

# **abc***multiactive*

*Third Quarterly Report* **2008**



**abc Multiactive Limited**

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

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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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.*

## RESULTS

The board of directors (the "Board") of abc Multiactive Limited (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 31 August 2008, together with comparative figures:

	Note	(Unaudited) For the three months ended 31 August		(Unaudited) For the nine months ended 31 August	
		2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Turnover	3	4,224	5,224	13,408	13,431
Cost of sales		(1,138)	(2,126)	(3,929)	(4,610)
Gross profit		3,086	3,098	9,479	8,821
Other revenue	3	2	8	7	36
Software research and development expenses		(1,527)	(1,559)	(4,597)	(4,620)
Royalty expenses		-	(2)	(15)	(7)
Selling and marketing expenses		(392)	(565)	(1,231)	(1,376)
Administrative expenses		(1,503)	(1,629)	(4,784)	(4,839)
Unrealised exchange gain/(loss)		239	(152)	331	(388)
Operating loss	4	(95)	(801)	(810)	(2,373)
Finance costs	5	(389)	(513)	(1,215)	(1,498)
Loss before taxation		(484)	(1,314)	(2,025)	(3,871)
Taxation	6	-	-	-	-
Loss for the period		(484)	(1,314)	(2,025)	(3,871)
		HK cents	HK cents	HK cents	HK cents
Basic loss per share	7	(0.30)	(0.82)	(1.26)	(2.41)

NOTES:

**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 nine months ended 31 August 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 nine months ended 31 August 2008

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007

<sup>2</sup> 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:

	<b>(Unaudited)</b> <b>For the three months</b> <b>ended 31 August</b>		<b>(Unaudited)</b> <b>For the nine months</b> <b>ended 31 August</b>	
	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
<b>Turnover</b>				
Sales of computer software licences, software rental and provision of related services	<b>2,532</b>	2,452	<b>8,252</b>	7,455
Provision of maintenance services	<b>1,533</b>	1,270	<b>4,242</b>	3,799
Sales of computer hardware	<b>159</b>	1,502	<b>914</b>	2,177
	<b>4,224</b>	5,224	<b>13,408</b>	13,431
<b>Other revenue</b>				
Bank interest income	<b>2</b>	8	<b>7</b>	36
Total revenue	<b>4,226</b>	5,232	<b>13,415</b>	13,467

## 4. Operating loss

	(Unaudited) For the three months ended 31 August		(Unaudited) For the nine months ended 31 August	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Loss from operating activities is stated after charging the following:				
Unrealised exchange loss	-	152	-	388
Depreciation on owned property, plant and equipment	85	74	249	207
Operating leases payments in respect of				
– land and buildings	290	276	811	722
– plant and equipment	8	8	24	24
Staff costs (excluding directors' remuneration)				
– Salaries and allowances	3,161	3,347	9,728	9,594
– Retirement benefit cost	114	116	330	344
Cost of computer hardware sold	131	1,104	740	1,644
	<b>239</b>	<b>-</b>	<b>331</b>	<b>-</b>
And after crediting:				
Unrealised exchange gain				

## 5. Finance costs

	(Unaudited) For the three months ended 31 August		(Unaudited) For the nine months ended 31 August	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Interest on promissory notes				
– wholly repayable within five years	325	445	1,007	1,302
Interest on amount due to the ultimate holding company				
– wholly repayable within five years	64	68	208	196
	<b>389</b>	<b>513</b>	<b>1,215</b>	<b>1,498</b>

**6. Taxation**

No provision for Hong Kong and China 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\$14,189,000 (As at 31 August 2007: HK\$12,415,000) relating to tax losses available for carry forward and other timing differences as at 31 August 2008 has not been recognized due to the unpredictability of the future profit streams.

**7. Basic loss per share**

The calculation of basic loss per share for the three months and the nine months ended 31 August 2008 was based on the unaudited net loss for the period of approximately HK\$484,000 and HK\$2,025,000, respectively (Three months and nine months ended 31 August 2007: net loss of HK\$1,314,000 and HK\$3,871,000 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.

**8. Movements of reserves**

	(Unaudited) Share premium HK\$'000	(Unaudited) Contributed surplus HK\$'000	Group (Unaudited) Exchange difference HK\$'000	(Unaudited) Accumulated losses HK\$'000	(Unaudited) Total HK\$'000
Balance as at 1 December 2006	106,118	37,600	(1,532)	(187,990)	(45,804)
Exchange difference arising on translation of financial statements of foreign subsidiaries	-	-	(170)	-	(170)
Loss for the period	-	-	-	(3,871)	(3,871)
As at 31 August 2007	106,118	37,600	(1,702)	(191,861)	(49,845)
Balance as at 1 December 2007	106,118	37,600	(13,540)	(181,573)	(51,395)
Exchange difference arising on translation of financial statements of foreign subsidiaries	-	-	174	-	174
Loss for the period	-	-	-	(2,025)	(2,025)
As at 31 August 2008	106,118	37,600	(13,366)	(183,598)	(53,246)

## **INTERIM DIVIDEND**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

The Group recorded an unaudited turnover of approximately HK\$4,224,000 for the three months ended 31 August 2008, a 19% decrease from approximately HK\$5,224,000 for the corresponding period of the previous year. Of the total unaudited turnover amount, HK\$2,532,000 or 60% was generated from software license sales and professional service income, HK\$1,533,000 or 36% was generated from maintenance services and HK\$159,000 or 4% was generated from computer hardware sales. As at 31 August 2008, the Group had approximately HK\$7 million worth of contracts that were in progress. The unaudited net loss attributable to shareholders for the three months ended 31 August 2008 was HK\$484,000 whereas the Group recorded an unaudited net loss of approximately HK\$1,314,000 for the same period of the previous year.

The unaudited operating expenditures amounted to HK\$3,422,000 for the three months ended 31 August 2008, a 9% decrease from HK\$3,753,000 for the corresponding period of the previous year.

As a result of the Group invested additional computer hardware and office equipment during the year 2007, unaudited depreciation expenses increased from approximately HK\$74,000 for the three months ended 31 August 2007 to approximately HK\$85,000 in the current period.

During the current period, the Group invested approximately HK\$1,527,000 in developing new modules for its OCTO Straight Through Processing ("STP") system.

As at 31 August 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\$3,275,000 for the three months ended 31 August 2008, a 5% decrease from approximately HK\$3,463,000 for the corresponding period of previous year. The decrease was mainly attributed to headcount reductions in Hong Kong 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 August 2008, the Group had outstanding borrowings of approximately HK\$7,811,000 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 August 2008, the Group's gearing ratio was 5.85.

## **Pledge of Assets**

The Group did not have any mortgage or charge over its assets as at 31 August 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 August 2008, 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, 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 August 2008.

### **Significant Investments**

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

### **Major Events**

As at 31 August 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 August 2008, the Group had employed 46 staffs in Hong Kong and 23 staffs in PRC China. Total staff costs for the three months ended 31 August 2008 under review amounted to approximately HK\$3,275,000.

As at 31 August 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\$1,210,000.

### **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 retirement funds and is expensed as incurred. For the three months ended 31 August 2008, the retirement benefit scheme contributions borne by the Group amounted to HK\$114,000 (2007: HK\$116,000). 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 August 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 August 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	(44,160)	875,100
	28 May 2001	HK\$4.675	28 May 2002 to 27 May 2011	79,156	(4,416)	74,740

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 August 2008 would, under the present capital structure of the Company, result in the issue of 1,477,840 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 August 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 August 2008, e-Finance unaudited turnover is HK\$4,042,000, a 20% decreased compared to HK\$5,068,000 for the same period of the previous year. The decrease mainly attributed from less hardware sales in the current period. During the current period, the Group continued to enhance its array of solutions and capabilities through product to improve the internal ability to streamline and automate processing and information flows. For external, the Group continuing to promote its OCTOSTP securities trading solutions to Asia region banks and global securities firms in the Asian region.

For the three months ended 31 August 2008, e-Business unaudited turnover is HK\$182,000, a 17% increased when compared to HK\$156,000 for the same period of the previous year. During the period, the Group had signed a sales contract with a Hong Kong based airline to purchase nearly 180 seats of Maximizer products. The Group continues to expand CRM software and focus on built up the stronger reseller channel in Greater China market. The Group's Shanghai subsidiary had successfully established its resellers network throughout China including Shanghai, Nanjing, Guangzhou and Shenzhen to promote Maximizer CRM software.

## 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 and China 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 Maximizer 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 August 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 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 <sup>(1)</sup>	–	27,295	0.04%
Mr. Kau Mo Hui	70,000	40,949,625 <sup>(2)</sup>	–	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 August 2008
<b>Director</b>						
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
<b>Chief Executive</b>						
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 August 2008
Mr. Terence Chi Yan Hui	31 August 2006	CAN\$0.10	31 August 2006 to 30 August 2013	350,000	-	350,000
	11 December 2002	CAN\$0.14	18 March 2002 to 17 March 2009	25,000	-	25,000
Mr. Joseph Chi Ho Hui	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 August 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 August 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, Kwong Sang Liu and Edwin Kim Ho Wong, was established on 22 January 2001. Messrs. Ronald Kwok Fai Poon was the audit committee member when it was established on 22 January 2001. At 28 September 2004, Mr. Kwong Sang Liu was appointed as independent non-executive director and member of audit committee of the Company. At 29 August 2008, Mr. Edwin Kim Ho Wong was appointed as independent non-executive director and member of audit committee of the Company.

Mr. Clifford Sau Man Ng was the audit committee member when it was established on 22 January 2001. At 29 August 2008, Mr. Clifford Sau Man Ng, resigned as an independent non-executive director, member of audit committee and member of remuneration committee of the Company due to other business engagements which require more of his dedication. On the same date, Mr. Edwin Kim Ho Wong was appointed as an independent non-executive director, member of audit committee and member of remuneration committee of the Company to fill the vacancy cause by the resignation of Mr. Clifford Sau Man Ng.

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

During the nine months ended 31 August 2008, the audit committee held three 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 nine months ended 31 August 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.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the nine months ended 31 August 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. Kwong Sang LIU	<i>(Independent Non-executive Director)</i>
Mr. Edwin Kim Ho WONG	<i>(Independent Non-executive Director)</i>

Hong Kong, 10 October 2008