Chi Yan Hui and 99% by Adex Enterprises Inc, a company controlled by Mrs. Chu Yuen Lam. Mr. Terence Chi Yan Hui and Mrs. Chu Yuen Lam are, respectively, the son and spouse of Mr. Kau Mo Hui. The interest held by Mrs. Chu Yuen Lam are deemed to be part of the interest of Mr. Kau Mo Hui.

Save as disclosed above, none of the Directors, chief executive, or their respective associates had, as at 28th February 2001, any interests in the Shares of the Company or its associated corporations as recorded in the registrar required to be kept under Section 29 of the SDI Ordinance or which, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under a share option scheme approved by the shareholders of the Company on 22nd January 2001 (the "Share Option Scheme"), the board of Directors may offer to grant options to any full time employee including any executive director of the Group who spends not less than 25 hours per week in providing services to the Group. The options granted by the Company to the Directors, chief executives and employees under the Share Option Scheme as disclosed in the annual report dated 26th February 2001 were invalid under the rules of the Share Option Scheme, such that, as at 28th February 2001, no options have been granted under the Share Option Scheme.

Other than the Share Option Scheme as described above, at no time during the period was the Company, any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors, chief executives or children under 18 years of age had any right to subscribe for the securities of the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS

As at 28th February 2001, the register required to be kept under Section 16(1) of the SDI Ordinance showed that the Company has been notified of the following interests, being 10% or more of the issued share capital of the Company.

Name of Shareholder	Number of ordinary shares of HK\$0.04 each	Percentage of issued share capital
Multiactive International Limited	226,336,000	56.38%
Pacific East Limited	62,500,000	15.57%

Save as disclosed above, the Directors are not aware of any other person having an interest in shares representing 10% or more of the issued share capital of the Company.

COMPETING INTERESTS

Set out below is information disclosed pursuant to Rule 11.04 of the GEM Listing Rules:

Mr. Terence Chi Yan Hui, an executive director of the Company, is also the chairman of Multiactive Software Inc. ("MSI"), the company's ultimate holding company. MSI is engaged in the business of the design and development of e-business and CRM software, and has operations in North America, Europe, and South America. MSI and the Company share the same product lines including, Entice!, Maximizer, Maximizer Enterprise, ecBuilder and their respective product lines. The Directors believe that the business of MSI, and possible future businesses conducted by Multiactive International Limited, which is wholly owed by MSI, may compete with the business of the Company.

In addition, Mr. Terence Chi Yan Hui is involved in a range of business and investment activities which include companies involved in technology investments and incubation. These companies include Branium.com, which is an online educational content provider that combines entertainment and curriculum-based education to primary and secondary schools; Multiactive Real Estate Inc., which delivers online listing technology and software services for the real estate industry; List Warehouse Inc, which supplies online marketing lists that are imported directly into marketing software for sales prospecting activities; and CM Canada Mortgage Inc., which operates Canadamortgage.com which provides on-line mortgage shopping and processing. The Directors believe that these businesses may, in some respects, compete with the business of the Company.

Save as disclosed above, none of the Directors or the initial management shareholders is interested in any business that competes with or is likely to compete with the business of the Company.

SPONSOR'S INTEREST

As at 28th February 2001, neither BNP Paribas Peregrine Capital Limited (the "Sponsor") nor its directors or employees or associates, had any interests in the securities of the Company or any member of the Group or any rights to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

Pursuant to the agreement dated 22nd January 2001, entered into between the Company and the Sponsor, the Sponsor will receive usual sponsorship fees for acting as the Company's retained sponsor for the period from 22nd January 2001 to 30th November 2003.

YEAR 2000 COMPLIANCE

In the Group's Prospectus, the Directors reported that the Group has taken all necessary steps to ensure that all the Group's computers and software are year 2000 compliant. The Group has not encountered any material difficulties in all functional areas arising from the year 2000 compliance issue since 1st January 2000.

AUDIT COMMITTEE

An audit committee was established on 22nd January 2001. Written terms of reference which set out the authorities and duties of the audit committee were adopted by the board of Directors on the same date. Its principal duties include the review and supervision of the Group's financial reporting processes and internal controls. The audit committee is composed of two independent non-executive Directors, namely Mr. Clifford Sau Man Ng and Mr. Ronald Kwok Fai Poon.

The audit committee last met on 10th April 2001 to discuss matters in relation to the quarter ended 28th February 2001.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the three months ended 28th February 2001, the Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the period.

By order of the Board
Terence Chi Yan Hui
Chairman

Hong Kong, 10th April, 2001