

# **abc** *multiactive*

## abc Multiactive Limited

(Incorporated in Bermuda with limited liability)

Stock code:8131



First quarterly report  
**2013**

## **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.*

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**

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 ended 28 February 2013, together with the comparative figures:

		(Unaudited)	
		For the three months ended	
	Notes	28 February 2013 HK\$'000	29 February 2012 HK\$'000
Turnover	3	3,195	3,791
Cost of sales		(513)	(483)
Gross profit		2,682	3,308
Other revenue	3	-	-
Software research and development expenses		(1,233)	(1,672)
Selling and marketing expenses		(174)	(258)
Administrative expenses		(1,742)	(1,669)
Unrealised exchange gain/(loss)		386	(237)
Loss from operating activities	4	(81)	(528)
Finance costs	5	(589)	(544)
Loss before taxation		(670)	(1,072)
Taxation	6	-	-
Loss for the period		(670)	(1,072)
Other comprehensive loss, net of tax:			
Exchange differences on translating foreign operations		33	(277)
Other comprehensive loss for the period, net of tax		33	(277)

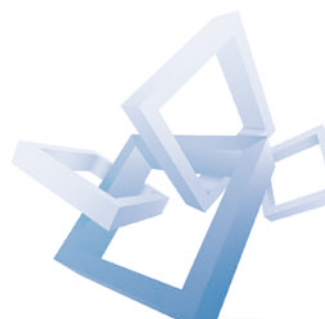
(Unaudited)

For the three months ended

	<b>28 February 2013 HK\$'000</b>	29 February 2012 HK\$'000
<b>Total comprehensive loss for the period</b>	<b>(637)</b>	(1,349)
Loss for the period attributable to owners of the Company	<b>(670)</b>	(1,072)
Total comprehensive loss for the period attributable to owners of the Company	<b>(637)</b>	(1,349)
<b>Loss per share</b> – Basic and diluted	<b>HK(0.42) cents</b>	HK(0.67) cents

Notes

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NOTES:

**1. BASIC 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 three months ended 28 February 2013 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 2012, 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 ON 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 2012. 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 three months ended 28 February 2013:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>2</sup>
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2012



### 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 is as follows:

	(Unaudited) For the three months ended	
	28 February 2013 HK\$'000	29 February 2012 HK\$'000
<b>Turnover</b>		
Sales of computer software licences, software rental and provision of related services	1,088	1,894
Provision of maintenance services	1,982	1,781
Sales of computer hardware	125	116
	<b>3,195</b>	<b>3,791</b>
<b>Other revenue</b>		
Interest income on bank deposits	-	-
	<b>-</b>	<b>-</b>

The Group has no interest income which is generated from loans and receivables (including cash and bank balances) for both period ended 28 February 2013 and 29 February 2012.

### 4. LOSS FROM OPERATING ACTIVITIES

	(Unaudited) For the three months ended	
	28 February 2013 HK\$'000	29 February 2012 HK\$'000
<b>Loss from operating activities is stated at after charging:</b>		
Depreciation on owned property, plant and equipment	40	48
Exchange loss	-	348
Operating leases payments in respect of		
– land and buildings	615	400
– plant and equipment	8	8
Staff costs (excluding directors' remuneration)		
– salaries and allowances	2,227	2,794
– retirement benefit costs	70	95
Cost of computer hardware sold	90	80
	<b>2,227</b>	<b>2,794</b>
<b>and after crediting:</b>		
Reversal of impairment loss on trade receivables	23	-
Gain on disposal of property, plant and equipment	-	19
Exchange gain	386	111
	<b>386</b>	<b>111</b>

**5. FINANCE COSTS**

**(Unaudited)**  
**For the three months ended**

	<b>28 February 2013 HK\$'000</b>	29 February 2012 HK\$'000
Interest on promissory notes		
– wholly repayable within five years	<b>545</b>	482
Interest on amount due to a shareholder/ a related party/a related company		
– wholly repayable within five years	<b>44</b>	62
	<b>589</b>	544

**6. TAXATION**

No provision for Hong Kong profits tax has been made as the Group either had no estimated assessable profits or had estimated tax losses brought forward to set off the estimated assessable profits for the period (2012: Nil).

No provision for the PRC income taxes has been made during the period as the subsidiaries operated in the PRC had no assessable profits for the period (2012: Nil).

No Australian income tax has been provided by the Australian subsidiaries of the Group as they had no assessable profits for the period (2012: Nil).

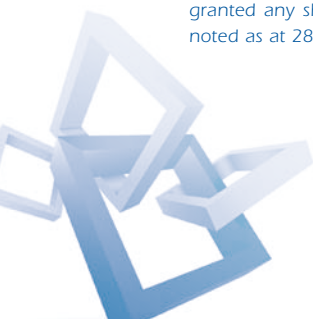
The potential unaudited deferred tax asset of approximately HK\$18,110,000 (As at 29 February 2012: approximately HK\$15,968,000) relating to tax losses available for carry forward and other timing differences as at 28 February 2013 has not been recognized due to the unpredictability of the future profit streams.

**7. LOSS PER SHARE**

The calculation of basic loss per share attributable to the owners of the Company for the three months ended 28 February 2013 is based on the unaudited net loss for the period of approximately HK\$670,000 (For the three months ended 29 February 2012 unaudited net loss: approximately HK\$1,072,000) and the weighted average of 160,590,967 (2012: 160,590,967) ordinary shares of HK\$0.10 each in issue during the period.

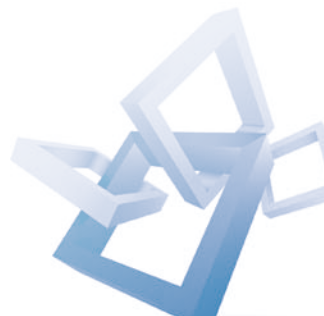
**Diluted loss per share**

Diluted loss per share for the three months ended 28 February 2013 and 29 February 2012 were the same as the basic loss per share. As at 28 February 2013, the Company has not granted any share options. All options granted were expired and no outstanding option was noted as at 28 February 2013.



## 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 2011	106,118	37,600	(14,264)	(198,397)	(68,943)
Loss for the period	-	-	-	(1,072)	(1,072)
Other comprehensive loss for the period	-	-	(277)	-	(277)
As at 29 February 2012	<u>106,118</u>	<u>37,600</u>	<u>(14,541)</u>	<u>(199,469)</u>	<u>(70,292)</u>
At 1 December 2012	106,118	37,600	(14,416)	(201,642)	(72,340)
Loss for the period	-	-	-	(670)	(670)
Other comprehensive gain for the period	-	-	33	-	33
<b>As at 28 February 2013</b>	<b><u>106,118</u></b>	<b><u>37,600</u></b>	<b><u>(14,383)</u></b>	<b><u>(202,312)</u></b>	<b><u>(72,977)</u></b>





## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the three months ended 28 February 2013 (2012: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

The Group recorded an unaudited turnover of approximately HK\$3,195,000 for the three months ended 28 February 2013, a 16% decrease from approximately HK\$3,791,000 for the corresponding period of the previous year. Of the total unaudited turnover amount, approximately HK\$1,088,000 or 34% was generated from software license sales and professional services, approximately HK\$1,982,000 or 62% was generated from maintenance services and approximately HK\$125,000 or 4% was generated from sales of computer hardware. As at 28 February 2013, the Group had approximately HK\$2 million worth of contracts that were in progress. The unaudited net loss attributable to shareholders for the three months ended 28 February 2013 was approximately HK\$670,000 whereas the Group recorded an unaudited net loss of approximately HK\$1,072,000 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 operations. The unaudited operating expenditures amounted to approximately HK\$3,149,000 for the three months ended 28 February 2013, a 13% decrease from approximately HK\$3,599,000 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, depreciation expenses decreased from approximately HK\$48,000 for the three months ended 29 February 2012 to approximately HK\$40,000 in the current period.

During the current period, the Group invested approximately HK\$1,233,000 in developing new modules for its OCTO Straight Through Processing ("STP") system.

For the three months ended 28 February 2013, the Group has no provision made for impairment of trade receivables.

Total unaudited staff costs (excluding directors' remuneration) are approximately HK\$2,297,000 for the three months ended 28 February 2013, a 20% decrease from approximately HK\$2,889,000 for the previous period. The decrease was mainly attributed to decrease in headcounts during the period.



## **Operation Review**

For the three months ended 28 February 2013, Financial Solutions unaudited turnover is approximately HK\$3,157,000, a decrease of 15% when compared to approximately HK\$3,698,000 for the corresponding period of the previous year. The reason of decreases were mainly attributed to the delivery of several projects has been postponed by customers' request and slowdown of new sales contract signed during the period. Following the OCG and OMD trading platforms will be launched in the stock market in 2013 soon, the Group has concentrated our resources in developing and closely negotiating with the customers to upgrade to new trading platforms. The Group is continuing to widen its revenue channel by sourcing different financial software and services from other channel partner for our customers in the financial industry.

For the three months ended 28 February 2013, CRM Solutions unaudited turnover is approximately HK\$38,000, a decrease of 59% when compared to approximately HK\$93,000 for the same period of previous year. The decrease was mainly due to the Group changed its role to a business agent with Maximizer Software Inc. ("MSI") with providing professional services in place of resell the software license sales for its customers in the Asian Pacific region since August 2012.

## **Prospects**

To maintain our competitiveness in the market, the Group will focus more 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 2013. 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 28 February 2013, 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**

No long 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.

### **Long positions in underlying shares**

*a) The Company:*

All options of the Company granted were expired on 27 May 2011. The Company did not adopt any new share option scheme.

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 28 February 2013, 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

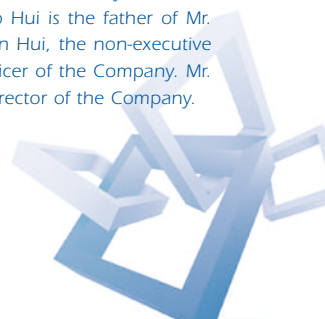
At 28 February 2013, the following persons (other than the directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

### 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 (note)	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. Mr. Kau Mo Hui is the father of Mr. Joseph Chi Ho Hui, the executive director of the Company, Mr. Terence Chi Yan Hui, the non-executive director of the Company and Mr. Samson Chi Yang Hui, the chief executive officer of the Company. Mr. Kau Mo Hui is also the father-in-law of Ms. Clara Hiu Ling Lam, the executive director 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 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 who is the father of Mr. Terence Chi Yan Hui, 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 the 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 businesses 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. William Keith Jacobsen 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 terms of reference of the audit committee should also require it to review arrangement employees of the Company can use to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action and to act as the key representative body for overseeing the Company's relations with the external auditors. 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 three months ended 28 February 2013, the audit committee held a meeting for the purpose of reviewing the Company's reports and accounts, and providing advice and recommendations to the Board of Directors. The minutes of the audit committee meeting are kept by the Company Secretary.

The Group's unaudited results for the three months ended 28 February 2013 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 three months ended 28 February 2013, 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

**Joseph Chi Ho Hui**

*Chairman*

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

Mr. Joseph Chi Ho HUI	(Executive Director)
Ms. Clara Hiu Ling LAM	(Executive Director)
Mr. Terence Chi Yan HUI	(Non-executive Director)
Mr. Kwong Sang LIU	(Independent Non-executive Director)
Mr. Edwin Kim Ho WONG	(Independent Non-executive Director)
Mr. William Keith JACOBSEN	(Independent Non-executive Director)

Hong Kong, 5 April 2013

