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abcmultiactive

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abc Multiactive Limited
(Incorporated in Bermuda with limited liability)

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.

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 2003, together with the comparative figures.

		(Unaudited) Three months ended 31st August		(Unaudited) Nine months ended 31st August	
	<i>Note</i>	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Turnover	2	7,261	6,052	17,765	20,690
Cost of sales		(1,946)	(1,801)	(4,878)	(8,307)
Gross profit		5,315	4,251	12,887	12,383
Other revenues	2	13	13	35	75
Software research and development expenses		(863)	(1,266)	(2,692)	(4,033)
Royalty expenses		(39)	(56)	(976)	(122)
Selling and marketing expenses		(1,076)	(1,241)	(2,948)	(4,608)
Administrative expenses		(2,451)	(4,895)	(7,319)	(16,522)
Unrealised exchange (loss)/gain		(238)	(501)	4,771	2,327
Amortisation of intangible assets		–	(1,971)	–	(5,912)
Operating profit/(loss)	3	661	(5,666)	3,758	(16,412)
Finance costs	4	(190)	(215)	(527)	(505)
Profit/(loss) for the period		471	(5,881)	3,231	(16,917)
		HK cents	HK cents	HK cents	HK cents
Basic earnings/(loss) per share	6	0.03	(0.37)	0.20	(1.05)

NOTES:

1. Basis of presentation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). They are prepared under the historical cost convention.

The unaudited consolidated results 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 results 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 Statements of Standard Accounting Practice ("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 principally 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:

	(Unaudited) Three months ended 31st August		(Unaudited) Nine months ended 31st August	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Turnover				
Sales of computer hardware	20	46	20	2,200
Sales of computer software licences and provision of related services	5,832	5,040	13,511	14,656
Provision of maintenance services	1,409	966	4,234	3,834
	<u>7,261</u>	<u>6,052</u>	<u>17,765</u>	<u>20,690</u>
Other revenues				
Bank interest income	13	7	35	69
Other income	–	6	–	6
	<u>13</u>	<u>13</u>	<u>35</u>	<u>75</u>
Total revenues	<u>7,274</u>	<u>6,065</u>	<u>17,800</u>	<u>20,765</u>

3. Operating profit/(loss)

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

	(Unaudited) Three months ended 31st August		(Unaudited) Nine months ended 31st August	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
<u>Crediting</u>				
Gain on exchange difference	–	–	5,048	2,367
Recovery of bad debts previously written off	328	662	218	169
<u>Charging</u>				
Bad debts written off	4	–	32	–
Provision for doubtful debts	–	–	50	–
Depreciation:				
Owned fixed assets	424	659	1,309	2,287
Leased fixed assets	–	130	–	391
Loss on exchange difference	295	526	–	–
Loss on disposal of fixed assets	–	1,453	3	2,229
Amortisation of intangible assets:				
Goodwill	–	1,122	–	3,366
Intellectual property rights	–	849	–	2,546
Operating leases in respect of land and buildings	257	752	789	2,985
Staff costs (including directors' remuneration):				
Wages and salaries	4,312	4,665	12,230	16,323
Retirement benefits costs	182	213	580	726
Cost of computer hardware	13	30	13	2,073
	<u>13</u>	<u>30</u>	<u>13</u>	<u>2,073</u>

4. Finance costs

	(Unaudited) Three months ended 31st August		(Unaudited) Nine months ended 31st August	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Interest on bank overdraft	–	86	–	120
Interest on promissory notes	190	129	527	385
	<u>190</u>	<u>215</u>	<u>527</u>	<u>505</u>

5. Taxation

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

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

6. Basic earnings/(loss) per share

The calculation of basic earnings per share for the three months and nine months ended 31st August 2003 is based on the net profit of approximately HK\$471,000 and HK\$3,231,000 (Three months and nine months ended 31st August 2002: net loss of HK\$5,881,000 and HK\$16,917,000) respectively and the weighted average of 1,605,909,668 (Three months and nine months ended 31st August 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.

7. Movements of reserves

	(Unaudited) Share premium HK\$'000	(Unaudited) Contributed surplus HK\$'000	Group (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	–	–	(5,492)	–	(5,492)
Profit for the period	–	–	–	3,231	3,231
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At 31st August 2003	<u>106,118</u>	<u>37,600</u>	<u>(7,235)</u>	<u>(176,268)</u>	<u>(39,785)</u>

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a turnover of approximately HK\$7,261,000 for the three months ended 31st August 2003, a 20% increase from approximately HK\$6,052,000 for the same period of the previous year. The increase in turnover was mainly attributed to the successful implementation of an institutional back office system to a Singaporean bank during the period. Of the total turnover amount, HK\$3,942,000 or 54% was generated from software license sales, HK\$1,890,000 or 26% was generated from professional services, and HK\$1,409,000 or 20% was generated from maintenance services. At 31st August 2003, the Group had approximately HK\$4,411,000 worth of contracts that were in progress. The net profit attributable to shareholders for the three months ended 31st August 2003 was HK\$471,000, whereas the Group recorded a loss of approximately HK\$5,881,000 for the same period of the previous year. The turnaround was mainly attributed to the restructuring activities undertaken by the Group in the previous year.

Operating expenditures amounted to HK\$4,390,000 for the three months ended 31st August 2003, a 41% decrease from HK\$7,402,000 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\$789,000 for the three months ended 31st August 2002 to approximately HK\$424,000 in the current period.

For the three months ended 31st August 2003, the Group invested approximately HK\$863,000 in developing new modules for its OCTO Straight Through Processing ("STP") system and completed the beta development of a wealth management module to facilitate portfolio management and tracking.

The Group did not have any amortisation expenses for the three months ended 31st August 2003 as compared to HK\$1,971,000 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 August 2003, a provision of approximately HK\$1,706,000 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\$4,494,000 for the three months ended 31st August 2003, an 8% decrease from approximately HK\$4,878,000 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 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 August 2003, the Group had outstanding borrowings of approximately HK\$3,514,000 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 the 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\$1,768,000) was created over the assets of abc Australia in respect of the deed of company arrangement in August 2002. The final payment under the deed of company arrangement was completed in September 2003. Upon abc Australia making all payments, abc Australia will recognise a gain of A\$553,000 (HK\$2,793,000) in the fourth quarter of 2003 as a result. Save as disclosed, the Group did not have any mortgage or charge at 31st August 2003.

The Group expresses its gearing ratio as a percentage of long term debts over total assets. At 31st August 2003, the Group's gearing ratio was 0.43.

At 31st August 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 August 2003, the estimated contingent liabilities not provided for in the accounts for such purpose amounted to HK\$1,179,000.

The Group has not held any significant investment for the nine months ended 31st August 2003 and made no material acquisitions or disposals during the current period. At 31st August 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 August 2003, e-Finance turnover amounted to HK\$5,219,000, an increase of 46% when compared to HK\$3,566,000 for the same period of the previous year. The increase was mainly attributed to the successful implementation of an institutional back office system to a Singaporean bank during the period. During the period, the Group continued to invest in technology to introduce complementary products for its OCTO trading system and completed the beta development of a wealth management module to facilitate portfolio management. In addition to portfolio management and tracking, the wealth management module provides customer relationship management facilities specifically adapted for the investment and banking sector.

For the three months ended 31st August 2003, e-Business sales amounted to HK\$2,022,000, a decrease of 17% when compared to HK\$2,440,000 for the same period of the previous year. Despite the closure of the Group's offices in Singapore and Shanghai in the previous fiscal year, the Group was able to maintain turnover for its e-Business operations by adopting a low cost, high volume reseller business model. During the period, the Group was able to finalise the details of a distribution agreement for Cambodia and commenced negotiations for the exclusive distribution rights to India. In recognition of the strong growth prospects in China, the Group has initiated advanced negotiations with a regional reseller for the Chinese localisation and distribution of the Maximizer and Maximizer Enterprise products for the Greater China market.

Prospects

The directors believe that the Group is well positioned for growth with recent market trends of improving investor sentiment and heightened investor interest in derivatives and futures trading. The Group's OCTO STP system is a modular solution that can provide banks and securities firms with the tools to increase their business scopes. The OCTO STP system has been developed with many different add-on modules to enable banks and securities firms to meet the changing needs of investors – these modules include straight through processing to facilitate operational efficiency, F.I.X. connectivity for global trading of regional securities, and program trading capability for execution of complex trading strategies of equities and derivatives. As market sentiment continues to improve, the directors believe that demand for the Group's e-Finance solutions will increase. The Group also expects to capitalise on strong growth opportunities in China and is diligently working towards finalising the details of the localisation of its e-Business products for the China market. The Group will continue to look for strategic opportunities to cooperate with complementary technology and distribution partners to expand its products and services.

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 August 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 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			Total	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests		
Mr. Kau Mo Hui	–	86,667,096 ⁽¹⁾	–	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.			Total	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests		
Mr. Terence Chi Yan Hui	2,237,153	–	–	2,237,153	3.62%
Mr. Joseph Chi Ho Hui	17,295	10,000 ⁽¹⁾	–	27,295	0.04%
Mr. Kau Mo Hui	70,000	40,949,625 ⁽²⁾	–	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.

Long positions in underlying shares

a) The Company:

Options in the Company

(Unlisted and physically settled equity derivatives)

Name of director	Date of grant	Exercise price	Exercisable period	Number of options		At 31st August 2003
				At 1st December 2002	Granted	
Mr. Terence Chi Yan Hui	17th April 2001	HK\$0.3625	17th April 2002 to 16th April 2011	4,800,000	-	4,800,000
	28th May 2001	HK\$0.4675	28th May 2002 to 27th May 2011	480,000	-	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 of the options granted exercisable on each anniversary date from the date of grant.

No further options can be granted under the Company's share option scheme adopted on 22nd January 2003 until the new requirements of Chapter 23 of the GEM Listing Rules are complied with.

b) Associated Corporation:

Options in Maximizer Software Inc.

(Unlisted and physically settled equity derivatives)

Name of director	Date of grant	Exercise price	Exercisable period	Number of options		At 31st August 2003
				At 1st December 2002	Granted	
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 of the options granted 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.

Short positions in debentures

No short positions of directors and chief executives in the debentures of the Company and its associated corporations were recorded in the register.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDER

At 31st August 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 (<i>note 1</i>)	Beneficial owner	Corporate	905,344,000	56.38%
Maximizer Software Inc. (<i>note 1</i>)	Interest of a controlled corporation	Corporate	905,344,000	56.38%
The City Place Trust (<i>note 2</i>)	Trustee	Corporate	992,011,096	61.78%
UBS AG	Beneficial owner	Corporate	109,852,000	6.84%
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.

SPONSOR'S INTEREST

At 31st August 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 consolidated results for the nine months ended 31st August 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 nine months ended 31st August 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 nine months ended 31st August 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 October 2003