

**abc***multiactive*

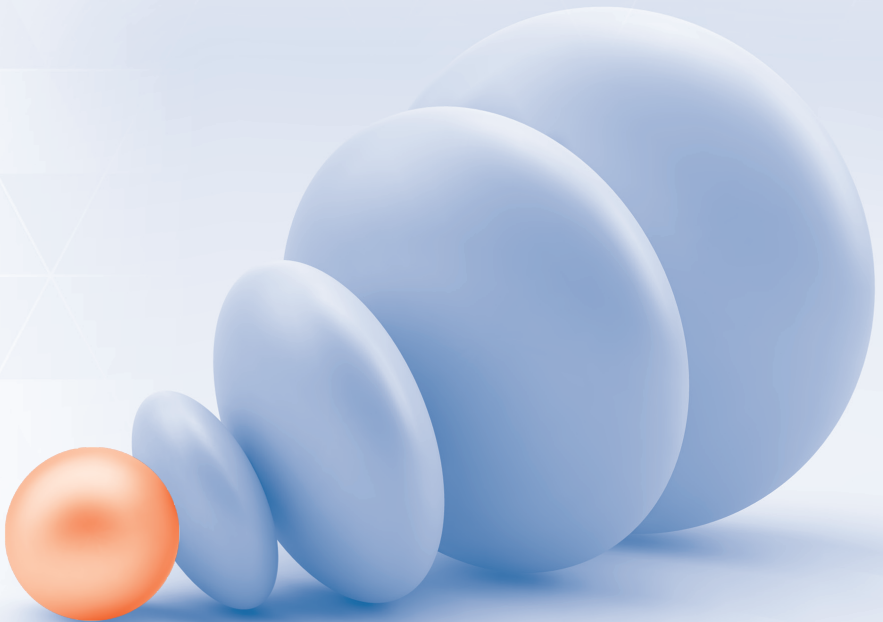
abc Multiactive Limited

(Incorporated in Bermuda with limited liability)

Stock code:8131

**2014**

**FIRST QUARTERLY REPORT**



## **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  
OTHER 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 2014, together with the comparative figures:

		<b>(Unaudited)</b>	
		<b>For the three months ended</b>	
	Notes	<b>28 February 2014 HK\$'000</b>	28 February 2013 HK\$'000 (Restated)
Turnover	3	<b>2,465</b>	3,195
Cost of sales		<b>(501)</b>	(513)
Gross profit		<b>1,964</b>	2,682
Other revenue	3	–	75
Software research and development expenses		<b>(1,206)</b>	(1,233)
Selling and marketing expenses		<b>(226)</b>	(174)
Administrative expenses		<b>(2,002)</b>	(1,817)
Unrealised exchange gain		<b>606</b>	386
Loss from operating activities	4	<b>(864)</b>	(81)
Finance costs	5	<b>(606)</b>	(589)
Loss before taxation		<b>(1,470)</b>	(670)
Taxation	6	–	–
Loss for the period		<b>(1,470)</b>	(670)

(Unaudited)

For the three months ended

	<b>28 February 2014 HK\$'000</b>	28 February 2013 HK\$'000 (Restated)
Other comprehensive income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>12</b>	33
Other comprehensive income for the period, net of tax	<b>12</b>	33
<b>Total comprehensive loss for the period</b>	<b>(1,458)</b>	(637)
Loss for the period attributable to owners of the Company	<b>(1,470)</b>	(670)
Total comprehensive loss for the period attributable to owners of the Company	<b>(1,458)</b>	(637)
<b>Loss per share</b>		
– Basic and diluted	<b>7 HK(0.68) cents</b>	HK(0.33) cents

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 three months ended 28 February 2014 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 2013, 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 2013. 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 2014:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 to 2011 Cycle <sup>1</sup>
HKFRS 1 (Amendments)	Government Loans <sup>1</sup>
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
HKFRS 10	Consolidated Financial Statements <sup>1</sup>
HKFRS 11	Joint Arrangements <sup>1</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
HKFRS 13	Fair Value Measurement <sup>1</sup>
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance <sup>1</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>1</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>1</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>1</sup>
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013

### 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 period is as follows:

	(Unaudited) For the three months ended	
	28 February 2014 HK\$'000	28 February 2013 HK\$'000 (Restated)
<b>Turnover</b>		
Sales of computer software licences, software rental and provision of related services	716	1,088
Provision of maintenance services	1,734	1,982
Sales of computer hardware	15	125
	<u>2,465</u>	<u>3,195</u>
<b>Other revenue</b>		
Interest income on bank deposits	–	–
Rental income	–	75
	<u>–</u>	<u>75</u>

### 4. LOSS FROM OPERATING ACTIVITIES

	(Unaudited) For the three months ended	
	28 February 2014 HK\$'000	28 February 2013 HK\$'000
<b>The Group's loss from operating activities is arrived at after charging:</b>		
Depreciation on owned property, plant and equipment	22	40
Operating leases payments in respect of		
– land and buildings	388	615
– plant and equipment	8	8
Staff costs (excluding directors' remuneration)		
– salaries and allowances	2,298	2,227
– retirement benefit costs	84	70
Cost of computer hardware sold	9	90
	<u>2,700</u>	<u>2,980</u>
<b>and after crediting:</b>		
Reversal of impairment loss on trade receivables	–	23
Exchange gain	606	386
	<u>606</u>	<u>386</u>

**5. FINANCE COSTS**

	2014	2013
	HK\$'000	HK\$'000
Interest on promissory notes		
– wholly repayable within five years	565	545
Interest on amount due to a shareholder/ a related party/a related company		
– wholly repayable within five years	41	44
	<b>606</b>	<b>589</b>

(Unaudited)  
For the three months ended

28 February 2014 HK\$'000	28 February 2013 HK\$'000
565	545
41	44
<b>606</b>	<b>589</b>

**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 (2013: 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 (2013: Nil).

No Australian income tax has been provided by the Australian subsidiaries of the Group as they had no assessable profits for the period (2013: Nil).

The potential unaudited deferred tax asset of approximately HK\$18,507,000 (As at 28 February 2013: approximately HK\$18,110,000) relating to tax losses available for carry forward and other timing differences as at 28 February 2014 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 2014 is based on the unaudited net loss for the period of approximately HK\$1,470,000 (For the three months ended 28 February 2013 unaudited net loss: approximately HK\$670,000) and on the weighted average number of 216,202,356 ordinary shares (2013: 202,344,618 ordinary shares, restated) in issue during the period. On 27 January 2014, a total of 80,295,483 new ordinary shares of the Company were issued at HK\$0.10 each as at result of the rights issue to the shareholders of the Company, on the basis of one rights issue for every two shares held on the record date. The weighted average number of ordinary shares adopted in calculation of the basic loss per share for the three months ended 28 February 2014 has been adjusted to reflect the impact of the rights issue in January 2014. The comparative figures have also been restated accordingly.

**Diluted loss per share**

The Group has no potentially dilutive ordinary shares in issue during the three months ended 28 February 2014 and 2013. Diluted loss per share for the three months ended 28 February 2014 and 28 February 2013 were the same as the basic loss per share.

**8. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Attributable to owners of the Company

	(Unaudited) 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
At 1 December 2012	16,059	106,118	37,600	(14,416)	(201,642)	(56,281)
Loss for the period	-	-	-	-	(670)	(670)
Other comprehensive income for the period	-	-	-	33	-	33
As at 28 February 2013	<u>16,059</u>	<u>106,118</u>	<u>37,600</u>	<u>(14,383)</u>	<u>(202,312)</u>	<u>(56,918)</u>
At 1 December 2013	16,059	106,118	37,600	(14,237)	(205,169)	(59,629)
Issue of shares by rights issue	8,030	-	-	-	-	8,030
Loss for the period	-	-	-	-	(1,470)	(1,470)
Other comprehensive income for the period	-	-	-	12	-	12
As at 28 February 2014	<u>24,089</u>	<u>106,118</u>	<u>37,600</u>	<u>(14,225)</u>	<u>(206,639)</u>	<u>(53,057)</u>

**9. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current period's presentation.



## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the three months ended 28 February 2014 (2013: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

The Group recorded an unaudited turnover of approximately HK\$2,465,000 for the three months ended 28 February 2014, a 23% decrease from approximately HK\$3,195,000 for the corresponding period of the previous year. Of the total unaudited turnover amount, approximately HK\$716,000 or 29% was generated from software license sales and professional services, approximately HK\$1,734,000 or 70% was generated from maintenance services and approximately HK\$15,000 or 1% was generated from sales of computer hardware. As at 28 February 2014, the Group had approximately HK\$1.3 million worth of contracts that were in progress. The unaudited net loss attributable to shareholders for the three months ended 28 February 2014 was approximately HK\$1,470,000 whereas the Group recorded an unaudited net loss of approximately HK\$670,000 for the same period of the previous year.

During the period, the unaudited operating expenditures amounted to approximately HK\$3,434,000 for the three months ended 28 February 2014, a 7% increase from approximately HK\$3,224,000 for the corresponding period of the previous year. The increase was mainly attributed to expenses of rights issue of shares amounted to approximately HK\$331,000 during the period. Factor out this effect, the operating expenses is slightly decreased by 4% during the period when compared to the same period of previous year. The Group continued to implement stringent cost control measures throughout the current period in a move to strengthen the Group's financial footing. These measures helped to maintain the operating expenses incurred by the Group at similar level as seen in last 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\$40,000 for the three months ended 28 February 2013 to approximately HK\$22,000 in the current period.

During the current period, the Group invested approximately HK\$1,206,000 in developing new modules for its OCTO Straight Through Processing ("STP") system.

For the three months ended 28 February 2014, the Group has no provision made for impairment of trade receivables.

Total unaudited staff costs (excluding directors' remuneration) are approximately HK\$2,382,000 for the three months ended 28 February 2014, a 4% increase from approximately HK\$2,297,000 for the previous period. The increase was mainly attributed to overall salary increment of staff during the period.

The Company completed a rights issue of 80,295,483 ordinary shares of HK\$0.10 each at a subscription price of HK\$0.10 per share on 27 January 2014 (the "2013 Rights Issue") on the basis of one rights share for every two shares held on the record date. Accordingly, the issued share capital of the Company has been increased from HK\$16,059,097 to HK\$24,088,645. These new shares rank *pari passu* in all respect with the existing shares. The net proceeds from the 2013 Rights Issue amounted to approximately HK\$7.51 million which will be used for working capital and repayment of loan.

### **Operation Review**

For the three months ended 28 February 2014, Financial Solutions unaudited turnover is approximately HK\$2,420,000, a decrease of 23% when compared to approximately HK\$3,157,000 for the corresponding period of the previous year. The decreases of turnover were mainly attributed to less project delivery to customers; software license maintenance and rental income decreased during the period. According to The Stock Exchange's tentative timeline, Orion Central Gateway ("OCG") will be launch in the third quarter 2014. The implement work of OCG continued to record satisfactory results. During the period, the Group has completed the batch of end-to-end test and the next batch of market rehearsals is scheduled in the second quarter 2014.

For the three months ended 28 February 2014, CRM Solutions unaudited turnover is approximately HK\$45,000, remains stable when compared to approximately HK\$38,000 for the same period of previous year. On 1 December 2013, the Group has entered a renewal International Authorized Agent Agreement with Maximizer Services Inc. ("MSI") (formerly known as Maximizer Software Inc.). The Group continues to take a role to a business agent with MSI with providing professional services in place of sales of CRM software for its customers in the Asian Pacific region.

### **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. To channel our resources to new business development in the high growth solutions area will continue to be top priorities for the Group for 2014. 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 2014, 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.

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 2014, 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 2014, 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**

<b>Name</b>	<b>Capacity</b>	<b>Nature of interest</b>	<b>Number of ordinary shares</b>	<b>Percentage of issued share capital</b>
Maximizer International Limited	Beneficial owner	Corporate	140,992,968	58.53%
Pacific East Limited	Beneficial owner	Corporate	13,160,673	5.46%
Royal Bank of Canada Financial Corporation <i>(Note)</i>	Trustee	Corporate	154,153,641	63.99%

*Note:*

Royal Bank of Canada Financial Corporation is the trustee of The City Place Trust which owns Maximizer International Limited, which holds 58.53% interest in the Company and wholly owns Pacific East Limited, which holds 5.46% interest in the Company. The City Place Trust is a discretionary trust and its beneficiaries include direct family members of Mr. Kau Mo Hui, but not include Mr. Joseph Chi Ho Hui, Mr. Terence Chi Yan Hui and Ms. Clara Hiu Ling Lam or any of their respective spouse or minor child. Mr. Kau Mo Hui is the father of Mr. Joseph Chi Ho Hui, an 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, an 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, a non-executive director of the Company, is also the chairman of Maximizer Software Inc., a related company of the Company. Maximizer Software Inc. 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. Mr. Kau Mo Hui is the father of Mr. Terence Chi Yan Hui, whereas the remaining 41.8% is indirectly held by Mr. Kau Mo Hui. Maximizer Software Inc. 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. Maximizer Software Inc. 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 Maximizer Software Inc. and the possible future businesses conducted by Maximizer Software Inc. 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 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. Kwong Sang Liu 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 2014, 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. 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 2014 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 2014, 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	<i>(Executive Director)</i>
Ms. Clara Hiu Ling LAM	<i>(Executive Director)</i>
Mr. Terence Chi Yan 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, 4 April 2014