



**abc Multiactive Limited**

**(辰罡科技有限公司)\***

*(incorporated in Bermuda with limited liability)*

**FIRST QUARTERLY RESULTS REPORT**

*\* For identification purpose only*

## **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 2002 amounted to approximately HK\$7,051,000.

The Directors do not recommend the payment of an interim dividend for the three months ended 28th February 2002.

## RESULTS

The board of directors (the “Directors”) of abc Multiactive Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 28th February 2002, together with comparative figures for the corresponding period of last year as follows:

		<b>Unaudited</b>	
		<b>For the three months ended</b>	
		<b>28th February</b>	
		<b>2002</b>	<b>2001</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(restated)</i>
Turnover	2	7,051	8,688
Cost of sales		(4,056)	(3,203)
Gross profit		2,995	5,485
Other revenues	2	49	235
Software research and development expenses		(1,413)	(2,392)
Royalty expenses		(41)	(9)
Selling and marketing expenses		(1,845)	(3,957)
Administrative expenses		(6,531)	(9,975)
Amortisation of intangible assets		(1,971)	(3,478)
Impairment of goodwill		—	(25,278)
Operating loss	3	(8,757)	(39,369)
Finance costs		(138)	(139)
Loss for the period		(8,895)	(39,508)
		<i>HK cents</i>	<i>HK cents</i>
			<i>(restated)</i>
Basic loss per share	5	(0.55)	(2.90)

Notes:

**1. Group reorganisation, basis of presentation and principle accounting policies**

- (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 (“GEM”), the Company became the holding company of the Group. The Company’s shares were listed on 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.) were transferred by Multiactive Software Pty. Limited (“abc Australia”), a wholly owned subsidiary of Multiactive Software Inc., to the Company for a cash consideration of S\$2.00.
- (ii) On 22nd January 2001, pursuant to a directors’ resolution, abc Australia allotted and issued 99,988 shares of AUD\$1.00 each to the Company for a consideration of AUD\$99,988.
- (c) The unaudited consolidated profit and loss accounts for the three months ended 28th February 2002 have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee.

The unaudited consolidated profit and loss accounts have been prepared in accordance with Statements of Standard Accounting Practice (“SSAP”) issued by the Hong Kong Society of Accountants, the accounting principles generally accepted in Hong Kong, the disclosure requirements of Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation used in the preparation of the accounts are consistent with those used in the Company’s annual financial statements for the year ended 30th November 2001, except for the following new/revised SSAPs which have been adopted for the first time in the preparation of the unaudited consolidated profit and loss accounts for the current period.

- SSAP 9 (revised): Events after the balance sheet date
- SSAP 26: Segment reporting
- SSAP 28: Provisions, contingent liabilities and contingent assets
- SSAP 29: Intangible assets
- SSAP 31: Impairment of assets
- SSAP 32: Consolidated financial statements and accounting for investments in subsidiaries

The changes to the Group’s accounting policies and the effects of adopting these new policies are set out below:

- (i) With the introduction of SSAP 30, the Group has adopted the transitional provisions prescribed therein. Goodwill incurred on or after 1st December 2001 is capitalised in the balance sheet and is amortised to the profit and loss account on a straight-line basis over its estimated economic useful life. The Group has taken advantage of the transitional provision 1(a) in SSAP 30 and goodwill previously written off against reserves has not been restated.

- (ii) Under SSAP 31 and Interpretation No. 13 "Goodwill-continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves", the carrying amount of goodwill (including goodwill that has previously been taken directly to reserves and not restated in accordance with the transitional provisions in SSAP 30) has to be reviewed periodically for any indication of impairment, and any impairment has to be dealt with in the consolidated profit and loss accounts.

The comparative figures for the three months ended 28th February 2001 have been restated to conform to the changed policy. Accordingly, goodwill previously taken directly to reserves of approximately HK\$25,278,000 which was impaired in the year ended 30th November 2001, has been recognised by way of a prior year adjustment resulting in an increase in the Group's net loss for the three months ended 28th February 2001 of approximately HK\$25,278,000.

## 2. Turnover and revenues

The Group is engaged in the design and sale of computer software and the provision of professional and maintenance services for such software. Revenues recognised during the period are as follows:

	<b>Unaudited</b>	
	<b>For the three months</b>	
	<b>ended 28th February</b>	
	<b>2002</b>	<b>2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(restated)</i>
Turnover		
Sales of computer hardware	2,124	1,043
Sales of computer software licences and provision of related services	3,557	6,302
Provision of maintenance services	1,370	1,343
	<u>7,051</u>	<u>8,688</u>
Other revenues		
Bank interest income	49	220
Other income	—	15
	<u>49</u>	<u>235</u>
Total revenues	<u><u>7,100</u></u>	<u><u>8,923</u></u>

### 3. Operating loss

Operating loss is stated after charging/(crediting) the following:

	Unaudited	
	For the three months	
	ended 28th February	
	2002	2001
	HK\$'000	HK\$'000
		(restated)
Bad debts written off	—	3
Provision for doubtful debts	355	(6)
Depreciation:		
Owned fixed assets	849	645
Leased fixed assets	130	131
Loss on disposal of fixed assets	465	—
Amortisation of intangible assets:		
Goodwill	1,122	3,045
Intellectual property rights	849	433
Impairment of goodwill	—	25,278
Operating leases in respects of land and buildings	1,252	1,059
Staff costs (excluding directors' remuneration)	5,963	10,598
Cost of computer hardware	2,023	942
Retirement benefits costs	272	530
	<u>          </u>	<u>          </u>

### 4. Taxation

No provision for Hong Kong and overseas profits tax has been made as the Group had no estimated assessable profit for the three months ended 28th February 2002 (2001: Nil).

The potential deferred tax asset in respect of tax losses available for carry forward and other timing difference as at 28th February 2002 has not been recognised as the crystallisation of the asset in the foreseeable future is uncertain.

### 5. Basic loss per share

The calculation of basic loss per share for the three months ended 28th February 2002 was based on the net loss for the period of approximately HK\$8,895,000 (2001: HK\$39,508,000) and the weighted average of 1,605,909,668 (2001: 1,361,259,888) ordinary shares in issue during the period.

The basic loss per share for the three months ended 28th February 2001 has been restated for the effects from the adoption SSAP 30 and SSAP 31 and the subdivision of the Company's shares on 15th June 2001.

No diluted loss per share for the three months ended 28th February 2001 and 2002 has been presented, as there was no dilutive potential ordinary share during the periods.

## 6. Movements of reserves

	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange difference HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st December 2000	41,936	37,600	—	(20,638)	58,898
Issue of shares	80,874	—	—	—	80,874
Share issue expenses	(17,450)	—	—	—	(17,450)
Exchange difference	—	—	206	—	206
Loss for the period	—	—	—	(39,508)	(39,508)
At 28th February 2001	<u>105,360</u>	<u>37,600</u>	<u>206</u>	<u>(60,146)</u>	<u>83,020</u>
At 1st December 2001	106,118	37,600	1,201	(141,218)	3,701
Exchange difference	—	—	166	—	166
Loss for the period	—	—	—	(8,895)	(8,895)
At 28th February 2002	<u>106,118</u>	<u>37,600</u>	<u>1,367</u>	<u>(150,113)</u>	<u>(5,028)</u>

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 28th February 2002 (2001: Nil).

## BUSINESS REVIEW AND PROSPECTS

### Business Review

For the three months ended 28th February 2002, the Group recorded a turnover of approximately HK\$7,051,000, representing a decrease of 19% from HK\$8,688,000 for the corresponding period in 2001. Despite a decrease in turnover of HK\$1,637,000, the operating loss for the period before amortisation of intangible assets and impairment of goodwill was HK\$6,786,000, representing a 36% improvement from HK\$10,613,000 for the corresponding period in 2001.

During the period under review, the decrease in turnover was mainly due to the delay in the delivery of certain e-finance contracts and reduced demand for e-business software due to the general weak economic environment coupled with the events of 11th September 2001. Delivery of the delayed e-finance contracts is scheduled to be completed in the second quarter of 2002. The Group continued to control its cost by implementing further staff and other expense reduction measures in its regional operations. Consequently, the operating expenses before amortisation and depreciation for the three months ended 28th February 2002 declined to HK\$11,022,000, representing a decrease of 39% from HK\$17,957,000 for the corresponding period in 2001. In addition to the implementation of cost control measures across the Group, the Group also increased its focus on execution in delivery of its products to ensure sustained revenues across its business units.

The Group's e-finance software provides comprehensive processing of securities and exchange-traded instruments for banks and brokerages. These software manage all important facets of transaction processing, including order routing, execution and clearance, position keeping and tracking, regulatory compliance and reporting, and investment accounting and record keeping. The Group expects that the delivery cycle will be shortened as its e-finance software is becoming more mature. During the period under review, the Group increased its marketing efforts to expand its e-finance software to other Asian countries by targeting multi-national firms. As a result, the Group received some genuine interest and enquiries in its e-finance software from Singapore and Malaysia.

During the period under review, new products were added to the Group's suite of e-business software. In addition to ecBuilder, Entice!, and Maximizer, the Group began marketing plans for its e-tender software. After examining the past performances and the prospects in Singapore and the People's Republic of China (the "PRC"), the Group had decided to close its Singapore and Shanghai operations in the second quarter of 2002 and shift to a high volume, low cost distribution model as it was anticipated that these operations would not be able to generate positive cash flow in the foreseeable future. The Directors anticipate that the closure of its Singapore and Shanghai operations will have no material effects on the business plan of the Group. To maintain its presence in South-east Asia, the Group is in advanced negotiations to appoint a distributor for the exclusive distribution rights of the Group's CRM products in Singapore and Malaysia and is sourcing for a distribution partner in the PRC.

### **Prospects**

The Group will continue to focus on fundamentals to achieve profitability. The Directors believe that the Group's ability to optimise its resources and drive the sales organisation to take full advantage of its well developed products will be critical to the Group's long term success. As such, the Group will continually maintain, enhance and evolve its proprietary e-finance and e-business software. The Group's product development strategy will depend in part on the introduction of new technology into the established functionality of its existing software. For 2002, the Group intends to continue to develop enhanced and new functionality for its products, further develop straight-through-processing capabilities, and begin development of UNIX versions of its products.



## DIRECTORS AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

### Interests in Share Capital

As at 28th February 2002, the interests of the Directors and chief executives and their respective associates in the share capital of the Company and its associated corporation 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 Director	Number of ordinary shares			Total
	Personal interests	Family interests	Corporate interests	
Mr. Kau Mo Hui	Nil	86,667,096 <sup>(1)</sup>	Nil	86,667,096

*Note:*

1. 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 Ms. Yuen Lam Chu. Mr. Chi Yung Hui and Ms. Yuen Lam Chu are, respectively, the son and spouse of Mr. Kau Mo Hui. The interests held by Mr. Chi Yung Hui and Ms. Yuen Lam Chu are deemed to be part of the interest of Mr. Kau Mo Hui.

#### b) Associated corporation

Shares in Multiactive Software Inc.

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. Joseph Chi Ho Hui	17,295	10,000 <sup>(1)</sup>	Nil	27,295
Mr. Kau Mo Hui	70,000	40,949,625 <sup>(2)</sup>	Nil	41,019,625

*Notes:*

1. 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.
2. 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. Yuen Lam Chu. Mr. Chi Yung Hui and Ms. Yuen Lam Chu are, respectively, the son and spouse of Mr. Kau Mo Hui. The interests held by Mr. Chi Yung Hui and Ms. Yuen Lam Chu 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. Yuen Lam Chu. Mr. Terence Chi Yan Hui and Ms. Yuen Lam Chu are, respectively, the son and spouse of Mr. Kau Mo Hui. The interest held by Ms. Yuen Lam Chu is 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 28th February 2002, any interests in the equity securities of the Company or its associated corporation 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.

## Interests in Share Options

### a) The Company

Under a share option scheme approved by the shareholders of the Company on 22nd January 2001, 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. As at 28th February 2002, 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 Director	Number of options in the Company				Date of grant	Exercise prices
	Granted	Exercised	As at 28th February 2002			
Mr. Terence Chi Yan Hui	4,800,000	—	4,800,000		17th April 2001	HK\$0.3625
	480,000	—	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 119 employees to purchase 61,532,948 shares of the Company at the exercise price of the 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. As at 28th February 2002, 27,947,520 of these options lapsed in connection with the cessation of employment of certain employees.

The Company also granted options on 28th May 2001 to 103 employees to purchase 5,525,660 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. As at 28th February 2002, 2,032,416 of these options lapsed in connection with the cessation of employment of certain employees.

## b) Associated corporation

Name of Directors	Number of options in Multiactive Software Inc.				Exercise prices
	Granted	Exercised	As at 28th February 2002	Date of grant	
Mr. Terence Chi Yan Hui	100,000	—	100,000	6th May 1999	CAN\$1.00
	250,000	—	250,000	23rd June 2000	CAN\$2.75
Mr. Joseph Chi Ho Hui	75,000	—	75,000	6th May 1999	CAN\$1.00

Save as disclosed above, at no time during the three months ended 28th February 2002 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 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS

As at 28th February 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows the Company had been notified of the following substantial shareholders' interests, being interest in 10% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executives.

Name of shareholder	Number of ordinary shares	Percentage of issued share capital
Multiactive International Limited	905,344,000	56.38%

## COMPETING INTERESTS

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

Mr. Terence Chi Yan Hui, the 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 28th February 2002, 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.

## **BOARD PRACTICES AND PROCEDURES**

During the three months ended 28th February 2002, the Company was in compliance with Board Practices and Procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules.

## **AUDIT COMMITTEE**

Pursuant to the GEM Listing Rules, an audit committee, comprising two independent non-executive Directors, namely Messrs. Ronald Kwok Fai Poon and Clifford Sau Man Ng, was established on 22nd January 2001.

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 Society of Accountants.

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.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the three months ended 28th February 2002, 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: 11th April 2002