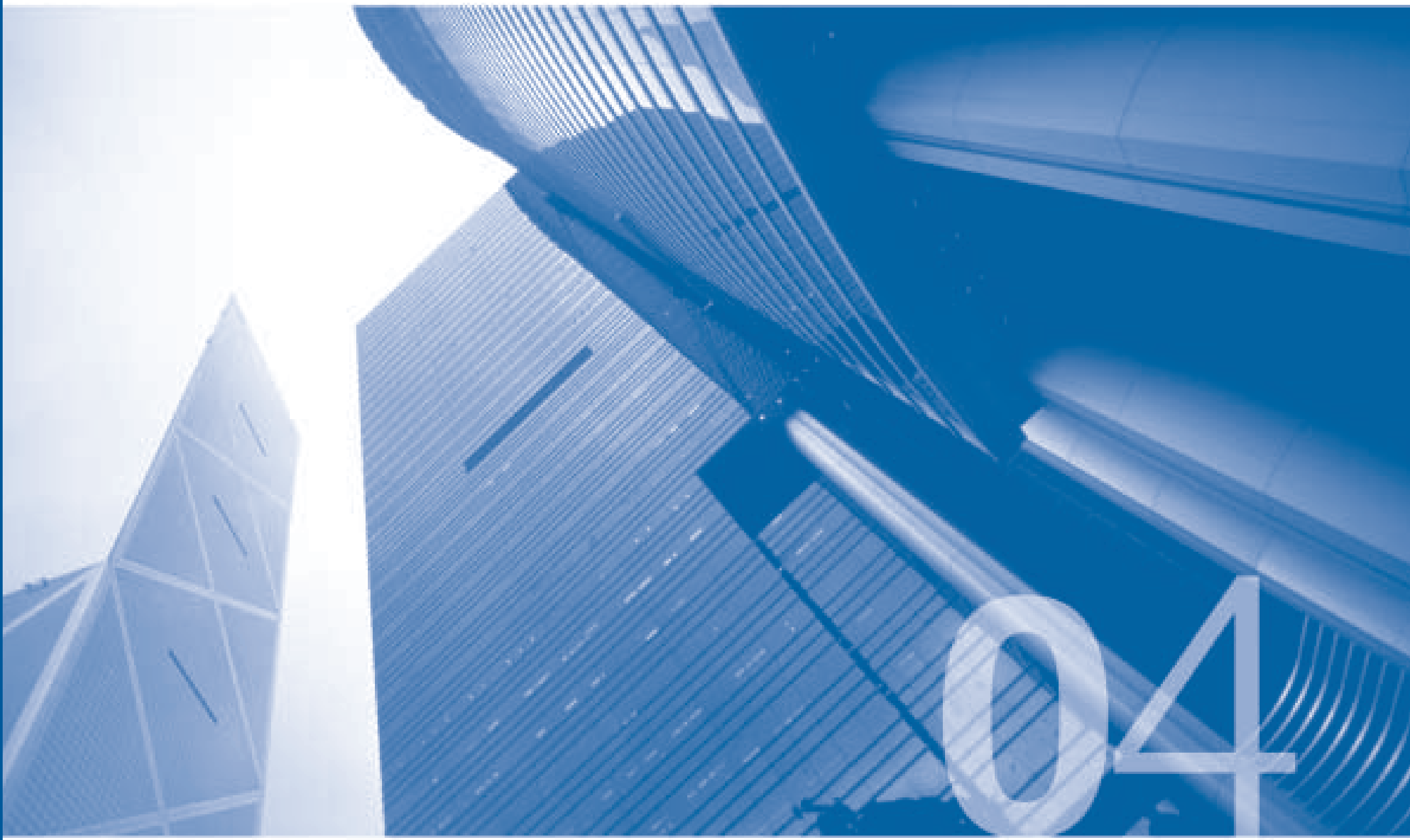
Annual Report



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.

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Terence Chi Yan HUI
Mr. Joseph Chi Ho HUI
Mr. Senan Shiu Lung YUEN

Non-executive Director

Mr. Kau Mo HUI

Independent Non-executive Directors

Mr. Ronald Kwok Fai POON
Mr. Clifford Sau Man NG
Mr. Kwong Sang LIU

QUALIFIED ACCOUNTANT

Mr. Siu Leong CHEUNG

COMPANY SECRETARY

Mr. Siu Leong CHEUNG

COMPLIANCE OFFICER

Mr. Terence Chi Yan HUI

AUTHORISED REPRESENTATIVES

Mr. Terence Chi Yan HUI
Mr. Siu Leong CHEUNG

AUDIT COMMITTEE

Mr. Ronald Kwok Fai POON
Mr. Clifford Sau Man NG
Mr. Kwong Sang LIU

BERMUDA RESIDENT REPRESENTATIVE

Mr. John Charles Ross COLLIS

BERMUDA DEPUTY RESIDENT REPRESENTATIVE

Mr. Anthony Devon WHALEY

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

17th Floor, Regent Centre
88 Queen's Road Central
Central
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Abacus Share Registrars Limited
Ground Floor
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hong Kong and Shanghai
Banking Corporation Limited

STOCK CODE

8131

WEBSITE

http://www.abcmultiactive.com

Chairman's Statement

As the economic climate in Hong Kong improved in 2004, banks and brokerage firms began re-investing in their IT infrastructure. We began 2004 with an active pipeline in the brokerage software business and have been able to capitalize on some of the opportunities in this mature and competitive space. One of the major milestones we achieved during the year was when we were engaged to provide a real time online trading platform for Japanese investors in trade Hong Kong securities. This contract enabled us to extend our e-finance operations to overseas markets. In this coming year, we will be further developing other complementary modules for our products.

In 2004, we also commenced the development of a simplified Chinese version of Maximizer, our CRM solution. We plan to mobilizing our sales force and distribution network to begin sales and marketing activities for this product in the second quarter of 2005. We were also able to expand our distribution network in the Asia Pacific region to a number of resellers spanning India, Malaysia, Singapore, Taiwan, Hong Kong, China, Indonesia, and Thailand. As the CRM market is still in the early stage of development in Asia Pacific, we remain optimistic about the potential of this market.

Our goal in 2005 is to generate recurring revenue to support our program of developing and acquiring new products. I would like to thank our board of directors, shareholders, customers, and industry partners for their continued support and our employees for contributing their energy and skills this past year. I look forward to a productive year in 2005.

Terence Chi Yan Hui
Chairman

Hong Kong
24 February 2005

Management Discussion and Analysis

Financial Review

The Group recorded a turnover of approximately HK$23,050,000 for the year ended 30th November 2004, a 2% increase from approximately HK$22,567,000 for the same period of the previous year. Of the total turnover amount, HK$11,835,000 or 51% was generated from software license sales, HK$3,415,000 or 15% was generated from professional services, HK$6,100,000 or 27% was generated from maintenance services, and HK$1,700,000 or 7% was generated from sales of hardware. At 30th November 2004, the Group had approximately HK$3,739,000 worth of contracts that were in progress. The net profit attributable to shareholders for the year ended 30th November 2004 was HK$564,000, whereas the Group recorded a net profit of approximately HK$7,788,000 for the same period of the previous year. The difference was mainly attributed to an unrealized exchange gain of approximately HK$8,240,000 from the appreciation of the Australian currency in 2003.

During the year, the Group continued to exercise prudent cost control measures by implementing staff cost and other expense reduction measures in its regional operations. As a result, operating expenditures amounted to HK$14,937,000 for the year ended 30th November 2004, a 16% decrease from HK$17,694,000 for the corresponding period of the previous year.

With the write off of fixed assets from the transfer of the Group's Hong Kong operations to a smaller office location, depreciation expenses decreased from approximately HK$1,661,000 for the year ended 30th November 2003 to approximately HK$802,000 in the current fiscal year.

The Group did not have any amortisation expenses for the year ended 30th November 2004 due to the write-off of the remaining amounts of goodwill and intellectual property rights at the end of fiscal year 2002.

During the current period, the Group invested approximately HK$3,672,000 in developing new modules for its OCTO Straight Through Processing ("STP") system.

At 30th November 2004, a provision of approximately HK$1,471,000 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$15,334,000 for the year ended 30th November 2004, a 14% decrease from approximately HK$17,900,000 for the same period of the previous year due to headcount reductions in the second half of 2003.

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.

Management Discussion and Analysis

At 30th November 2004, the Group had outstanding borrowings of approximately HK$6,021,000 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 2004); 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 2006; 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 2006. The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total assets. At 30th November 2004, the Group's gearing ratio was 1.03.

The Group did not have any mortgage or charge at 30th November 2004.

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollars, Canadian dollars, or Australian dollars. Except for the current account between the Company and its Australian subsidiaries which is denominated in Hong Kong dollars, it is the Group's policy for each operating entity to borrow in local currencies where necessary in order to minimize currency risk.

At 30th November 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 30th November 2004, the estimated contingent liabilities not provided for in the accounts for such purpose amounted to HK$1,134,000.

The Group has not held any significant investment for the year ended 30th November 2004 and made no material acquisitions or disposals during the current period. At 30th November 2004, the Group had no material capital commitments and no future plans for material investments or capital assets.

Operation Review

For the year ended 30th November 2004, e-Finance turnover excluding sales of hardware amounted to HK$11,408,000, a decrease of 23% when compared to HK$14,793,000 for the same period of the previous year. As recognition of the revenue from e-Finance projects is typically after delivery which is six to nine months after contract signing, the decrease was primarily due to a slowdown in new contracts signed in 2003 due to the SARS epidemic. During the year, the Group focused on expanding its solutions to foreign markets outside of Hong Kong and commenced partnership talks with vendors in Canada and Australia. The Group also commenced discussions to deliver its e-Finance solutions to foreign brokerages and commenced contract negotiations with brokerage firms in Japan and Taiwan that have local operations in Hong Kong. The Group expects to be able to conclude these contracts in the first quarter of 2005. As a result of the Group's sales and marketing activities during the year, the Group was able to sign another 10 financial institutions to implement its OCTO STP solution.

Management Discussion and Analysis

For the year ended 30th November 2004, sales of customer relationship management ("CRM") software amounted to HK$9,942,000, a 28% increase compared to HK$7,751,000 for the same period of the previous year. The increase was primarily due to the Groups increased marketing activities and proactive approach in developing its channel network in the Asia Pacific region. During the period, the Group was able to source, train and appoint resellers in Cambodia, Taiwan, Singapore, Malaysia, Hong Kong, China, India and Thailand. The Company's new CRM customers during the year span a variety of industries and companies that included Heineken, Super Star Seafood Restaurant, Hong Kong Business Intermediary, and Mission Hills Properties. In recognition of the trend for better customer relationship management in the financial sector, the Group also commenced development and marketing of an integrated CRM and e-Finance solution designed specifically for brokerage firms. The Group has signed with a local brokerage firm for its integrated solution and is scheduled to deliver the product to the customer in 2005.

Prospects

The Group is currently conducting a feasibility study in the development of a forex trading application to complement its existing trading solutions for equities and derivatives. The Directors believe that the forex application will enable the Group to develop new business from its existing clientele of approximately 80 banks and securities firms. The Group has also developed a simplified Chinese version of Maximizer, its CRM solution and is currently testing the product for market release. The Group aims to capitalize on strong growth opportunities in China and anticipates to be able to launch the product in the second quarter of 2005.

Biographical Details of Directors and Senior Management

Executive directors

Mr. Terence Chi Yan HUI, aged 41, is the Chairman and Compliance Officer of the Company and is responsible for the strategic direction of the Group. He received his Bachelor Degree in Physics from the University of California – Berkeley in USA and earned a Master Degree in Electrical Engineering from Santa Clara University in USA. Mr. Hui joined the Group in March 2000.

Mr. Hui is also the chairman of Vancouver-based, Maximizer Software Inc. ("MSI"), the ultimate holding company of the Company. He is the president and chief executive officer of Concord Pacific Group Inc. Concord Pacific Group Inc., is the developer of the CAN$3 billion Concord Place project on old Expo lands in Vancouver, Canada and the CAN$1.5 billion CityPlace project in Toronto, Canada.

Mr. Hui was appointed by the Prime Minister of Canada to represent Canada on the APEC Business Advisory Council from 1996 to 1997. He is a member of the board of directors of Husky Oil Limited. He also serves on the Advisory Council to the Faculty of Commerce and Business Administration of the University of British Columbia and is a member of the British Columbia Business Council Board of Governors.

Mr. Joseph Chi Ho HUI, aged 34, joined the Group in November 2000. He received his undergraduate degree in Electrical Engineering from the University of British Columbia in Canada and earned a Master Degree in Electrical Engineering from Stanford University – California in USA. Mr. Hui is the Director of Software Development of Maximizer Software Inc. where he is responsible for directing the vision and development of the Maximizer line of products. Mr. Hui is the brother of Mr. Terence Chi Yan Hui.

Mr. Senan Shiu Lung YUEN, aged 33, joined the Group in February 2000. He worked at an investment firm in Canada for 5 years in the corporate finance field. In addition to his responsibilities as director, Mr. Yuen is responsible for refining and developing the Group's distribution network in Hong Kong and North Asia. Mr. Yuen holds a Bachelor Degree in Finance from the University of British Columbia in Canada.

Non-executive director

Mr. Kau Mo HUI, aged 72, joined the Group in March 2000. He is the chairman and executive director of Wing Hong (Holdings) Limited. Wing Hong (Holdings) Limited is a company listed in main board of Hong Kong Stock Exchange and its principal business is real estate development. Mr. Hui is the father of Mr. Terence Chi Yan Hui and Mr. Joseph Chi Ho Hui.

Biographical Details of Directors and Senior Management

Independent non-executive directors

Mr. Ronald Kwok Fai POON, aged 55, is a solicitor and notary public practicing in Hong Kong with over 20 years of experience in the legal profession. Mr. Poon became an independent non-executive director of the Company in March 2000.

Mr. Clifford Sau Man NG, aged 38, is a corporate lawyer practising in Hong Kong. He received his Bachelor Degree in Economics from the University of British Columbia in Canada and his LL.B. from Dalhousie Law School in Canada. Mr. Ng became an independent non-executive director of the Company in March 2000.

Mr. Kwong Sang LIU, aged 41, is currently a practising certified public accountant in Hong Kong for more than 12 years. Mr. Liu is a fellow member of the Association of Chartered Certified Accountants, a fellow member of Hong Kong Institute of Certified Public Accountants, a fellow member of the Institute of Financial Accountants and a fellow member of the National Institute of Accountants, Australia. Mr. Liu does not hold any other positions in the Company or other members of the or its subsidiaries. Mr. Liu is currently the independent non-executive director of Polytec Asset Holdings Limited and Wing Hong (Holdings) Limited which are companies listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the independent non-executive director of Satellite Devices Corporation which is a company listed on the Growth Enterprise Market of the Stock Exchange, and he is an independent non-executive director of Pacific CMA, Inc. which is a company listed on the American Stock Exchange. Mr. Liu became an independent non-executive director of the Company on September 2004.

Senior management

Mr. Frank Hing Fat HUNG, aged 44, is the Chief Operating Officer of the Group's e-Business operations. He has over 18 years experience in the IT industry, including international management in Asia, Australia and Canada. Prior to joining the Group in November 2000, he held various senior positions, including acting chief operating officer – Asia, for Powerlan Limited ("Powerlan"). While at Powerlan, he played an instrumental role in the initial merger of CSSL and Powerlan and lead the integration of the companies' infrastructure, operations and combined services and solutions.

Mr. Samson Chi Yang HUI, aged 33, is the Chief Operating Officer of the Group. He is responsible for initiating and leading negotiations for mergers and acquisitions opportunities of the Group, as well as managing the Group's regional sales and marketing activities. He has over 9 years experience in managing real estate, trading, investment and IT businesses.

Mr. Siu Leong CHEUNG, aged 32, joined the Company in August 2003. Mr. Cheung is the qualified accountant, company secretary, authorized representative, and authorized representative for the acceptance of process in Hong Kong. Mr. Cheung is an associated member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is responsible for the day-to-day accounting and related matters of the Company. Prior to joining the Company, Mr. Cheung had worked in the auditing, accounting, and financial field for more than seven years.

Report of the Directors

The directors have pleasure in submitting their report together with the audited financial statements of abc Multiactive Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 30 November 2004.

Principal activities

The principal activity of the Company is investment holding. The activities of its subsidiaries are set out in Note 15 to the financial statements. There was no significant change in its activities during the year.

Segment information

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 5 to the financial statements.

Financial statements

The results of the Group for the year are set out in the consolidated income statement on Page 22.

The states of affairs of the Group and of the Company as at 30 November 2004 are set out in the balance sheets on pages 23 and 24 respectively.

The cashflows of the Group are set out in the statement on Page 26.

Dividends

The directors do not recommend a payment of dividend nor transfer of any amount to reserves for the year (2003: Nil).

Fixed assets

Details of the movements in fixed assets of the Group during the year are set out in Note 14 to the financial statements.

Share capital

Details of the movements in share capital of the Company are set out in Note 21 to the financial statements.

Distributable reserves

As at 30 November 2004, the Company has no distributable reserve calculated under the Companies Act 1981 of Bermuda (as amended) and the Company's bye-laws.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's bye-laws and there was no restriction against such rights under the laws of Bermuda.

Purchase, sale or redemption of listed securities

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year (2003: Nil).

Report of the Directors

Share options

Details of the share option scheme and outstanding share options of the Company as at 30 November 2004 are set out in Note 13 to the financial statements.

Directors

The directors in office during the financial year and up to the date of this report were:

Executive Directors

Mr. Terence Chi Yan Hui
Mr. Joseph Chi Ho Hui
Mr. Senan Shiu Lung Yuen (Appointed on 26 March 2004)

Non-executive Director

Mr. Kau Mo Hui

Independent non-executive Directors

Mr. Ronald Kwok Fai Poon
Mr. Clifford Sau Man Ng
Mr. Kwong Sang Liu (Appointed on 28 September 2004)

In accordance with Bye-laws 86(2) and 87 of the Company's bye-laws, Messr. Kau Mo Hui and Messr. Ronald Kwok Fai Poon retire by rotation and, being eligible, offers themselves for re-election.

Directors' services contracts

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than the statutory compensation.

Directors' interests in contracts

The directors' interests in contracts are set out in Note 25 to the financial statements. Apart from the foregoing, no other contracts of significance in relation to the Group's business to which the Company, its holding companies or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Report of the Directors

Connected transactions

The related party transactions, disclosed in Note 25 to the financial statements, constituted connected transactions under Chapter 20 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 connected transactions are as follows:

1. On 22 November 2001, Pacific East Limited advanced HK$10,000,000 to the Company. In consideration of the advance, the Company issued a promissory note to Pacific East Limited on the same day. Other than a repayment of HK$500,000 had been made in prior years, no repayment has been made during the year. The promissory note is unsecured, bears interest at Hong Kong prime rate per annum and is repayable on 22 May 2006. Pacific East Limited has confirmed that it will not demand for repayment within twelve months from the balance sheet date. During the year, interest expenses in relation to the promissory note amounted to approximately HK$543,000.

   Pacific East Limited 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, a non-executive director of the Company. As such, the issuance of the promissory note was a connected transaction.

   The independent non-executive directors reviewed the above connected transaction and confirmed that the issuance of the promissory note was (a) for the benefit of the Company, (b) was no better than normal commercial terms, and (c) there was no security over the assets of the Company granted in favour of Pacific East Limited in respect of the promissory note. Such transaction was therefore exempted from the reporting, announcement and shareholders' approval requirement.

2. On 21 February 2003, Wickham Group Limited, a company wholly owned by Mr. Kau Mo Hui, a non-executive director of the Company, advanced HK$5,134,000 to the Company. In consideration of the advance, the Company issued a promissory note to Wickham Group Limited on the same day. Repayment of HK$500,000 has been made in prior year. The promissory note is unsecured, bears interest at Hong Kong prime rate per annum and is repayable on 21 February 2006. Wickham Group Limited has confirmed that it will not demand for repayment within twelve months from the balance sheet date. During the year, interest expenses in relation to the promissory note amounted to approximately HK$249,000.

   The independent non-executive directors reviewed the above connected transaction and confirmed that the issuance of the promissory note was (a) for the benefit of the Company, (b) was no better than normal commercial terms, and (c) there was no security over the assets of the Company granted in favour of Wickham Group Limited in respect of the promissory note. Such transaction was therefore exempted from the reporting, announcement and shareholders' approval requirement.

3. The Company entered into a Products Sales Agreement and a Supplemental Products Sales Agreement with its ultimate holding company on 5 February 2004 and 28 June 2004 respectively. As the Cap for the financial year ending 30 November 2006, being HK$6,000,000 and the highest limit among the escalating Cap for each of the financial year ending 30 November 2004, 2005 and 2006, is of an amount exceeding 25% of each of the percentage ratios under Rule 19.07 of the GEM Listing Rules, such

Report of the Directors

transaction was therefore falling outside the independent shareholders' approval exemption under Rule 20.34(2) of the GEM Listing rules.

Details of such continuing connected transactions were disclosed in the Company's circular dated 13 October 2004 and independent shareholders' approval has been obtained in the Company's SGM on 28 October 2004.

During the year, the Group purchased software merchandise of approximately HK$2,329,000 from MSI for re-sale (the "Sales of Products").

The Independent Directors have reviewed the Sales of Products for the year ended 30 November 2004 and confirmed that the Sales of Products have been entered into (i) in the ordinary course and usual course of the Group's business; (ii) on terms no less favourable to the Group than terms available from independent third parties who are not connected persons of the Group as defined in the GEM listing rules; and (iii) in accordance with the relevant agreements governing the Sales of Products on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Board of Directors confirmed that the Company's auditors have reviewed the Sales of Products of approximately HK$2,329,000 for the year ended 30 November 2004 and concurred that (i) the Sales of Products have received the approval of the Board; (ii) the Group did not provide any goods or services to its ultimate holding company; (iii) the Sales of Products have been entered into in accordance with the terms of the Products Sales Agreement and the Supplemental Products Sales Agreement dated 5 February 2004 and 28 June 2004 respectively; and (iv) the Sales of Products for the year ended 30 November 2004 have not exceeded the Cap of HK$3,500,000 for the year ended 30 November 2004.

4. During the year, the Group incurred interest expenses payable to MSI in amount of approximately HK$377,000 for the intercompany balance outstanding. The intercompany balance 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. The directors are of the opinion that the transaction was carried out in the normal course of business of the Group.

   The independent non-executive directors reviewed the above connected transaction and confirmed that the above transaction was (a) for the benefit of the Company, (b) was no better than normal commercial terms, and (c) there was no security over the assets of the Company granted in favour of MSI in respect of intercompany balance outstanding. Such transaction was therefore exempted from the reporting, announcement and shareholders' approval requirement.

Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures

At 30 November 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

Report of the Directors

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 5.46 of the GEM Listing Rules were as follows:

Long positions in shares

a) The Company:

	Number of ordinary shares				
Name of director	**Personal interests**	**Family interests**	**Corporate interests**	**Total**	**Percentage of issued share capital**
Mr. Kau Mo Hui	–	8,666,710[1]	–	8,666,710	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:

	Number of common shares in Maximizer Software Inc.				
Name of directors	**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	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.

Report of the Directors

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)

				Number of option		
Name of director	**Date of grant**	**Exercise price**	**Exercisable period**	**At 1 December 2003**	**Granted**	**At 30 November 2004**
Mr. Terence Chi Yan Hui	17 April 2001	HK$3.625 *(Note)*	17 April 2002 to 16 April 2011	480,000 *(Note)*	–	480,000
	28 May 2001	HK$4.675 *(Note)*	28 May 2002 to 27 May 2011	48,000 *(Note)*	–	48,000
Mr. Senan Shiu Lung Yuen (Appointed on 26 March 2004)	17 April 2001	HK$3.625 *(Note)*	17 April 2002 to 16 April 2011	190,080 *(Note)*	–	190,080
	28 May 2001	HK$4.675 *(Note)*	28 May 2002 to 27 May 2011	19,008 *(Note)*	–	19,008

Note: Pursuant to a resolution in writing of the shareholders of the Company on 6 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 share of HK$0.10 each. Consequently, every ten options of the Company issued were consolidated into one option. The number and exercise price of options which remained outstanding on 6 January 2004 have been adjusted as a result of the share consolidation with effect on and from 6 January 2004.

Report of the Directors

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 22 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 1 December 2003	Granted	At 30 November 2004
Mr. Terence Chi Yan Hui	11 December 2002	CAN$0.80	7 May 1999 to 6 May 2006	100,000	–	100,000
	11 December 2002	CAN$0.80	23 June 2000 to 22 June 2007	250,000	–	250,000
Mr. Joseph Chi Ho Hui	11 December 2002	CAN$0.80	7 May 1999 to 6 May 2006	75,000	–	75,000
	11 December 2002	CAN$0.14	18 March 2002 to 17 March 2009	25,000	–	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 5.46 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 5.46 of the GEM Listing Rules.

Report of the Directors

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 5.46 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 30 November 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 disclosable under the SFO and substantial shareholder

At 30 November 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 *(note 1)*	Beneficial owner	Corporate	90,534,400	56.38%
Maximizer Software Inc. *(note 1)*	Interest of a controlled corporation	Corporate	90,534,400	56.38%
The City Place Trust *(note 2)*	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.

Report of the Directors

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 30th November 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.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major customers and suppliers

The percentages of sales for the year attributable to the Group's major customers are as follows:

Sales	
– the largest customer	14%
– five largest customers combined	39%

The percentages of purchases for the year attributable to the Group's major suppliers are as follows:

Purchases	
– the largest supplier	31%
– five largest suppliers combined	84%

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major customers and supplies noted above.

Report of the Directors

Board practices and procedures

Throughout the year, the Company was in compliance with Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules (before amendment relating to the Code on Corporate Governance practices).

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 22 January 2001. Messrs. Ronald Kwok Fai Poon and Clifford Sau Man Ng were the audit committee members when it was established on 22 January 2001. At 28 September 2004, Kwong Sang Liu was appointed as independent non-executive director and member of audit committee of the Company.

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. Four meetings were held during the current fiscal year.

The Group's audited results for the year ended 30 November 2004 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

Independence of independent non-executive directors

The Company confirmed that annual confirmations of independence were received from each of the Company's independent non-executive directors pursuant to Rules 5.09 of the GEM Listing Rules and all independent non-executive directors are considered to be independent.

Directors' interest in competing business

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

Mr. Terence Chi Yan Hui, the Chairman and an executive director of the Company, is also the chairman of MSI. MSI is engaged in the business of the design and development of e-Business and CRM software, and has operations in North America, Europe, and South America. MSI and the Group share the same product lines including, Entice!, Maximizer, Maximizer Enterprise, ecBuilder and their respective product lines. The directors believe that the business of MSI and possible future businesses conducted by 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.

Report of the Directors

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.

Auditors

On 5 January 2004, Messrs HLB Hodgson Impey Cheng were appointed as auditors of the Company for the year ended 30 November 2003 in succession to Messrs PricewaterhouseCoopers. There have been no other changes of auditors in the past three years.

Messrs HLB Hodgson Impey Cheng retire, and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Messrs HLB Hodgson Impey Cheng as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Terence Chi Yan Hui
Executive Director

Hong Kong, 24 February 2005

Auditors' report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

6/F, Wheelock House
20 Pedder Street
Central
Hong Kong

AUDITORS' REPORT TO THE SHAREHOLDERS OF abc MULTIACTIVE LIMITED

(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 22 to 55 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibilities towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Auditors' report

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 30 November 2004 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 24 February 2005

Consolidated Income Statement

For the year ended 30 November 2004

	Note	2004 HK$'000	2003 HK$'000
Turnover	4	**23,050**	22,567
Cost of sales		**(9,021)**	(6,571)
Gross profit		**14,029**	15,996
Other revenue	4	**64**	49
Other income	6	**2,972**	11,238
Software research and development expenses		**(3,672)**	(3,598)
Royalty expenses		**(381)**	(1,033)
Selling and marketing expenses		**(4,142)**	(3,825)
Administrative expenses		**(7,137)**	(10,271)
Profit from operating activities	6	**1,733**	8,556
Finance costs	7	**(1,169)**	(1,042)
Profit before taxation		**564**	7,514
Taxation	8	**–**	274
Profit for the year		**564**	7,788
Profit per share			
Basic	10	**HK0.35 cents**	HK4.85 cents
Dividends	11	**–**	–

All of the Group's operations are classed as continuing.

The accompanying notes form an integral part of these financial statements.

Consolidated Balance Sheet

At 30 November 2004

	Note	2004 HK$'000	2003 HK$'000
Non-current assets			
Fixed assets	14	**329**	1,016
Current assets			
Inventories	16	**50**	42
Work in progress		**1,048**	334
Trade and other receivables	17	**2,891**	2,818
Cash and bank balances		**1,526**	4,162
		5,515	7,356
Less: Current liabilities			
Trade and other payables	18	**7,302**	8,566
Deferred revenue		**3,036**	2,939
		10,338	11,505
Net current liabilities		**(4,823)**	(4,149)
Total assets less current liabilities		**(4,494)**	(3,133)
Non-current liabilities			
Promissory note payable to a shareholder	19	**9,500**	9,500
Promissory note payable to a related company	19	**4,634**	4,634
Amount due to the ultimate holding company	20	**6,021**	5,174
		20,155	19,308
Net liabilities		**(24,649)**	(22,441)
Represented by:			
Share capital	21	**16,059**	16,059
Reserves	22	**(40,708)**	(38,500)
Shareholders' deficits		**(24,649)**	(22,441)

Approved by the Board of Directors on 24 February 2005 and signed on its behalf by:

Terence Chi Yan Hui
Executive Director

Joseph Chi Ho Hui
Executive Director

The accompanying notes form an integral part of these financial statements.

Balance Sheet

At 30 November 2004

	Note	2004 HK$'000	2003 HK$'000
Current assets			
Trade and other receivables	17	**8**	140
Bank balances		**1,093**	3,008
		1,101	3,148
Less: Current liabilities			
Other payables and accrued charges	18	**2,582**	1,845
Net current (liabilities)/assets		**(1,481)**	1,303
Non-current liabilities			
Promissory note payable to a shareholder	19	**9,500**	9,500
Promissory note payable to a related company	19	**4,634**	4,634
		14,134	14,134
Net liabilities		**(15,615)**	(12,831)
Represented by:			
Share capital	21	**16,059**	16,059
Reserves	22	**(31,674)**	(28,890)
Shareholders' deficits		**(15,615)**	(12,831)

Approved by the Board of Directors on 24 February 2005 and signed on its behalf by:

Terence Chi Yan Hui
Executive Director

Joseph Chi Ho Hui
Executive Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 November 2004

	Note	2004 HK$'000	2003 HK$'000
Total equity as at 1 December 2003/2002		**(22,441)**	(21,465)
Exchange differences arising on translation of the financial statements of foreign subsidiaries	22	**(2,772)**	(8,764)
Net profit for the year	22	**564**	7,788
Total equity as at 30 November 2004/2003		**(24,649)**	(22,441)

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 November 2004

	Note	2004 HK$'000	2003 HK$'000
Cash flows from operating activities			
Profit before taxation		**564**	7,514
Adjustment for:			
Interest income		**(64)**	(49)
Interest expenses		**1,169**	1,042
Depreciation		**802**	1,661
Loss on disposals of fixed assets		**53**	24
Exchange difference		**(2,772)**	(8,590)
Operating (loss)/profit before working capital changes		**(248)**	1,602
(Increase)/decrease in inventories		**(8)**	66
Increase in work in progress		**(714)**	(93)
(Increase)/decrease in trade and other receivables		**(73)**	334
Increase in amount due to the ultimate holding company		**847**	2,949
Decrease in trade and other payables		**(1,264)**	(6,481)
Increase in deferred revenue		**97**	663
Cash used in operations		**(1,363)**	(960)
Interest paid		**(1,169)**	(1,042)
Net cash used in operating activities		**(2,532)**	(2,002)
Cash flows from investing activities			
Purchase of fixed assets		**(192)**	–
Proceeds from disposal of fixed assets		**37**	–
Interest received		**64**	49
Cash effect on disposal of subsidiary	24	**(13)**	–
Decrease in pledged bank deposits		**-**	218
Net cash (used in)/generated from investing activities		**(104)**	267
Cash flows from financing activities			
Advance from a related company through issue of a promissory note		**-**	5,134
Repayment of promissory note payable to a related company		**-**	(500)
Net cash generated from financing activities		**-**	4,634
Net (decrease)/increase in cash and cash equivalents		**(2,636)**	2,899
Cash and cash equivalents at the beginning of the year		**4,162**	1,263
Cash and cash equivalents at the end of the year		**1,526**	4,162
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**1,526**	4,162

The accompanying notes form an integral part of these financial statements.

Notes to Financial Statements

30 November 2004

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 2 March 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal activity of the Company is investment holding.

The directors consider the Company's ultimate holding company to be Maximizer Software Inc.("MSI"), which is incorporated in Canada and listed on the Toronto Stock Exchange.

2. ADOPTION OF REVISED STATEMENT OF STANDARD ACCOUNTING PRACTICE ("SSAP")

In the current year, the Group adopted the following revised SSAP issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which is effective for the accounting periods commencing on or after 1 January 2003:

SSAP 12 (revised) : Income taxes

The principal effect of the implementation of SSAP 12 (revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (revised), the new accounting policy has been applied retrospectively.

The adoption of SSAP 12 (revised) has no material impact on the results for the current or prior accounting periods.

Notes to Financial Statements

30 November 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with all applicable SSAPs and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of significant accounting policies followed by the Group in the preparation of the financial statements is set out below:

(a) Basis of preparation

The measurement basis used in the preparation of the financial statements is historical cost convention.

At the balance sheet date, the Group's current liabilities exceeded its current assets by approximately HK$4,823,000 and the Group's shareholders' deficits amounted to approximately HK$24,649,000.

Notwithstanding the above results, the financial statements have been prepared on a going concern basis, the validity of which is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements. Subsequent to 30 November 2004, a shareholder of the Company, Pacific East Limited, has confirmed that it will not demand repayment of its promissory note in the amount of HK$9,500,000 within twelve months from the balance sheet date and has agreed to extend the maturity date of the promissory note to 22 May 2006. The ultimate holding company, MSI, has also confirmed that it will not demand repayment of the amount due to it of approximately HK$6,021,000 within twelve months from the balance sheet date. Furthermore, a party connected to a non-executive director of the Company, Wickham Group Limited, has also agreed that it will not demand repayment of the promissory note in the amount of HK$4,634,000 within twelve months from the balance sheet date and has agreed to extend the maturity date of the promissory note to 21 February 2006. The directors are confident that the Group's future operations will be successful and able to generate sufficient cash flows in order to meet its obligations as they fall due over the next twelve months. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Notes to Financial Statements

30 November 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 November each year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or goodwill taken to reserves and which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

A subsidiary is an enterprise controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefit from its activities.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Fixed assets

Fixed assets, comprising leasehold improvements, furniture and fixtures and office equipment are stated at cost less accumulated depreciation and accumulated impairment losses. They are depreciated at rates sufficient to write off their costs less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates used for this purpose are 20% to 33.3%.

Major costs incurred in restoring fixed assets to their normal working condition to allow continued use of the overall asset are capitalised and depreciated over their expected useful lives. Improvements are capitalised and depreciated over their expected useful lives to the Group.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

Notes to Financial Statements

30 November 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair values of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill arising from different acquisitions on consolidation and group reorganisation is recognised as an asset and amortised by equal annual instalments over its estimated useful economic life of 5 years. The carrying amount of goodwill is reviewed annually and written down for permanent impairment where it is considered necessary.

With the introduction of SSAP 30, the Group has adopted the transitional provisions prescribed therein. Goodwill incurred on or after 1 December 2001 is capitalised in the balance sheet and is amortised to the income statement on a straight-line basis over its estimated economic useful life. The Group has taken advantage of the transitional provision 1(a) in SSAP 30 and goodwill previously written off against reserves has not been restated. However, any impairment arising on such goodwill is accounted for in accordance with SSAP 31.

Under SSAP 31 and Interpretation No.13 "Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves", the carrying amount of goodwill (including goodwill that has previously been written off against reserves and not restated in accordance with the transitional provisions in SSAP 30) has to be reviewed periodically for any indication of impairment, and any impairment loss has to be recognised as an expense in the consolidated income statement.

(ii) Intellectual property rights on software

Expenditure on acquired intellectual property rights on software is capitalised and amortised using the straight-line method over their useful lives, but not exceeding 3 years. The carrying value of intellectual property rights is reviewed annually and written down for permanent impairment where it is considered necessary.

(iii) Software research and development costs

Software research and development costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved software products are recognised as an intangible asset where the technical feasibility and intention of completing the software product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Such development costs are recognised as an asset and amortised on a straight-line basis over a period of not more than 5 years to reflect the pattern in which the related economic benefits are recognised. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. During the year, all software research and development costs have been expensed.

Notes to Financial Statements

30 November 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to determine whether there is any indication of impairment of assets (other than inventories, assets arising from construction contracts, deferred tax assets, financial assets other than interests in subsidiaries, associates and joint ventures, and investment properties), or whether there is any indication that an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the year in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant policy for that revalued asset.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the higher of its net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversal of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

Notes to Financial Statements

30 November 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Revenue recognition

(i) Revenue from the sale of computer software licenses and the provision of related services where there are no significant post-delivery obligations is recognised upon the satisfactory completion of installation, which generally coincides with the time when the computer products are delivered to the customers.

(ii) Where the Group enters into contracts with customers which entail the development of customised software with significant post-delivery service support, revenue from the development of customised software is recognised in the consolidated income statement by reference to the stage of completion of customisation work, including post-delivery service support, at the balance sheet date.

(iii) Revenue from the provision of maintenance services is recognised on a straight-line basis over the life of the related agreement.

(iv) Revenue from the sale of computer hardware is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

(v) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is primarily determined on the weighted average basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(h) Work in progress

Work in progress is recorded at the amount of the cost incurred plus attributable profit less progress billings.

(i) Current assets and liabilities

Current assets are expected to be realised within twelve months of the balance sheet date or in the normal course of the Group's operating cycle. Current liabilities are expected to be settled within twelve months of the balance sheet date or in the normal course of the Group's operating cycle.

Notes to Financial Statements

30 November 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet are translated at the rates exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the income statement.

On consolidation, the balance sheets of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the income and expenses items are translated at an average rate. Exchange differences are dealt with as a movement in reserves.

(k) Trade receivables

Provision is made against trade receivables to the extent they are considered to be doubtful. Trade receivables in the balance sheet are stated at net of such provision.

(l) Operating leases

Leases where substantially all the risk and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the income statement on a straight-line basis over the leased periods.

(m) Deferred revenue

Deferred revenue represents the proportion of revenue which relates to the unexpired period of the maintenance service agreements as at the year end.

(n) Borrowing costs

Borrowing costs are charged to the income statement in the year in which they are incurred.

(o) Provisions

A provision is recognised when there is a present obligation, legal or constructive, as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Notes to Financial Statements

30 November 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(q) Taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that effects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that such temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to Financial Statements

30 November 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents of the purpose of the cash flow statement.

(s) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(t) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme has operated since 1 December 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund.

(iii) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(iv) The Company and its ultimate holding company, MSI each operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operation of the group comprising the companies and their respective subsidiaries. The financial impact of share options granted under these share option schemes are not recorded in the companies' balance sheet and no charge is recorded in the income statement or balance sheet for their costs. Upon the exercise of share options, the resulting shares issued are recorded by the company or its ultimate holding company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the company or its ultimate holding company in their respective share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

Notes to Financial Statements

30 November 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Segment Reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment assets consist primarily of fixed assets, intangible assets, inventories, work in progress, receivables and operating cash. Capital expenditure comprises additions to fixed assets (Note 14).

Sales are based on the country in which the customer is located. Total assets and capital expenditure are based on where the assets are located.

4. TURNOVER AND REVENUE

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

	2004	2003
	HK$'000	HK$'000
Turnover:		
Sales of computer software licences and provision of related services	**15,250**	16,956
Provision of maintenance services	**6,100**	5,588
Sales of computer hardware	**1,700**	23
	23,050	22,567
Other revenue:		
Bank interest income	**64**	49
	23,114	22,616

Notes to Financial Statements

30 November 2004

5. SEGMENT INFORMATION

(a) Business segments

	eFinance		eBusiness		Consolidated	
	2004	2003	**2004**	2003	**2004**	2003
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	**13,108**	14,816	**9,942**	7,751	**23,050**	22,567
Segment result	**3,453**	5,771	**(281)**	(1,756)	**3,172**	4,015
Other revenue					**64**	49
Exchange gain					**2,178**	8,240
Unallocated expenses					**(3,681)**	(3,748)
Operating profit					**1,733**	8,556
Finance costs					**(1,169)**	(1,042)
Profit before taxation					**564**	7,514
Taxation					**-**	274
Profit for the year					**564**	7,788

Notes to Financial Statements

30 November 2004

5. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments

The Group's segment turnover, segment profit/(loss), segment assets and capital expenditure for the year, analysed by geographical market, are as follows:

	2004			
	Segment Turnover HK$'000	**Segment profit/(loss) HK$'000**	**Segment assets HK$'000**	**Capital expenditure HK$'000**
Hong Kong and Asian Region	**14,609**	**(1,072)**	**3,764**	**166**
Australia and New Zealand	**8,441**	**1,636**	**2,080**	**26**
	23,050	**564**	**5,844**	**192**

	2003			
	Segment Turnover HK$'000	Segment profit/(loss) HK$'000	Segment assets HK$'000	Capital expenditure HK$'000
Hong Kong and Asian Region	15,173	(2,658)	5,671	–
Australia and New Zealand	7,394	10,213	2,585	–
Southeast Asia	–	233	116	–
	22,567	7,788	8,372	–

Notes to Financial Statements

30 November 2004

6. PROFIT FROM OPERATING ACTIVITIES

	2004 HK$'000	2003 HK$'000
Profit from operating activities is stated after charging the following:		
Auditors' remuneration	125	160
Bad debts written off	–	31
Provision for doubtful debts	51	128
Depreciation on owned assets	802	1,661
Loss on disposal of fixed assets	53	24
Operating leases in respect of land and buildings	982	1,039
Staff costs (excluding directors' remuneration)		
– salaries and allowances	14,142	16,086
– retirement benefit costs	814	762
Cost of computer hardware	1,502	13
and after crediting:		
Other income:		
Waiver of debts by creditors	–	2,800
Exchange gain	2,178	8,240
Gain on disposal of a subsidiary	780	–
Recovery of bad debts previously written off	–	3
Reversal of provision for doubtful debts	14	195
	2,972	11,238

7. FINANCE COSTS

	2004 HK$'000	2003 HK$'000
Interest on promissory notes		
– wholly repayable within five years	792	717
Interest on amount due to the ultimate holding company		
– wholly repayable within five years	377	319
Interest element of finance lease	–	6
	1,169	1,042

Notes to Financial Statements

30 November 2004

8. TAXATION

No provision for Hong Kong profits tax has been made as the Group had either no estimated assessable profits or had tax losses brought forward to set off the estimated assessable profit for the year (2003: Nil). The amount of taxation charge/(credit) to the consolidated income statement represents:

	2004	2003
	HK$'000	HK$'000
Overprovision in prior year *(Note)*	**–**	(274)

Note: The taxation credit in prior year represented the overprovision of PRC tax in the previous periods.

No Australian income tax has been provided by an Australian subsidiary of the Group as the Australian subsidiary incurred a taxation loss for the year.

The potential deferred tax asset of HK$14,741,000(2003: HK$14,731,000) relating to tax losses available for carry forward and other timing differences as at 30 November 2004 has not been recognised due to the unpredictability of the future profit streams.

Notes to Financial Statements

30 November 2004

8. TAXATION (CONTINUED)

The charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2004 HK$'000		2003 HK$'000	
Profit before tax	564		7,514	
Tax at Hong Kong profit tax rate of 17.5% (2003: 17.5%)	99	17.5%	1,315	17.5%
Effect of difference tax rates of subsidiaries operating in other jurisdictions	204	36.3%	1,287	17.1%
Estimated tax effect of income and expenses not taxable or deductible in determining profits tax	(855)	(151.7%)	(2,453)	(32.6%)
Overprovision in prior year	–	–	(274)	(3.7%)
Estimated tax effect of unrecognised temporary differences	93	16.4%	114	1.5%
Estimated tax effect of utilisation of unrecognised tax losses from prior periods	(121)	(21.4%)	(648)	(8.6%)
Estimated tax effect of unrecognised tax losses	580	102.9%	385	5.1%
Tax expenses and effective tax rate for the year	–	–	(274)	(3.7%)

9. NET LOSS FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS

The net loss for the year attributable to shareholders includes a loss of HK$2,784,000 (2003: loss of HK($2,430,000) which has been dealt with in the financial statements of the Company.

Notes to Financial Statements

30 November 2004

10. PROFIT PER SHARE

The calculation of basic profit per share is based on the following data:

	2004	2003 (restated)
Profit for the year for the purposes of basic profit per share (in HK$'000)	**564**	7,788
Weighted average of ordinary shares for the purposes of basic profit per share	**160,590,967**	160,590,967

No diluted profit per share has been presented as there was no dilutive potential ordinary share during the years ended 30 November 2004 and 2003.

Pursuant to a resolution in writing of the shareholders of the Company on 6 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 share of HK$0.10 each.

The weighted average number of ordinary shares in 2003 for the purposes of calculating the basic profit per share have been retrospectively adjusted for the ten-to-one share consolidation which took place in January 2004.

11. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 30 November 2004 (2003: Nil).

Notes to Financial Statements

30 November 2004

12. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of emoluments paid or payable to directors of the Company during the year are as follows:

	2004 HK$'000	2003 HK$'000
Directors' fees		
Independent non-executive directors	**50**	40
Executive directors:		
– Basic salaries, allowances and benefits in kind	**320**	1,003
– Contribution to provident fund	**8**	9
	378	1,052

Two executive directors received individual emoluments of approximately HK$280,000 and HK$40,000 respectively (2003: Two executive directors received individual emoluments of approximately HK$883,000 and HK$120,000 respectively).

No directors of the Company waived any emoluments during the years ended 30 November 2004 and 2003.

During the years ended 30 November 2004 and 2003, no emoluments were paid by the Group to the directors as inducement to join or upon joining the Group, or as compensation for loss of office.

During the year, no options were granted to the executive directors under the share option scheme approved by the shareholders of the Company on 22 January 2001. Details of the share option scheme were set out in Note 13 to the financial statements

Notes to Financial Statements

30 November 2004

12. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

No director of the Company was included in the five highest paid individuals in the Group for the year (2003: one director of the Company). The emoluments payable to the five (2003: four) individuals (the "Employees") during the year are as follows:

	2004	2003
	HK$'000	HK$'000
Basic salaries and allowances	**3,317**	2,810
Contribution to provident fund	**187**	172
	3,504	2,982

During the years ended 30 November 2004 and 2003, no emoluments were paid by the Group to any of the Employees as inducement to join or upon joining the Group.

The number of the Employees whose emoluments fell within the following bands is as follows:

	Number of employees	
	2004	2003
Nil to HK$1,000,000	**4**	3
HK$1,000,001 to HK$1,500,000	**1**	1
	5	4

13. EMPLOYEE BENEFITS

Retirement benefit scheme

Effective from 1 December 2000, the Group joined the Mandatory Provident Fund Scheme (the "MPF Scheme") for all of its employees employed under the jurisdiction of the Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Authority under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. No forfeited contribution is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately. Contributions totalling HK32,000 (2003: HK$33,000) were payable to the funds as at year end and are included in other payables.

13. EMPLOYEE BENEFITS (CONTINUED)

Retirement benefit scheme (continued)

The Group participated in a defined contribution retirement scheme for its employees in Australia. The assets of the scheme are held separately from those of the Group. Contributions to the scheme by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds and is expensed as incurred.

In the opinion of the directors of the Company, the Group did not have any significant contingent liabilities as at 30 November 2004 in respect of the retirement of its employees.

Equity compensation benefits

Share option

On 22 January 2001, the shareholders of the Company approved a share option scheme (the "Scheme") under which its board of directors may, at its discretion, invite full-time employees of the Company or any of its subsidiaries, including directors, who spend not less than twenty-five hours per week in providing services to the Group, to take up options to subscribe for ordinary shares in the Company. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company from time to time. No employee can be granted an option under the Scheme which, if exercised in full, would result in such an employee becoming entitled to subscribe for such number of shares that would exceed 25% of the aggregate number of shares for the time being issued and issuable under the Scheme. The subscription price will be determined by the Company's board of directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the trade day immediately preceding the date of offer of the options, and (iii) the average of the quoted closing price of the Company's shares on the five trading days immediately preceding the date of offer of the options. The Scheme was adopted on 22 January 2001 (the "Adoption Date") and is valid and effective for a period of ten years commencing on the Adoption Date. Any options granted under the Scheme expire ten years from the date of grant and are exercisable over four years with one quarter exercisable on each anniversary date from the date of grant. A nominal value of HK$1.00 is payable on acceptance of each grant of options.

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

Notes to Financial Statements

30 November 2004

13. EMPLOYEE BENEFITS (CONTINUED)

Equity compensation benefits (continued)

Share option (continued)

Details of the share options granted by the Company pursuant to the Scheme and the options outstanding as at 30 November 2004 were as follows:

	Date of grant	Exercise price	Granted Exercise period	Options held as at 1 December 2003	Options transferred on 26 March 2004 *(Note 1)*	Lapsed	Options held as at 30 November 2004
Executive directors	17 April 2001	HK$3.625 *(note 2)*	17 April 2002 to 16 April 2011	480,000 *(note 2)*	190,080	–	670,080
	28 May 2001	HK$4.675 *(note 2)*	28 May 2002 to 27 May 2011	48,000 *(notes2)*	19,008	–	67,008
Continuous contracts employees	17 April 2001	HK$3.625 *(note 2)*	17 April 2002 to 16 April 2011	1,987,759 *(note 2)*	(190,080)	(55,680)	1,741,999
	28 May 2001	HK$4.675 *(note 2)*	28 May 2002 to 27 May 2011	184,086 *(note 2)*	(19,008)	(5,568)	159,510

Notes:

1. Options transferred from continuous contracts employees to directors as an employee was appointed as a director of the Company on 26 March 2004.

2. Pursuant to a resolution in writing of the shareholders of the Company on 6 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 share of HK$0.10 each. Consequently, every ten options of the Company issued consolidated into one option. The number and the exercise price of options which remained outstanding on 6 January 2004 have been adjusted as a result of the share consolidation with effect on and from 6 January 2004.

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 22 January 2001 until the new requirements of Chapter 23 of the GEM Listing Rules are complied with.

The exercise in full of the above options outstanding as at 30 November 2004 would, under the present capital structure of the Company, result in the issue of 2,638,597 additional ordinary shares of HK$0.10 each.

Notes to Financial Statements

30 November 2004

14. FIXED ASSETS

	Leasehold Improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Total HK$'000
Group				
Cost:				
At 1 December 2003	178	907	7,645	8,730
Additions	134	–	58	192
Exchange difference	1	49	210	260
Disposals	(160)	–	(84)	(244)
At 30 November 2004	153	956	7,829	8,938
Accumulated depreciation:				
At 1 December 2003	61	733	6,920	7,714
Exchange difference	1	36	209	246
Charge for the year	46	91	665	802
On disposal written back	(80)	–	(73)	(153)
At 30 November 2004	28	860	7,721	8,609
Net book value:				
At 30 November 2004	125	96	108	329
At 30 November 2003	117	174	725	1,016

Notes to Financial Statements

30 November 2004

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2004	2003
	HK$'000	HK$'000
Unlisted shares, at cost	**61,676**	62,126
Less: Impairment loss recognised	**(61,676)**	(62,126)
	–	–
Amounts due from subsidiaries	**98,662**	103,798
Less: provision	**(98,662)**	(103,798)
	–	–
	–	–

During the year ended 30 November 2004, abc Multiactive (Singapore) Pte Limited ("abc Singapore") was wound up. Further details on disposal of subsidiary are disclosed in Note 24 to the financial statements.

The amounts due from subsidiaries are unsecured and interest free. Amount of approximately HK$51,000 due from abc Singapore was written off during the year.

Notes to Financial Statements

30 November 2004

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of principal subsidiaries as at 30 November 2004 are as follows:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital	Proportion of nominal value of issued shares held by the Company Directly	Indirectly	Principal activities
abc Multiactive (Hong Kong) Limited	Hong Kong	300,000 ordinary shares of HK$1.00 each	100%	–	Design and sales of computer software and provision of maintenance services
Multiactive Software Pty. Limited ("abc Australia")	Australia	100,000 ordinary shares of A$1.00 each	99.99%	0.01%	Investment holding
Maximizer Software Pty. Limited	Australia	1 ordinary share of A$1.00 each	–	100%	Sales of computer products and provision of maintenance services

16. INVENTORIES

Inventories represent merchandise. As at 30 November 2004, the carrying amount of inventories that are carried at net realisable value amounted to HK$50,000 (2003: HK$42,000).

Notes to Financial Statements

30 November 2004

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2004	2003	**2004**	2003
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables *(Note)*	**1,914**	1,889	**–**	–
Prepayments and deposits	**977**	929	**8**	140
	2,891	2,818	**8**	140

Note: As at 30 November 2004, the aging analysis of the trade receivables was as follows:

	Group		Company	
	2004	2003	**2004**	2003
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current	**1,075**	1,185	**–**	–
31 – 60 days	**676**	495	**–**	–
61 – 90 days	**76**	118	**–**	–
Over 90 days	**87**	91	**–**	–
	1,914	1,889	**–**	–

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2004	2003	**2004**	2003
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accruals	**4,212**	3,696	**2,582**	1,549
Receipt in advance	**2,241**	2,428	**–**	–
Other payables	**849**	2,442	**–**	296
	7,302	8,566	**2,582**	1,845

19. PROMISSORY NOTE PAYABLE TO A SHAREHOLDER/RELATED COMPANY

As at 30 November 2004, the promissory notes are interest bearing at Hong Kong prime rate and is repayable on 21 February 2005 and 22 May 2005 respectively. Subsequent to the year end, the shareholder and the related company have confirmed that they will not demand repayment within twelve months from the balance sheet date and have agreed to extend the maturity date of the promissory notes to 21 February 2006 and 22 May 2006 respectively.

Notes to Financial Statements

30 November 2004

20. AMOUNT DUE TO THE ULTIMATE HOLDING COMPANY

The amount due to the ultimate holding company mainly represents payables for development costs, purchases of software merchandise, royalty fee and expenses paid by the ultimate holding company on behalf of the Group. The balance due is unsecured and HK$1,846,850 of which carries interest at the annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly (2003: 1.5% per month). The ultimate holding company has confirmed that it will not demand repayment within twelve months from the balance sheet date.

21. SHARE CAPITAL

	Ordinary shares No. of shares	HK$'000
Authorised:		
At 1 December 2002 and 30 November 2003, ordinary shares of HK$0.01 each	100,000,000,000	1,000,000
Share consolidation *(Note)*	(90,000,000,000)	–
At 30 November 2004 ordinary shares of HK$0.10 each	10,000,000,000	1,000,000

	Ordinary shares No. of shares	HK$'000
Issued and fully paid:		
At 1 December 2002 and 30 November 2003, ordinary shares of HK$0.01 each	1,605,909,668	16,059
Share consolidation *(Note)*	(1,445,318,701)	–
At 30 November 2004 ordinary shares of HK$0.10 each	160,590,967	16,059

Note:

Pursuant to a resolution in writing of the shareholders of the Company on 6 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 share of HK$0.10 each.

The Company operates a share option scheme (the "Scheme"), further details of which are set out under the section headed "Equity compensation benefits" in Note 13 to the financial statements.

Notes to Financial Statements

30 November 2004

22. RESERVES

Group

	Share premium HK$'000	Contributed surplus HK$'000	Exchange difference HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 December 2002	106,118	37,600	(1,743)	(179,499)	(37,524)
Exchange difference	–	–	(8,764)	–	(8,764)
Profit for the year	–	–	–	7,788	7,788
At 30 November 2003 and 1 December 2003	106,118	37,600	(10,507)	(171,711)	(38,500)
Exchange difference	–	–	(2,772)	–	(2,772)
Profit for the year	–	–	–	564	564
At 30 November 2004	106,118	37,600	(13,279)	(171,147)	(40,708)

Company

	Share premium HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 December 2002	106,118	37,600	(170,178)	(26,460)
Loss for the year	–	–	(2,430)	(2,430)
At 30 November 2003 and 1 December 2003	106,118	37,600	(172,608)	(28,890)
Loss for the year	–	–	(2,784)	(2,784)
At 30 November 2004	106,118	37,600	(175,392)	(31,674)

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.

Notes to Financial Statements

30 November 2004

23. OPERATING LEASE COMMITMENTS

As at 30 November 2004, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings and office equipment falling due as follows:

	2004 HK$'000	2003 HK$'000
Within one year	756	673
In the second to fifth year inclusive	1,149	–
	1,905	673

Operating lease payments represent rentals payable by the Group for its office. Leases and rentals were negotiated and fixed for a term of two years.

24. DISPOSAL OF A SUBSIDIARY

During the year, abc Multiactive (Singapore) Pte. Limited ("abc Singapore") was wound up. The effect of the disposal on the financial statements is as follows:

Net liabilities disposed of:

	2004 HK$'000	2003 HK$'000
Other current assets	104	–
Cash and bank balances	13	–
Trade and other payables	(781)	–
Amount due to ultimate holding company	(170)	–
Exchange difference arising on translation of an overseas subsidiary	54	–
	(780)	–
Gain on disposal of a subsidiary	780	–
	–	–

Analysis of the net cash outflow in respect of the disposal of a subsidiary:

Cash and bank balances disposed of	(13)	–

The results of the subsidiary disposed of during the year had no significant impact on the Group's turnover or profit after tax for the year.

Notes to Financial Statements

30 November 2004

25. MATERIAL RELATED PARTY TRANSACTIONS

Apart from the above and those as disclosed in Notes 19 and 20 to the financial statements, during the year, the Group had entered into the following significant related party transactions which were carried out on normal commercial terms and in the normal course of the Group's business:

	2004	2003
	HK$'000	HK$'000
Software merchandises purchased from MSI for resale *(Note a)*	**2,329**	997
Royalty fee payable to MSI *(Note b)*	**–**	871
Interest payable to a shareholder on promissory note payable *(Note 19)*	**543**	526
Interest payable to a related company on promissory note payable *(Note 19)*	**249**	191
Interest payable to MSI *(Note 20)*	**377**	319
Over-provision of royalty expenses *(Note c)*	**590**	–

Notes:

(a) The Group purchased software merchandise, in the normal course of business, from MSI for re-sale in accordance with a Products Sales Agreement and a Supplemental Products Sales Agreement entered into by the Company and its ultimate holding company on 5 February 2004 and 28 June 2004 respectively.

(b) This represented royalty fee payable to MSI in the normal course of business in relation to the sale of new customer relationship management software developed by MSI that is not covered by the software assignment agreement. If the Group exercises its option to acquire the intellectual property rights of the software, the royalty fee payable can be utilised to off-set the Group's share of the development cost pursuant to the joint development agreement.

(c) Being reversal of royalty fee accrued in prior years.

Mr. Terence Chi Yan Hui is interested in the transactions with MSI to the extent that he is the chairman of MSI and that approximately 70% of the issued shares of MSI are indirectly owned by his family through a trust arrangement, partnership interest and personal holdings.

Notes to Financial Statements

30 November 2004

26. CONTINGENT LIABILITIES

As at 30 November 2004, 17 (2003: 15) 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. As at 30 November 2004, the estimated liabilities not provided for in the financial statements for such purpose amounted to HK$1,134,000 (2003: HK$988,000).

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

28. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 24 February 2005.

Financial Summary

Five Year Financial Summary

The following table summaries the audited results, assets and liabilities of the Group for the three years ended 30 November 2004, 2003 and 2002, the pro forma unaudited results, assets and liabilities of the Group for each of the two years ended 30 November 2000 and 2001. The pro forma unaudited results, assets and liabilities were presented on a combined basis as if the current group structure had been in existence throughout each of the two years ended 30 November 2000 and 2001, except for abc Multiactive (Hong Kong) Limited, which was acquired by the Company with effect from 1 March 2000 for cash and other considerations and its results are consolidated by the Company with effect from 1 March 2000.

Results

	Year ended 30 November				
	2000	2001	2002	2003	**2004**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
	(Pro forma unaudited)		(Audited)	(Audited)	**(Audited)**
Turnover	33,739	30,307	25,668	22,567	**23,050**
Net (loss)/profit for the year	(34,258)	(96,105)	(38,281)	7,788	**564**

Assets and Liabilities

	As at 30 November				
	2000	2001	2002	2003	**2004**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
	(Pro forma unaudited)		(Audited)	(Audited)	**(Audited)**
Total assets	92,571	49,391	7,583	8,372	**5,844**
Total liabilities	(44,601)	(29,631)	(29,048)	(30,813)	**(30,493)**
Shareholders' funds/(deficits)	47,970	19,760	(21,465)	(22,441)	**(24,649)**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of abc Multiactive Limited (the "Company") will be held at 17/F, Regent Centre, 88 Queen's Road, Central, Hong Kong on 31 March 2005, Thursday, at 10:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 30 November 2004;

2. To re-elect retiring directors and authorise the board of directors to fix their remuneration;

3. To re-appoint auditors and to authorise the board of directors to fix their remuneration; and, as special business, to consider and, if thought fit, to pass the following resolutions as ordinary resolutions of the Company:

4. "**THAT**

   (i) subject to paragraph (iii) of this resolution, pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

   (ii) the approval in paragraph (i) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

   (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (i) of this resolution, otherwise than pursuant to (a) a Rights Issue (as defined below), (b) the exercise of warrants to subscribe for shares of the Company or the exercise of options granted under any ordinary share option scheme adopted by the Company, or (c) an issue of shares of the Company in lieu of whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and this approval shall be limited accordingly; and

   (iv) for the purpose of this resolution:

   "Relevant Period" means the period from the date of this resolution until whichever is the earliest of:

   (a) the conclusion of the next annual general meeting of the Company;

Notice of Annual General Meeting

(b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or the Company Act 1981 of Bermuda (as amended) or any applicable laws to be held; and

(c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution in general meeting.

"Rights Issue" means offer of shares of the Company open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to overseas shareholders or fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong)."

5. "**THAT**

(i) subject to paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all powers of the Company to repurchase issued shares in the capital of the Company on GEM or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, subject to and in connection with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on GEM or of any other stock exchange as amended from time to time, be and the same is hereby generally and unconditionally approved;

(ii) the aggregate nominal amount of shares of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (i) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and this approval shall be limited accordingly; and

(iii) for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or the Company Act 1981 of Bermuda (as amended) or any applicable laws to be held; and

(c) the date on which the authority sets out for this resolution is revoked or varied by an ordinary resolution in general meeting."

Notice of Annual General Meeting

6. "**THAT** conditional upon ordinary resolutions nos. 4 and 5 above being passed, the aggregate nominal amount of shares of the Company which are repurchased by the Company under the authority granted to the directors of the Company as mentioned in ordinary resolution no. 5 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to ordinary resolution no. 4 above."

By Order of the Board
Siu Leong Cheung
Company Secretary

Hong Kong, 24 February 2005

Head Office and Principal
Place of Business:
17/F, Regent Centre,
88 Queen's Road,
Central,
Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

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)*

Notice of Annual General Meeting

Notes:

(i) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

(ii) In order to be valid, the proxy form together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Abacus Share Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucestor Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the meeting or any adjourned meeting.

(iii) Delivery of an instrument appointing a proxy should not preclude a member form attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.

(iv) An explanatory statement containing further details regarding ordinary resolutions no. 4 to 6 as required by the Rules Governing the Listing of Securities on GEM will be dispatched to the members of the Company together with the annual report of the Company for the year ended 30 November 2004.