



THIRD QUARTERLY REPORT 2012

abc*multiactive*

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 positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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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 the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



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 2012, together with the comparative figures.

		(Unaudited) Three months ended 31 August		(Unaudited) Nine months ended 31 August	
Notes		2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Turnover	3	3,427	4,084	10,970	12,993
Cost of sales		(415)	(1,060)	(1,324)	(3,714)
Gross profit		3,012	3,024	9,646	9,279
Other revenue	3	-	-	-	1
Software research and development expenses		(1,276)	(2,048)	(4,390)	(6,128)
Royalty expenses		-	-	-	(17)
Selling and marketing expenses		(221)	(384)	(696)	(993)
Administrative expenses		(1,565)	(1,680)	(4,868)	(4,945)
Unrealised exchange loss		(331)	(18)	(450)	(357)
Loss from operating activities	4	(381)	(1,106)	(758)	(3,160)
Finance costs	5	(554)	(475)	(1,632)	(1,431)
Loss before taxation		(935)	(1,581)	(2,390)	(4,591)
Taxation	6	-	-	-	-
Loss for the period		(935)	(1,581)	(2,390)	(4,591)



	Notes	(Unaudited) Three months ended 31 August		(Unaudited) Nine months ended 31 August	
		2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Other comprehensive income, net of tax					
Exchange differences on translating foreign operations		(205)	(15)	(101)	(415)
Other comprehensive loss for the period, net of tax		(205)	(15)	(101)	(415)
Total comprehensive loss for the period		(1,140)	(1,596)	(2,491)	(5,006)
Loss for the period attributable to owners of the Company		(935)	(1,581)	(2,390)	(4,591)
Total comprehensive loss for the period attributable to owners of the Company		(1,140)	(1,596)	(2,491)	(5,006)
		HK cents	HK cents	HK cents	HK cents
Loss per share					
– Basic and diluted	7	(0.58)	(0.98)	(1.49)	(2.86)



NOTES:

1. BASIS OF PREPARATION

The unaudited accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and complied 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 2012 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 2011, 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 2011. 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 and HKASs that are effective for the nine months ended 31 August 2012:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 ¹
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ²
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ²
HKAS 24 (Revised)	Related Party Disclosures ¹
HK(IFRIC) – Int 14 (Amendments)	Prepayment of a Minimum Funding Requirement ¹

¹ Effective for annual periods beginning on or after 1 January 2011

² Effective for annual periods beginning on or after 1 July 2011



3. 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. All significant intra-group transactions have been eliminated on consolidation. An analysis of the Group's turnover and other revenue for the three months and nine months ended 31 August 2012 is as follows:

	(Unaudited) Three months ended 31 August		(Unaudited) Nine months ended 31 August	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Turnover				
Sales of computer software licences, software rental and provision of related services	1,742	1,875	5,674	6,982
Provision of maintenance services	1,678	2,059	5,173	5,729
Sales of computer hardware	7	150	123	282
	3,427	4,084	10,970	12,993
Other revenue				
Interest income on bank deposits	-	-	-	1



4. LOSS FROM OPERATING ACTIVITIES

	(Unaudited) Three months ended 31 August		(Unaudited) Nine months ended 31 August	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Loss from operating activities is stated at after charging:				
Depreciation on owned property, plant and equipment	40	50	133	160
Operating leases payments in respect of				
– land and buildings	480	397	1,285	1,191
– plant and equipment	8	8	24	24
Staff costs (excluding directors' remuneration)				
– salaries and allowances	2,353	3,751	7,770	11,378
– retirement benefit costs	84	103	266	328
Cost of computer hardware sold	5	117	85	207
Unrealised exchange loss	381	34	906	514
	50	16	456	157
and after crediting:				
Unrealised exchange gain				
Gain on disposal of property, plant and equipment	–	–	19	–
Recovery of impairment loss recognised in respect of trade receivables	54	–	107	72

5. FINANCE COSTS

	(Unaudited) Three months ended 31 August		(Unaudited) Nine months ended 31 August	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Interest on promissory notes				
– wholly repayable within five years	490	416	1,447	1,254
Interest on amount due to a shareholder/ a related party/a related company				
– wholly repayable within five years	64	59	185	177
	554	475	1,632	1,431



6. 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 profits for the period (2011: Nil).

No provision for the PRC income taxes has been made during the period as the subsidiaries operating in the PRC had no assessable profits for the period (2011: Nil).

No Australian income tax has been provided by the Australian subsidiaries of the Group as they had no assessable profits for the period (2011: Nil).

The potential unaudited deferred tax asset of approximately HK\$16,256,000 (As at 31 August 2011: approximately HK\$16,148,000) relating to tax losses available for carry forward and other timing differences as at 31 August 2012 has not been recognized due to the unpredictability of the future profit streams.

7. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company for the three months and nine months ended 31 August 2012 is based on the unaudited net loss for the period of approximately HK\$935,000 and HK\$2,390,000 respectively (For the three months and nine months ended 31 August 2011 unaudited net loss: HK\$1,581,000 and HK\$4,591,000 respectively) and the weighted average of 160,590,967 (2011: 160,590,967) ordinary shares of HK\$0.10 each in issue during the period.

Diluted loss per share

Diluted loss per share for the three months and nine months ended 31 August 2012 and 2011 were the same as the basic loss per share.

8. MOVEMENTS OF RESERVES

	Attributable to owners of the Company				
	(Unaudited) Share premium HK\$'000	(Unaudited) Contributed surplus HK\$'000	(Unaudited) Exchange reserve HK\$'000	(Unaudited) Accumulated losses HK\$'000	(Unaudited) Total HK\$'000
At 1 December 2010	106,118	37,600	(14,110)	(192,961)	(63,353)
Other comprehensive loss for the period	-	-	(415)	-	(415)
Loss for the period	-	-	-	(4,591)	(4,591)
At 31 August 2011	<u>106,118</u>	<u>37,600</u>	<u>(14,525)</u>	<u>(197,552)</u>	<u>(68,359)</u>
At 1 December 2011	106,118	37,600	(14,264)	(198,397)	(68,943)
Other comprehensive loss for the period	-	-	(101)	-	(101)
Loss for the period	-	-	-	(2,390)	(2,390)
At 31 August 2012	<u>106,118</u>	<u>37,600</u>	<u>(14,365)</u>	<u>(200,787)</u>	<u>(71,434)</u>



INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 August 2012 (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited turnover of approximately HK\$3,427,000 for the three months ended 31 August 2012, a 16% decrease from approximately HK\$4,084,000 for the corresponding period of the previous year. Of the total unaudited turnover amount, approximately HK\$1,742,000 or 51% was generated from software license sales and professional service income, approximately HK\$1,678,000 or 49% was generated from maintenance services and approximately HK\$7,000 was generated from sales of computer hardware. As at 31 August 2012, the Group had approximately HK\$1.8 million worth of contracts that were in progress. The unaudited net loss attributable to shareholders for the three months ended 31 August 2012 was approximately HK\$935,000 whereas the Group recorded an unaudited net loss of approximately HK\$1,581,000 for the same period of the previous year.

During the period, the Group continued to exercise prudent cost control measures by implementing staff cost and other expenses reduction measures in its Hong Kong and China operations to create a more efficient operational infrastructure. The unaudited operating expenditures amounted to approximately HK\$3,062,000 for the three months ended 31 August 2012, a 26% decrease from approximately HK\$4,112,000 for the corresponding period of the previous year.

As a result of the most of the property, plant and equipment in the Group was fully depreciated, unaudited depreciation expenses decreased from approximately HK\$50,000 for the three months ended 31 August 2011 to approximately HK\$40,000 in the current period.

During the current period, the Group invested approximately HK\$1,276,000 in developing new modules for its OCTO Straight Through Processing ("STP") system.

For the three months ended 31 August 2012, the Group has no provision for impairment of trade receivables.

Total unaudited staff costs (excluding directors' remuneration) are approximately HK\$2,437,000 for the three months ended 31 August 2012, a 37% decrease from approximately HK\$3,854,000 for the same period in the previous year. The decrease was attributed to headcount reductions during the period.



Operation Review

For the three months ended 31 August 2012, Financial Solutions unaudited turnover is approximately HK\$3,234,000, a decrease of 19% when compared to approximately HK\$3,971,000 for the corresponding period of the previous year. The decreases were attributed to descend from the provision of maintenance services and rental income of software licenses during the period. To maintain the Group's turnover stability and generate a sufficient cash flow for its operation, the Group is closely negotiating with customers for implement and upgrades the systems under monthly software rental package. During the period, the Group succeeded in signing several software rental contracts with existing customers to upgrade their DOS version systems to the latest OCTOSTP versions. Furthermore, we had also signed a new contract to implement its OCTOSTP Equity solution with one new Chinese brokerage firm. The Group continued to explore opportunities in new business and enhance the features of its brokerage trading solutions and focusing on new modules development to assist our customers facing technological challenge in the financial industry. We believed technological and service improvement in our Financial Solution products ensuring our competitiveness in the markets.

For the three months ended 31 August 2012, CRM Solutions unaudited turnover is approximately HK\$193,000, an increase of 71% when compared with approximately HK\$113,000 for the same period of the previous year. Turnover in CRM Solutions growth was due to increase in sales of Maximizer version 12 to customer during the period. In view of the unstable economic environment in the global market, Maximizer Software Inc. ("MSI"), a related company of the Group, has undertaken several business restructuring measures and focus more on its cloud computing based solution "Maximizer CRM Live". During the period, the Group has entered into a new International Authorized Agent Agreement with MSI for distribution rights of Maximizer software products in the Asian Pacific region with effect from 1 August 2012. Under the new agreement, the Group will take a role of a business agent with putting more focus on the services level of Maximizer software products to customers. We believed that the changes will condense our resources in CRM Solutions business in the region and improve our competitiveness in the markets.

Prospects

To maintain our competitiveness in the market, the Group will more focus on our core business and technology development to improve product functionality and expand service dimensions to our customers. We continue to channel our resources to business development in the high growth solutions area under operational efficiency; and resilience will continue to be top priorities for the Group for 2012.

We aimed at reaching out to a more diversified customer base via seeking new opportunities in Asian market. To achieve this goal, we will engage more actively in marketing and promotional activities, and seek collaboration partners to provide more innovative business solutions. The directors believed that the Group has a well diversified product range that is fitted to the market needs and it is well equipped to face challenges from the market.



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

At 31 August 2012, 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				Percentage of issued share capital
	Personal interests	Family interests	Other interests	Total	
Mr. Kau Mo Hui	-	99,201,110	-	99,201,110	61.78%

Note:

8,666,710 shares are held by Pacific East Limited ("PEL") and 90,534,400 shares held by Maximizer International Limited ("MIL"). Both PEL and MIL are wholly owned by The City Place Trust. Royal Bank of Canada Financial Corporation is the trustee of The City Place Trust. The City Place Trust is a discretionary trust and its beneficiaries include direct family members of Mr. Kau Mo Hui. The interests held by The City Place Trust are deemed to be part of the interest of Mr. Kau Mo Hui.

b) Associated Corporation:

Name of director	Number of common shares in Maximizer Software Inc.				Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Total	
Mr. Kau Mo Hui	-	36,475,319	26,191,804	62,667,123	100%

Note:

Maximizer Software Inc. is held as to 58.2% by The City Place Trust and 41.8% indirectly held by Mr. Kau Mo Hui.



Long positions in underlying shares

a) The Company:

All options of the Company granted were expired on 27 May 2011.

No long positions of directors and chief executives in the underlying shares of the Company 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.

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:

No long position of directors and chief executives in the underlying shares of the Associated Corporation 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.

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 2012, 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 2012, 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	Beneficial owner	Corporate	90,534,400	56.38%
Pacific East Limited	Beneficial owner	Corporate	8,666,710	5.40%
Royal Bank of Canada Financial Corporation <i>(note)</i>	Trustee	Corporate	99,201,110	61.78%

Note:

Royal Bank of Canada Financial Corporation is the trustee of The City Place Trust which owns Maximizer International Limited, which holds 56.38% interest in the Company and wholly owns Pacific East Limited, which holds 5.4% interest in the company. The City Place Trust is a discretionary trust and its beneficiaries include direct family members of Mr. Kau Mo Hui.



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 Non-executive Director of the Company, is also the chairman of MSI, a related company of the Company. MSI is held as to 58.2% by the City Place Trust, which is a discretionary trust and its beneficiaries include the direct family members of Mr. Kau Mo Hui, the Executive Director and the Chairman of the Company, whereas the remaining 41.8% is indirectly held by Mr. Kau Mo Hui. MSI is engaged in the business of the design and development of CRM Solutions, 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, Maximizer CRM Live, ecBuilder and their respective product lines. The directors believe that the business of MSI and possible future businesses conducted by 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 was established on 22 January 2001, comprising three independent non-executive directors, namely Messrs. Kwong Sang Liu, Edwin Kim Ho Wong and William Keith Jacobsen. On 28 September 2004, Mr. Kwong Sang Liu was appointed as Independent Non-executive Director and member of audit committee of the Company. On 29 August 2008, Mr. Edwin Kim Ho Wong was appointed as Independent Non-executive Director and member of audit committee of the Company. Mr. William Keith Jacobsen was appointed as Independent Non-executive Director and member of audit committee of the Company on 10 July 2009. Mr. Edwin Kim Ho Wong is the chairman of the audit committee for the year.

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 2012, 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 three months ended 31 August 2012 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 2012, 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

Kau Mo Hui

Chairman

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

Mr. Kau Mo HUI	<i>(Executive Director)</i>
Ms. Clara Hiu Ling LAM	<i>(Executive Director)</i>
Mr. Terence Chi Yan HUI	<i>(Non-executive Director)</i>
Mr. Joseph Chi Ho HUI	<i>(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>
Mr. William Keith JACOBSEN	<i>(Independent Non-executive Director)</i>

Hong Kong, 5 October 2012