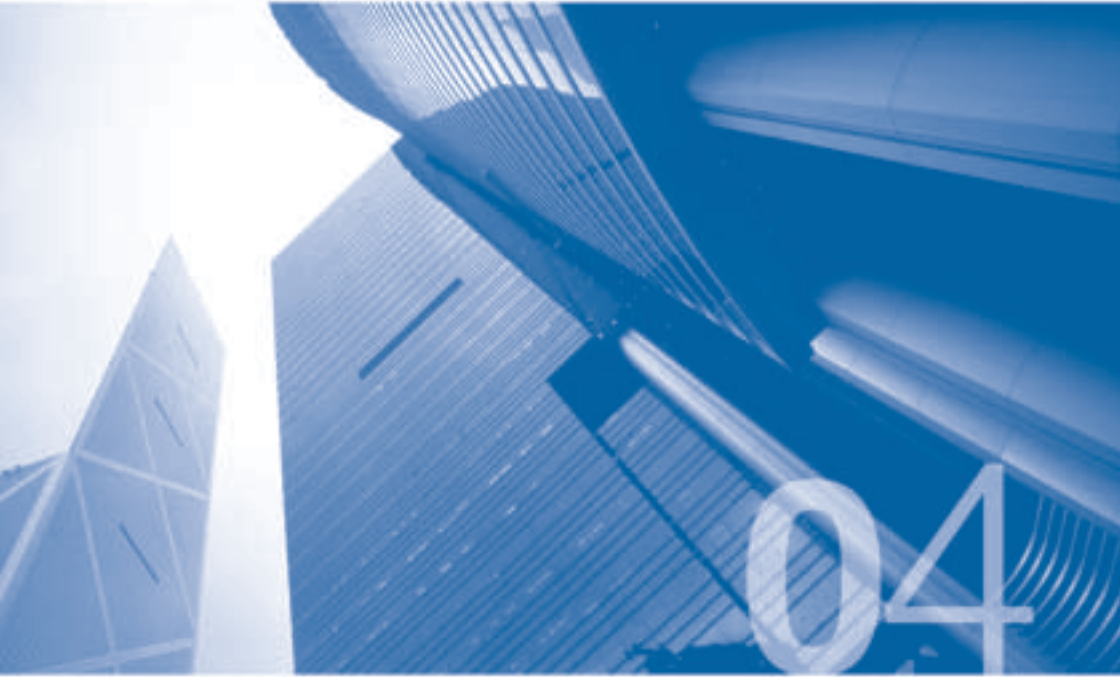


Third Quarterly Report



abcmultiactive

abcmultiactive

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.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of abc Multiactive Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to abc Multiactive Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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 2004, together with the comparative figures.

		(Unaudited)		(Unaudited)	
		Three months ended		Nine months ended	
		31st August		31st August	
		2004	2003	2004	2003
	<i>Note</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	2	5,302	7,261	15,924	17,765
Cost of sales		(1,447)	(1,946)	(5,607)	(4,878)
Gross profit		3,855	5,315	10,317	12,887
Other revenues	2	27	13	58	35
Software research and development expenses		(925)	(863)	(2,694)	(2,692)
Royalty expenses		(116)	(39)	(272)	(976)
Selling and marketing expenses		(1,070)	(1,076)	(2,891)	(2,948)
Administrative expenses		(2,147)	(2,451)	(5,970)	(7,319)
Unrealised exchange (loss)/gain		(919)	(238)	(1,002)	4,771
Gain on disposal of subsidiary		-	-	780	-
Operating (loss)/profit	3	(1,295)	661	(1,674)	3,758
Finance costs	4	(245)	(190)	(817)	(527)
(Loss)/profit for the period		(1,540)	471	(2,491)	3,231
		HK cents	HK cents	HK cents	HK cents
			(Restated)		(Restated)
Basic (loss)/earnings per share	6	(0.96)	0.29	(1.55)	2.00

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 Institute of Certified Public Accountants ("HKICPA"). 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 2003, except for the Group's adoption of the following new and revised SSAP issued by HKICPA which is effective for accounting periods commencing on or after 1st January 2003:

SSAP 12 (revised) : Income Taxes

The change to the Group's accounting policies and the effect of adopting this revised standard is set out below:

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary difference arising on investments in subsidiaries and associated companies except where the timing of reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In the prior year, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively. Since the adoption of this revised SSAP had no material impact on the Group's accounts in prior or current accounting periods, comparative figures have not been restated.

2. Turnover and revenues

The Group is principally engaged in the designing 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)		(Unaudited)	
	Three months ended		Nine months ended	
	31st August		31st August	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover				
Sales of computer hardware	24	20	903	20
Sales of computer software licences and provision of related professional services	3,731	5,832	10,439	13,511
Provision of maintenance services	1,547	1,409	4,582	4,234
	5,302	7,261	15,924	17,765
Other revenues				
Bank interest income	27	13	58	35
Total revenues	5,329	7,274	15,982	17,800

3. Operating (loss)/profit

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

	(Unaudited)		(Unaudited)	
	Three months ended 31st August		Nine months ended 31st August	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Crediting</u>				
(Loss)/gain on exchange difference	(919)	(295)	(1,002)	5,048
Recovery of bad debts previously written off	35	328	18	218
<u>Charging</u>				
Bad debts written off	–	4	–	32
Provision for doubtful debts	1	–	68	50
Depreciation:				
Owned fixed assets	181	424	709	1,309
Loss on disposal of fixed assets	80	–	80	3
Operating leases in respect of land and buildings	251	257	776	789
Staff costs (including directors' remuneration):				
Wages and salaries	3,775	4,312	10,436	12,230
Retirement benefits costs	186	182	548	580
Removal expenses	134	–	134	–
Cost of computer hardware	19	13	801	13
	<u>3,775</u>	<u>4,312</u>	<u>10,436</u>	<u>12,230</u>

4. Finance costs

	(Unaudited)		(Unaudited)	
	Three months ended 31st August		Nine months ended 31st August	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on promissory notes	200	190	589	527
Interest on amount due to the ultimate holding company	45	–	228	–
	<u>245</u>	<u>190</u>	<u>817</u>	<u>527</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 2004 (2003: Nil).

The unaudited potential deferred tax asset of HK\$18,844,000 (As at 31st August 2003: HK\$17,896,000) in respect of tax losses available for carry forward and other timing difference as at 31st August 2004 has not been recognised as the probability that future taxable profit will be available against which the temporary differences can be utilised in the foreseeable future is uncertain.

6. Basic (loss)/earnings per share

The calculation of basic loss per share for the three months and nine months ended 31st August 2004 is based on the net loss for the period of approximately HK\$1,540,000 and HK\$2,491,000, respectively (Three months and nine months ended 31st August 2003: net profit of HK\$471,000 and HK\$3,231,000 respectively), and the weighted average of 160,590,967 ordinary shares of HK\$0.10 each in issue during the period.

Pursuant to a resolution in writing of the shareholders of the Company on 6th January 2004, every ten of the authorized, issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company were consolidated into one share such that the authorised share capital of the Company became HK\$1,000,000,000 consisting of 10,000,000,000 ordinary shares of HK\$0.10 each and the issued share capital of the Company was HK\$16,059,097 consisting of 160,590,967 of HK\$0.10 each. As such, the comparative figure of basic earnings per share for three months and nine months ended 31st August 2003 was re-calculated based on the profit for the period of HK\$471,000 and HK\$3,231,000 respectively, and the adjusted weighted average of 160,590,967 ordinary shares of HK\$0.10 each deemed in issue during the period.

Diluted (loss)/earnings 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
At 31st August 2003	106,118	37,600	(7,235)	(176,268)	(39,785)
At 1st December 2003	106,118	37,600	(10,507)	(171,711)	(38,500)
Exchange difference	-	-	1,047	-	1,047
Loss for the period	-	-	-	(2,491)	(2,491)
At 31st August 2004	106,118	37,600	(9,460)	(174,202)	(39,944)

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31st August 2004 (2003: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a turnover of approximately HK\$5,302,000 for the three months ended 31st August 2004, a 27% decrease from approximately HK\$7,261,000 for the same period of the previous year. Of the total turnover amount, HK\$2,905,000 or 54.8% was generated from software license sales, HK\$826,000 or 15.6% was generated from professional services, HK\$24,000 or 0.4% was generated from hardware sales and HK\$1,547,000 or 29.2% was generated from maintenance services. At 31st August 2004, the Group had approximately HK\$3,722,000 worth of contracts that were in progress. The net loss to shareholders for the three months ended 31st August 2004 was HK\$1,540,000, whereas the Group recorded a net profit of approximately HK\$471,000 for the same period of the previous year.

Operating expenditures amounted to HK\$4,142,000 for the three months ended 31st August 2004, a 6% decrease from HK\$4,390,000 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 headcount reductions and other cost control measures.

As most of the fixed asset in the Group's Australian subsidiary were fully depreciated in 2003, depreciation expenses decreased from approximately HK\$424,000 for the three months ended 31st August 2003 to approximately HK\$181,000 in the current period.

During the current period, the Group invested approximately HK\$925,000 in developing new modules for its OCTO Straight Through Processing ("STP") system. The Group commenced development plans to integrate its Maximizer customer relationship management ("CRM") solution with its OCTO STP e-Finance solution. In recognition of the market trend towards wealth management, the Group also commenced development plans to build a portfolio management solution to handle mutual funds, unit trusts, and insurance products.

The Group did not have any amortisation expenses for the three months ended 31st August 2004 due to the write-off of the remaining amounts of goodwill and intellectual property rights at the end of fiscal year 2002.

At 31st August 2004, a provision of approximately HK\$1,709,000 was made for long outstanding trade receivables. The directors were uncertain whether the amount would ultimately be collected due and considered that it was prudent to make such a provision.

Total staff costs (including directors' remuneration) amounted to approximately HK\$3,961,000 for the three months ended 31st August 2004, a 12% decrease from approximately HK\$4,494,000 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 2004, the Group had outstanding borrowings of approximately HK\$4,930,000 representing a current account with Maximizer Software Inc., the ultimate holding company, which was unsecured and interest bearing at the annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly (Maximizer Software Inc. has confirmed that it will not demand repayment of the current account within twelve months from 30th November 2003); 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 2005; 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 2005.

The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total assets. At 31st August 2004, the Group's gearing ratio was 0.93.

At 31st August 2004, 17 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 2004, the estimated contingent liabilities not provided for in the accounts for such purpose amounted to HK\$1,125,000.

The Group has not held any significant investment for the three months ended 31st August 2004 and made no material acquisitions or disposals during the current period. At 31st August 2004, 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 2004, e-Finance turnover amounted to HK\$2,727,000, a decrease of 48% when compared to HK\$5,219,000 for the same period of the previous year. Although the Group experienced a slowdown in new license contracts during the third quarter, it was able to maintain a steady order flow from its annual maintenance fees from securities firms. During the current period, the Group continued to invest in the development of additional add-on modules for its OCTO STP trading system and signed a new client for its CRM brokerage solution.

For the three months ended 31st August 2004, e-Business sales amounted to HK\$2,575,000, an 27% increase compared to HK\$2,022,000 for the same period of the previous year. During the period, the Group adopted a more proactive approach in qualifying its resellers and developing its distribution channel. In addition to providing more comprehensive training courses for its resellers, the Group increased its marketing activities in various media that included email, print, and participation in regional IT expos. As a result of its marketing efforts, the Group was able to surpass its e-Business department in the value of contracts signed during the period.

Prospects

The Directors believe that the Group's ability to drive the sales organization to take full advantage of its well developed products will be critical to the Group's long term success. As such, the Group will continually maintain, enhance and evolve its proprietary e-finance and e-business systems. With the development of new e-Finance modules and the integration of its CRM solution with the OCTO STP system the directors believe that the Group is also well positioned for growth as the economy continues to improve.

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

At 31st August 2004, 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 <i>(note 1)</i>	–	8,666,710	–	8,666,710	5.40%

Note:

- 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 directors	Date of grant	Exercise price	Exercisable period	Number of options		
				At 1st December 2003	Granted	At 31st August 2004
Mr. Terence Chi	17th April 2001	HK\$3.625	17th April 2002 to 16th April 2011	480,000	-	480,000
Yan Hui	28th May 2001	HK\$4.675	28th May 2002 to 27th May 2011	48,000	-	48,000
Mr. Senan Shiu	17th April 2001	HK\$3.625	17th April 2002 to 16th April 2011	190,080	-	190,080
Lung Yuen	28th May 2001	HK\$4.675	28th May 2002 to 27th May 2011	19,008	-	19,008

Note: Pursuant to a resolution in writing of the shareholders of the Company on 6th January 2004, every ten of the authorised, issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company were consolidated into one shares of HK\$0.10 each. Consequently, every ten options of the Company issued consolidated into one option.

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 2001 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 directors	Date of grant	Exercise price	Exercisable period	Number of options		At 31st August 2004
				At 1st December 2003	Granted	
Mr. Terence Chi Yan Hui	11th December 2002	CAN\$0.80	7th May 1999 to 6th May 2006	100,000	-	100,000
	11th December 2002			23rd June 2000 to 22nd June 2007	250,000	-
Mr. Joseph Chi Ho Hui	11th December 2002	CAN\$0.80	7th May 1999 to 6th May 2006	75,000	-	75,000
	11th December 2002			18th March 2002 to 17th March 2009	25,000	-

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.

Save as disclosed above, as at 31st August 2004, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDER

At 31st August 2004, 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	90,534,400	56.38%
Maximizer Software Inc. <i>(note 1)</i>	Interest of a controlled corporation	Corporate	90,534,400	56.38%
The City Place Trust <i>(note 2)</i>	Trustee	Corporate	99,201,110	61.78%
UBS AG	Beneficial owner	Corporate	10,985,200	6.84%
Pacific East Limited	Beneficial owner	Corporate	8,666,710	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 8,666,710 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.

Save as disclosed above, as at 31st August 2004, the directors or chief executive of the Company were not aware of any other person (other than the directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

AUDIT COMMITTEE

Pursuant to the GEM Listing Rules, an audit committee, comprising three independent non-executive directors, namely Messrs. Ronald Kwok Fai Poon, Clifford Sau Man Ng and Kwong Sang Liu 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 Institute of Certified Public 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 2004 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standard.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine months ended 31st August 2004, 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

As at the date of this report, the Board comprises the following directors:

Mr. Terence Chi Yan HUI (*Executive Director*)
Mr. Joseph Chi Ho HUI (*Executive Director*)
Mr. Senan Shiu Lung YUEN (*Executive Director*)
Mr. Kau Mo HUI (*Non-executive Director*)
Mr. Ronald Kwok Fai POON (*Independent Non-executive Director*)
Mr. Clifford Sau Man NG (*Independent Non-executive Director*)
Mr. Kwong Sang LIU (*Independent Non-executive Director*)

Hong Kong, 13th October 2004