

stock code : 8131

• Annual Report 2006 •

abc *multi* **active**

abc Multiactive Limited
(Incorporated in Bermuda with limited liability)

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The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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

This report, for which the directors of abc Multiactive Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) 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.

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Corporate Information

DIRECTORS

Executive Directors

Mr. Terence Chi Yan HUI
Mr. Joseph Chi Ho HUI

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
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong

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 Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Abacus Share Registrars Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

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

STOCK CODE

8131

WEBSITE

<http://www.abcmultiactive.com>

Chairman's Statement

During 2006, the stock market in Hong Kong continues to be competitive and fast evolving. In this year, other than implementing our OCTOSTP brokerage solutions for domestic banks and brokerage firms, we are also successfully launched our solutions for two Taiwanese brokerage firms and one Japanese brokerage firm. To cope with the rapid demand of IT solutions by the stock brokerage community, we also expanded our operation to Mainland China and setup a new subsidiary in Shenzhen for further enhancement of our brokerage solutions.

In 2007, we will reinforce our leadership position in the security brokerage solution market by providing our clients with innovative products to stay ahead of the market; also we will be actively looking for new opportunities for promoting our brokerage solution in the Asia region.

The awareness of Customer Relationship Management ("CRM") continues to improve in Asia Pacific and more Asian corporations are willing to invest in CRM software. To strengthen our market position in the Greater China Region, we have established new subsidiary in Shanghai to build our reseller network. We plan to continue expanding our primary markets to China in 2007.

I would like to thank our board of directors, shareholders, customers, and industry partners for their continued support and our employees for their contribution.

Terence Chi Yan Hui

Chairman

Hong Kong, 9 February 2007

Management Discussion and Analysis

Financial Review

The Group recorded a turnover of approximately HK\$16,210,000 for the year ended 30 November 2006, a 27% decrease from approximately HK\$22,094,000 for the same period of the previous year. Of the total turnover amount, HK\$8,256,000 or 51% was generated from software license sales, HK\$1,966,000 or 12% was generated from professional services, HK\$4,599,000 or 28% was generated from maintenance services, and HK\$1,389,000 or 9% was generated from sales of hardware. At 30 November 2006, the Group had approximately HK\$7,220,000 worth of contracts that were in progress. The net loss attributable to shareholders for the year ended 30 November 2006 was HK\$1,211,000, whereas the Group recorded a net loss of approximately HK\$3,820,000 for the same period of the previous year. The difference was mainly attributed to an unrealised exchange gain of approximately HK\$2,045,000 from the appreciation of the Australian dollar in 2006 and the Group had ceased its CRM operation in Australia on 1 December 2005.

The operating expenditures (excluded exchange gain) amounted to HK\$12,624,000 for the year ended 30 November 2006, a 10% decrease from HK\$14,091,000 for the corresponding period of the previous year. For the same period of previous year, the Group's Australia operation was recorded the audited operating expenditures of approximately HK\$4,899,000, excluded the effect from cessation of Australia operation, the Group's operating expenditures increase by 37% for the current year when compared to the same period of previous year. The increase was mainly attributed to salary adjustment and increase in headcount during the year.

As most of the property, plant and equipment in the Group was fully depreciated in previous years and Australia operation disposed all property, plant and equipment asset during the year, depreciation expenses decreased from approximately HK\$206,000 for the year ended 30 November 2005 to approximately HK\$170,000 in the current fiscal year.

The Group did not have any amortisation expenses for the year ended 30 November 2006 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\$5,325,000 in developing new modules for its OCTO Straight Through Processing ("STP") system.

At 30 November 2006, a provision of approximately HK\$17,000 was made for impairment of 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.

As a result of ceased the Group's Australia operation, total staff costs (excluding directors' remuneration) amounted to approximately HK\$11,359,000 for the year ended 30 November 2006, a 27% decrease from approximately HK\$15,547,000 for the same period of the previous year. The audited staff cost of Australia operation for last year is HK\$5,011,000.

Management Discussion and Analysis

Operation Review

For the year ended 30 November 2006, e-Finance turnover is HK\$15,240,000, an increase of 16% when compared to HK\$13,174,000 for the same period of the previous year.

During the year, the Group shifted its focus from Asia Pacific Region to target mainly Asia region banks and securities firms to promote Group's securities software to countries in the region. Benefited from the increased turnover in the Hong Kong stock markets and Group's marketing effort in Asian region, the Group was able to sign new contracts (excluding hardware sales) with total contract sum of approximately HK\$9,000,000 for acquiring and implementing the Group's E-Finance well known OCTO STP solutions in the year of 2006 which were included contracts with Taiwan brokerage firm, Japan securities firm and one PRC Bank in their Hong Kong branches and fellow subsidiaries to implement its OCTO STP solution. For continues focus on PRC China market to promote our OCTO STP solution, e-Finance set up a research and development center in the location of PRC Shenzhen for developing new modules for its OCTO STP solution.

During the year ended 30 November 2006, as a result of the Group ceased its CRM operation in Australia on 1st December 2005 and maintains only Hong Kong operation to focus on developing CRM market in Greater China region and other Asian countries, e-Business turnover is HK\$970,000, a decrease of 89% when compared to HK\$8,920,000 for the same period of previous year. For the same period of previous year, CRM turnover for Australia region are recorded HK\$7,860,000. During the year, the newly version of Maximzier 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 set up a subsidiary in PRC Shanghai for promoting sales and marketing activities of CRM solutions in China region.

Capital structure

As at 30 November 2006, the total issued share capital of the Company was HK\$16,059,097 divided into 160,590,967 ordinary shares of HK\$0.10 each.

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.

At 30 November 2006, the Group had outstanding borrowings of approximately HK\$6,077,000 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 30 November 2006); 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 22 May 2008; 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 is repayable on 31 May 2008; 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 21 May 2008. The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total assets. As at 30 November 2006, the Group's gearing ratio was 4.4.

Management Discussion and Analysis

Pledge of Assets

The Group did not have any mortgage or charge over its assets at 30 November 2006.

Exposure to fluctuations in exchange rates and related hedges

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 minimise currency risk.

As at 30 November 2006, the Group did not have any foreign currency investments which have been hedged by currency borrowings and other hedging instruments.

Treasury policy

Cash and bank deposits of the Group are either in HK dollars or Australian dollars. The Group conducts its core business transaction mainly in HK dollars, such that the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

Contingent Liabilities

The Group and the Company had no material contingent liabilities as at 30 November 2006.

Significant Investments

Except for investment in subsidiaries, the Group has not held any significant investment for the year ended 30 November 2006.

Major Events

In 17 May 2006, the Group had set up a new subsidiary named ABC Enterprise Limited and incorporated in Hong Kong. The investment capital is HK\$1;

In 28 September 2006, the Group had set up a new subsidiary named Maximizer Asia (Shanghai) Limited in Shanghai of China. The investment capital is RMB100,000; and

In 15 November 2006, the Group had set up a new subsidiary named abc Multiactive (Shenzhen) Limited in Shenzhen of China. The investment capital is HK\$100,000.

Except for the above, as at 30 November 2006, the Group had no material capital commitments and no future plans for material investments or capital assets.

Management Discussion and Analysis

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 30 November 2006, the Group had employed 50 staffs in Hong Kong. Total staff costs for the year under review amounted to approximately HK\$11,359,000.

At 30 November 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. The estimated maximum amount of such payment is approximately HK\$1,170,000.

PENSION 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 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 funds and is expensed as incurred. During the year, the retirement benefit scheme contributions borne by the Group amounted to HK\$431,000 (2005: HK\$744,000). No forfeited contribution for the Group is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately.

PROSPECTS

The Group's will continue to focus on the Group's fundamentals to achieve profitability. The Group will continue to look for opportunities to cooperate with new technology partners that can complement its own products and business and further enhance its established customer base.

Considering the keen competition in Hong Kong e-Finance market, the Group will more proactive in seeking for overseas opportunities and focus on development of new financial solutions to diversify the Group's e-Finance product coverage in the market. The directors believed that the Group is well equipped to catch up with the economy rebound in domestic market and ready for new challenge from the overseas market.

The Group believes the growth of CRM market in the Asian region especially in Greater China region is prosperous. The Group will continue to focus on development of CRM market in the region by recruitment of more resale partners and implement target marketing strategies in the region.

The directors believe that the Group is well positioned for growth, as the Group's integrated multi-product systems for e-Finance and e-Business will offer customers the tools to expand their operations and services as the economy continues to improve.

Biographical Details of Directors and Senior Management

Executive directors

Mr. Terence Chi Yan HUI, aged 43, 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 major shareholder of the Company. He is the president and chief executive officer of Concord Pacific Group Inc., a leading real estate development company in Canada.

Mr. Joseph Chi Ho HUI, aged 36, joined the Group in November in 2000. He received his undergraduate degree in Electrical Engineering from the University of British Columbia in Canada and earned a Master’s Degree in Electrical Engineering from Stanford University in USA. Mr. Hui is the Vice President of Research and Development in 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.

Non-executive director

Mr. Kau Mo HUI, aged 73, joined the Group in March 2000. He is the executive director of Wing Hong (Holdings) Limited. Wing Hong (Holdings) Limited is a company listed on the main board of Stock Exchange and its principally engaged in a broad spectrum of construction works for both public and private sectors in Hong Kong. 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 57, is a solicitor and notary public practising in Hong Kong since 1980. Mr. Poon became an independent non-executive director of the Company in March 2000.

Mr. Clifford Sau Man NG, aged 40, is a Partner of Kirkpatrick & Lockhart Preston Gates Ellis in Hong Kong. Mr. Ng has practised in Hong Kong since 1995 and is often involved in transactions for corporate and private clients advising on corporate, securities, succession planning and tax issues. Mr. Ng was born in Hong Kong and grew up in Canada. He received his B. A. in Economics from the University of British Columbia in Vancouver and his LL.B. from Dalhousie Law School in Halifax. He is qualified as a solicitor in Hong Kong, England and Wales and is also qualified as a barrister and solicitor in British Columbia. Mr. Ng is also an independent non-executive director of Law Debenture Trust (Asia) Limited and The Law Debenture Corporation (H.K.) Limited which are Hong Kong subsidiaries of a London Stock Exchange listed company. Mr. Ng became an independent non-executive director of the Company in March 2000.

Mr. Kwong Sang LIU, aged 45, has been practising as certified public accountant in Hong Kong with more than 16 years of experience. Mr. Liu graduated with honours from Hong Kong Polytechnic University with Bachelor degree in Accountancy and obtained the Master in Business Administration degree from the University of Lincoln, United Kingdom. He is an associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Institute of Financial Accountants and a fellow member of the National Institute of Accountants, Australia. Mr. Liu is also a fellow member of Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong, a fellow member of the Society of Registered Financial Planners. Mr. Liu does not hold any other positions in the Company or other members of the Group 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, 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 in September 2004.

Senior management

Mr. Samson Chi Yang HUI, aged 35, is the Chief executive officer of the Group. He is responsible for initiating and leading negotiations for mergers and acquisitions of the Group, as well as managing the Group's regional sales and marketing activities. He has over 11 years experience in managing real estate, trading, investment and IT businesses. Mr. Hui is the brother of Mr. Terence Chi Yan Hui and Mr. Joseph Chi Ho Hui.

Mr. Siu Leong CHEUNG, aged 34, joined the Company in August 2003. Mr. Cheung is the qualified accountant, company secretary, authorised representative, and authorised 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 2006.

Principal activities

The principal activity of the Company is investment holding. The activities of its subsidiaries are set out in Note 17 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 6 to the financial statements.

Results and appropriation

The results of the Group for the year ended 30 November 2006 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 27 to 30.

The directors do not recommend payment of any dividend in respect of the year ended 30 November 2006 (2005: Nil).

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 16 to the financial statements.

Share capital and share option

Details of the movements in the Company's share capital during the year and details of the Company's share option scheme are set out in Note 21 and Note 15 to the financial statements.

Distributable reserves

As at 30 November 2006, the Company has no distributable reserve calculated under the Companies Act 1981 of Bermuda (as amended) and the Company's bye-laws.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in Note 22 to the financial statements and in the consolidated statement of changes in the equity, respectively.

Pre-emptive rights

There are no provisions 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 the Company's listed securities

During the year ended 30 November 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 year (2005: Nil).

Report of the Directors

Directors

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Terence Chi Yan Hui (*Chairman*)

Mr. Joseph Chi Ho Hui

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

In accordance with Bye-laws 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 by the Company 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 27 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.

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.

Biographical details of directors and senior management

Details of biological details of directors and senior management are set out on pages 8 to 9 of this annual report.

Connected/related party transactions

Details of the connected/related party transactions of the Group are set out in Note 27 to financial statements.

Report of the Directors

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

At 30 November 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 to 5.68 of the GEM Listing Rules were as follows:

Long positions in shares

a) The Company:

Name of director	Number of ordinary shares			Total	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests		
Mr. Kau Mo Hui	–	8,666,710 ⁽¹⁾	–	8,666,710	5.40%

Note:

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

b) Associated Corporation:

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

Report of the Directors

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)

Name	Date of grant	Exercise price	Exercisable period	Number of options		
				Outstanding as at 1 December 2005	Lapsed during the year	Outstanding as at 30 November 2006
Director						
Mr. Terence Chi Yan Hui	17 April 2001	HK\$3.625	17 April 2002 to 16 April 2011	480,000	-	480,000
	28 May 2001	HK\$4.675	28 May 2002 to 27 May 2011	48,000	-	48,000
Chief Executive						
Mr. Samson Chi Yang Hui	17 April 2001	HK\$3.625	17 April 2002 to 16 April 2011	172,800	-	172,800
	28 May 2001	HK\$4.675	28 May 2002 to 27 May 2011	17,280	-	17,280

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 2005	Lapsed during the year	At 30 November 2006
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.

Report of the Directors

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 to 5.68 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 30 November 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.

Report of the Directors

Interests disclosable under the SFO and substantial shareholder

At 30 November 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 <i>(note 1)</i>	Beneficial owner	Corporate	90,534,400	56.38%
Maximizer Software Inc. <i>(note 1)</i>	Interest of a controlled corporation	Corporate	90,534,400	56.38%
The City Place Trust <i>(note 2)</i>	Trustee	Corporate	99,201,110	61.78%
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.

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.

Apart from the foregoing, no other interests required to be recorded in the register kept under Section 336 of the SFO have been notified to the Company.

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	12%
– five largest customers combined	40%

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

Purchases	
– the largest supplier	35%
– five largest suppliers combined	83%

None of the Directors, their respective associates and shareholders of the Company (which to the knowledge of the Directors own more than 5% of the issued capital of the Company) had any interest in any of five largest customers and suppliers of the Group for the financial year ended 30 November 2006.

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.

Report of the Directors

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, 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.

Auditors

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

On behalf of the Board

Terence Chi Yan Hui

Executive Director

Hong Kong, 9 February 2007

Corporate Governance Report

It is the belief of the Board of Directors that corporate governance plays a vital part in maintaining the success of the Company. Various measures have been adopted to ensure that a high level of corporate governance is maintained throughout the operation of the Group.

The Company has complied with all the code provisions set out in Appendix 15 – Code on Corporate Governance Practices (“CG Code”) 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”) for the financial year ended 30 November 2006, except for the deviations from Code Provisions A.4.1 and A.4.2.

THE BOARD

During the year ended 30 November 2006, the Board comprised two executive directors, one non-executive director and three independent non-executive directors. The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers that all the independent non-executive directors to be independent.

The Board schedules four meetings a year at approximately quarterly intervals. In addition, special Board meetings are held as necessary. During the financial year ended 30 November 2006, the Board held 6 meetings. Details of the attendance of individual Directors are as follows:–

Attendance

(a)	Executive Directors	
	Mr. Terence Chi Yan HUI	5/6
	Mr. Joseph Chi Ho HUI	6/6
(b)	Non-executive Director	
	Mr. Kau Mo HUI	1/6
(c)	Independent Non-executive Directors	
	Mr. Ronald Kwok Fai POON	0/6
	Mr. Clifford Sau Man NG	3/6
	Mr. Kwong Sang LIU	6/6

Proposed regular Board meeting dates for a year are informed to each director at the beginning of the year. Formal notice of at least fourteen days will be given in respect of a regular meeting. For special Board meeting, reasonable notice will be given. Directors participated, either in person or through other electronic means of communication in the Board meetings.

Corporate Governance Report

Directors are given opportunity to include matters in the agenda for regular Board meeting. Directors have access to the advice and service of the Company Secretary to ensure that board procedures, and all applicable rules and regulations, are followed.

Details of the meeting and the matters considered by the Board and decisions reached, including any concerns raised by directors or dissenting views expressed are record in the Minutes of Board Meetings. Minutes of Board meeting and Board committees meeting are kept by the Company Secretary. Minutes are open for inspection at any reasonable time on reasonable notice by any director. There is a procedure agreed by the Board to enable directors, upon reasonable request, to seek independent professional advice.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The posts of Chairman and Chief Executive Officer ("CEO") are held separately by Mr. Terence Chi Yan HUI and Mr. Samson Chi Yang HUI respectively. This segregation ensures a clear distinction between the Chairman's responsibility to manage the Board and the CEO's responsibility, with support by the senior management, to manage the Company's business, including the implementation of major strategies and initiatives adopted by the Board.

BOARD COMPOSITION

The composition of the Board is set out on page 2 under the paragraph headed "Directors" with category of executive, non-executive and independent non-executive directors.

Biographies, including relationships among members of the Board are shown on pages 8 to 9 under the section on "Biographical Details of Directors and Senior Management".

NOMINATION OF DIRECTORS

The Board is responsible for the formulation of nomination policies, making recommendations to shareholders on directors standing for re-election, providing sufficient bibliographical details of directors to enable shareholders to make an informed decision on the re-election, and where necessary, nominating appropriate persons to fill causal vacancies or as additions to the Board. The Chairman from time to time reviews the composition of the Board with particular regard to ensuring that there is an appropriate number of directors on the Board independent of management. He also identified and nominates qualified individuals for appointment as new directors of the Company.

New directors of the Company will be appointed by the Board. The Board will take into consideration criteria such as expertise, experience, integrity and commitment when considering new director appointments.

Corporate Governance Report

APPOINTMENTS, RE-ELECTION AND REMOVAL

Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election.

Non-executive directors of the Company are not appointed with specific term but they are subject to retirement by rotation and re-election at the annual general meeting at least once every three years.

Under code provision A.4.2 of the Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The rotation of directors at the annual general meeting of the Company held on 28 March 2006 was in accordance with the Company's previous bye-laws which stipulate, inter alia, that one third of the directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation provided that notwithstanding anything therein, the Chairman of the Board and/or the Managing Director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. This deviated from the requirements of code provision A.4.2.

To fully comply with code provision A.4.2, relevant amendments to the Company's bye-laws were proposed and approved by the shareholders at the same annual general meeting of the Company, pursuant to which every director shall be subject to retirement by rotation at least once every three years at the annual general meeting in future.

RESPONSIBILITIES OF DIRECTORS

Every newly appointed director, if any, is ensured to have a proper understanding on the operations and business of the Group and fully aware of his responsibilities under the relevant applicable legal and regulatory requirements. The senior management and the Company Secretary will conduct such briefing as is necessary to update the Board with legal and regulatory developments, business and market changes and the strategic development of the Group to facilitate the performance of their duties.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in rules 5.48 to 5.67 to the GEM Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors (the "Code"). The Company, having made specific enquiry of all Directors, confirms that its Directors have complied with the required standard set out in the Code during the financial year ended 30 November, 2006.

SUPPLY OF AND ACCESS TO INFORMATION

In respect of regular board meetings, an agenda of the meeting and the accompanying board papers are sent in full to all Directors at least 3 days before the intended date of a meeting. Board papers are circulated to the Directors to ensure that they have adequate information before the meeting for any ad hoc projects.

Corporate Governance Report

The Management has obligation to supply the Board and the committees with adequate information in a timely manner to enable it to make informed decisions. Where any director requires more information than is volunteered by management, each director has separate and independent access to the Company's senior management for inquiry or additional information.

All directors are entitled to have access to board papers and related materials. Such materials are prepared to enable the Board to make informed decisions on matters placed before it.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee which is primarily responsible for making recommendations to the Board regarding the Group's policy and structure for remuneration of Directors and senior management and determine the specific remuneration packages of all executive directors and senior management of the Company.

The Remuneration Committee comprises Mr. Ronald Kwok Fai Poon, Mr. Clifford Sau Man Ng and Mr. Kwong Sang Liu, and is chaired by Mr. Clifford Sau Man Ng.

During the financial year ended 30 November, 2006, one meeting of Remuneration Committee was held with attendance of individual members as set out below to review and consider the specific remuneration packages of the Company's executive directors and senior management.

Attendance

Mr. Ronald Kwok Fai POON	0/1
Mr. Clifford Sau Man NG	1/1
Mr. Kwong Sang LIU	1/1

FINANCIAL REPORTING

The Management has provided such explanation and information to the Board and will enable the Board to make an informed assessment of the financial and other information put before the Board for approval. The Directors acknowledge their responsibility to prepare the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period.

The Board is aware that their responsibility to present a balanced, clear and understandable assessment extends to annual, interim and quarterly reports, and other financial disclosures required under the GEM Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

A statement by the auditors about their reporting responsibilities is included in the Independent Auditors' Report on page 25 to 26.

Corporate Governance Report

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 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 year ended 30 November 2006, the audit committee held four meeting for the purpose of reviewing the Company's reports and accounts, and providing advice and recommendations to the Board of Directors. The minutes of the audit committee meeting are kept by the Company Secretary.

The Group's audited financial statements for the year ended 30 November 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.

Attendance

Mr. Ronald Kwok Fai POON	0/4
Mr. Clifford Sau Man NG	4/4
Mr. Kwong Sang LIU	4/4

INTERNAL CONTROL

The Directors are responsible for the internal control of the Group and for reviewing its effectiveness.

The internal control system of the Group comprises of a comprehensive organisational structure and delegation of authorities assigned to individuals based on experience and business need.

Control procedures have been designed to safeguard assets against unauthorised use and disposition; ensure compliance with relevant laws, rules and regulations; ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; and to provide reasonable assurance against material misstatement, loss or fraud.

The overall risk management functions of the Group are under responsibility of the Internal Control Committee, comprising the Executive Directors, Chief Executive Officer, Chief Financial Officer and Operation Director. There are established control procedures to identify, assess, control and report to each of the four major types of risks consisting of business and market risk, compliance risk, financial and treasury risk and operational risk.

Corporate Governance Report

The Group does not have internal audit department, but the Internal Control Committee, comprising the Executive Directors, Independent non-executive Directors and management are responsible to review the effectiveness of the Group's internal control system. In addition, there is regular dialogue with the Group's external auditors so that both are aware of the significant factors which may affect their respective scope of work.

A review of the effectiveness of the Group's system of internal control covering all key controls, including financial, operational and compliance and risk management controls, is conducted annually. For the year ended 30 November 2006, the review based on a framework which assesses the Group's internal control system against control environment, risk management and control and monitoring activities on all major business and operational processes. The examination consisted of enquiry, discussion and validation through observation and inspection (if necessary). The result of the review has been report to the Board of Director and areas of improvement have been identified and appropriate measures have been put in place to manage the risks.

AUDITORS' REMUNERATION

The fees in relation to the audit and other services provided to the Company and its subsidiaries by external auditors of the Group for the year ended 30 November 2006 amounted approximately to HK\$224,000 and HK\$34,000 for review of continuing connected party transaction and review of financial reporting to ultimate holding company services. The non-audit services mainly consist of review and taxation services

DELEGATION BY THE BOARD

The Board is primarily responsible for overall strategy and direction for the Group and overseeing the Group's businesses and providing leadership in strategic issues. The management is delegated to manage the day-to-day businesses of the Group.

When the Board delegates aspect of its management and administration functions to management, clear directions would be given as to the power of management, in particular, the circumstances where management should report back to the Board before making decisions or entering into any commitments on behalf of the Group.

Principal functions that are specifically delegated by the Board to the management include (i) implementation of corporation strategy and policy initiatives; (ii) provision of management reports to the Board in respect of Group's performance, financial position and prospects; and (iii) day-to-day management of the Group.

BOARD COMMITTEE

The Board established certain Board committees with specific written terms of reference which deal clearly with the committee's authority and duties and require the committees to report back on their decisions or recommendations.

COMMUNICATION WITH SHAREHOLDERS

In respect of each separate issue at the general meeting held during the year ended 30 November 2006, separate resolution has been proposed by the Chairman of that meeting. The Chairman of the Board and member of Audit Committee attended the annual general meeting held on 28 March 2006 to answer questions, if any, at the meeting.

Independent Auditors' Report



Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF abc MULTIACTIVE LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of abc Multiactive Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 71 which comprise the consolidated and company balance sheets as at 30 November 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibilities

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

Independent Auditors' Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 November 2006 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion we draw attention to Note 2 (a) in the consolidated financial statements which indicates that the Group incurred a net loss of approximately HK\$1,211,000 during the year ended 30 November 2006 and, as of that date, the Group's current liabilities exceeded its total assets by approximately HK\$1,860,000. These conditions, along with other matters as set forth in Note 2 (a), indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

HLB Hodgson Impey Cheng

Chartered Accountants

Certified Public Accountants

Hong Kong, 9 February 2007

Consolidated Income Statement

For the year ended 30 November 2006

	Notes	2006 HK\$'000	2005 HK\$'000
Turnover	7	16,210	22,094
Cost of sales		(5,051)	(8,308)
Gross profit		11,159	13,786
Other revenue	7	68	35
Other income	8	2,194	–
Software research and development expenses		(5,325)	(4,319)
Selling and marketing expenses		(2,024)	(3,886)
Administrative expenses		(5,275)	(8,288)
Profit/(loss) from operating activities	8	797	(2,672)
Finance costs	9	(2,008)	(1,148)
Loss before taxation		(1,211)	(3,820)
Taxation	10	–	–
Loss for the year		(1,211)	(3,820)
Attributable to equity holders of the Company		(1,211)	(3,820)
Loss per share			
Basic	12	HK(0.75) cents	HK(2.38) cents
Diluted		N/A	N/A
Dividends	13	–	–

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

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

Consolidated Balance Sheet

At 30 November 2006

	Notes	2006 HK\$'000	2005 HK\$'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	16	<u>710</u>	<u>408</u>
Current assets			
Inventories		-	131
Work in progress	18	852	513
Trade and other receivables	19	1,651	3,285
Cash and bank balances	20	<u>3,084</u>	<u>3,726</u>
		<u>5,587</u>	<u>7,655</u>
Total assets		<u>6,297</u>	<u>8,063</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	21	16,059	16,059
Reserves	22	<u>(45,804)</u>	<u>(42,265)</u>
Total equity		<u>(29,745)</u>	<u>(26,206)</u>
LIABILITIES			
Non-current liabilities			
Promissory notes and interest payable to a shareholder	23	15,979	14,767
Promissory note and interest payable to a related company	23	5,829	5,386
Amount due to the ultimate holding company	24	<u>6,077</u>	<u>5,813</u>
		<u>27,885</u>	<u>25,966</u>
Current liabilities			
Other payables and accruals	25	4,930	4,567
Deferred revenue		2,056	3,070
Amounts due to customers	18	<u>1,171</u>	<u>666</u>
		<u>8,157</u>	<u>8,303</u>
Total liabilities		<u>36,042</u>	<u>34,269</u>
Total equity and liabilities		<u>6,297</u>	<u>8,063</u>

Consolidated Balance Sheet

At 30 November 2006

	2006	2005
<i>Notes</i>	HK\$'000	HK\$'000 (Restated)
Net current liabilities	<u>(2,570)</u>	<u>(648)</u>
Total assets less current liabilities	<u>(1,860)</u>	<u>(240)</u>
Net liabilities	<u>(29,745)</u>	<u>(26,206)</u>

Approved by the Board of Directors on 9 February 2007 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 2006

	Notes	2006 HK\$'000	2005 HK\$'000 (Restated)
ASSETS			
Current assets			
Trade and other receivables	19	9	9
Bank balances	20	2,693	3,055
Total assets		2,702	3,064
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	21	16,059	16,059
Reserves	22	(35,691)	(33,748)
Total equity		(19,632)	(17,689)
LIABILITIES			
Non-current liabilities			
Promissory notes and interest payable to a shareholder	23	15,979	14,767
Promissory note and interest payable to a related company	23	5,829	5,386
		21,808	20,153
Current liabilities			
Other payable and accruals	25	440	462
Amounts due to subsidiaries		86	138
		526	600
Total liabilities		22,334	20,753
Total equity and liabilities		2,702	3,064
Net current assets		2,176	2,464
Total assets less current liabilities		2,176	2,464
Net liabilities		(19,632)	(17,689)

Approved by the Board of Directors on 9 February 2007 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 2006

	Issued share capital HK\$'000	Reserves			Accumulated losses HK\$'000	Total HK\$'000
		Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000		
At 1 December 2004	16,059	106,118	37,600	(13,279)	(171,147)	(24,649)
Exchange difference arising on translation of financial statements of foreign subsidiaries	-	-	-	2,263	-	2,263
Loss for the year	-	-	-	-	(3,820)	(3,820)
At 30 November 2005 and 1 December 2005	16,059	106,118	37,600	(11,016)	(174,967)	(26,206)
Exchange difference arising on translation of financial statements of foreign subsidiaries	-	-	-	(2,328)	-	(2,328)
Loss for the year	-	-	-	-	(1,211)	(1,211)
At 30 November 2006	16,059	106,118	37,600	(13,344)	(176,178)	(29,745)

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

Consolidated Cash Flow Statement

For the year ended 30 November 2006

	2006 HK\$'000	2005 HK\$'000 (Restated)
Cash flows from operating activities		
Loss before taxation	(1,211)	(3,820)
Adjustment for:		
Interest income	(50)	(13)
Interest expenses	2,008	1,148
Depreciation	170	206
(Gain)/loss on disposals of property, plant and equipment	(149)	8
Impairment loss recognised in respect of trade and other receivables	427	11
Unrealised exchange difference	(2,328)	2,271
Operating loss before working capital changes	(1,133)	(189)
Decrease/(increase) in inventories	131	(81)
(Increase)/decrease in work in progress	(339)	535
Decrease/(increase) in trade and other receivables	1,207	(405)
Increase/(decrease) in amount due to the ultimate holding company	264	(208)
Increase in amounts due to customers	505	666
Increase/(decrease) in other payables	10	(864)
(Decrease)/increase in deferred revenue	(1,014)	34
<i>Net cash used in operating activities</i>	(369)	(512)
Cash flows from investing activities		
Purchase of property, plant and equipment	(571)	(301)
Proceeds from disposal of property, plant and equipment	248	–
Interest received	50	13
<i>Net cash used in investing activities</i>	(273)	(288)
Cash flows from financing activities		
Advance from a shareholder through issue of a promissory note	–	3,000
<i>Net cash generated from financing activities</i>	–	3,000
Net (decrease)/increase in cash and cash equivalents	(642)	2,200
Cash and cash equivalents at the beginning of the year	3,726	1,526
Cash and cash equivalents at the end of the year	3,084	3,726
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	3,084	3,726

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

Notes to Financial Statements

For the year ended 30 November 2006

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 place of business of the Company is located at 17/F, Regent Centre, 88 Queen's Road Central, Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 17 to the financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and 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 of Hong Kong Limited (the "Listing Rules"). These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

The HKICPA has issued a number of new and revised HKFRSs which are effective for accounting periods beginning on or after 1 January 2005. A summary of the effect on initial adoption of these new and revised HKFRSs is disclosed in Note 3 to the financial statements.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 5 to the financial statements.

Notes to Financial Statements

For the year ended 30 November 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of the 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.

The Group incurred losses of approximately HK\$1,211,000 and HK\$3,820,000 for the year ended 30 November 2006 and 2005 respectively. As at 30 November 2006, the Group's current liabilities exceeded its current assets by approximately HK\$2,570,000 and net liabilities of approximately HK\$29,745,000. 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 they fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

A shareholder of the Company, Pacific East Limited, has confirmed that it will not demand repayment of its promissory notes and the related promissory notes interests in the amount of approximately HK\$12,500,000 and HK\$3,479,000 respectively within the next twelve months of the balance sheet date. On 24 November 2006, Pacific East Limited has agreed to extend the maturity dates of the promissory notes amounts of HK\$9,500,000 and HK\$3,000,000 to 22 May 2008 and 31 May 2008 respectively. The ultimate holding company, MSI, has also confirmed that it will not demand repayment of the amount due of approximately HK\$6,077,000 within the next twelve months of 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 and the related promissory notes interests in the amount of approximately HK\$4,634,000 and HK\$1,195,000 respectively within the next twelve months of the balance sheet. On 24 November 2006, Wickham Group Limited has agreed to extend the maturity date of the promissory note amount of HK\$4,634,000 to 21 May 2008. Further details, please refer to Note 23.

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

For the year ended 30 November 2006

2. 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 2006.

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.

Intra-group transactions and balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provided evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

In the financial statements of the Company, 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.

Notes to Financial Statements

For the year ended 30 November 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

Property, plant and equipment, comprising leasehold improvements, furniture and fixtures and office equipment, are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on the straight line basis to write-off the cost of items of property, plant and equipment, less their estimated realisable value, if any, over their estimated useful lives. The principal annual rates used for this purpose are 20% to 33.3%.

Major costs incurred in restoring property, plant and equipment 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 residual values and useful lives of items of property, plant and equipment are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss on disposal or retirement of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

(e) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/jointly controlled entity at the date of acquisition. Goodwill on acquisitions of subsidiaries and jointly controlled entities is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Notes to Financial Statements

For the year ended 30 November 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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.

(g) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(h) 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 represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to Financial Statements

For the year ended 30 November 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Work in progress

Work in progress is recorded at the amount of the costs incurred plus recognised profits less the sum of recognised losses and progress billings. Where progress billings exceed contract costs incurred plus recognised profits less recognised losses, the surplus is treated as an amount due to customers.

(j) 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) Rental income of computer software licenses and customised software is recognised at the due date of the rental income.
- (iv) Revenue from the provision of maintenance services is recognised on a straight-line basis over the life of the related agreement.
- (v) 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.
- (vi) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and interest rates applicable.

Notes to Financial Statements

For the year ended 30 November 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Foreign currencies translation

(i) *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"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(ii) *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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) *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:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement 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
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Notes to Financial Statements

For the year ended 30 November 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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 income statement.

(m) Operating leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

(n) 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.

(o) Borrowings costs

Borrowing costs are interests and other costs incurred in connection with the borrowing of funds. All borrowings costs are charged to the income statement in the year in which they are incurred.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date 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 obligations.

Notes to Financial Statements

For the year ended 30 November 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) **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. Contingent assets are 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.

(r) **Cash and cash equivalents**

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, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(s) **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

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 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 difference 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 affects neither the taxable profit nor the accounting profit.

Notes to Financial Statements

For the year ended 30 November 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Taxation (Continued)

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 the temporary difference 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 to the period when the liability is settled or the asset realised. Deferred tax is charged or credited to 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.

(t) 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. Related parties may be individuals (being member of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(u) 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. 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 Group 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.

Notes to Financial Statements

For the year ended 30 November 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Employee benefits (Continued)

(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 fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the Company revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity in the balance sheet will be made over the remaining vesting periods.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium accounts when the share options are exercised and when the restricted share awards are vested.

Share options granted under the Company's share option scheme are not expensed as the options were all vested and not subject to requirements of HKFRS 2. Further details of the new policy are set out in Note 15.

(v) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

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 revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, work in progress, receivables and operating cash. Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

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.

Notes to Financial Statements

For the year ended 30 November 2006

3. CHANGES IN ACCOUNTING POLICIES

- (i) In the year ended 30 November 2006, the Group adopted the following new and revised HKFRSs which are relevant to its operations. The 2005 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow 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	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HKAS-Int 12	Consolidation – Special Purpose Entities
HKAS-Int 12	Amendment Scope of HKAS – Int 12 Consolidation – Special Purpose Entities
HKAS-Int 15	Operating Leases – Incentives
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

The adoption of the above HKFRSs has no material impact on the accounting policies and the results and financial position of the Group, except for the following:

HKAS 24 – Related Party Disclosures

HKAS 24 has affected the identification of related parties and some other related-party disclosures.

Notes to Financial Statements

For the year ended 30 November 2006

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(ii) HKFRSs that are not yet effective for the year ended 30 November 2006

No early adoption of the following HKFRSs that have been issued but are not yet effective. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

HKAS 1 (Amendment)	Capital Disclosures
HKAS 19 (Amendment)	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKFRS 7	Financial Instruments: Disclosures
HK (IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HKFRSs 1 & 6 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HK (IFRIC) – Int 5	Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK (IFRIC) – Int 7 (effective for accounting period commencing on or after 1 March 2006)	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK (IFRIC) – Int 8 (effective for accounting period commencing on or after 1 May 2006)	Scope of HKFRS 2
HK (IFRIC) – Int 9 (effective for accounting period commencing on or after 1 June 2006)	Reassessment of Embedded Derivatives

The HKAS 1 (Amendment) shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosure about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

Notes to Financial Statements

For the year ended 30 November 2006

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(ii) HKFRSs that are not yet effective for the year ended 30 November 2006 (Continued)

HKFRS 7 will replace HKAS 32 and has modified the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for annual period beginning on or after 1 January 2007.

Except as stated above, the Group expects that the adoption of the other pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

4. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

Foreign exchange risk

The Group operates mainly in Hong Kong, primarily with respect to the Hong Kong dollars. The Group is exposed to foreign currency risk arising from translating the intercompany balance with its foreign subsidiary, which are denominated in Australian dollars other than the functional currency of the Group. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amounts of trade receivables and other current assets except for inventories and prepayments, pledged bank deposits and bank balances and cash, represent the Group's maximum exposure to credit risk in relation to financial assets. The Group has policies that limit the amount of credit exposure to any customers. The Group also has policies in place to ensure that sales of products and maintaining services are made to customers with an appropriate credit history.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Internally generated cash flow and advances from shareholder and related company are the general source of funds to finance the operation of the Group. The Group had net liabilities of approximately \$29,745,000 as at 30 November 2006. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations. The Group also obtained financial support from its shareholders and ultimate holding company.

Notes to Financial Statements

For the year ended 30 November 2006

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(d) Cash flow and fair value interest rate risk

Long term borrowings at variable interest rates expose the Group to cash flow interest rate risk and those at fixed rate expose the Group to fair value interest rate risk.

The Group monitors the interest rate risk exposure on a continuous basis and adjusts the portfolio of borrowings where necessary.

Fair value estimation

The carrying amounts of the Group's financial assets, including cash and bank balances, trade and other receivables, amounts due from shareholders, and financial liabilities, including trade and other payables and, approximate their fair values due to their short maturities. The face values less any credit adjustments for financial assets and liabilities with maturity of less than one year are assumed to approximate their fair values.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of assets

The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

Notes to Financial Statements

For the year ended 30 November 2006

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Critical accounting estimates and assumptions (Continued)

(ii) *Estimated useful lives of property, plant and equipment*

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment that to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

(iii) *Trade receivables*

The aging profile of trade receivables is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade receivables balances are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the income statement. Changes in the collectibles of trade receivables for which provisions are not made could affect the results of operations.

(iv) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience and selling goods of similar nature. It could change significantly as a result of change in market condition. Management will reassessed the estimation at the balance sheet date.

Notes to Financial Statements

For the year ended 30 November 2006

6. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- (a) eFinance; and
- (b) eBusiness.

In determining the Group's geographical segments, turnover and profit/(loss) are attributed to the segments based on the location of the customers, assets and liabilities are attributed to the segments based on the location of the assets.

(a) Business segments

	eFinance		eBusiness		Consolidated	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Turnover	<u>15,240</u>	<u>13,174</u>	<u>970</u>	<u>8,920</u>	<u>16,210</u>	<u>22,094</u>
Segment result	<u>4,618</u>	<u>3,175</u>	<u>(1,102)</u>	<u>(330)</u>	<u>3,516</u>	2,845
Other revenue					68	35
Exchange gain/(loss)					2,045	(2,402)
Unallocated expenses					<u>(4,832)</u>	<u>(3,150)</u>
Profit/(loss) from operating activities					<u>797</u>	(2,672)
Finance costs					<u>(2,008)</u>	<u>(1,148)</u>
Loss before taxation					<u>(1,211)</u>	(3,820)
Taxation					<u>-</u>	<u>-</u>
Loss for the year					<u>(1,211)</u>	<u>(3,820)</u>

Notes to Financial Statements

For the year ended 30 November 2006

6. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (continued)

	eFinance		eBusiness		Consolidated	
	2006 HK\$'000	2005 HK\$'000 (Restated)	2006 HK\$'000	2005 HK\$'000 (Restated)	2006 HK\$'000	2005 HK\$'000 (Restated)
Segment assets	2,969	2,504	627	2,495	3,596	4,999
Unallocated assets					2,701	3,064
Total assets					6,297	8,063
Segment liabilities	6,323	5,173	7,471	8,481	13,794	13,654
Unallocated liabilities					22,248	20,615
Total liabilities					36,042	34,269
Other segment information:						
Depreciation	159	101	11	105	170	206
Gain/(loss) on disposal of property plant and equipment	-	-	149	(8)	149	(8)
Capital Expenditure	549	162	22	139	571	301

Notes to Financial Statements

For the year ended 30 November 2006

6. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments

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

	Segment turnover HK\$'000	Segment profit/(loss) HK\$'000	2006 Segment assets HK\$'000	Segment liabilities HK\$'000	Capital expenditure HK\$'000
Hong Kong and other Asian countries	16,211	(3,418)	5,863	32,792	571
Australia and New Zealand	(1)	2,207	434	3,250	-
	<u>16,210</u>	<u>(1,211)</u>	<u>6,297</u>	<u>36,042</u>	<u>571</u>
	Segment turnover HK\$'000	Segment loss HK\$'000	2005 Segment assets HK\$'000	Segment liabilities HK\$'000 (Restated)	Capital expenditure HK\$'000
Hong Kong and other Asian countries	14,233	(1,752)	5,747	29,259	198
Australia and New Zealand	7,861	(2,068)	2,316	5,010	103
	<u>22,094</u>	<u>(3,820)</u>	<u>8,063</u>	<u>34,269</u>	<u>301</u>

7. TURNOVER AND OTHER 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. An analysis of the Group's turnover and other revenue is as follows:-

	2006 HK\$'000	2005 HK\$'000
Turnover:		
Sales of computer software licences, software rental and provision of related services	10,222	14,271
Provision of maintenance services	4,599	6,332
Sales of computer hardware	1,389	1,491
	<u>16,210</u>	<u>22,094</u>
Other revenue:		
Bank interest income	50	13
Sundry income	18	22
	<u>68</u>	<u>35</u>
	<u>16,278</u>	<u>22,129</u>

Notes to Financial Statements

For the year ended 30 November 2006

8. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

Profit/(loss) from operating activities is stated after charging:

	2006 HK\$'000	2005 HK\$'000
Auditors' remuneration	258	262
Bad debts written off	-	11
Impairment loss recognised in respect of trade and other receivables	427	31
Depreciation on owned property, plant and equipment	170	206
Loss on disposal of property, plant and equipment	-	8
Operating lease payments in respect of		
- land and buildings	595	793
- plant and equipment	30	30
Staff costs (excluding directors' remuneration)		
- salaries and allowances	10,928	14,803
- retirement benefit costs	431	744
Cost of computer hardware sold	1,075	1,201
Exchange loss	-	2,402
	2,045	-
	149	-
	2,194	-

and after crediting:

Other income:		
Exchange gain	2,045	-
Gain on disposal of property, plant and equipment	149	-
	2,194	-

9. FINANCE COSTS

	2006 HK\$'000	2005 HK\$'000
Interest on promissory notes		
- wholly repayable within five years	1,655	994
Interest on amount due to the ultimate holding company		
- wholly repayable within five years	353	154
	2,008	1,148

Notes to Financial Statements

For the year ended 30 November 2006

10. TAXATION

No provision for Hong Kong profits tax has been made as the Group had either no estimated assessable profits or had estimated tax losses brought forward to set off the estimated assessable profit for the year (2005: Nil).

No Australian income tax has been provided by the Australian subsidiaries of the Group as they had no estimated assessable profit for the year.

The Group has tax losses arising in Hong Kong of approximately HK\$66,572,000 (2005: HK\$64,812,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised due to the unpredictability of the future profit streams.

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

	Hong Kong		2006 Australia		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit/(loss) before taxation	(3,418)		2,207		(1,211)	
Tax at Hong Kong profits tax rate of 17.5%	(598)	(17.5)	386	17.5	(212)	(17.5)
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	-	276	12.5	276	22.8
Estimated tax effect of income and expenses not taxable or deductible in determining profits tax	249	7.3	(665)	(30.1)	(416)	(34.3)
Estimated tax effect of unrecognised temporary differences	(78)	(2.3)	(99)	(4.5)	(177)	(14.6)
Estimated tax effect of unrecognised tax losses	549	16.1	102	4.6	651	53.7
Estimated tax effect of utilisation of unrecognised tax losses from prior periods	(122)	(3.6)	-	-	(122)	(10.1)
Tax charge at the Group's effective rate for the year	-	-	-	-	-	-

Notes to Financial Statements

For the year ended 30 November 2006

10. TAXATION (CONTINUED)

	Hong Kong		2005 Australia		Total	
	HK\$'000 (Restated)	%	HK\$'000 (Restated)	%	HK\$'000	%
Loss before taxation	(1,752)		(2,068)		(3,820)	
Tax at Hong Kong profits tax rate of 17.5%	(307)	(17.5)	(362)	(17.5)	(669)	(17.5)
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	-	(259)	(12.5)	(259)	(6.8)
Estimated tax effect of income and expenses not taxable or deductible in determining profits tax	20	1.1	712	34.4	732	19.2
Estimated tax effect of unrecognised temporary differences	(15)	(0.9)	53	2.6	38	1
Estimated tax effect of unrecognised tax losses	432	24.7	-	-	432	11.3
Estimated tax effect of utilisation of unrecognised tax losses from prior periods	(130)	(7.4)	(144)	(7)	(274)	(7.2)
Tax charge at the Group's effective rate for the year	-	-	-	-	-	-

11. NET LOSS FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS

The net loss for the year attributable to shareholders includes a loss of HK\$1,943,000 (2005: loss of HK\$2,074,000) which has been dealt with in the financial statements of the Company.

Notes to Financial Statements

For the year ended 30 November 2006

12. LOSS PER SHARE

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

	2006	2005
Loss for the year for the purpose of basic loss per share (in HK\$'000)	<u>(1,211)</u>	<u>(3,820)</u>
Weighted average of ordinary shares for the purpose of basic loss per share	<u>160,590,967</u>	<u>160,590,967</u>
Basic loss per share	<u>HK(0.75) cents</u>	<u>HK(2.38) cents</u>

No diluted loss per share has been presented as there was no dilutive potential ordinary share during the years ended 30 November 2006 and 2005.

13. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 30 November 2006 (2005: Nil).

14. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS

(a) Directors' emoluments

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

	2006 HK\$'000	2005 HK\$'000
Directors' fees		
Independent non-executive directors	60	60
Executive directors:		
– Basic salaries, allowances and benefits in kind	–	116
– Contribution to provident fund	–	4
	<u>60</u>	<u>180</u>

No executive directors received individual emolument for the year ended 30 November 2006 (2005: One executive director received individual emoluments of approximately HK\$120,000).

Notes to Financial Statements

For the year ended 30 November 2006

14. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (Continued)

The emoluments, pension and compensation arrangements paid/payable to the directors and past directors for their services on the Company were as follows:

Name of Director	Salaries and			Contribution to pension scheme	Total
	Fees	allowances			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2006:					
Executive directors					
Mr. Terence Chi Yan Hui	-	-	-	-	-
Mr. Joseph Chi Ho Hui	-	-	-	-	-
Non-executive director					
Mr. Kau Mo Hui	-	-	-	-	-
Independent non-executive directors					
Mr. Ronald Kwok Fai Poon	20	-	-	-	20
Mr. Clifford Sau Man Ng	20	-	-	-	20
Mr. Kwong Sang Liu	20	-	-	-	20
	<u>60</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60</u>

2005:

Executive directors

Mr. Terence Chi Yan Hui	-	-	-	-	-
Mr. Joseph Chi Ho Hui	-	-	-	-	-
Mr. Senan Shiu Lung Yuen (resigned on 11 March 2005)	-	116	4	-	120

Non-executive director

Mr. Kau Mo Hui	-	-	-	-	-
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Independent

non-executive directors

Mr. Ronald Kwok Fai Poon	20	-	-	-	20
Mr. Clifford Sau Man Ng	20	-	-	-	20
Mr. Kwong Sang Liu	20	-	-	-	20
	<u>60</u>	<u>116</u>	<u>4</u>	<u>-</u>	<u>180</u>

Notes to Financial Statements

For the year ended 30 November 2006

14. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (Continued)

No directors of the Company waived any emoluments during the years ended 30 November 2006 and 2005.

During the years ended 30 November 2006 and 2005, 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 15 to the financial statements.

(b) Five highest paid individuals

No directors of the Company were included in the five highest paid individuals in the Group for the year (2005: Nil) director of the Company. The emoluments payable to the five (2005: five) individuals (the "Employees") during the year are as follows:

	2006	2005
	HK\$'000	HK\$'000
Basic salaries and allowances	2,771	3,273
Contribution to provident fund	60	192
	<u>2,831</u>	<u>3,465</u>

During the years ended 30 November 2006 and 2005, 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	
	2006	2005
Nil to HK\$1,000,000	5	4
HK\$1,000,001 to HK\$1,500,000	-	1
	<u>5</u>	<u>5</u>

Notes to Financial Statements

For the year ended 30 November 2006

15. 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 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. No forfeited contribution is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately. Contributions totalling HK\$37,000 (2005: HK\$34,000) were payable to the funds at year end and are included in other payables.

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 2006 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.

Notes to Financial Statements

For the year ended 30 November 2006

15. EMPLOYEE BENEFITS (CONTINUED)

Equity compensation benefits (Continued)

Share Option (Continued)

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 30 November 2006 were as follows:

	Date of grant	Exercise price	Exercisable period	Options held as at 1 December 2005	Lapsed during the year	Options held as at 30 November 2006
Executive directors	17 April 2001	HK\$3.625	17 April 2002 to 16 April 2011	480,000	-	480,000
	28 May 2001	HK\$4.675	28 May 2002 to 27 May 2011	48,000	-	48,000
Continuous contracts employees	17 April 2001	HK\$3.625	17 April 2002 to 16 April 2011	1,403,100	(92,160)	1,310,940
	28 May 2001	HK\$4.625	28 May 2002 to 27 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.

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 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.

All share options granted under Share Option Scheme are not expensed as the options were all granted before 7 November 2002 and vested before the annual periods beginning on 1 December 2005.

Notes to Financial Statements

For the year ended 30 November 2006

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold Improvements	Furniture and fixtures	Office equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Cost:</i>				
At 1 December 2004	153	956	7,829	8,938
Additions	72	1	228	301
Disposals	(18)	(20)	(1,235)	(1,273)
Exchange difference	(1)	(41)	(176)	(218)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 November 2005 and 1 December 2005	206	896	6,646	7,748
Additions	–	12	559	571
Disposals	(72)	(562)	(1,294)	(1,928)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 November 2006	<u>134</u>	<u>346</u>	<u>5,911</u>	<u>6,391</u>
<i>Accumulated depreciation:</i>				
At 1 December 2004	28	860	7,721	8,609
Charge for the year	61	62	83	206
On disposal written back	(18)	(12)	(1,235)	(1,265)
Exchange difference	(1)	(35)	(174)	(210)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 November 2005	70	875	6,395	7,340
Charge for the year	34	2	134	170
On disposal written back	(25)	(544)	(1,260)	(1,829)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 November 2006	<u>79</u>	<u>333</u>	<u>5,269</u>	<u>5,681</u>
<i>Net book value:</i>				
At 30 November 2006	<u>55</u>	<u>13</u>	<u>642</u>	<u>710</u>
At 30 November 2005	<u>136</u>	<u>21</u>	<u>251</u>	<u>408</u>

Notes to Financial Statements

For the year ended 30 November 2006

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2006	2005
	HK\$'000	HK\$'000
Unlisted shares, at cost	61,686	61,686
Less: Impairment loss recognised in respect of the investments in subsidiaries	(61,686)	(61,686)
	-	-
Amounts due from subsidiaries	98,150	98,892
Less: Impairment loss recognised in respect of amounts due from subsidiaries	(98,150)	(98,892)
	-	-
	-	-
	-	-

Notes:

- (a) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.
- (b) The movements in provision for impairment loss in respect of amounts due from subsidiaries are as follows:

	Company	
	2006	2005
	HK\$'000	HK\$'000
At 1 December 2005/2004	98,892	98,663
Impairment loss recognised	92	229
Reversal of impairment loss	(834)	-
At 30 November 2006/2005	98,150	98,892

The directors of the Company had reviewed the net asset values of the Company's subsidiaries for the year ended 30 November 2006 and considered provision for impairment in values be made in respect of the amount due from subsidiaries to their net recoverable values.

Notes to Financial Statements

For the year ended 30 November 2006

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of subsidiaries as at 30 November 2006 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		Principal activities
			Directly	Indirectly	
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
ABC Enterprise Limited (Note)	Hong Kong	1 ordinary share of HK\$1.00 each	100%	–	Dormant
Maximizer Asia Limited	Hong Kong	10,000 ordinary share of HK\$1.00 each	100%	–	Sale of computer products 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 software products and provision of professional and maintenance services

Note: ABC Enterprise is registered as a limited company in Hong Kong on 17 May 2006. The authorised share capital of the Company is HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which 1 ordinary shares of HK\$1 each have been issued and fully paid as at 30 November 2006.

Notes to Financial Statements

For the year ended 30 November 2006

18. CONSTRUCTION CONTRACTS

	Group	
	2006	2005
	HK\$'000	HK\$'000
Amounts due from customers for contract work	852	513
Amounts due to customers for contract work	(1,171)	(666)
	<u>(319)</u>	<u>(153)</u>

	Group	
	2006	2005
	HK\$'000	HK\$'000
Contract costs incurred plus recognised profits less recognised losses to date	2,102	1,192
Less: Progress billings	(2,421)	(1,345)
	<u>(319)</u>	<u>(153)</u>

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables (Note a)	993	2,483	-	-
Prepayments, deposits and other receivables (Note c)	658	802	9	9
	<u>1,651</u>	<u>3,285</u>	<u>9</u>	<u>9</u>

Notes to Financial Statements

For the year ended 30 November 2006

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

The movements of trade receivables were as follows:

	Group	
	2006	2005
	HK\$'000	HK\$'000
Trade receivables as at 1 December 2005/2004	2,513	3,981
Less: Impairment loss recognised in respect of trade receivables (Note b)	(1,520)	(1,498)
At 30 November 2006/2005	<u>993</u>	<u>2,483</u>

As at 30 November 2006, the aging analysis of the trade receivables was as follows:

	Group	
	2006	2005
	HK\$'000	HK\$'000
Current	69	1,474
31 – 60 days	431	869
61 – 90 days	109	87
Over 90 days	384	53
	<u>993</u>	<u>2,483</u>

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For the year ended 30 November 2006

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

- (a) The carrying amounts of trade receivables approximate to their fair value.
- (b) The movements in provision for impairment loss on trade receivables are as follows:

	Group	
	2006	2005
	HK\$'000	HK\$'000 (Restated)
At 1 December 2005/2004	1,498	1,471
Exchange realignment	5	(4)
Reversal of impairment loss	(5)	–
Impairment loss recognised in respect of trade receivables (Note d)	22	31
	<hr/>	<hr/>
At 30 November 2006/2005	1,520	1,498
	<hr/> <hr/>	<hr/> <hr/>

- (c) The movements in provision for impairment loss in respect of prepayment, deposit and other receivables are as follows:

	Group	
	2006	2005
	HK\$'000	HK\$'000 (Restated)
At 1 December 2005/2004	1,068	802
Impairment loss recognised in respect of prepayments, deposits and other receivables (Note d)	(410)	–
	<hr/>	<hr/>
At 30 November 2006/2005	658	802
	<hr/> <hr/>	<hr/> <hr/>

- (d) The directors of the Group had assessed the recoverability of trade and other receivables for the year ended 30 November 2006 and considered provision for impairment in values be made in respect of trade and other receivables to their recoverable values.

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For the year ended 30 November 2006

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Cash and bank balances	1,562	3,726	1,171	3,055
Time deposits	1,522	–	1,522	–
	<u>3,084</u>	<u>3,726</u>	<u>2,693</u>	<u>3,055</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for half year, and earn interest at the respective fixed time deposit rates of 2.95% per annum. The carrying amounts of the cash and cash equivalents approximate to their fair values.

21. SHARE CAPITAL

	2006		2005	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.10 each	10,000,000,000	1,000,000	10,000,000,000	1,000,000
Issued and fully paid up:				
Ordinary shares of HK\$0.10 each	160,590,967	16,059	160,590,967	16,059

Note:

The Company operates a share option scheme, further details of which are set out under the heading "Equity compensation benefits" in Note 15 to the financial statements.

Notes to Financial Statements

For the year ended 30 November 2006

22. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 31 of the financial statements.

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.

Company

	Share premium	Contributed surplus	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 December 2004	106,118	37,600	(175,392)	(31,674)
Loss for the year	—	—	(2,074)	(2,074)
At 30 November 2005 and 1 December 2005	106,118	37,600	(177,466)	(33,748)
Loss for the year	—	—	(1,943)	(1,943)
At 30 November 2006	<u>106,118</u>	<u>37,600</u>	<u>(179,409)</u>	<u>(35,691)</u>

Notes to Financial Statements

For the year ended 30 November 2006

23. PROMISSORY NOTE AND INTEREST PAYABLE TO A SHAREHOLDER/RELATED COMPANY

As at 30 November 2006, the promissory notes of HK\$12,500,000 payable to the shareholder and the promissory note of HK\$4,634,000 payable to the related company are interest bearing at Hong Kong prime rate (2005: Hong Kong prime rate).

A shareholder of the Company, Pacific East Limited, has confirmed that it will not demand repayment of its promissory notes and the interests related to the promissory notes in the amount of approximately HK\$15,979,000 within the next twelve months of the balance sheet date. On 24 November 2006, Pacific East Limited has agreed to extend the maturity date of the promissory notes in the amounts of HK\$9,500,000 and HK\$3,000,000 to 22 May 2008 and 31 May 2008 respectively.

Furthermore, a party connected to the non-executive director of the Company, Wickham Group Limited, has also agreed that it will not demand repayment of the promissory note and the interests related to the promissory notes in the amount of approximately HK\$5,829,000 within the next twelve months of the balance sheet. On 24 November 2006, Wickham Group Limited has agreed to extend the maturity date of the promissory note in the amount of HK\$4,634,000 to 21 May 2008.

The carrying amounts of the non-current borrowings are as follows:

	The Group and the Company	
	2006	2005
	HK\$'000	HK\$'000
		(Restated)
Promissory notes and interest payable to a shareholder	15,979	14,767
Promissory note and interest payable to a related company	5,829	5,386
	<u>21,808</u>	<u>20,153</u>

The carrying amounts of long-term borrowings approximate their fair value.

24. AMOUNT DUE TO THE ULTIMATE HOLDING COMPANY

The amount due to the ultimate holding company represents mainly payables for development costs, purchases of software merchandise, royalty fee and expenses paid on behalf of the Group. The balance is unsecured and HK\$3,077,000 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 (2005: Annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly). The ultimate holding company has confirmed that it will not demand repayment within the next twelve months of the balance sheet date.

Notes to Financial Statements

For the year ended 30 November 2006

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2006 HK\$'000	2005 HK\$'000 (Restated)	2006 HK\$'000	2005 HK\$'000 (Restated)
Accruals	2,233	2,008	440	462
Receipt in advance	1,712	1,492	-	-
Other payables	985	1,067	-	-
	4,930	4,567	440	462

26. OPERATING LEASES COMMITMENTS

The Group

The Group leases its office under operating leases arrangements for its office and certain office equipment. Leases and rentals for its office were negotiated and fixed for a term of two to three years.

As at 30 November 2006, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings and office equipment as follows:

	2006 HK\$'000	2005 HK\$'000
Within one year	1,306	723
In the second to fifth years, inclusive	821	554
	2,127	1,277

The Company

The Company did not have significant operating lease commitment as at 30 November 2006.

Notes to Financial Statements

For the year ended 30 November 2006

27. MATERIAL RELATED PARTY TRANSACTIONS

In additions to the transactions and balances detailed elsewhere in 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:

	2006	2005
	HK\$'000	HK\$'000
Disposal of several assets to Maximizer Software Solutions Pty Limited (Note a)	248	–
Software purchased from MSI for resale (Note b)	140	1,504
Interest payable to a shareholder on promissory note payable (Note 23)	1,213	682
Interest payable to a related company on promissory note payable (Note 23)	442	312
Interest payable to MSI (Note 24)	353	154
Over-provision of products costs	–	1,110
Over-provision of interest expenses	–	102
	—————	—————

Notes:

- (a) Multiactive Software Pty Limited has ceased its operations as at 1 December 2005. Several assets were disposed to Maximizer Software Solutions Pty Limited with a total consideration of AUD42,000. Maximizer Software Solutions Pty Limited was wholly owned by the ultimate holding company.
- (b) The Group purchased software, 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 between the Company and MSI on 5 February 2004 and 28 June 2004 respectively. The Supplemental Products Sales Agreement was expired on 31 May 2006. Subsequent to the expire date, MSI has confirmed that the pricing of the product cost remains at 25% of the gross license revenue, that is in accordance with the terms and conditions specified in the 5 February 2004 Product Cost Agreement and the subsequent 28 June 2004 Amendment (the "Product Cost Agreements") entered into between the Company and MSI.

Mr. Terence Chi Yan Hui had interests 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 agreement, partnership interest and personal holdings.

Notes to Financial Statements

For the year ended 30 November 2006

28. CONTINGENT LIABILITIES

The Group and the Company had no material contingent liabilities as at 30 November 2006 (2005: The Group: HK\$1,180,000; the Company: Nil).

29. CAPITAL COMMITMENT

At 30 November 2006, the Company had the following commitment which was not provided for in the financial statements:–

	2006 HK\$'000	2005 HK\$'000
Capital contributions contracted for payable within one year for the establishment of subsidiaries (<i>Note</i>)	200	–

Note: On 30 June 2006, the board of directors of Maximizer Asia Limited has approved the establishment of a new company, Maximizer Asia (Shanghai) Limited ("Maximizer Shanghai"). On 28 September 2006, Maximizer Shanghai was formed with 100% shareholding by Maximizer Asia Limited, the issued capital of Maximizer Shanghai was RMB100,000. According to the memorandum and articles of association of Maximizer Shanghai, 20% of the shareholding should be settled within three month after the issuance of the business registration 28 September 2006 and the remaining balance has to be settled within one year. As at the balance sheet date, the above amount has not yet been settled, but will fall due in the next financial year.

On 30 June 2006, the board of directors of abc Multiactive (Hong Kong) Limited has approved the establishment of a new company, abc Multiactive (Shenzhen) Limited ("abc Shenzhen"). On 15 November 2006, abc Shenzhen Limited was formed with 100% shareholding by abc Multiactive (Hong Kong) Limited, the issued capital of abc Shenzhen was HK\$100,000. According to the memorandum and articles of association of abc Shenzhen, the above balance should be settled within half year after the issue of the business registration 15 November 2006. As at the balance sheet date, the above amount has not yet been settled, but will fall due in the next financial year.

30. COMPARATIVE FIGURES

As further explained above, due to the adoption of the new/revised HKFRSs during the current year, the accounting treatment and presentation of certain items in the consolidated financial statements have been restated to conform with the current year's presentation.

31. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 9 February 2007.

Financial Summary

Five Year Financial Summary

The following table summarised the audited results, assets and liabilities of the Group for the five years ended 30 November 2006, 2005, 2004, 2003 and 2002.

Results

	Year ended 30 November				2006 HK\$'000 (Audited)
	2002 HK\$'000 (Audited)	2003 HK\$'000 (Audited)	2004 HK\$'000 (Audited)	2005 HK\$'000 (Audited)	
Turnover	<u>25,668</u>	<u>22,567</u>	<u>23,050</u>	<u>22,094</u>	<u>16,210</u>
Net (loss)/profit for the year	<u>(38,281)</u>	<u>7,788</u>	<u>564</u>	<u>(3,820)</u>	<u>(1,211)</u>

Assets and Liabilities

	As at 30 November				2006 HK\$'000 (Audited)
	2002 HK\$'000 (Audited)	2003 HK\$'000 (Audited)	2004 HK\$'000 (Audited)	2005 HK\$'000 (Audited)	
Total assets	7,583	8,372	5,844	8,063	6,297
Total liabilities	<u>(29,048)</u>	<u>(30,813)</u>	<u>(30,493)</u>	<u>(34,269)</u>	<u>(36,042)</u>
Shareholders' deficits	<u>(21,465)</u>	<u>(22,441)</u>	<u>(24,649)</u>	<u>(26,206)</u>	<u>(29,745)</u>