



abc Multiactive Limited

(辰罡科技有限公司)*

(incorporated in Bermuda with limited liability)

THIRD 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.

INTERIM RESULTS

The board of directors (the "Board") of abc Multiactive Limited (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 31st August 2002, together with comparative unaudited figures for the corresponding period in 2001 as follows:

	Note	(Unaudited) Three months ended 31st August		(Unaudited) Nine months ended 31st August	
		2002 HK\$'000	2001 HK\$'000 (restated)	2002 HK\$'000	2001 HK\$'000 (restated)
Turnover	2	6,052	7,072	20,690	25,551
Cost of sales		(1,801)	(4,803)	(8,307)	(14,393)
Gross profit		4,251	2,269	12,383	11,158
Other revenues	2	13	194	75	720
Software research and development expenses		(1,266)	(2,038)	(4,033)	(7,490)
Royalty expenses		(56)	(67)	(122)	(76)
Selling and marketing expenses		(1,241)	(3,465)	(4,608)	(11,535)
Administrative expenses		(5,396)	(5,542)	(14,195)	(29,177)
Amortisation of intangible assets		(1,971)	(4,344)	(5,912)	(12,165)
Impairment of goodwill		—	—	—	(25,278)
Operating loss	3	(5,666)	(12,993)	(16,412)	(73,843)
Finance costs		(215)	—	(505)	(141)
Loss for the period		(5,881)	(12,993)	(16,917)	(73,984)
		HK cents	HK cents (restated)	HK cents	HK cents (restated)
Basic loss per share	5	(0.37)	(0.85)	(1.05)	(4.85)

INTERIM RESULTS

The board of directors (the "Board") of abc Multiactive Limited (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 31st August 2002, together with comparative unaudited figures for the corresponding period in 2001 as follows:

	Note	(Unaudited) Three months ended 31st August		(Unaudited) Nine months ended 31st August	
		2002 HK\$'000	2001 HK\$'000 (restated)	2002 HK\$'000	2001 HK\$'000 (restated)
Turnover	2	6,052	7,072	20,690	25,551
Cost of sales		(1,801)	(4,803)	(8,307)	(14,393)
Gross profit		4,251	2,269	12,383	11,158
Other revenues	2	13	194	75	720
Software research and development expenses		(1,266)	(2,038)	(4,033)	(7,490)
Royalty expenses		(56)	(67)	(122)	(76)
Selling and marketing expenses		(1,241)	(3,465)	(4,608)	(11,535)
Administrative expenses		(5,396)	(5,542)	(14,195)	(29,177)
Amortisation of intangible assets		(1,971)	(4,344)	(5,912)	(12,165)
Impairment of goodwill		—	—	—	(25,278)
Operating loss	3	(5,666)	(12,993)	(16,412)	(73,843)
Finance costs		(215)	—	(505)	(141)
Loss for the period		(5,881)	(12,993)	(16,917)	(73,984)
		HK cents	HK cents (restated)	HK cents	HK cents (restated)
Basic loss per share	5	(0.37)	(0.85)	(1.05)	(4.85)

NOTES:

1 Group reorganisation and basis of preparation

- (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 (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), 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. Limited) (“abc Singapore”) 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 cash consideration of AUD\$99,988.
- (c) The unaudited consolidated profit and loss accounts for the nine months ended 31st August 2002 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 profit and loss accounts for the nine months ended 31st August 2002 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 current period’s unaudited consolidated profit and loss accounts:

- 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 30: Business combinations
- 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. However, any impairment arising on such goodwill is accounted for in accordance with SSAP 31 "Impairment of assets".
- (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 written off against 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 loss has to be recognised as an expense in the consolidated profit and loss accounts.

The comparative figures for the three months and nine months ended 31st August 2001 have been restated to conform to the changed policy. Accordingly, goodwill of approximately HK\$25,278,000 which was impaired in the year ended 30th November 2001 and previously written off against reserves, has been recognised by way of a prior year adjustment resulting in an increase in the Group's net loss for the nine months ended 31st August 2001 of approximately HK\$25,278,000.

- (d) The unaudited consolidated profit and loss accounts for the nine months ended 31st August 2002 have been prepared on a going concern basis, which assumes the continued financial support from Multiactive Software Inc. ("MSI"), the ultimate holding company. MSI has agreed to provide financial support to the Group to meet its liabilities as they fall due and to continue its operations in the foreseeable future. Furthermore, a shareholder of the Company, Pacific East Limited, has confirmed that it will not demand repayment of its promissory note in the amount of HK\$10,000,000 within twelve months from 30th November 2001 and has agreed to extend the maturity date of the promissory note to 22nd May 2003.

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 products. Revenues recognised during the period are as follows:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31st August		31st August	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		<i>(restated)</i>		<i>(restated)</i>
Turnover				
Sales of computer hardware	46	2,018	2,200	5,944
Sales of computer software licences and provision of related services	5,040	3,914	14,656	15,809
Provision of maintenance services	966	1,140	3,834	3,798
	<u>6,052</u>	<u>7,072</u>	<u>20,690</u>	<u>25,551</u>
Other revenues				
Bank interest income	7	130	69	506
Other income	6	64	6	214
	<u>13</u>	<u>194</u>	<u>75</u>	<u>720</u>
Total revenues	<u>6,065</u>	<u>7,266</u>	<u>20,765</u>	<u>26,271</u>

3 Operating loss

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

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31st August		31st August	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		<i>(restated)</i>		<i>(restated)</i>
Bad debts written off	—	—	—	3
Provision for doubtful debts	(662)	300	(169)	1,576
Depreciation:				
Owned fixed assets	659	870	2,287	2,302
Leased fixed assets	130	113	391	338
Loss on disposal of fixed assets	1,453	—	2,229	—
Amortisation of intangible assets:				
Goodwill	1,122	3,045	3,366	9,135
Intellectual property rights	849	1,299	2,546	3,030
Impairment of goodwill	—	—	—	25,278
Operating leases in respects of land and buildings	752	1,275	2,985	3,661
Staff costs (including directors' remuneration)	4,878	8,830	17,049	32,250
Cost of computer hardware	30	2,375	2,073	5,945
Retirement benefits costs	213	460	726	1,608
(Gain)/loss on exchange difference	526	(1,376)	(2,367)	1,288

4 Taxation

No provision for Hong Kong and overseas profits tax has been made as the Group had no estimated assessable profit for the nine months ended 31st August 2002 (2001: Nil).

The potential deferred tax asset of tax losses available for carry forward and other timing differences as at 31st August 2002 has not been recognised as the crystallisation of the asset in the foreseeable future is uncertain.

5 Dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 31st August 2002 (2001: Nil).

6 Basic loss per share

The calculation of basic loss per share for the three months and nine months ended 31st August 2002 is based on the net loss of approximately HK\$5,881,000 and HK\$16,917,000 (Three months and nine months ended 31st August 2001: HK\$12,993,000 and HK\$73,984,000) respectively and the weighted average of 1,605,909,668 (Three months and nine months ended 31st August 2001: 1,524,959,000) ordinary shares in issue during the periods.

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

Diluted loss per share has not been presented, as there was no dilutive potential ordinary share in existence during the periods.

7 Reserves

	(Unaudited) Share premium <i>HK\$'000</i>	(Unaudited) Contributed surplus <i>HK\$'000</i>	(Unaudited) Exchange difference <i>HK\$'000</i>	(Unaudited) Accumulated losses <i>HK\$'000</i>	(Unaudited) Total <i>HK\$'000</i>
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	—	—	408	—	408
Loss for the period	—	—	—	(73,984)	(73,984)
	<u>105,360</u>	<u>37,600</u>	<u>408</u>	<u>(94,622)</u>	<u>48,746</u>
At 1st December 2001	106,118	37,600	1,201	(141,218)	3,701
Exchange difference	—	—	(2,390)	—	(2,390)
Loss for the period	—	—	—	(16,917)	(16,917)
	<u>106,118</u>	<u>37,600</u>	<u>(1,189)</u>	<u>(158,135)</u>	<u>(15,606)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a turnover of approximately HK\$6,052,000 for the three months ended 31st August 2002, a 14% decrease from approximately HK\$7,072,000 for the same period of the previous year. The decrease was mainly attributed to the decrease in sales of computer hardware during the current period. Of the total turnover amount, HK\$2,683,000 or 44% was generated from software license sales, HK\$2,357,000 or 39% was generated from professional services, HK\$46,000 or 1% was generated from the sale of computer hardware goods, and HK\$966,000 or 16% was generated from maintenance services. The operating loss before depreciation, amortisation of intangible assets and impairment of goodwill for the three months ended 31st August 2002 was HK\$2,906,000 representing a 62% improvement over the corresponding figure of HK\$7,666,000 in 2001.

Operating expenditures amounted to HK\$8,600,000 for the three months ended 31st August 2002, a 41% decrease from HK\$14,476,000 for the same period of the previous year. During the period, the Group continued to exercise prudent cost control policies and successfully negotiated the transfer of its operations in Sydney and Hong Kong to smaller office locations in order to further improve the Group's cost structure. The office transfer of the Hong Kong operations was completed at the end of August 2002 and the office transfer of the Sydney operations was completed in the middle of September 2002. As a direct result of the office transfers, the Group wrote off approximately HK\$1,411,000 in fixed assets and incurred approximately HK\$436,000 in removal expenses and penalty costs for the early termination of its existing lease agreements.

Amortisation expenses amounted to HK\$1,971,000 for the three months ended 31st August 2002, a 55% decrease for the same period of the previous year. The decrease was principally attributed to the impairment of goodwill and write-off of intellectual property rights at the end of fiscal 2001 resulting in a decrease in the value of intangible assets to be amortised.

At 31st August 2002, a provision of approximately HK\$1,786,000 was made for long outstanding trade receivables. The directors were uncertain whether the amount would ultimately be collected due to the sluggish economy and considered that it was prudent to make such a provision.

At 31st August 2002, the Group had 69 employees. Total staff costs amounted to approximately HK\$4,878,000 for the three months ended 31st August 2002, a 45% decrease from approximately HK\$8,830,000 for the same period of the previous year. The directors believe that the quality of its employees is the most important factor in sustaining the Group's growth and improving its profitability. Employees are remunerated according to their performance and work experience. In addition to basic salaries and retirement scheme, staff benefits include medical scheme, share options and performance bonus.

At 31st August 2002, the Group had outstanding borrowings of approximately HK\$1,172,000 representing current accounts with the ultimate holding company which were unsecured and non-interest bearing; approximately HK\$360,000 representing an overdraft facility which was secured by a HK\$500,000 deposit, interest bearing at 1% above the Hong Kong prime rate and repayable upon demand by the lender; and HK\$10,000,000 representing a short term shareholder's loan from Pacific East Limited which was unsecured, interest bearing at the Hong Kong prime rate and maturing on 22nd May 2003.

During the period under review, abc Australia placed itself under voluntary administration and appointed administrators on 28th June 2002 for the purpose of debt restructuring. Working together with the management of abc Australia, the administrators reviewed the books and records of abc Australia and prepared a deed of company arrangement setting out the rate of reduction in debts and a payment schedule for the approval of abc Australia's creditors. The creditors meeting took place on 25th July 2002 and the creditors approved the execution of the deed of company arrangement for the reduction of abc Australia's debt to AUD\$0.225 to the dollar and payment of this amount over thirteen monthly installments. As a result of the deed of company arrangement, a charge was created over the assets of abc Australia in August 2002. Save as disclosed, the Group had not created any mortgage or charge during the period.

The Group expresses its gearing ratio as a percentage of bank borrowings and long term debts over total assets. At 31st August 2002, the Group's gearing ratio was 0.05.

As a majority of the Group's monetary assets and liabilities are denominated in Hong Kong dollars, the exchange rate risks of the Group are considered to be minimal.

At 31st August 2002, 17 employees who had completed the required number of years of service under the Employment Ordinance (the "Ordinance") to be eligible for long service payments on termination of their employment with the Group. The Group is only liable to make such payments where termination meets the required circumstances specified in the Ordinance. At 31st August 2002, the estimated contingent liabilities not provided for in the accounts for such purpose amounted to HK\$1,387,000.

Operations Review

During the period under review, the Group completed the development of a common front end trading application to enable simultaneous trading of equities and futures. In terms of expendability and scalability, the Group's Octo STP trading software now facilitates cross border trading in 51 markets, global settlements and custodies, equity linked notes, futures, options and derivatives trading and settlement, as well as real-time risk management and margin controls. Building on the successful implementation of its Octo STP trading software to several banking institutions, the Group's experience and credentials now extends well beyond the normal implementation cycle but also an in-depth knowledge and seasoned experiences in implementing bank host interfaces and hold/release fund logics. During the period, the Group signed another three licensing and professional services contracts to deliver its securities trading software to customers. Most notably, the Group achieved a major milestone during the period when it beat out its competition to secure a contract with a Singaporean bank to develop an institutional back office system in Hong Kong.

Other achievements during the period included the implementation of strategies designed to expand and provide additional support to the Group's e-Business reseller network. These strategies included providing pre-qualified sales and service leads for its resellers, setting up a dedicated reseller technical support line, allocating market development funds available for use in local marketing campaigns, providing training and certification programs to improve the skills and technical knowledge of the resellers, and giving significant discounts on the e-Business products purchased directly through the Group. In June of 2002, the Group appointed a distributor for the exclusive distribution rights of its e-Business products in Singapore and Malaysia. Subsequently, the Singapore distributor has secured several strategic alliances that have included a marketing agreement with a leading Internet portal company and advanced negotiation for a bundling agreement with a leading provider of business machines. In view of the Singapore distributor's increasing progress, the Group has expanded its arrangement with the Singapore distributor to include non-exclusive distribution rights of the Group's e-Business products in Hong Kong and the Philippines.

Future Prospects

When a slowdown in the economy became apparent, the Group scaled back its operations in anticipation of a drop in IT spending and significantly reduced infrastructure expenses and variable expenses rightsizing the operation to be in line with revenues. Although reorganisation costs were incurred, the Group is beginning to realise long-term benefits from these restructuring activities. With a business model that stresses recurring revenue from annual upgrade and maintenance fees and a management team focused on precise execution, the directors believe that the Group is now in a position to grow even in a business downturn as customers implement the Group's products in order to achieve the cost savings and operational efficiencies that are essential to improving their competitiveness.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

At 31st August 2002, the interests of the directors and chief executive and their respective associates in the shares and options of the Company and its associated corporations as recorded in the register 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 GEM Listing Rules, to be notified to the Stock Exchange were as follows:

Interests in Share Capital

a) The Company:

Name of director	Number of ordinary shares of HK\$0.01 each			Total
	Personal interests	Family interests	Corporate interests	
Mr. Kau Mo Hui	—	86,667,096 ⁽¹⁾	—	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:**

Name of directors	Number of common shares in Multiactive Software Inc.			Total
	Personal interests	Family interests	Corporate interests	
Mr. Terence Chi Yan Hui	2,237,153	—	—	2,237,153
Mr. Joseph Chi Ho Hui	17,295	10,000 ⁽¹⁾	—	27,295
Mr. Kau Mo Hui	70,000	40,949,625 ⁽²⁾	—	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.

Interests in Share Options

a) The Company:

Under a share option scheme approved by the shareholders of the Company on 22nd January 2001 (the "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. At 31st August 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	Options in the Company			Date of grant	Exercise prices
	Granted	Exercised	At 31st August 2002		
Mr. Terence	4,800,000	—	4,800,000	17th April 2001	HK\$0.3625
Chi Yan Hui	480,000	—	480,000	28th May 2001	HK\$0.4675

Apart from the above director, 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 HK\$0.3625 per share. These options are exercisable in the period from 17th April 2002 to 16th April 2011. During the nine months ended 31st August 2002, none of these options have been exercised. At 31st August 2002, 30,845,761 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 from 28th May 2002 to 27th May 2011. During the nine months ended 31st August 2002, none of these options have been exercised. At 31st August 2002, 2,303,040 of these options lapsed in connection with the cessation of employment of certain employees.

No further options can be granted under the Scheme until the new requirements of Chapter 23 of the GEM Listing Rules are complied with.

b) Associated Corporation:

Name of directors	Options in Multiactive Software Inc.			Date of grant	Exercise prices
	Granted	Exercised	At 31st August 2002		
Mr. Terence	100,000	—	100,000	6th May 1999	CAN\$1.00
Chi Yan Hui	250,000	—	250,000	23rd June 2000	CAN\$2.75
Mr. Joseph	75,000	—	75,000	6th May 1999	CAN\$1.00
Chi Ho Hui					

These options expire seven years from the date of grant and are exercisable over four years from the date of grant, with one quarter exercisable on the first anniversary date and the balance exercisable in an equal number monthly over the remaining three years.

Save as disclosed above, at no time during the nine months ended 31st August 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 and chief executive, 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 SHAREHOLDER

At 31st August 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 executive.

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

Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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 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 that include companies involved in technology investments and incubation. 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

At 31st August 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 30th November 2003.

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. Three meetings were held during the nine months ended 31st August 2002.

BOARD PRACTICES AND PROCEDURES

During the nine months ended 31st August 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine months ended 31st August 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: 8th October 2002