

abc*multiactive*

Interim Report **2008**

A blue-tinted photograph of a golfer on a green, with a flagstick in the foreground. The image is overlaid with large, light blue chevron arrows pointing right. The golfer is in the background, slightly out of focus, wearing a dark shirt and light-colored pants. The flagstick is in the foreground, with a dark flag. The background shows a golf course green and a horizon line.

abc Multiactive Limited

(Incorporated in Bermuda with limited liability)
Stock code: 8131

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

INTERIM RESULTS

The board of directors (the "Board") of abc Multiactive Limited (the "Company") presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the three months and six months ended 31 May 2008, together with the comparative figures.

The unaudited turnover of the Group for the three months and six months ended 31 May 2008 was HK\$5,127,000 and HK\$9,184,000, respectively (Three months and six months ended 31 May 2007: HK\$5,213,000 and HK\$8,207,000, respectively). The unaudited net loss for the three months and six months ended 31 May 2008 was HK\$7,000 and HK\$1,541,000, respectively (Three months and six months ended 31 May 2007: net loss of HK\$782,000 and HK\$2,557,000, respectively). Unaudited basic loss per share for the three months and six months ended 31 May 2008 was HK0.004 cents and HK0.96 cents, respectively. (Three months and six months ended 31 May 2007: basic loss per share of HK0.49 cents and HK1.59 cents, respectively.)

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE THREE MONTHS AND SIX MONTHS ENDED 31 MAY 2008

	Note	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
		2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Turnover	3	5,127	5,213	9,184	8,207
Cost of sales		(1,216)	(1,540)	(2,791)	(2,484)
Gross profit		3,911	3,673	6,393	5,723
Other revenue	3	2	24	5	28
Software research and development expenses		(1,594)	(1,537)	(3,070)	(3,061)
Royalty expenses		–	(2)	(15)	(5)
Selling and marketing expenses		(352)	(448)	(839)	(811)
Administrative expenses		(1,660)	(1,627)	(3,281)	(3,210)
Unrealised exchange gain/(loss)		74	(362)	92	(236)
Operating profit/(loss)	5	381	(279)	(715)	(1,572)
Finance costs	6	(388)	(503)	(826)	(985)
Loss before taxation		(7)	(782)	(1,541)	(2,557)
Taxation	7	–	–	–	–
Loss for the period		(7)	(782)	(1,541)	(2,557)
		HK cents	HK cents	HK cents	HK cents
Basic loss per share	9	(0.004)	(0.49)	(0.96)	(1.59)

CONDENSED CONSOLIDATED BALANCE SHEET

AT 31 MAY 2008 AND 30 NOVEMBER 2007

	Note	(Unaudited) 31 May 2008 HK\$'000	(Audited) 30 November 2007 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		<u>715</u>	<u>802</u>
Current assets			
Work in progress	10	1,505	1,171
Trade and other receivables	11	1,689	1,827
Cash and cash equivalents		<u>2,516</u>	<u>2,021</u>
		<u>5,710</u>	<u>5,019</u>
Total assets		<u>6,425</u>	<u>5,821</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		16,059	16,059
Reserves	15	<u>(53,163)</u>	<u>(51,395)</u>
Total equity		<u>(37,104)</u>	<u>(35,336)</u>

		(Unaudited) 31 May 2008 HK\$'000	(Audited) 30 November 2007 HK\$'000
	Note		
LIABILITIES			
Non-current liabilities			
Promissory notes and interest payable to a shareholder	13	17,744	17,245
Promissory note and interest payable to a related company	13	6,473	6,290
Amount due to the ultimate holding company	14	8,237	7,847
		<u>32,454</u>	<u>31,382</u>
Current liabilities			
Trade and other payables	12	7,623	6,678
Deferred revenue		2,130	1,878
Amount due to customers	10	1,322	1,219
		<u>11,075</u>	<u>9,775</u>
Total liabilities		<u>43,529</u>	<u>41,157</u>
Total equity and liabilities		<u>6,425</u>	<u>5,821</u>
Net current liabilities		<u>(5,365)</u>	<u>(4,756)</u>
Total assets less current liabilities		<u>(4,650)</u>	<u>(3,954)</u>
Net liabilities		<u>(37,104)</u>	<u>(35,336)</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 MAY 2008

	(Unaudited)	
	Six months ended 31 May	
	2008	2007
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	555	(849)
Net cash used in investing activities	(60)	(205)
Net increase/(decrease) in cash and cash equivalents	495	(1,054)
Cash and cash equivalents at the beginning of period	2,021	3,084
Cash and cash equivalents at the end of period	<u>2,516</u>	<u>2,030</u>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<u>2,516</u>	<u>2,030</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MAY 2008

	Group					
	(Unaudited) Issued share capital HK\$'000	(Unaudited) Share premium HK\$'000	(Unaudited) Contributed surplus HK\$'000	(Unaudited) Exchange reserve HK\$'000	(Unaudited) Accumulated losses HK\$'000	(Unaudited) Total HK\$'000
Balance as at						
1 December 2006	16,059	106,118	37,600	(1,532)	(187,990)	(29,745)
Exchange difference arising on translation of financial statements of foreign subsidiaries	-	-	-	(231)	-	(231)
Loss for the period	-	-	-	-	(2,557)	(2,557)
As at 31 May 2007	<u>16,059</u>	<u>106,118</u>	<u>37,600</u>	<u>(1,763)</u>	<u>(190,547)</u>	<u>(32,533)</u>
Balance as at						
1 December 2007	16,059	106,118	37,600	(13,540)	(181,573)	(35,336)
Exchange difference arising on translation of financial statements of foreign subsidiaries	-	-	-	(227)	-	(227)
Loss for the period	-	-	-	-	(1,541)	(1,541)
As at 31 May 2008	<u>16,059</u>	<u>106,118</u>	<u>37,600</u>	<u>(13,767)</u>	<u>(183,114)</u>	<u>(37,104)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

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

The unaudited consolidated results for the six months ended 31 May 2008 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company's annual financial statements for the year ended 30 November 2007, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") as disclosed in note 2 below.

2. Impact of new HKFRSs and HKASs

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised HKFRSs and HKASs which are effective for accounting periods commencing on or after 1 January 2007. The Group has adopted, for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

Changes in accounting policies

HKFRSs that are effective for the six months ended 31 May 2008

These HKFRSs are effective for annual periods beginning on or after 1 January 2007:

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions ²

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 March 2007

3. Turnover and other revenue

The Group is principally engaged in the design 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:

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Turnover				
Sales of computer software licences, software rental and provision of related services	3,656	3,321	5,720	5,003
Provision of maintenance services	1,451	1,224	2,709	2,529
Sales of computer hardware	20	668	755	675
	<u>5,127</u>	<u>5,213</u>	<u>9,184</u>	<u>8,207</u>
Other revenue				
Bank interest income	2	24	5	28
	<u>2</u>	<u>24</u>	<u>5</u>	<u>28</u>
Total revenue	<u><u>5,129</u></u>	<u><u>5,237</u></u>	<u><u>9,189</u></u>	<u><u>8,235</u></u>

4. 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) e-Finance; and
- (b) e-Business.

In determining the Group's geographical segments, turnover and results 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

	(Unaudited)					
	Six months ended 31 May					
	e-Finance		e-Business		Consolidated	
2008	2007	2008	2007	2008	2007	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Turnover	8,728	7,890	456	317	9,184	8,207
Segment result	2,845	2,217	(376)	(371)	2,469	1,846
Other revenue					5	28
Exchange gain/(loss)					92	(236)
Unallocated expenses					(3,281)	(3,210)
Loss from operating activities					(715)	(1,572)
Finance costs					(826)	(985)
Loss before taxation					(1,541)	(2,557)
Taxation					-	-
Loss for the period					(1,541)	(2,557)
Segment assets	3,435	3,527	623	560	4,058	4,087
Unallocated assets					2,367	1,832
Total assets					6,425	5,919
Segment liabilities	13,145	10,633	5,759	4,470	18,904	15,103
Unallocated liabilities					24,625	23,349
Total liabilities					43,529	38,452
Other segment information:						
Depreciation	155	125	9	8	164	133
Capital expenditure	62	219	3	14	65	233

(b) **Geographical segments**

The Group's segment turnover, segment result, segment assets, segment liabilities and capital expenditure for the period, analysed by geographical market, are as follows:

	(Unaudited)				
	Six months ended 31 May 2008				
	Segment turnover HK\$'000	Segment loss HK\$'000	Segment assets HK\$'000	Segment liabilities HK\$'000	Capital expenditure HK\$'000
Hong Kong and other					
Asian countries	9,184	(1,700)	6,117	39,606	65
Australia and New Zealand	–	159	308	3,923	–
	<u>9,184</u>	<u>(1,541)</u>	<u>6,425</u>	<u>43,529</u>	<u>65</u>

	(Unaudited)				
	Six months ended 31 May 2007				
	Segment turnover HK\$'000	Segment loss HK\$'000	Segment assets HK\$'000	Segment liabilities HK\$'000	Capital expenditure HK\$'000
Hong Kong and other					
Asian countries	8,207	(2,538)	5,499	34,968	233
Australia and New Zealand	–	(19)	420	3,484	–
	<u>8,207</u>	<u>(2,557)</u>	<u>5,919</u>	<u>38,452</u>	<u>233</u>

5. Operating profit/(loss)

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

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Profit/(loss) from operating activities is stated after charging the following:				
Impairment loss recognised in respect of trade and other receivables	–	72	–	72
Unrealised exchange loss	–	362	–	236
Depreciation on owned property, plant and equipment	82	69	164	133
Operating leases payments in respect of				
– land and buildings	261	211	521	446
– plant and equipment	8	8	16	16
Staff costs (excluding directors' remuneration)				
– Salaries and allowances	3,428	3,334	6,567	6,247
– Retirement benefits costs	112	114	216	228
Cost of computer hardware sold	15	535	609	540
	74	–	92	–

And after crediting:

Unrealised exchange gain

6. Finance costs

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Interest on promissory notes				
– wholly repayable within five years	318	437	682	857
Interest on amount due to the ultimate holding company				
– wholly repayable within five years	70	66	144	128
	388	503	826	985

7. Taxation

No provision for Hong Kong profits tax has been made as the Group had either no estimated assessable profits or had tax losses brought forward to set off the estimated assessable profit for the period (2007: Nil).

No Australian income tax has been provided by Australian subsidiaries of the Group as they had either no estimated assessable profit or had estimated tax losses brought forward to set off the estimated assessable profit for the period (2007: Nil).

The potential unaudited deferred tax asset of HK\$14,105,000 (As at 31 May 2007: HK\$16,850,000) relating to tax losses available for carry forward and other timing differences as at 31 May 2008 has not been recognised due to the unpredictability of the future profit streams.

8. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 May 2008 (2007: Nil).

9. Basic loss per share

The calculation of unaudited basic loss per share for the three months and six months ended 31 May 2008 was based on the unaudited net loss for the period of approximately HK\$7,000 and HK\$1,541,000, respectively (Three months and six months ended 31 May 2007: net loss of HK\$782,000 and HK\$2,557,000 respectively), and the weighted average of 160,590,967 (2007: 160,590,967) ordinary shares of HK\$0.10 each in issue during the period.

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

10. Construction Contracts

	(Unaudited) 31 May 2008 HK\$'000	(Audited) 30 November 2007 HK\$'000
Amount due from customers for contract work	1,505	1,171
Amount due to customers for contract work	(1,322)	(1,219)
	183	(48)
	183	(48)
	(Unaudited) 31 May 2008 HK\$'000	(Audited) 30 November 2007 HK\$'000
Contract costs incurred plus recognised profits less recognised losses to date	2,914	2,005
Less: Progress billings	(2,731)	(2,053)
	183	(48)
	183	(48)

11. Trade and other receivables

	(Unaudited) 31 May 2008 HK\$'000	(Audited) 30 November 2007 HK\$'000
Trade receivables	1,518	2,872
Less: impairment loss recognised in respect of trade receivables	<u>(337)</u>	<u>(1,496)</u>
Trade receivables – net	1,181	1,376
Prepayments, deposits and other receivables	<u>508</u>	<u>451</u>
	<u>1,689</u>	<u>1,827</u>

The following is an aging analysis of the trade receivables (net of provision) at the balance sheet date:

	(Unaudited) 31 May 2008 HK\$'000	(Audited) 30 November 2007 HK\$'000
Current	56	156
30 – 60 days	770	640
61 – 90 days	282	42
Over 90 days	<u>73</u>	<u>538</u>
	<u>1,181</u>	<u>1,376</u>

12. Trade and other payables

	(Unaudited) 31 May 2008 HK\$'000	(Audited) 30 November 2007 HK\$'000
Trade payables	12	1
Accruals	3,117	3,092
Receipt in advance	3,781	2,412
Other payables	<u>713</u>	<u>1,173</u>
	<u>7,623</u>	<u>6,678</u>

The following is an aging analysis of the trade payable at the balance sheet date:

	(Unaudited) 31 May 2008 HK\$'000	(Audited) 30 November 2007 HK\$'000
Current	–	–
30 – 60 days	12	–
61 – 90 days	–	–
Over 90 days	<u>–</u>	<u>1</u>
	<u>12</u>	<u>1</u>

13. Promissory notes and interest payable to a shareholder/related company

As at 31 May 2008, the promissory notes amount 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 (2007: 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\$17,744,000 within the next twelve months after 30 November 2007. On 30 November 2007, Pacific East Limited has agreed to extend the maturity date of the promissory notes in the amount of HK\$9,500,000 and HK\$3,000,000 to 22 May 2009 and 31 May 2009 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 note in the amount of approximately HK\$6,473,000 within the next twelve months after 30 November 2007. On 30 November 2007, Wickham Group Limited has agreed to extend to the maturity date of the promissory note in the amount of HK\$4,634,000 to 21 May 2009.

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

	(Unaudited) 31 May 2008 HK\$'000	(Audited) 30 November 2007 HK\$'000
Promissory notes and interest payable to a shareholder	17,744	17,245
Promissory note and interest payable to a related company	6,473	6,290
	24,217	23,535

The directors of the Company considered that the carrying amounts of long-term borrowings approximate to their fair value.

14. 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\$8,237,000 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 (2007: 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 after 30 November 2007.

15. Reserves

The amounts of the Group's reserves and the movements therein for the current and the same period of previous year are presented in the consolidated statement of changes in equity of the financial statements.

16. Related parties transactions

In additions to the transactions and balances detailed elsewhere in the financial statement during the period, 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:

	(Unaudited) Six months ended 31 May	
	2008 HK\$'000	2007 HK\$'000
Software merchandises purchased from MSI for resale <i>(note a)</i>	81	44
Interest payable to a shareholder on promissory notes payable <i>(note 13)</i>	500	628
Interest payable to a related company on promissory note payable <i>(note 13)</i>	182	229
Interest payable to MSI <i>(note 14)</i>	144	128
Management fee payable to a related company <i>(note b)</i>	18	18
Consultancy fee payable to a related party <i>(note c)</i>	24	24
	<u> </u>	<u> </u>

Note:

- (a) 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.

- (b) Shanghai Jinjiang Wing Hong Contracting Co Ltd provided office space to Maximizer Asia (Shanghai) Ltd, the Company's subsidiary in Shanghai and charged a monthly rental fee. Mr. Kau Mo Hui is the executive director of Wing Hong (Holdings) Limited. Wing Hong (Holdings) Limited owns 73% of Shanghai Jinjiang Wing Hong Contracting Co Ltd.

Mr. Kwong Sang Liu is currently the independent non-executive director of the Group. Mr. Liu is also the independent non-executive director of Wing Hong (Holdings) Limited, which are companies listed on the main board of the Stock Exchange. Mr. Liu became an independent non-executive director of the Company in September 2004.

- (c) During the six months ended 31 May 2008, the Group recorded the monthly consultancy fee payable to Ms. Clara Hiu Ling Lam, the spouse of Chief Executive Officer to represent the legal representative of two China subsidiaries companies.

17. Financial Risk Management

Exposure to fluctuations in foreign exchange rates and interest rates are reviewed regularly and relevant measures will be taken according to Company's policies and guidelines.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited turnover of approximately HK\$5,127,000 for the three months ended 31 May 2008, a 2% decrease from approximately HK\$5,213,000 for the corresponding period of the previous year. Of the total unaudited turnover amount, HK\$3,656,000 or 71% was generated from software license sales and professional service income, HK\$1,451,000 or 28% was generated from maintenance services and HK\$20,000 or 1% was generated from computer hardware sales. As at 31 May 2008, the Group had approximately HK\$8,832,000 worth of contracts that were in progress. The unaudited net loss attributable to shareholders for the three months ended 31 May 2008 was HK7,000 whereas the Group recorded an unaudited net loss of approximately HK\$782,000 for the same period of the previous year.

During the period, the Group continued to exercise prudent cost control measures by implementing tight expenses measures in its regional operations. As a result, the unaudited operating expenditures amounted to HK\$3,606,000 for the three months ended 31 May 2008, remains stable compared to HK\$3,612,000 for the corresponding period of the previous year.

At a result of the Group invested additional computer hardware and office equipment during the year 2007, unaudited depreciation expenses increased from approximately HK\$69,000 for the three months ended 31 May 2007 to approximately HK\$82,000 in the current period.

During the current period, the Group invested approximately HK\$1,594,000 in developing new modules for its OCTO Straight Through Processing ("STP") system.

As at 31 May 2008, a provision of approximately HK\$337,000 was made for impairment of trade receivables. The directors were uncertain whether the amount would ultimately be collected and considered that it was prudent to make such a provision.

Total unaudited staff costs (excluding directors' remuneration) are approximately HK\$3,540,000 for the three months ended 31 May 2008, a 3% increase from approximately HK\$3,448,000 for the previous period. The increase was mainly attributed to salary adjustment in Hong Kong and increase in headcount in China during the period.

Liquidity and Financial Resources

The Group operates a conservative set of treasury policies to ensure that no unnecessary risks are taken with the Group's assets. No investments other than cash and other short-term bank deposits are currently permitted.

As at 31 May 2008, the Group had outstanding borrowings of approximately HK\$8,237,000 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 2007); 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 2009; 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 2009; 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 2009. The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total assets. As at 31 May 2008, the Group's gearing ratio was 4.97.

Pledge of Assets

The Group did not have any mortgage or charge as at 31 May 2008.

Exposure to Fluctuation in Exchange Rates and Related Hedges

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

As at 31 May 2008, the Group did not have any foreign currency investment 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, Renminbi or Australia 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 31 May 2008.

Significant Investments

The Group has not held any significant investment for the three months ended 31 May 2008 and made no material acquisitions or disposals during the current period.

Major Events

As at 31 May 2008, the Group had no material capital commitments and no future plans for material investments or capital assets.

Employee and Remuneration Policy

The directors believe that the quality of its employees is the most important factor in sustaining the Group's growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salaries and mandatory provident fund, staff benefits include medical coverage scheme and share options. As at 31 May 2008, the Group had employed 51 staffs in Hong Kong and 21 staffs in PRC China. Total staff costs for the three months ended 31 May 2008 under review amounted to approximately HK\$3,540,000.

As at 31 May 2008, 19 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\$1,208,276.

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 retirement funds and is expensed as incurred. For the three months ended 31 May 2008, the retirement benefit scheme contributions borne by the Group amounted to HK\$112,000 (2007: HK\$ 114,000). No forfeited contribution for the Group is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately.

Share Option

On 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 for the five trading days immediately preceding the date of offer of the options. The Scheme was adopted on 22 January 2001 (the "Adoption Date") and is valid and effective for a period of ten years commencing on the Adoption Date. Any options granted under the Scheme expire ten years from the date of grant and are exercisable over four years, with one quarter exercisable on each anniversary date from the date of grant. A nominal value of HK\$ 1.00 is payable on acceptance of each grant of options.

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

Details of the share options granted by the Company pursuant to the Scheme and the options outstanding as at 31 May 2008 were as follows:

	Date of grant	Exercise price	Exercisable period	Options held as at 1 December 2007	Lapsed During the period	Options held as at 31 May 2008
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	919,260	(11,520)	907,740
	28 May 2001	HK\$4.675	28 May 2002 to 27 May 2011	79,156	(1,152)	78,004

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 31 May 2008 would, under the present capital structure of the Company, result in the issue of 1,513,744 additional ordinary shares of HK\$0.10 each.

According to the transitional provision of HKFRS 2, Share-based Payment, the Group applies HKFRS 2 to share options granted after 7 November 2002 and had not yet vested on 1 December 2007. The adoption of this standard did not result in any significant changes to the amounts of disclosures in the financial statements as the share options outstanding on 31 May 2008 were granted before 7 November 2002 and vested in ten years from the date of granted and before the annual periods beginning on 1 December 2007.

Operation Review

For the three months ended 31 May 2008, e-Finance unaudited turnover is HK\$4,773,000, 5% decrease compared to HK\$5,046,000 for the corresponding period of the previous year. During the current period, the Group continuing to promote its OCTOSTP securities trading solutions to Asia region banks and global securities firms in the Asian region. More global securities firm are willing to expand their operations and investments in Hong Kong securities markets. For the three months ended 31 May 2008, the Group had signed a new contract to implement its OCTOSTP solution with one Taiwan brokerage firm that has new local operation in Hong Kong.

For the three months ended 31 May 2008, e-Business unaudited turnover is HK\$354,000, a 112% increase compared to HK\$167,000 for the same period of the previous year. The increase was attributed to newly version of Maximizer CRM 10 were launched in the market and the Group was able to expand its channel network in the Asia Pacific region. The Group continues to focus the marketing activities in the region and expanded the sales team in Greater China Region to build up a stronger and comprehensive reseller channel.

Prospects

The Group's will continue to focus on the Group's fundamentals to achieve profitability. 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 face 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. Following the launch of Maximzer CRM 10 solution in November 2007, the Group will continue to focus on development of CRM market in the region by effective marketing and promotion campaign.

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.

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

At 31 May 2008, 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 <i>(note 1)</i>	–	8,666,710	–	8,666,710	5.40%

Note:

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

b) *Associated Corporation:*

Name of directors	Number of ordinary shares in Maximizer Software Inc.				Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Total	
Mr. Terence Chi Yan Hui	2,237,153	–	–	2,237,153	3.57%
Mr. Joseph Chi Ho Hui	17,295	10,000 ⁽¹⁾	–	27,295	0.04%
Mr. Kau Mo Hui	70,000	40,949,625 ⁽²⁾	–	41,019,625	65.46%

Notes:

1. These shares are held by Mr. Joseph Chi Ho Hui's spouse, Ms. Susanna Chow. The interest held by Ms. Susanna Chow is deemed to be part of the interest of Mr. Joseph Chi Ho Hui.
2. These shares are held by The City Place Trust and Multiactive Technologies Partnership.

The City Place Trust holds 36,475,319 shares of Maximizer Software Inc., representing approximately 58.20% of the issued share capital of Maximizer Software Inc.. The City Place Trust is a discretionary trust and its beneficiaries are Mr. Chi Yung Hui and Ms. Yuen Lam Chu. Mr. Chi Yung Hui and Ms. Yuen Lam Chu are, respectively, the son and spouse of Mr. Kau Mo Hui. The interests held by Mr. Chi Yung Hui and Ms. Yuen Lam Chu are deemed to be part of the interest of Mr. Kau Mo Hui.

Multiactive Technologies Partnership holds 4,474,306 shares of Maximizer Software Inc., representing approximately 7.14% of the issued share capital of Maximizer Software Inc.. The interest in Multiactive Technologies Partnership is owned as to 1% by Multiactive Technologies Inc., a company controlled by Mr. Terence Chi Yan Hui and 99% by Adex Enterprises Inc., a company controlled by Ms. Yuen Lam Chu. Mr. Terence Chi Yan Hui and Ms. Yuen Lam Chu are, respectively, the son and spouse of Mr. Kau Mo Hui. The interests held by Ms. Yuen Lam Chu are deemed to be part of the interest of Mr. Kau Mo Hui.

Long positions in underlying shares

a) *The Company:*

Options in the Company (Unlisted and physically settled equity derivatives)

Name	Date of grant	Exercise price	Exercisable period	Number of options		
				Outstanding as at 1 December 2007	Lapsed during the period	Outstanding as at 31 May 2008
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

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 director	Date of grant	Exercise price	Exercisable period	Number of options		
				At 1 December 2007	Lapsed during the period	At 31 May 2008
Mr. Terence Chi Yan Hui	31 August 2006	CAN\$0.10	31 August 2006 to 30 August 2013	350,000	-	350,000
Mr. Joseph Chi Ho Hui	11 December 2002	CAN\$0.14	18 March 2002 to 17 March 2009	25,000	-	25,000
	31 August 2006	CAN\$0.10	31 August 2006 to 30 August 2013	100,000	-	100,000

These options expire seven years from the date of grant and are exercisable over four years from the date of grant, with one quarter of the options granted exercisable on the first anniversary date and the balance exercisable in an equal number monthly over the remaining three years.

Long positions in debentures

No long positions of directors and chief executives in the debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in shares

No short positions of directors and chief executives in the shares of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in underlying shares

No short positions of directors and chief executives in the underlying shares of the equity derivatives of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in debentures

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

Save as disclosed above, as at 31 May 2008, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDER

At 31 May 2008, 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.

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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

Mr. Terence Chi Yan Hui, the Chairman and an executive director of the Company, is also the chairman of Maximizer Software Inc. ("MSI"). MSI is engaged in the business of the design and development of e-Business and CRM software, and has operations in North America, Europe, Pacific Region and South America. MSI and the Group share the same product lines including, Maximizer, Maximizer Enterprise, Maximizer CRM, ecBuilder and their respective product lines. The directors believe that the business of MSI and possible future businesses conducted by Maximizer International Limited, which is a wholly owned subsidiary of MSI, may compete with the business of the Group.

In addition, Mr. Terence Chi Yan Hui is involved in a range of business and investment activities that include companies involved in technology investments and incubation. The directors believe that these businesses may, in some respects, compete with the business of the Group.

Save as disclosed above, none of the directors or the initial management shareholders is interested in any business that competes with or is likely to compete with the business of the Group.

AUDIT COMMITTEE

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

The written terms of reference which describe the authorities and duties of the audit committee were prepared and adopted with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The audit committee provides an important link between the board of directors and the Company's auditors in matters coming within the scope of the Group audit. It also reviews the financial reporting process and the adequacy and effectiveness of the Group's internal control system.

During the six months ended 31 May 2008, the audit committee held two meetings 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 unaudited consolidated results for the three months ended 31 May 2008 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standard.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 May 2008, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

CODE ON CORPORATE GOVERNANCE PRACTICE

None of the directors is aware of information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period for the six months ended 31 May 2008, in compliance with the Code on Corporate Governance Practice set out by the Stock Exchange in Appendix 15 to the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 May 2008, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

By order of the Board
Terence Chi Yan Hui
Chairman

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

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

Hong Kong, 11 July 2008