



abc Multiactive Limited

(辰罡科技有限公司)*

(incorporated in Bermuda with limited liability)

THIRD 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 nine months ended 31st August 2001 amounted to approximately HK\$25,551,000.

Net loss for the nine months ended 31st August 2001 amounted to approximately HK\$48,706,000.

The Board does not recommend the payment of an interim dividend for the nine months ended 31st August 2001.

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 and the nine months ended 31st August 2001 as follows:

		For the three months ended 31st August		For the nine months ended	For the period from 2nd March 2000 (date of incorporation) to 31st August 2000
	Note	2001 HK\$'000	2000 HK\$'000	31st August 2001 HK\$'000	to 31st August 2000 HK\$'000
Turnover					
Sales of computer hardware		2,018	20	5,944	147
Sales of computer software and provision of related services		3,914	3,488	15,809	4,871
Provision of maintenance services		1,140	1,280	3,798	2,662
Total turnover		7,072	4,788	25,551	7,680
Cost of sales		(4,803)	(1,423)	(14,393)	(3,093)
Gross profit		2,269	3,365	11,158	4,587
Other revenue		194	506	720	705
Software research and development expenses		(2,038)	(2,473)	(7,490)	(4,049)
Royalty expenses		(67)	—	(76)	—
Selling and marketing expenses		(3,465)	(2,066)	(11,535)	(2,592)
Administrative expenses		(5,542)	(5,033)	(29,177)	(8,140)
Amortisation of goodwill arising from acquisition of a subsidiary		(3,045)	(3,045)	(9,135)	(6,090)
Amortisation of intellectual properties		(1,299)	—	(3,030)	—
Operating loss		(12,993)	(8,746)	(48,565)	(15,579)
Finance costs		—	—	(141)	—
Net loss		(12,993)	(8,746)	(48,706)	(15,579)
Basic loss per share	3	(0.85) cents	(0.79) cents	(3.19) cents	(1.41) cents

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") which took place 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 abc Multiactive (Singapore) Pte Ltd (formerly known as Multiactive Software (Singapore) 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 directors' resolution, MSPL allotted and issued 99,988 shares of AUD\$1.00 each to the Company for a consideration of AUD\$99,988.

The unaudited consolidated profit and loss accounts of the Group for the three months and nine months ended 31st August 2001, the three months ended 31st August 2000 and the period from 2nd March 2000 (date of incorporation) to 31st August 2000, have been prepared using the acquisition accounting in accordance with Statement of Standard Accounting Practice No.27 "Accounting for Group Reconstructions". In applying acquisition accounting, the results of subsidiaries acquired during the periods are included in the consolidated profit and loss accounts from the date of their acquisition. All material intercompany transactions and balances are eliminated on consolidation.

2. Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group had no estimated assessable profits during the period.

No profits tax was provided for the Company and its subsidiaries operating outside Hong Kong as they were in a tax loss position as at 31st August 2001.

The potential deferred tax asset in respect of tax losses available carried forward and other timing differences as at 31st August 2001 has not been recognized as the crystallization of the asset in the foreseeable future is uncertain.

3. Loss per share

The calculation of the basic loss per share for the three months and nine months ended 31st August 2001 is based on the net loss of approximately HK\$12,993,000 and HK\$48,706,000 respectively and the weighted average number of 1,524,959,000 ordinary shares in issue during the periods adjusted for the Company's shares consolidation on 2nd January 2001 as detailed in last year annual report and the Company's shares subdivision on 15th June 2001 as detailed on page 6.

The calculation of the basic loss per share for the three months ended 31st August 2000 and the period from 2nd March 2000 (date of incorporation) to 31st August 2000 is based on the net loss of approximately HK\$8,746,000 and HK\$15,579,000 respectively and the weighted average number of 1,101,140,000 ordinary shares in issue during the periods adjusted for the Company's shares consolidation on 2nd January 2001 as detailed in last year annual report and the Company's shares subdivision on 15th June 2001 as detailed on page 6.

Diluted loss per share was not presented as there were no dilutive potential ordinary shares in existence during the periods.

4. 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	1,514
Elimination of goodwill arising from group reorganization	(25,279)
Net loss for the six months ended 31st May 2001	<u>(35,713)</u>
Balance as at 31st May 2001	62,844
Exchange differences	(1,106)
Net loss for the three months ended 31st August 2001	<u>(12,993)</u>
Balance as at 31st August 2001	<u><u>48,745</u></u>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31st August 2001.

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 and nine months ended 31st August 2001 and the corresponding periods 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 unaudited pro forma combined profit and loss account below is 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 were consolidated by the Company with effect from 1st March 2000.

Unaudited pro forma combined results of the Group

	For the three months ended 31st August		For the nine months ended 31st August	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover				
Sales of computer hardware	2,018	20	5,944	147
Sales of computer software and provision of related services	3,914	6,250	16,303	11,638
Provision of maintenance services	1,140	1,280	3,807	2,802
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Total turnover	7,072	7,550	26,054	14,587
Cost of sales	(4,803)	(1,624)	(14,871)	(3,462)
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Gross profit	2,269	5,926	11,183	11,125
Other revenue	194	520	752	956
Software research and development expenses	(2,038)	(2,473)	(7,490)	(4,049)
Royalty expenses	(67)	(839)	(263)	(2,057)
Selling and marketing expenses	(3,465)	(6,614)	(12,654)	(10,882)
Administrative expenses	(5,542)	(5,972)	(28,731)	(13,086)
Amortisation of goodwill arising from acquisition of a subsidiary	(3,045)	(3,045)	(9,135)	(6,090)
Amortisation of intellectual properties	(1,299)	—	(3,030)	—
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Operating loss	(12,993)	(12,497)	(49,368)	(24,083)
Finance costs	—	—	(141)	(98)
	<hr/>	<hr/>	<hr/>	<hr/>
Net loss	(12,993)	(12,497)	(49,509)	(24,181)
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Basic loss per share (Note)	(0.85) cents	(0.90) cents	(3.25) cents	(1.75) cents
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Note:

The calculation of the basic pro forma combined loss per share for the three months and nine months ended 31st August 2001 is based on the net loss of approximately HK\$12,993,000 and HK\$49,509,000 respectively and the weighted average number of 1,524,959,000 ordinary shares in issue during the periods adjusted for the Company's shares consolidation on 2nd January 2001 as detailed in last year annual report and the Company's shares subdivision on 15th June 2001 as detailed on page 6.

The calculation of the basic pro forma loss per share for the three months and nine months ended 31st August 2000 is based on the net loss of approximately HK\$12,497,000 and HK\$24,181,000 respectively and on the assumption 1,381,739,000 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 private placements adjusted for the Company's shares consolidation on 2nd January 2001 as detailed in last year annual report and the Company's shares subdivision on 15th June 2001 as detailed on page 6) deemed to be in issue throughout the periods.

Diluted pro forma combined loss per share for the three months and nine months ended 31st August 2001 and the three months and nine months ended 31st August 2000 were not presented as there was no dilutive potential ordinary shares in existence during the periods.

BUSINESS REVIEW AND PROSPECTS

Business Review of the Group

Summary of unaudited consolidated results

	For the three months ended 31st August	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	7,072	4,788
Loss before interest, tax, depreciation and amortisation	(20,065)	(13,534)
Net loss for the period	(12,993)	(8,746)

The Group recorded a turnover of approximately HK\$7,072,000 for the three months ended 31st August 2001, a 47.7% increase from HK\$4,788,000 for the same period of the previous year and a 27.8% decrease from the previous quarter. Although the Group has experienced revenue growth for its e-finance product in recent periods, demand has been affected by the recent economic slowdown. The Group anticipates that e-finance revenues from its operations in Hong Kong via abc HK will continue to account for a significant amount of total revenues for the Group. In order to maintain its competitive edge in the industry, the Group has focused on its e-finance research and development capabilities by completing the development of OCTO Spider, the windows version of its Global trading application, to take advantage of the growing trend for globalisation. The new OCTO Spider is designed to aid any brokerage firms expand their trading possibilities into the global market place. By supporting

the industry standard Financial Information Exchange (FIX) protocol, OCTO Spider allows a brokerage firm to set up an automatic and electronic link between their trading systems and counterparties. OCTO Spider provides an out-of-the-box solution that allows brokerage firms to easily expand and enhance their trading network by routing orders to, and receiving orders from, counterparties' trading systems based on a pre-defined set of rules. OCTO Spider also allows connection to multiple external trading systems by allowing brokerage firms to set up rules to define which order should go to which counterparty. Communication between trading systems is via industry standard security protocols and can support most network types including: LAN, WAN, Internet and lease lines.

The Directors intend to grow its revenues by committing additional resources to the maintenance and ongoing development of its direct and indirect e-business sales and support channels. During the period, the Group worked diligently to complete a realignment of its e-business market and product focus. The Group concentrates on small to medium enterprises with its *Maximizer* and *Maximizer Enterprise* products. The delivery of these brands will be based primarily on a high volume, low cost distribution model. The Directors believe that expanding its relationships with resellers will enable the Group to gain a greater market share while minimizing its sales, marketing, and operating costs. As a result, the new direction of the Group's e-business sales strategy had changed from being direct sales focused to now being channel focused. As at 31st August 2001, the Group had over 76 technology partners and resellers covering Australia, New Zealand, Malaysia, India, Indonesia, Korea and Hong Kong.

Prospects

The Directors believe that the Group's technology enables the delivery of robust, scalable and innovative business solutions into the market faster and at a lower cost than other alternatives. The Group will continue to focus on exploring the market opportunities for its business solutions and, in particular, the provision of its products to small and medium size firms in the Asia Pacific region. The Group is continuing to fine-tune itself for a healthy financial future by focusing on stream-lining and improving operational efficiency. A component of the Group's strategy is continued planned expansion of its activities in the People's Republic of China (the "PRC"). In view of the upcoming World Trade Organisation entry into the PRC, the Group intends to broaden its presence in the PRC market by playing a key role in assisting companies expand their business into the PRC market. To strive for the realization of the above initiatives, the Group will increase its focus on its research and development capabilities. The Group's sale and marketing team will also continue to maintain closer business relationships with existing clients, explore the market for potential customers and is committed to improving the sales performance for the fourth quarter of 2001.

SHARE SUBDIVISION

An ordinary resolution approving the subdivision of the issued and unissued shares of HK\$0.04 each into four shares of HK\$0.01 each in the share capital of the Company was duly passed at the special general meeting of the Company held on 14th June 2001.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN THE EQUITY SECURITIES

As at 31st August 2001, the interests of the Directors and chief executives and their respective associates in the share capital of 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 of Hong Kong Limited (the "Stock Exchange") were as follows:

a) The Company

Name of Directors	Personal Interests	Number of ordinary shares		Total
		Family Interests	Corporate Interests	
Mr. Anthony Wai Hung Au	Nil	Nil	125,000,000 ⁽¹⁾	125,000,000
Mr. Kau Mo Hui	Nil	250,000,000 ⁽²⁾	Nil	250,000,000

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 Au 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 Corporation

Shares in Multiactive Software Inc.

Name of Directors	Personal Interests	Number of common shares		Total
		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:

- 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, Ms. Susanna Chow. The interest held by Ms. Susanna Chow is deemed to be part of the interest of Mr. Joseph Chi Ho Hui.
3. These shares are held by The 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 share capital of Multiactive Software Inc.. The City Place Trust is a discretionary trust and its beneficiaries are Mr. Chi Yung Hui and Ms. Chu Yuen Lam. Mr. Chi Yung Hui and Ms. Chu Yuen Lam are, respectively, the son and spouse of Mr. Kau Mo Hui. The interest held by Mr. Chi Yung Hui and Ms. 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 Ms. Chu Yuen Lam. Mr. Terence Chi Yan Hui and Ms. Chu Yuen Lam are, respectively, the son and spouse of Mr. Kau Mo Hui. The interest held by Ms. 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 executives, or their respective associates had, as at 31st August 2001, any interests in the equity securities 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 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. As at 31st August 2001, the number of options granted by the Company to the Directors and chief executives in consideration of HK\$1.00 are as follows:

Name of Directors	Number of options	Date of grant	Exercise price
Mr. Terence Chi Yan Hui	4,800,000	17th April 2001	HK\$0.3625
	480,000	28th May 2001	HK\$0.4675
Mr. Anthony Wai Hung Au	4,800,000	17th April 2001	HK\$0.3625
	480,000	28th May 2001	HK\$0.4675

Apart from the above Directors and chief executives, the Company granted options on 17th April 2001 to 118 employees to purchase 53,824,147 shares of the Company at the exercise price of HK0.3625 per share. These options are exercisable in the period from 17th April 2002 to 16th April 2011. During the period, none of these options have been exercised.

The Company also granted options on 28th May 2001 to 102 employees to purchase 6,005,660 shares of the Company at the exercise price of HK\$0.4675 per share. These options are exercisable in the period from 28th May 2002 to 27th May 2011. During the period, none of these options have been exercised.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the Directors or chief executives, their respective spouse, or children under the age of 18 or acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31st August 2001, the register of substantial shareholders 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	Percentage of issued share capital
Multiactive International Limited	905,344,000	56.38%
Pacific East Limited	250,000,000	15.57%

Save as disclosed above, no other person was recorded in the register as having an interest in shares representing 10% or more of the issued share capital of the Company as at 31st August 2001.

COMPETING INTERESTS

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

Mr. Terence Chi Yan Hui, Chairman and an executive director of the Company, is also the chairman of Multiactive Software Inc. ("MSI"). 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 Group 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 a wholly owned subsidiary of MSI, may compete with the business of the Group.

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 Group.

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 Group.

SPONSOR'S INTEREST

As at 31st August 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 has received usual sponsorship fees for acting as the Company's retained sponsor for the period from 22nd January 2001 to 31st November 2003.

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 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.

PURCHASE, SALE OR REDEMPTION LISTED SECURITIES

During the period from 31st January 2001 (the date of listing of the Company's shares) to 31st August 2001, 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
Terence Chi Yan Hui
Chairman

Hong Kong, 10th October 2001