stock code : 8131

3rd Quarterly Report 2006

abcmultiactive

abc Multiactive Limited

(Incorporated in Bermuda with limited liability)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Companies listed on GEM 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.

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

RESULTS

The board of directors (the "Board") of abc Multiactive Limited (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 31st August 2006, together with the comparative figures:

	Note	(Unaudited) Three months ended 31st August 2006 HK$'000	(Unaudited) Three months ended 31st August 2005 HK$'000	(Unaudited) Nine months ended 31st August 2006 HK$'000	(Unaudited) Nine months ended 31st August 2005 HK$'000
Continuing operations:					
Turnover	3	**5,807**	3,763	**12,531**	10,560
Cost of sales		**(1,733)**	(1,629)	**(4,139)**	(4,569)
Gross profit		**4,074**	2,134	**8,392**	5,991
Other revenue	3	**19**	11	**45**	12
Software research and development expenses		**(1,483)**	(1,092)	**(3,828)**	(3,194)
Royalty expenses		**(28)**	(9)	**(53)**	(12)
Selling and marketing expenses		**(520)**	(359)	**(1,514)**	(1,166)
Administrative expenses		**(1,188)**	(985)	**(3,398)**	(2,894)
Unrealised exchange loss		**(7)**	(180)	**(242)**	(20)
Operating profit/(loss) from continuing operations	4	**867**	(480)	**(598)**	(1,283)
Finance costs	5	**(398)**	(298)	**(1,151)**	(785)
Profit/(loss) before taxation		**469**	(778)	**(1,749)**	(2,068)
Taxation	6	**–**	–	**–**	–
Profit/(loss) for the period from continuing operations		**469**	(778)	**(1,749)**	(2,068)
Discontinuing operations:					
Profit/(loss) for the period from discontinued operations	8	**166**	(564)	**1,194**	(2,106)
Profit/(loss) for the period		**635**	(1,342)	**(555)**	(4,174)
		HK cents	*HK cents*	***HK cents***	*HK cents*
Basic earnings/(loss) per share	9	**0.4**	(0.84)	**(0.34)**	(2.60)

Notes:

1. Basis of presentation

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

The unaudited consolidated results for the nine months ended 31st August 2006 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company's annual financial statements for the year ended 30th November 2005, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") as disclosed in note 2 below.

2. Impact of new HKFRSs and HKASs

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised HKFRSs and HKASs which are effective for accounting periods commencing on or after 1st January 2005. The Group has adopted, for the first time, the following HKFRSs and HKASs issued up to 31st August 2006, which are pertinent to its operations and have had significant effect on these unaudited quarterly financial statements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flows Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 11	Construction Contracts
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 26	Accounting and Reporting by Retirement Benefit Plans
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earning Per Share
HKAS 34	Interim Financial Reporting
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets

HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations

a. Effect of adopting new HKAS and HKFRS

The adoption of above HKASs and HKFRSs do not result in substantial changes to the Group's accounting policies. In summary:

HKAS 1 affects certain presentation and disclosure of the accounts;

HKASs 8, 16, 19, 24, 27, 32, 33, 39, HKFRS 2 and HKFRS 5 affect certain disclosure of the accounts; and

HKASs 2, 7, 10, 11, 12, 14, 17, 18, 21, 23, 26, 34, 36, 37 and HKFRS 3 do not have any impact as the Group's accounting policies already comply with those standards.

b. New Accounting Policies

The accounting policies used for the quarterly financial statements for the nine months ended 31st August 2006 are the same as those set out in note 2 for the year ended 30th November 2005 annual financial statements except for the following:

2.1 Non – current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

The Group adopted HKFRS 5 from 1st December 2005 in accordance with the standard's provisions. The adoption of HKFRS 5 has resulted in a change in the accounting policy for non-current assets (or disposal groups) held for sale. The non-current assets (or disposal groups) held for sale were previously neither classified nor presented as current assets or liabilities. There was no difference in measurement for non-current assets (or disposal groups) held for sale or for continuing use.

The application of HKFRS 5 does not impact on the prior-year financial statements other than a change in the presentation of the results and cash flows of discontinued operations.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). These quarterly financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

2. income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

3. all resulting exchange differences are recognised as a separate component of equity.

2.3 Fixed Assets

The assets' residual value and useful lives are reviewed and adjusted, if applicable, at each balance sheet date.

2.4 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account.

2.5 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3. Turnover and revenue

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

	(Unaudited) Three months ended 31st August		(Unaudited) Nine months ended 31st August	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Turnover				
Sales of computer software licences, software rental and provision of related services	**3,731**	1,844	**7,753**	5,311
Provision of maintenance services	**1,135**	1,193	**3,432**	3,801
Sales of computer hardware	**941**	726	**1,346**	1,448
	5,807	3,763	**12,531**	10,560
Other revenue				
Bank interest income	**19**	–	**45**	1
Sundry income	**–**	11	**–**	11
	19	11	**45**	12
Total revenue	**5,826**	3,774	**12,576**	10,572

4. Operating profit/(loss) from continuing operations

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

	(Unaudited) Three months ended 31st August		(Unaudited) Nine months ended 31st August	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit/(loss) from operating activities is stated after charging the following:				
Bad debts written off	**–**	4	**–**	0
Provision for impairment of receivables	**–**	–	**13**	38
Unrealised exchange loss	**7**	180	**242**	20
Depreciation on owned fixed assets	**46**	25	**113**	76
Loss on disposal of fixed assets	**–**	–	**–**	8
Operating leases in respect of				
– land and buildings	**104**	111	**371**	379
– plant and equipments	**8**	8	**24**	24
Staff costs (excluding directors' remuneration):				
– Salaries and allowances	**2,957**	2,508	**8,347**	7,685
– Retirement benefits costs	**115**	98	**322**	293
Cost of computer hardware sold	**771**	536	**1,043**	1,189
and after crediting:				
Reversal of provision for Impairment of receivables	**–**	2	**7**	2

5. Finance costs

	(Unaudited) Three months ended 31st August		(Unaudited) Nine months ended 31st August	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest on promissory notes – wholly repayable within five years	**362**	266	**1,047**	691
Interest on amount due to the ultimate holding company – wholly repayable within five years	**36**	32	**104**	94
	398	298	**1,151**	785

6. Taxation

No provision for Hong Kong and overseas 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 nine months ended 31st August 2006 (2005: Nil).

The unaudited potential deferred tax asset of HK$11,667,000 (As at 31st August 2005: HK$11,402,000) relating to the tax losses available for carry forward and other timing differences as at 31st August 2006 has not been recognized due to the unpredictability of the future profit streams.

7. Interim Dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 31st August 2006 (2005: Nil).

8. Discontinued operations

The operation of the Group's Australian subsidiaries was ceased on 1st December 2005. Certain comparative figures in condensed consolidated profit and loss account and cash flows have been reclassified to conform with the current period's presentation according to HKFRS 5 – Non-current assets held for sales and discontinued operations. An analysis of the result of discontinued operations is as follows:

	(Unaudited) Nine months ended 31st August	
	2006	2005
	HK$'000	*HK$'000*
Revenue	**–**	5,979
Expense	**(57)**	(6,336)
Unrealised gain/(loss) on exchange difference	**1,294**	(1,712)
Finance cost	**(43)**	(37)
Profit/(loss) before tax of discontinued operation	**1,194**	(2,106)
Tax *(Note)*	**–**	–
Profit/(loss) for the period from discontinued operation	**1,194**	(2,106)

Note:

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

The unaudited potential deferred tax asset of HK$4,122,000 (As at 31st August 2005: HK$6,529,000) relating to tax losses available for carry forward and other timing differences as at 31st August 2006 has not been recognised due to the unpredictability of the future profit streams.

9. Basic earnings/(loss) per share

The calculation of unaudited basic earnings/(loss) per share for the three months and nine months ended 31st August 2006 was based on the unaudited net profit for the period of approximately HK$635,000 and net loss for the period of approximately HK$555,000, respectively (Three months and nine months ended 31st August 2005: net loss of HK$1,342,000 and HK$4,174,000 respectively), and the weighted average of 160,590,967 (2005: 160,590,967) ordinary shares of HK$0.10 each in issue during the period.

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

10. Movements of reserves

	(Unaudited) Share premium HK$'000	(Unaudited) Contributed surplus HK$'000	Group (Unaudited) Exchange difference HK$'000	(Unaudited) Accumulated losses HK$'000	(Unaudited) Total HK$'000
At 1st December 2004	106,118	37,600	(13,279)	(171,147)	(40,708)
Exchange difference	–	–	1,653	–	1,653
Loss for the period	–	–	–	(4,174)	(4,174)
At 31st August 2005	106,118	37,600	(11,626)	(175,321)	(43,229)
At 1st December 2005	106,118	37,600	(11,016)	(174,967)	(42,265)
Exchange difference	–	–	(1,447)	–	(1,447)
Loss for the period	–	–	–	(555)	(555)
At 31st August 2006	**106,118**	**37,600**	**(12,463)**	**(175,522)**	**(44,267)**

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited turnover of approximately HK$5,807,000 for the three months ended 31st August 2006, a 54% increase from approximately HK$3,763,000 for the corresponding period of the previous year. Of the total unaudited turnover amount, HK$3,222,000 or 55% was generated from software license sales and rental income, HK$509,000 or 9% was generated from professional service, HK$941,000 or 16% was generated from computer hardware sales and HK$1,135,000 or 20% was generated from maintenance services. As at 31st August 2006, the Group had approximately HK$9,441,000 worth of contracts that were in progress. The unaudited net profit attributable to shareholders for the three months ended 31st August 2006 was HK$635,000 whereas the Group recorded an unaudited net loss of approximately HK$1,342,000 for the same period of the previous year.

The unaudited operating expenditures amounted to HK$3,191,000 for the three months ended 31st August 2006, a 31% increase from HK$2,436,000 for the corresponding period of the previous year. The increase was mainly attributed to salary adjustment and increase in headcount during the period.

During the current period, the Group invested approximately HK$1,483,000 in developing new modules for its OCTO Straight Through Processing ("STP") system.

As at 31st August 2006, a provision of approximately HK$270,000 was made for impairment of trade receivables. The directors were uncertain whether the amount would ultimately be collected and considered that it was prudent to make such a provision.

Total unaudited staff costs (excluding directors' remuneration) are approximately HK$3,072,000 for the three months ended 31st August 2006, a 18% increase from approximately HK$2,606,000 for the corresponding period of the previous year. The increase was mainly due to headcount increased and salary adjustment in the period.

Liquidity and Financial Resources

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.

As at 31st August 2006, the Group had outstanding borrowings of approximately HK$6,069,000 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 2005); 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 2007; and HK$3,000,000 representing a shareholder's loan from Pacific East Limited which was unsecured, interest bearing at the Hong Kong prime rate and will not be repayable within the next twelve months of 30th November 2005 and approximately HK$4,634,000 representing a loan from Wickham Group Limited, a party connected to a non-executive director of the Company, which was unsecured, interest bearing at the Hong Kong prime rate and maturing on 21st May 2007. The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total assets. As at 31st August 2006, the Group's gearing ratio was 3.62.

Pledge of Assets

The Group did not have any mortgage or charge as at 31st August 2006.

Exchange Rate Exposure

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.

Contingent Liabilities

As at 31st August 2006, 23 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 31st August 2006, the unaudited estimated contingent liabilities not provided for in the accounts for such purpose amounted to HK$1,153,000.

Significant Investments

The Group has not held any significant investment for the three months ended 31st August 2006 and made no material acquisitions or disposals during the current period.

Major Events

During August 2006, the Company had submitted the application to set up a new subsidiary named abc Multiactive (Shenzhen) Limited in Shenzhen of China. The investment capital is RMB100,000 and the application still under examination by Shenzhen Economic and Trade Commission.

In August 2006, the Company had submitted the application to set up a new subsidiary named Maximizer Asia (Shanghai) Limited in Shanghai of China. The investment capital is RMB100,000 and the application still under examination by Shanghai Economic and Trade Commission.

Except for the above, as at 31st August 2006, the Group had no material capital commitments and no future plans for material investments or capital assets.

Employee and Remuneration Policy

The directors believe that the quality of its employees is the most important factor in sustaining the Group's growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salaries and mandatory provident fund, staff benefits include medical coverage scheme and share options. As at 31st August 2006, the Group had employed 50 staffs in Hong Kong.

Pension Scheme

Effective from 1st 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 Employment Ordinance. 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.

The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the retirement funds and is expensed as incurred. For the three months ended 31st August 2006, the retirement benefit scheme contributions borne by the Group amounted to HK$115,000 (2005: HK$98,000). No forfeited contribution for the Group is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately.

Share Option

On 22nd 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 for the five trading days immediately preceding the date of offer of the options. The Scheme was adopted on 22nd 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.

Details of the share options granted by the Company pursuant to the Scheme and the options outstanding as at 31st August 2006 were as follows:

	Date of grant	Exercise price	Exercisable period	Options held as at 1st December 2005	Lapsed during the period	Options held as at 31st August 2006
Executive directors	17th April 2001	HK$3.625	17th April 2002 to 16th April 2011	480,000	–	480,000
	28th May 2001	HK$4.675	28th May 2002 to 27th May 2011	48,000	–	48,000
Continuous contracts employees	17th April 2001	HK$3.625	17th April 2002 to 16th April 2011	1,403,100	(92,160)	1,310,940
	28th May 2001	HK$4.675	28th May 2002 to 27th May 2011	126,196	(9,216)	116,980

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.

The exercise in full of the above options outstanding as at 31st August 2006 would, under the present capital structure of the Company, result in the issue of 1,955,920 additional ordinary shares of HK$0.10 each.

Operation Review

For the three months ended 31st August 2006, e-finance unaudited turnover increased to HK$5,535,000, 65% increase compared to HK$3,357,000 for the corresponding period of the previous year. During the current period, the Group continued to enhance the features of its OCTO STP system and worked on new marketing schemes to drive sales. As a result, e-finance was able to sign 2 contracts with one PRC Bank in their Hong Kong branches and its fellow subsidiaries to implement its OCTO STP solution. For continues focus on its PRC China market to promote our OCTO STP solution, e-finance is going to set up a research and development center in the location of PRC Shenzhen for developing new modules for its OCTO STP solution.

For the three months ended 31st August 2006, e-business unaudited turnover is HK$272,000 a 33% decrease compared to HK$406,000 for the same period of the previous year. On 1st December 2005, the Group had ceased its CRM operation in Australia and maintains only Hong Kong operation to focus on developing CRM market in Greater China region and other Asian countries. During the current period, the newly version of Maximizer Enterprise 9.5 were launched in the market, the Group continues to focus the marketing activities in the region and appointing additional resellers in the region to build up a stronger and comprehensive reseller channel. Furthermore, the Group is going to set up a company in PRC Shanghai for promoting Maximizer products in China region.

Prospects

As investor sentiment in Hong Kong continues to rise, the directors believe that market demand for the Group's e-finance products will continue to follow this upward trend. The Group will also continue to look for opportunities to cooperate with new technology partners who can complement its own products and business. The Group is exploring a range of partnerships and alliances with overseas brokerage and financial solution vendors to expand its solution to overseas market outside of Hong Kong. The Group is also looking to opportunities in Greater China and will utilise the expertise and connections with its reseller network to accelerate entry to this market.

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

At 31st August 2006, the interests and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in shares

(a) The Company:

Name of director	Number of ordinary shares: Personal interests	Family interests	Corporate interests	Total	Percentage of issued share capital
Mr. Kau Mo Hui *(Note)*	–	8,666,710	–	8,666,710	5.40%

Note:

These shares are held by Pacific East Limited, which is wholly owned by The City Place Trust. The City Place Trust is a discretionary trust and its beneficiaries are Mr. Chi Yung Hui and Ms. Yuen Lam Chu. Mr. Chi Yung Hui and Ms. Yuen Lam Chu are, respectively, the son and spouse of Mr. Kau Mo Hui. The interests held by Mr. Chi Yung Hui and Ms. Yuen Lam Chu are deemed to be part of the interest of Mr. Kau Mo Hui.

(b) Associated Corporation:

	Number of common shares in Maximizer Software Inc.				Percentage of issued
Name of directors	**Personal interests**	**Family interests**	**Corporate interests**	**Total**	**share capital**
Mr. Terence Chi Yan Hui	2,237,153	–	–	2,237,153	3.57%
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	65.46%

Notes:

1. These shares are held by Mr. Joseph Chi Ho Hui's spouse, Ms. Susanna Chow. The interest held by Ms. Susanna Chow is deemed to be part of the interest of Mr. Joseph Chi Ho Hui.

2. These shares are held by The City Place Trust and Multiactive Technologies Partnership.

   The City Place Trust holds 36,475,319 shares of Maximizer Software Inc., representing approximately 58.20% 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 7.14% 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 options		
Name	Date of grant	Exercise price	Exercisable period	At 1st December 2005	Granted	At 31st August 2006
Director						
Mr. Terence Chi Yan Hui	17th April 2001	HK$3.625	17th April 2002 to 16th April 2011	480,000	–	480,000
	28th May 2001	HK$4.675	28th May 2002 to 27th May 2011	48,000	–	48,000
Chief Executive						
Mr. Samson Chi Yang Hui	17th April 2001	HK$3.625	17th April 2002 to 16th April 2011	190,080	–	190,080
	28th May 2001	HK$4.675	28th May 2002 to 27th May 2011	19,008	–	19,008

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

No further options can be granted under the Company's share option scheme adopted on 22nd January 2001 until the new requirements of Chapter 23 of the GEM Listing Rules are complied with.

(b) Associated Corporation:

Options in Maximizer Software Inc.

(Unlisted and physically settled equity derivatives)

Name of director	Date of grant	Exercise price	Exercisable period	Number of options: At 1st December 2005	Expired during the period	At 31st August 2006
Mr. Terence Chi Yan Hui	11th December 2002	CAN$0.80	7th May 1999 to 6th May 2006	100,000	(100,000)	–
	11th December 2002	CAN$0.80	23rd June 2000 to 22nd June 2007	250,000	–	250,000
Mr. Joseph Chi Ho Hui	11th December 2002	CAN$0.80	7th May 1999 to 6th May 2006	75,000	(75,000)	–
	11th December 2002	CAN$0.14	18th March 2002 to 17th 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.

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 31st August 2006, 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 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDER

At 31st August 2006, 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%
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 58.20% of the issued share capital of Maximizer Software Inc.. The City Place Trust also wholly owns Pacific East Limited, which directly holds 8,666,710 shares of the Company.

Long positions in underlying shares

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

Short positions in shares

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

Short positions in underlying shares

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

Save as disclosed above, as at 31st August 2006, 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.

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 Maximizer Software Inc. ("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, Pacific Region and South America. MSI and the Group share the same product lines including, 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.

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.

AUDIT COMMITTEE

Pursuant to the GEM Listing Rules, an audit committee, comprising three independent non-executive directors, namely Messrs. Ronald Kwok Fai Poon, Clifford Sau Man Ng and Kwong Sang Liu, was established on 22nd January 2001. Messrs. Ronald Kwok Fai Poon and Clifford Sau Man Ng were the audit committee members when it was established on 22nd January 2001. At 28th 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.

During the nine months ended 31st August 2006, the audit committee held three meeting for the purpose of reviewing the Company's reports and accounts, and providing advice and recommendations to the Board of Directors.

The Group's unaudited condensed results for the nine months ended 31st August 2006 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standard.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine months ended 31st August 2006, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

By order of the Board
Terence Chi Yan Hui
Chairman

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

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

Hong Kong, 13th October 2006