



abcmultiactive

abc Multiactive Limited

(Incorporated in Bermuda with limited liability)

Stock code:8131

2017

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 2017, together with the comparative figures:

		(Unaudited)	
		For the three months ended	
		28 February 2017	29 February 2016
		HK\$'000	HK\$'000
	Notes		
Turnover	3	4,808	4,314
Cost of sales		(1,222)	(536)
Gross profit		3,586	3,778
Other revenue	3	–	–
Software research and development expenses		(1,525)	(1,432)
Selling and marketing expenses		(221)	(255)
Administrative expenses		(2,032)	(2,035)
Unrealised exchange (loss)/ gain		(116)	39
(Loss)/ profit from operating activities	4	(308)	95
Finance costs	5	(644)	(607)
Loss before taxation		(952)	(512)
Income tax expense	6	–	–
Loss for the period		(952)	(512)

		(Unaudited)	
		For the three months ended	
		28 February 2017 HK\$'000	29 February 2016 HK\$'000
Notes			
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		—	1
Other comprehensive income for the period, net of tax		—	1
Total comprehensive loss for the period		(952)	(511)
Loss for the period attributable to owners of the Company		(952)	(512)
Total comprehensive loss for the period attributable to owners of the Company		(952)	(511)
Loss per share			
– Basic and diluted		HK(0.40) cents	HK(0.21) cents
		7	

NOTES:

1. BASIS OF PREPARATION

The unaudited financial statements 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"). The unaudited financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinances and GEM Listing Rules. They are prepared under the historical cost convention.

The unaudited consolidated results for the three months ended 28 February 2017 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 2016, 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 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 2016. 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 2017:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle ¹
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ¹
HKAS 1 (Amendments)	Disclosure Initiative ¹
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ¹
HKAS 27 (Amendments)	Equity Method in Separate Financial Statement ¹

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.



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 period is as follow:

	(Unaudited)	
	For the three months ended	
	28 February 2017 HK\$'000	29 February 2016 HK\$'000
Turnover		
Sales of computer software licences, software rental and provision of related services	3,211	2,701
Provision of maintenance services	1,311	1,457
Sales of computer hardware	286	156
	4,808	4,314
	—	—
Other revenue		
Interest income on bank deposits	—	—

4. (LOSS)/PROFIT FROM OPERATING ACTIVITIES

	(Unaudited)	
	For the three months ended	
	28 February 2017 HK\$'000	29 February 2016 HK\$'000
(Loss)/profit from operating activities is arrived at after charging:		
Depreciation on property, plant and equipment	56	21
Operating lease payments in respect of		
– land and buildings	600	505
– plant and equipment	7	7
Staff costs (excluding directors' remuneration)		
– salaries and allowances	2,694	2,376
– retirement benefit costs	97	81
Cost of computer hardware sold	267	126
Unrealised exchange loss	116	–
	<u> </u>	<u> </u>
and after crediting:		
Unrealised exchange gain	–	39
Reversal of impairment loss on trade receivables	12	–
	<u> </u>	<u> </u>

5. FINANCE COSTS

	(Unaudited)	
	For the three months ended	
	28 February 2017 HK\$'000	29 February 2016 HK\$'000
Interest on promissory notes		
– wholly repayable within five years	644	607
	<u> </u>	<u> </u>

6. INCOME TAX EXPENSE

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 (2016: 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 (2016: Nil).

The potential unaudited deferred tax asset of approximately HK\$10,544,000. (As at 29 February 2016: approximately HK\$10,975,000) relating to tax losses available for carry forward and other timing differences as at 28 February 2017 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 owners of the Company for the three months ended 28 February 2017 is based on the unaudited net loss for the period of approximately HK\$952,000. (For the three months ended 29 February 2016 unaudited net loss: approximately HK\$512,000) and on the weighted average number of 240,886,450 ordinary shares (2016: 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 ended 28 February 2017 and 29 February 2016. Diluted loss per share for the three months ended 28 February 2017 and 29 February 2016 were the same as the basic loss per share.

8. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 28 February 2017

	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
As at 1 December 2015	24,089	105,821	37,600	(200)	(217,339)	(50,029)
Loss for the period	-	-	-	-	(512)	(512)
Other comprehensive income for the period	-	-	-	1	-	1
As at 29 February 2016	<u>24,089</u>	<u>105,821</u>	<u>37,600</u>	<u>(199)</u>	<u>(217,851)</u>	<u>(50,540)</u>
As at 1 December 2016	24,089	105,821	37,600	(209)	(221,634)	(54,333)
Loss for the period	-	-	-	-	(952)	(952)
Other comprehensive income for the period	-	-	-	-	-	-
As at 28 February 2017	<u>24,089</u>	<u>105,821</u>	<u>37,600</u>	<u>(209)</u>	<u>(222,586)</u>	<u>(55,285)</u>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 28 February 2017 (2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited turnover of approximately HK\$4,808,000 for the three months ended 28 February 2017, an increased by 11% from approximately HK\$4,314,000 for the corresponding period of the previous year. Of the total unaudited turnover amount, approximately HK\$3,211,000 or 67% was generated from software license sales and professional services, approximately HK\$1,311,000 or 27% was generated from maintenance services and approximately HK\$286,000 or 6% was generated from sales of computer hardware. As at 28 February 2017, the Group had approximately HK\$3,237,000 worth of contracts that were in progress. The unaudited net loss attributable to shareholders for the three months ended 28 February 2017 was approximately HK\$952,000 whereas the Group recorded an unaudited net loss of approximately HK\$512,000 for the same period last year.

During the period, the Group's unaudited operating expenditures amounted to approximately HK\$3,778,000 for the three months ended 28 February 2017, remains stable when compared to approximately HK\$3,722,000 for the same period last year. Nevertheless, the Group continued to adopt its policy of vigilant cost control for making an effective cost control measurement.

The unaudited depreciation expenses increased from approximately HK\$21,000 for the same period last year to approximately HK\$56,000 in the current period. The increases were mainly attributed to Hong Kong office relocation and additional spending on office renovation and purchase of office equipment in the third quarter of last year.

During the current period, the Group invested approximately HK\$1,525,000 in developing new modules for its OCTO Straight Through Processing ("STP") system ("OCTOSTP").

The Group has no provision made for impairment of trade receivables for the three months ended 28 February 2017.

Total unaudited staff costs (excluding directors' remuneration) are approximately HK\$2,791,000 for the three months ended 28 February 2017, representing an increase of 14% from approximately HK\$2,457,000 for the same period last year. The increases were mainly attributed to increase in headcount and overall salary increment during the period.

The Group has approved the de-registration of two dormant People's Republic of China (the "PRC") subsidiaries, abc Multiactive (Shenzhen) Limited and Maximizer Asia (Shanghai) Limited. At the date of this report, the application of de-registration of two PRC subsidiaries are in the process. The financial position of two PRC subsidiaries is included in the unaudited consolidated financial statements of the quarterly report which did not have significant impact to the Group's result for the three months ended 28 February 2017.

Operation Review

For the three months ended 28 February 2017, the unaudited turnover from Financial Solutions is approximately HK\$4,808,000, an increase of 11% when compared to approximately HK\$4,314,000 for the same period last year. Of the total unaudited turnover from Financial Solutions, turnover of approximately HK\$4,014,000 represents sales of self-developed software, and the revenue generated from resales of third parties software, hardware and other products are approximately HK\$794,000. During the current period under review, the Group had awarded sales contracts from certain customers to improve and enhance their OCTOSTP system and successfully delivered and implemented system upgrade to comply with recent market changes.

As a result of recent growth in number of securities brokerage firms in Hong Kong market, the Group also benefited from industry growth momentum and secured more sales contracts and revenue. Although facing the keen market competition in financial technology market and increasing operating cost in Hong Kong, the Group continued to enhance the features of its brokerage trading solutions and focused on new modules development to assist our customers facing technological challenge in the financial industry. At the same time, the Group is also target to widen its revenue channel by sourcing different financial software and services from other channel partners for our customers.

Prospects

The Group will continue to cautiously monitor development of the changing business environment and continue to strengthen its competitiveness in the market, the Group will further focus on its core business and technology development with product functionality improvement and expansion in the service areas the Group offer to the customers. To channel its resources to the new business development area of high growth solutions will continue to be one of the top priorities of the Group. 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 2017, the Group target to strive for a better diversified business line by seeking new investment opportunities in the market. To achieve the goal, the Group will engage in seeking new business partners in providing more innovative business solutions. The Group will also continue to deliver its quality service, as well as to improve its 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 28 February 2017, 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 2017, 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 SHAREHOLDERS

As at 28 February 2017, 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 (<i>Note</i>)	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 does not include Mr. Joseph Chi Ho Hui or Ms. Clara Hiu Ling Lam or any of their respective spouses or minor child. 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. 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 2017, the audit committee held a meeting for the purpose of reviewing the Company's reports and financial statements, 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 2017 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 2017, 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. 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, 7 April 2017