Interim Report 2003

abc Multiactive Limited

(Incorporated in Bermuda with limited liability)

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INTERIM RESULTS

The board of directors (the "Board") of abc Multiactive Limited (the "Company") presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the three months and six months ended 31st May 2003, together with the comparative figures.

The turnover of the Group for the three months and six months ended 31st May 2003 was HK$5,144,000 and HK$10,504,000 (Three months and six months ended 31st May 2002: HK$7,587,000 and HK$14,638,000), respectively. The net profit for the three months and six months ended 31st May 2003 was HK$1,233,000 and HK$2,760,000 (Three months and six months ended 31st May 2002: net loss of HK$2,141,000 and HK$11,036,000), respectively. Basic earnings per share for the three months and six months ended 31st May 2003 was HK0.08 cents and HK0.17 cents (Three months and six months ended 31st May 2002: basic loss per share of HK0.13 cents and HK0.69 cents), respectively.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months and six months ended 31st May 2003

		(Unaudited) Three months ended 31st May		**(Unaudited) Six months ended 31st May**	
	Note	**2003 HK$'000**	2002 HK$'000	**2003 HK$'000**	2002 HK$'000
Turnover	2	**5,144**	7,587	**10,504**	14,638
Cost of sales		**(1,358)**	(2,450)	**(2,932)**	(6,506)
Gross profit		**3,786**	5,137	**7,572**	8,132
Other revenues	2	**17**	13	**22**	62
Software research and development expenses		**(859)**	(1,354)	**(1,829)**	(2,767)
Royalty expenses		**(507)**	(25)	**(937)**	(66)
Selling and marketing expenses		**(977)**	(1,522)	**(1,872)**	(3,367)
Administrative expenses		**(2,516)**	(5,234)	**(4,868)**	(11,627)
Unrealised exchange gain		**2,480**	2,966	**5,009**	2,828
Amortisation of intangible assets		**–**	(1,970)	**–**	(3,941)
Operating profit/(loss)	4	**1,424**	(1,989)	**3,097**	(10,746)
Finance costs	5	**(191)**	(152)	**(337)**	(290)
Profit/(loss) for the period		**1,233**	(2,141)	**2,760**	(11,036)
		HK cents	HK cents	**HK cents**	HK cents
Basic earnings/(loss) per share	8	**0.08**	(0.13)	**0.17**	(0.69)

CONDENSED CONSOLIDATED BALANCE SHEET

At 31st May 2003 and 30th November 2002

	Note	(Unaudited) 31st May 2003 HK$'000	(Audited) 30th November 2002 HK$'000
Fixed assets		**1,810**	2,601
Current assets			
Inventories		**4**	108
Work in progress		**351**	241
Trade and other receivables	9	**2,448**	3,152
Pledged bank deposits		**–**	218
Bank balances and cash		**3,911**	1,263
		6,714	4,982
Current liabilities			
Other payables, accrued charges and deposits received		**12,473**	15,047
Deferred revenue		**2,891**	2,276
Promissory note payable to a shareholder		**9,500**	–
Promissory note payable to a party connected to a non-executive director	10	**4,634**	–
		29,498	17,323
Net current liabilities		**(22,784)**	(12,341)
		(20,974)	(9,740)
Financed by:			
Share capital		**16,059**	16,059
Reserves	12	**(40,576)**	(37,524)
Deficit in shareholders' equity		**(24,517)**	(21,465)
Promissory note payable to a shareholder		**–**	9,500
Amount due to the ultimate holding company		**3,543**	2,225
		(20,974)	(9,740)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31st May 2003

	(Unaudited) Six months ended 31st May	
	2003	2002
	HK$'000	HK$'000
Net cash used in operating activities	**(2,226)**	(7,077)
Net cash from/(used in) investing activities	**240**	(78)
Net cash from/(used in) financing activities	**4,634**	(255)
Increase/(decrease) in cash and cash equivalents	**2,648**	(7,410)
Cash and cash equivalents at the beginning of period	**1,263**	9,419
Cash and cash equivalents at the end of period	**3,911**	2,009
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	**3,911**	2,360
Bank overdrafts	**–**	(351)
	3,911	2,009

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st May 2003

	(Unaudited) Share capital HK$'000	(Unaudited) Share premium HK$'000	(Unaudited) Contributed surplus HK$'000	(Unaudited) Exchange difference HK$'000	(Unaudited) Accumulated losses HK$'000	(Unaudited) Total HK$'000
At 1st December 2001	16,059	106,118	37,600	1,201	(141,218)	19,760
Exchange difference	–	–	–	(3,023)	–	(3,023)
Loss for the period	–	–	–	–	(11,036)	(11,036)
At 31st May 2002	16,059	106,118	37,600	(1,822)	(152,254)	5,701
At 1st December 2002	16,059	106,118	37,600	(1,743)	(179,499)	(21,465)
Exchange difference	–	–	–	(5,812)	–	(5,812)
Profit for the period	–	–	–	–	2,760	2,760
At 31st May 2003	**16,059**	**106,118**	**37,600**	**(7,555)**	**(176,739)**	**(24,517)**

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("HKSA") and the applicable disclosure requirements 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").

The condensed consolidated interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended 30th November 2002.

The condensed consolidated interim financial statements 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 condensed consolidated interim financial statements are consistent with those used in the Company's annual financial statements for the year ended 30th November 2002, except for the Group's adoption of the following new and revised SSAPs issued by HKSA which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 11 (revised):	Foreign currency translation
SSAP 34:	Employee benefits

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

a. SSAP 11 (revised) "Foreign currency translation" prescribes the basis for translation of foreign currency transactions and financial statements. The adoption of this SSAP has resulted in no change to the previously adopted accounting policy for foreign currency translation.

b. SSAP 34 "Employee benefits" prescribes the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereof. The adoption of this SSAP has resulted in no material change to the previously adopted accounting treatments for employee benefits.

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) Three months ended 31st May		**(Unaudited) Six months ended 31st May**	
	2003 HK$'000	2002 HK$'000	**2003 HK$'000**	2002 HK$'000
Turnover				
Sales of computer hardware	**–**	30	**–**	2,154
Sales of computer software licences and provision of related services	**3,718**	6,059	**7,679**	9,616
Provision of maintenance services	**1,426**	1,498	**2,825**	2,868
	5,144	7,587	**10,504**	14,638
Other revenues				
Bank interest income	**17**	13	**22**	62
Total revenues	**5,161**	7,600	**10,526**	14,700

3. Segment information

The Group's turnover, segment result, segment assets and capital expenditure for the period, analysed by geographical market, are as follows:

(Unaudited)
Six months ended 31st May 2003

	Turnover HK$'000	**Segment result HK$'000**	**Segment assets HK$'000**	**Capital expenditure HK$'000**
Hong Kong	**6,925**	**(2,582)**	**6,056**	**–**
Australia and New Zealand	**3,579**	**5,102**	**2,353**	**–**
Southeast Asia	**–**	**240**	**115**	**–**
	10,504	**2,760**	**8,524**	**–**

(Unaudited)
Six months ended 31st May 2002

	Turnover HK$'000	Segment result HK$'000	Segment assets HK$'000	Capital expenditure HK$'000
Hong Kong	10,506	(11,787)	30,915	–
Australia and New Zealand	3,492	1,452	3,248	13
Southeast Asia	640	(701)	191	–
	14,638	(11,036)	34,354	13

There are no sales between the geographical segments. With effect from 1st April 2002, the Group has closed its operation in Singapore (Southeast Asia).

4. Operating profit/(loss)

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

	(Unaudited) Three months ended 31st May		(Unaudited) Six months ended 31st May	
	2003	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000
Crediting				
Gain on exchange difference	**2,756**	3,036	**5,343**	2,893
Charging				
Bad debts written off	**16**	–	**28**	–
Provision for doubtful debts	**90**	138	**160**	493
Depreciation:				
Owned fixed assets	**450**	779	**885**	1,628
Leased fixed assets	**–**	130	**–**	261
Loss on disposal of fixed assets	**3**	311	**3**	776
Amortisation of intangible assets:				
Goodwill	**–**	1,122	**–**	2,244
Intellectual property rights	**–**	848	**–**	1,697
Operating leases in respect of land and buildings	**272**	981	**532**	2,233
Staff costs (including directors' remuneration):				
Wages and salaries	**3,940**	5,521	**7,918**	11,658
Retirement benefits costs	**208**	241	**398**	513
Cost of computer hardware	**–**	20	**–**	2,043

5. Finance costs

	(Unaudited) Three months ended 31st May		(Unaudited) Six months ended 31st May	
	2003	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest on bank overdraft	**–**	23	**–**	34
Interest on promissory notes	**191**	129	**337**	256
	191	152	**337**	290

6. Taxation

No provision for Hong Kong and overseas profits tax has been made as the Group had no estimated assessable profit for the six months ended 31st May 2003 (2002: Nil).

The potential deferred tax asset of tax losses available for carry forward and other timing differences at 31st May 2003 has not been recognised as the crystallisation of the asset in the foreseeable future is uncertain.

7. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31st May 2003 (2002: Nil).

8. Basic earnings/(loss) per share

The calculation of basic earnings per share for the three months and six months ended 31st May 2003 is based on the net profit of approximately HK$1,233,000 and HK$2,760,000 (Three months and six months ended 31st May 2002: net loss of HK$2,141,000 and HK$11,036,000), respectively, and the weighted average of 1,605,909,668 (Three months and six months ended 31st May 2002: 1,605,909,668) ordinary shares in issue during the periods.

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

9. Trade and other receivables

	(Unaudited) 31st May 2003 HK$'000	(Audited) 30th November 2002 HK$'000
Trade receivables	**1,396**	2,133
Prepayments and deposits	**1,052**	1,019
	2,448	3,152

The aging analysis of the trade receivables is as follows:

	(Unaudited) 31st May 2003 HK$'000	(Audited) 30th November 2002 HK$'000
Current	**477**	798
30 – 60 days	**403**	561
61 – 90 days	**181**	134
Over 90 days	**335**	640
	1,396	2,133

10. Promissory note payable to a party connected to a non-executive director

The promissory note is unsecured, interest bearing at the Hong Kong prime rate and repayable on 21st February 2004. In February 2003, Wickham Group Limited, a party connected to a non-executive director, confirmed that it will not demand repayment until 21st February 2004. Subsequently, a voluntary repayment of HK$500,000 was made during the period to reduce interest charges.

11. Share option

Under a share option scheme approved by the shareholders of the Company on 22 January 2001 (the "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.

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

Details of the options granted by the Company pursuant to the Scheme and the options outstanding at 31st May 2003 are as follows:

Category of participant	Date of grant	Exercise price	Exercisable period	Number of options at 1st December 2002 and outstanding at 31st May 2003
Executive director	17th April 2001	HK$0.3625	17th April 2002 to 16th April 2011	4,800,000
	28th May 2001	HK$0.4675	28th May 2002 to 27th May 2011	480,000
Continuous contract employees	17th April 2001	HK$0.3625	17th April 2002 to 16th April 2011	29,381,587
	28th May 2001	HK$0.4675	28th May 2002 to 27th May 2011	2,951,260

These options expire ten years from the date of grant and are exercisable over four years from the date of grant, with one quarter exercisable on each anniversary date from the date of grant.

The exercise in full of the above options outstanding at 31st May 2003 would, under the present capital structure of the Company, result in the issue of 37,612,847 additional ordinary shares of HK$0.01 each.

12. Reserves

	(Unaudited) Share premium HK$'000	(Unaudited) Contributed surplus HK$'000	(Unaudited) Exchange difference HK$'000	(Unaudited) Accumulated losses HK$'000	(Unaudited) Total HK$'000
At 1st December 2002	106,118	37,600	(1,743)	(179,499)	(37,524)
Exchange difference	–	–	(5,812)	–	(5,812)
Profit for the period	–	–	–	2,760	2,760
At 31st May 2003	**106,118**	**37,600**	**(7,555)**	**(176,739)**	**(40,576)**

The contributed surplus arises from a share for share exchange in acquiring a subsidiary. The amount represents the difference between the nominal value of the Company's shares issued and the fair value of net assets of the subsidiary. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

13. Related parties transactions

The Group had the following related party transactions during the period, which were carried out in the normal course of the Group's business:

	(Unaudited) Six months ended 31st May	
	2003 HK$'000	2002 HK$'000
Royalty fee payable to the ultimate holding company *(note a)*	**838**	66
Software merchandises purchased from the ultimate holding company *(note b)*	**22**	26
Interest on promissory note payable to a shareholder *(note c)*	**265**	256
Interest on promissory note payable to a party connected to a non-executive director *(note 10)*	**72**	–

(a) This represents royalty fees payable to Maximizer Software Inc. ("MSI") for sales conducted in the normal course of business of new customer relationship management software developed by MSI that is not covered by the software assignment agreement entered into between the Group and MSI on 22nd January 2001. If the Group exercises its option to acquire the intellectual property rights of the software, the royalty fee payable can be utilised to offset the Group's share of the development cost pursuant to the joint development agreement entered into between the Group and MSI on 22nd January 2001.

(b) The Group purchased software merchandise, in the normal course of business, from MSI for re-sale at terms mutually agreed to between the two parties.

(c) Pursuant to the promissory note to Pacific East Limited, a shareholder of the Company, the interest payable on the outstanding balance of HK$9,500,000 is calculated at the Hong Kong prime rate per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a turnover of approximately HK$5,144,000 for the three months ended 31st May 2003, a 32% decrease from approximately HK$7,587,000 for the same period of the previous year. Of the total turnover amount, HK$2,116,000 or 41% was generated from software licence sales, HK$1,602,000 or 31% was generated from professional services, and HK$1,426,000 or 28% was generated from maintenance services. At 31st May 2003, the Group had approximately HK$6,436,000 worth of contracts that were in progress. The net profit attributable to shareholders for the three months ended 31st May 2003 was HK$1,233,000, whereas the Group recorded a net loss of approximately HK$2,141,000 for the same period of the previous year. The turnaround was mainly attributed to an unrealised exchange gain of approximately HK$2,664,000 from the appreciation of the Australian currency during the current period combined with the restructuring activities undertaken by the Group in the previous year.

Operating expenditures amounted to HK$4,352,000 for the three months ended 31st May 2003, a 46% decrease from HK$8,110,000 for the same period of the previous year. The decrease was mainly attributed to restructuring activities implemented by the Group in the previous year, which included the transfer of operations in Sydney and Hong Kong to smaller office locations, the closure of the Group's Singapore and Shanghai operations, headcount reductions, and other cost control measures.

With the write-off of fixed assets from the closure of the Group's offices in Singapore and Shanghai and the transfer of the Group's operations to smaller office locations in Sydney and Hong Kong, depreciation expenses decreased from approximately HK$909,000 for the three months ended 31st May 2002 to approximately HK$450,000 in the current period.

During the current period, the Group invested approximately HK$859,000 in developing new modules for its OCTO Straight Through Processing ("STP") system and completed the development OCTO Synch, a real-time synchronisation module for the front and back office. The Group also continued to further the development of OCTO Trader, a trading module to enable simultaneous tracking and execution of securities trading within a portfolio.

The Group did not have any amortisation expenses for the three months ended 31st May 2003 as compared to HK$1,970,000 for the same period of the previous year. The decrease was principally attributed to the write-off of the remaining amounts of goodwill and intellectual property rights at the end of fiscal year 2002.

At 31st May 2003, a provision of approximately HK$2,033,000 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.

Total staff costs (including directors' remuneration) amounted to approximately HK$4,148,000 for the three months ended 31st May 2003, a 28% decrease from approximately HK$5,762,000 for the same period of the previous year. The decrease was mainly attributed to headcount reductions during 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 insurance scheme and share options.

The Group operates a conservative set of treasury policies to ensure that no unnecessary risks are taken with the Group's assets. No investments other than cash and other short-term bank deposits are currently permitted.

At 31st May 2003, the Group had outstanding borrowings of approximately HK$3,543,000 representing a current account with Maximizer Software Inc., the ultimate holding company, which was unsecured and non-interest bearing (Maximizer Software Inc. has confirmed that it will not demand repayment of the current account within twelve months from 30th November 2002); HK$9,500,000 representing a shareholder's loan from Pacific East Limited which was unsecured, interest bearing at the Hong Kong prime rate and maturing on 22nd May 2004; and approximately HK$4,634,000 representing a loan from Wickham Group Limited, a party connected to a non-executive director of the Company, which was unsecured, interest bearing at the Hong Kong prime rate and maturing on 21st February 2004.

During fiscal year 2002, Multiactive Software Pty. Limited ("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 A$0.225 to the dollar and payment of this amount over twelve payments from the date of execution of the deed of company arrangement. As a result, a charge of A$350,000 (HK$1,782,000) was created over the assets of abc Australia in respect of the deed of company arrangement in August 2002. Upon abc Australia making all payments, abc Australia will recognise a gain of A$553,000 (HK$2,815,000) as a result. The final payment under the deed of company arrangement is scheduled to take place in September 2003. Save as disclosed, the Group did not have any mortgage or charge at 31st May 2003.

The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total assets. At 31st May 2003, the Group's gearing ratio was 0.42.

At 31st May 2003, 16 employees 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 May 2003, the estimated contingent liabilities not provided for in the accounts for such purpose amounted to approximately HK$1,206,000.

The Group has not held any significant investment for the three months ended 31st May 2003 and made no material acquisitions or disposals during the current period. At 31st May 2003, the Group had no material capital commitments and no future plans for material investments or capital assets.

Operation Review

For the three months ended 31st May 2003, e-Finance turnover amounted to HK$3,146,000, a decrease of 44% when compared to HK$5,578,000 for the same period of the previous year. Although the Group experienced a slowdown in new licence contracts during the second quarter due to the weak economic conditions, it was able to maintain a steady order flow from securities firms requesting system modifications to comply with the new requirements of the Securities and Futures Ordinance, which came into effect on 1st April 2003. During the current period, the Group continued to invest in the development of additional add-on modules for its OCTO STP trading system and completed the development of OCTO Synch, a risk management module that enables quick synchronization of client account records in the front and back office. The Group also enhanced the development of its OCTO Trader solution, a trading module that enables simultaneous tracking and execution of trading of securities within a portfolio based on pre-defined rules and logic. The main objectives of the OCTO Trader module are to hedge risk, minimize human trading error and to maximize time efficiency in trade execution.

For the three months ended 31st May 2003, e-Business sales amounted to HK$1,998,000, an 1% increase compared to HK$1,979,000 for the same period of the previous year. Despite the closure of the Group's offices in Singapore and Shanghai in the second quarter of 2002, the Group was able to maintain revenues for its e-Business operations by adopting a low cost, high volume distribution model during the fiscal year 2002. As a result of its restructuring activities in the previous year, the Group has been able to achieve operational profitability for its e-Business products during the first and second quarters of 2003. During the current period, the Group expanded its distribution network by appointing a reseller for the exclusive distribution rights of its e-Business products in Taiwan. In addition, the Group was in advanced stages of negotiation with a reseller for the distribution of its e-Business products in Cambodia. The Group expects to be able to finalise the details of a distribution agreement for Cambodia by the end of the third quarter.

Prospects

The Group is diligently working towards finalising the distribution agreement with Cambodia and will continue to look for opportunities to cooperate with new technology and distribution partners, which will expand the Group's business operations in the Asia Pacific region. In view of the operational profitability in its e-Business operations, the Group will continue to operate under a low cost, high volume distribution model for this product.

The directors believe that the Group is also well positioned for growth for its e-Finance solutions despite the weakness of near term economic conditions. The Group expects to capitalise on a market turnaround with its modular e-Finance solution which can provide securities firms with the tools to increase their business scopes as investor sentiment improves with modules such as OCTO Spider to facilitate global trading, OCTO Trader to hedge risk in volatile markets, and OCTO Synch to enhance risk management for securities firms with a growing asset base.

ULTIMATE HOLDING COMPANY

At 1st December 2002, the directors regarded Multiactive Software Inc. ("Multiactive"), a company incorporated in Canada and listed on the Toronto Stock Exchange, as being the ultimate holding company. On 11th December 2002, Multiactive completed a plan of arrangement (the "Arrangement") with its shareholders and Maximizer Software Inc. ("MSI"), Multiactive's wholly owned subsidiary. Under the Arrangement, shareholders of Multiactive exchanged each of their common shares of MSI on a one-for-one basis. Holders of options to purchase common shares in Multiactive also exchanged their options for options in MSI on a one-for-one basis, on the same terms and conditions as the Multiactive option. On 15th December 2002, MSI acquired all of the assets and liabilities of Multiactive, other than the software and related business known as "ecBuilder", and became the new holding company of the Company. The shares of MSI commenced trading on the Toronto Stock Exchange in place of the shares of Multiactive on the opening for trading on 16th December 2002.

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

At 31st May 2003, the interests and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.40 of the GEM Listing Rules were as follows:

Long positions in shares

(a) The Company:

Name of director	Number of ordinary shares				Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Total	
Mr. Kau Mo Hui *(note 1)*	–	86,667,096	–	86,667,096	5.40%

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 director	Number of common shares in Maximizer Software Inc. *(note 3)* Personal interests	Family interests	Corporate interests	Total	Percentage of issued share capital
Mr. Terence Chi Yan Hui	2,237,153	–	–	2,237,153	3.62%
Mr. Joseph Chi Ho Hui *(note 1)*	17,295	10,000	–	27,295	0.04%
Mr. Kau Mo Hui *(note 2)*	70,000	40,949,625	–	41,019,625	66.35%

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 Maximizer Software Inc., representing approximately 59% of the issued share capital of Maximizer 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 Maximizer Software Inc., representing approximately 7.2% of the issued share capital of Maximizer 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 interests held by Ms. Yuen Lam Chu are deemed to be part of the interest of Mr. Kau Mo Hui.

3. Upon completion of the Arrangement by Multiactive Software Inc. on 11th December 2002, the directors' interests in common shares in Multiactive Software Inc. had been replaced by common shares in Maximizer Software Inc..

Long positions in underlying shares

(a) The Company:

Options in the Company

Name of director	Date of grant	Exercise price	Exercisable period	Number of options at 1st December 2002 and outstanding at 31st May 2003
Mr. Terence Chi Yan Hui	17th April 2001	HK$0.3625	17th April 2002 to 16th April 2011	4,800,000
	28th May 2001	HK$0.4675	28th May 2002 to 27th May 2011	480,000

These options expire ten years from the date of grant and are exercisable over four years from the date of grant, with one quarter exercisable on each anniversary date from the date of grant.

(b) Associated Corporation:

Options in Maximizer Software Inc.

				Number of options		
Name of director	Date of grant	Exercise price	Exercisable period	At 1st December 2002	Granted	At 31st May 2003
Mr. Terence Chi Yan Hui	11th December 2002	CAN$0.80	7th May 1999 to 6th May 2006	100,000 *(note 1)*	–	100,000
	11th December 2002	CAN$0.80	23rd June 2000 to 22nd June 2007	250,000 *(note 1)*	–	250,000
Mr. Joseph Chi Ho Hui	11th December 2002	CAN$0.80	7th May 1999 to 6th May 2006	75,000 *(note 1)*	–	75,000
	11th December 2002	CAN$0.14	18th March 2002 to 17th March 2009	25,000 *(note 1)*	–	25,000

Note:

1. Upon completion of the Arrangement by Multiactive Software Inc. on 11th December 2002, the directors' interests in options in Multiactive Software Inc. had been replaced by options in Maximizer Software Inc..

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.

Long positions in debentures

No long positions of directors and chief executives in the debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.40 of the GEM Listing Rules.

Short positions in shares

No short positions of directors and chief executives in the shares of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.40 of the GEM Listing Rules.

Short positions in underlying shares

No short positions of directors and chief executives in the underlying shares of the equity derivatives of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.40 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDER

At 31st May 2003, the following persons (other than the directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in shares

Name	Capacity	Nature of interest	Number of ordinary shares	Percentage of issued share capital
Maximizer International Limited *(note 1)*	Beneficial owner	Corporate	905,344,000	56.38%
Maximizer Software Inc. *(note 1)*	Interest of a controlled corporation	Corporate	905,344,000	56.38%
The City Place Trust *(note 2)*	Trustee	Corporate	992,011,096	61.78%
UBS AG	Beneficial owner	Corporate	115,252,000	7.18%
Pacific East Limited	Beneficial owner	Corporate	86,667,096	5.40%

Notes:

1. Maximizer International Limited is a wholly owned subsidiary of Maximizer Software Inc.

2. The City Place Trust holds 36,475,319 shares of Maximizer Software Inc. representing approximately 59% of the issued share capital of Maximizer Software Inc.. The City Place Trust also wholly owns Pacific East Limited, which directly holds 86,667,096 shares of the Company.

Long positions in underlying shares

No long positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Short positions in shares

No short positions of other persons and substantial shareholders in the shares of the Company were recorded in the register.

Short positions in underlying shares

No short positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

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, and Maximizer Enterprise, and their respective product lines. The directors believe that the business of MSI and possible future businesses conducted by Maximizer 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 May 2003, 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.

The Group's unaudited condensed interim financial statements for the six months ended 31st May 2003 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standard.

BOARD PRACTICES AND PROCEDURES

During the six months ended 31st May 2003, 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 six months ended 31st May 2003, 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 July 2003