



THIRD QUARTERLY REPORT 2016

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 2016, together with the comparative figures.

	Notes	(Unaudited) Three months ended 31 August		(Unaudited) Nine months ended 31 August	
		2016	2015	2016	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	3	5,594	3,214	15,054	9,748
Cost of sales		(1,810)	(537)	(3,795)	(1,962)
Gross profit		3,784	2,677	11,259	7,786
Other revenue	3	-	-	-	-
Software research and development expenses		(1,557)	(1,131)	(4,504)	(3,582)
Selling and marketing expenses		(232)	(187)	(765)	(1,004)
Administrative expenses		(2,508)	(1,949)	(6,663)	(5,830)
Unrealised exchange gain/(loss)		26	367	(127)	953
Loss from operating activities	4	(487)	(223)	(800)	(1,677)
Finance costs	5	(642)	(606)	(1,869)	(1,792)
Loss before taxation		(1,129)	(829)	(2,669)	(3,469)
Taxation	6	-	-	-	-
Loss for the period		(1,129)	(829)	(2,669)	(3,469)



	(Unaudited) Three months ended 31 August		(Unaudited) Nine months ended 31 August	
Notes	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign operations	(6)	70	(4)	185
Other comprehensive (loss)/ income for the period, net of tax	(6)	70	(4)	185
Total comprehensive loss for the period	(1,135)	(759)	(2,673)	(3,284)
Loss for the period attributable to owners of the Company	(1,129)	(829)	(2,669)	(3,469)
Total comprehensive loss for the period attributable to owners of the Company	(1,135)	(759)	(2,673)	(3,284)
	HK cents	HK cents	HK cents	HK cents
Loss per share				
– Basic and diluted	(0.47)	(0.34)	(1.11)	(1.44)

*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 2016 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 2015, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") 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 2015. The adoption has no significant impact on the Group's accounting policies, presentation, reported results and the financial position of the Group for the current period and prior accounting periods.

The Group has not applied the new and revised HKFRSs and HKASs, which have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs and HKASs but is not yet in a position to state whether these new and revised HKFRSs and HKASs would have a material impact on its results of operations and financial position.



3. TURNOVER AND OTHER REVENUE

The Group is principally engaged in the design and sales of computer software and provision of professional and maintenance services. 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 2016 is as follow:

	(Unaudited) Three months ended 31 August		(Unaudited) Nine months ended 31 August	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Turnover				
Sales of computer software licences, software rental and provision of related services	2,667	1,723	7,964	4,585
Provision of maintenance services	1,452	1,491	4,439	4,661
Sales of computer hardware	1,475	–	2,651	502
	5,594	3,214	15,054	9,748
Other revenue				
Interest income on bank deposits	–	–	–	–

4. LOSS FROM OPERATING ACTIVITIES

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 August		31 August	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Group's loss from operating activities is arrived at after charging:				
Depreciation on property, plant and equipment	48	18	92	43
Operating lease payments in respect of				
– land and buildings	471	510	1,481	1,550
– plant and equipment	7	7	21	21
Staff costs (excluding directors' remuneration)				
– salaries and allowances	2,733	2,222	7,907	7,154
– retirement benefit costs	91	81	255	275
Cost of computer hardware sold	1,261	–	2,123	316
Loss on disposal of property, plant and equipment	49	26	49	26
Unrealised exchange loss	–	–	127	–
	<u>26</u>	<u>367</u>	<u>–</u>	<u>953</u>
and after crediting:				
Unrealised exchange gain	26	367	–	953

5. FINANCE COSTS

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 August		31 August	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on promissory notes – wholly repayable within five years	642	606	1,869	1,792



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 (2015: 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 (2015: Nil).

The potential unaudited deferred tax asset of approximately HK\$11,308,000 (As at 31 August 2015: approximately HK\$16,492,000) relating to tax losses available for carry forward and other timing differences as at 31 August 2016 have 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 2016 is based on the unaudited net loss for the period of approximately HK\$1,129,000 and HK\$2,669,000 respectively (For the three months and nine months ended 31 August 2015: unaudited net loss of approximately HK\$829,000 and HK\$3,469,000 respectively), and on the weighted average number of 240,886,450 ordinary shares for both three months and nine months ended 31 August 2016 (For both three months and nine months ended 31 August 2015: 240,886,450 ordinary shares) of HK\$0.10 each in issue during the period.

Diluted loss per share

The Group has no potentially dilutive ordinary shares in issue during the three months and nine months ended 31 August 2016 and 2015. Diluted loss per share for the three months and nine months ended 31 August 2016 and 2015 were the same as the basic loss per share.

8. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 August 2016

	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 Equity HK\$'000
At 1 December 2014	24,089	105,821	37,600	(13,709)	(203,112)	(49,311)
Loss for the period	-	-	-	-	(3,469)	(3,469)
Other comprehensive income for the period	-	-	-	185	-	185
At 31 August 2015	24,089	105,821	37,600	(13,524)	(206,581)	(52,595)
At 1 December 2015	24,089	105,821	37,600	(200)	(217,339)	(50,029)
Loss for the period	-	-	-	-	(2,669)	(2,669)
Other comprehensive loss for the period	-	-	-	(4)	-	(4)
At 31 August 2016	24,089	105,821	37,600	(204)	(220,008)	(52,702)



INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 August 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited turnover of approximately HK\$5,594,000 for the three months ended 31 August 2016, an 74% increase from approximately HK\$3,214,000 for the corresponding period of the previous year. Of the total unaudited turnover amount, approximately HK\$2,667,000 or 48% was generated from software license sales and professional service, approximately HK\$1,452,000 or 26% was generated from maintenance services and approximately HK\$1,475,000 or 26% was generated from sales of computer hardware. As at 31 August 2016, the Group had approximately HK\$3.6 million worth of contracts that were in progress. The unaudited net loss attributable to shareholders for the three months ended 31 August 2016 was approximately HK\$1,129,000 whereas the Group recorded an unaudited net loss of approximately HK\$829,000 for the corresponding period of the previous year.

During the period, the Group's unaudited operating expenditures amounted to approximately HK\$4,297,000 for the three months ended 31 August 2016, an 32% increase from approximately HK\$3,267,000 for the corresponding period of the previous year. Such increases were mainly due to the additional expenses for the office removal and increase in the professional and consultancy fee during the period.

Due to Hong Kong office relocation and additional spending on office renovation and purchase of office equipment during the current period, unaudited depreciation expenses increased from approximately HK\$18,000 for the three months ended 31 August 2015 to approximately HK\$48,000 in the current period.

During the current period, the Group invested approximately HK\$1,557,000 in developing new modules for its OCTO Straight Through Processing ("STP") system ("OCTOSTP").

For the three months ended 31 August 2016, the Group has no provision made for impairment of trade receivables.

Total unaudited staff costs (excluding directors' remuneration) are approximately HK\$2,824,000 for the three months ended 31 August 2016, an 23% increase from approximately HK\$2,303,000 for the corresponding period of the previous year. The increase was mainly attributed to headcount expansions in software research and development department and overall salary increment of staff in 2016.

On 20 June 2016, the Company obtained an advance of HK\$1,000,000 from Active Investments Capital Limited, a related company wholly owned by the chief executive officer of the Company, for working capital financing used for new office relocation and renovation, which was unsecured, interest bearing at the Hong Kong prime rate and maturing on 30 June 2017.

Operation Review

For the three months ended 31 August 2016, the unaudited turnover from Financial Solutions is approximately HK\$5,594,000, an 74% increase from approximately HK\$3,214,000 for the corresponding period of the previous year. Of the total unaudited turnover from Financial Solutions, turnover of approximately HK\$3,985,000 represents sales of self-developed software, and the revenue generated from resales of third parties software, hardware and other products are approximately HK\$1,609,000. During the period under review, the increases of turnover were major contributed by successfully projects launched for the Volatility Control Mechanism (VCM) and Closing Auction Session (CAS) to customers in the securities market; and increase in the turnover of sales of computer hardware products delivered to customers.

With new launch of Shenzhen–Hong Kong Stock Connect scheduled in the fourth quarter 2016 by Hong Kong Exchange and Clearing Limited (“HKEx”)’s tentative timeline. It is expected that Shenzhen-Hong Kong Stock Connect will take approximately four months to complete the technical and operational preparations for the launch of Shenzhen-Hong Kong Stock Connect in the both Hong Kong and China stocks markets. During the period, the Group continued its strategy to upgrade its OCTOSTP system and new features, except for the existing products development and improvement of its OCTOSTP, we also focus on resources in development and integration work of Shenzhen-Hong Kong Stock Connect to facilitate more brokerage firms for better preparation and implementation for its target launch in late 2016.

The Group continues given priority to invest resources in the development of additional add-on modules for its OCTOSTP trading system to improve the ability to stream line and diversify its revenue stream, as well as to enhance its extensive array of solutions and capabilities through product development.



Prospects

To strengthen the competitiveness in the market, the Group will further focus more on our core business and technology development with product functionality improvement and expansion in the service areas we offer to the customers. To channel our resources to new business development area of high growth solutions, maintain, enhance and evolve its proprietary financial solution products will continue to be one of the top priorities for the Group for 2016. It is the belief of the directors that the Group has a well-diversified product range, which maintains its market competitiveness and it is well equipped to face future challenges.

In 2016, we target to strive for a better diversified business line by seeking new investment opportunities in the market. To achieve the goal, we will engage in seeking partners actively to cooperate in providing more innovative business solutions. We will also continue to deliver our quality service, as well as to improve our financial solution products, for the continuous business growth of the Group.

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

As at 31 August 2016, 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 31 August 2016, 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

As at 31 August 2016, 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	140,992,968	58.53%
Pacific East Limited	Beneficial owner	Corporate	13,160,673	5.46%
DGM Trust Corporation (Note)	Trustee	Corporate	154,153,641	63.99%

Note:

DGM Trust 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 certain family members of Mr. Kau Mo Hui but do not include Mr. Joseph Chi Ho Hui or Ms. Clara Hiu Ling Lam or any of their respective spouses or minor children. Mr. Kau Mo Hui is the father of Mr. Joseph Chi Ho Hui, an 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.

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 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 nine months ended 31 August 2016, 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. The minutes of the audit committee meeting are kept by the Company Secretary.

The Group's unaudited results for the three months ended 31 August 2016 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 2016, 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. 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, 7 October 2016