



abc*multiactive*

abc Multiactive Limited

(Incorporated in Bermuda with limited liability)

Stock code:8131

2018 FIRST QUARTERLY REPORT

CHARACTERISTICS OF GEM (“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 GEM 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 2018, together with the comparative figures:

		(Unaudited)	
		For the three months ended	
		28 February	28 February
		2018	2017
Notes		HK\$'000	HK\$'000
Turnover	3	4,355	4,808
Cost of sales		(755)	(1,222)
Gross profit		3,600	3,586
Software research and development expenses		(1,231)	(1,525)
Selling and marketing expenses		(217)	(221)
Administrative expenses		(2,018)	(2,032)
Unrealised exchange loss		(3)	(116)
Profit/(loss) from operating activities	4	131	(308)
Finance costs	5	(907)	(644)
Loss before taxation		(776)	(952)
Income tax expense	6	—	—
Loss for the period		(776)	(952)

(Unaudited)
For the three months ended

	Note	28 February 2018 HK\$'000	28 February 2017 HK\$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		—	—
Other comprehensive income for the period, net of tax		—	—
Total comprehensive loss for the period		(776)	(952)
Loss for the period attributable to owners of the Company		(776)	(952)
Total comprehensive loss for the period attributable to owners of the Company		(776)	(952)
Loss per share			(restated)
— Basic and diluted	7	HK(0.26) cents	HK(0.36) cents

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 2018 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 2017, 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 HKICPA has issued a number of new and revised HKFRSs and HKASs which are effective for accounting periods commencing on or after 1 January 2017. 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 2018:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle ²
HKAS 7 (Amendments)	Disclosure Initiative ¹
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses ¹

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

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

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 for the period is as follows:

	(Unaudited)	
	For the three months ended	
	28 February 2018 HK\$'000	28 February 2017 HK\$'000
Turnover		
Sales of computer software licences, software rental and provision of related services	2,681	3,211
Provision of maintenance services	1,448	1,311
Sales of computer hardware	3	286
Provision of Fintech resources services	223	—
	<u>4,355</u>	<u>4,808</u>

4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	(Unaudited)	
	For the three months ended	
	28 February 2018 HK\$'000	28 February 2017 HK\$'000
Profit/(loss) from operating activities is arrived at after charging:		
Depreciation on property, plant and equipment	59	56
Operating lease payments in respect of		
— land and buildings	600	600
— plant and equipment	7	7
Staff costs (excluding directors' remuneration)		
— salaries and allowances	2,502	2,694
— retirement benefit costs	81	97
Cost of computer hardware sold	2	267
Unrealised exchange loss	3	116
	<u>—</u>	<u>12</u>
and after crediting:		
Reversal of impairment loss on trade receivables	—	12

5. FINANCE COSTS

	(Unaudited)	
	For the three months ended	
	28 February 2018 HK\$'000	28 February 2017 HK\$'000
Interest on promissory notes		
— wholly repayable within five years	907	644

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 (2017: Nil).

No provision for the People's Republic of China (the "PRC") income taxes has been made during the period as the subsidiary operated in the PRC had no assessable profits for the period (2017: Nil).

The potential unaudited deferred tax asset of approximately HK\$10,880,000. (As at 28 February 2017: approximately HK\$10,544,000) relating to tax losses available for carry forward and other timing differences as at 28 February 2018 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 owners of the Company for the three months ended 28 February 2018 is based on the unaudited net loss for the period of approximately HK\$776,000. (For the three months ended 28 February 2017 unaudited net loss: approximately HK\$952,000) and the weighted average number of 301,108,062 ordinary shares (2017: 267,383,960 ordinary shares, restated) in issue during the period.

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the three months ended 28 February 2017 has been restated and adjusted for the effect of rights issue completed during the year ended 30 November 2017.

Diluted loss per share

The Group has no potentially dilutive ordinary shares in issue during the three months ended 28 February 2018 and 2017. Diluted loss per share for the three months ended 28 February 2018 and 2017 were the same as the basic loss per share.

8. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 28 February 2018

	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 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>
As at 1 December 2017	30,111	111,078	37,600	(29)	(227,462)	(48,702)
Loss for the period	—	—	—	—	(776)	(776)
Other comprehensive income for the period	—	—	—	—	—	—
As at 28 February 2018	<u>30,111</u>	<u>111,078</u>	<u>37,600</u>	<u>(29)</u>	<u>(228,238)</u>	<u>(49,478)</u>


INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 28 February 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited turnover of approximately HK\$4,355,000 for the three months ended 28 February 2018, decreased by 9% from approximately HK\$4,808,000 for the corresponding period of the previous year. Of the total unaudited turnover amount, approximately HK\$2,681,000 or 62% was generated from software license sales and professional services, approximately HK\$1,448,000 or 33% was generated from maintenance services, approximately HK\$223,000 or 5% was generated from Fintech resources services and approximately HK\$3,000 was generated from sales of computer hardware. As at 28 February 2018, the Group had approximately HK\$2.7 million worth of contracts that were in progress. The unaudited net loss attributable to shareholders for the three months ended 28 February 2018 was approximately HK\$776,000 whereas the Group recorded an unaudited net loss of approximately HK\$952,000 for the same period last 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\$3,466,000 for the three months ended 28 February 2018, decreased by 8% when compared to approximately HK\$3,778,000 for the same period last year.

The unaudited depreciation expenses increased from approximately HK\$56,000 for the same period last year to approximately HK\$59,000 in the current period. The increase was mainly attributed to invest of the new computer equipment for staff in last year.

During the current period, the Group invested approximately HK\$1,231,000 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 2018.

Total unaudited staff costs (excluding directors' remuneration) are approximately HK\$2,583,000 for the three months ended 28 February 2018, representing a decrease of 7% from approximately HK\$2,791,000 for the same period last year. The decrease was mainly attributed to decrease in headcounts during the period.

At the date of this report, the application of de-registration of Maximizer Asia (Shanghai) Limited, the Group's PRC subsidiary, is in the process. The financial position of this subsidiary is included in the unaudited consolidated financial statements which did not have significant impact to the Group's results for the three months ended 28 February 2018.

Operation Review

For the three months ended 28 February 2018, the unaudited turnover from Financial Solutions is approximately HK\$4,355,000, a 9% decrease from approximately HK\$4,808,000 for the corresponding period of the previous year. Of the total unaudited turnover from Financial Solutions, turnover of approximately HK\$3,995,000 represents sales of self-developed software, turnover of approximately HK\$223,000 was generated from Fintech resources services and revenue generated from resales of third parties' software, hardware and other products are approximately HK\$137,000. The reasons of the decreases were mainly attributed to reduce in sales of computer hardware from customers and reduce in demand from customers for system implementation work during the period comparing to the same period last year.

Although the Group's new sales contract reduced during the period, the unaudited turnover from maintenance services is approximately HK\$1,448,000 for the three months ended 28 February 2018 (2017: approximately HK\$1,311,000), which was able to remain stable during the period. Besides, following the successful rollout of the Orion Trading Platform — Securities Market (OTP-C) during the period, the Group succeeded to assist our customers satisfactory to implement OTP-C during the current period.

The Group continues to strengthen its existing business by improving its OCTOSTP through integration, implementation and upgrading and assist its customers facing technological challenge in the financial industry. The Group also targets to widen its revenue channels by sourcing different business models from other channel partners to provide comprehensive services to its customers. In view of the increasing demand of IT professionals, the Group's subsidiary, Maximizer Asia Limited has changed its company name to abc Fintech Recruiters Limited ("abc Fintech") with effect on 5 December 2017. abc Fintech changed its role to a Fintech resources service agent with providing IT professionals secondment and recruitment services in place of sales of the customer relationship management solutions for its customers. The Group grabs the opportunity to offer Fintech resources services to its customers for their business needs with our quality and cost effective services.

Prospects

The Group will continue to cautiously monitor the business environment and continue to strength the competitiveness in the markets, the Group will further focus on our core business and technology development with product functionality improvement and expansion in the service areas we offer to the customers. Recent year HKEX has launched Shanghai and Hong Kong Stock Connect and Shenzhen and Hong Kong Stock Connect, also implemented several system upgrades to its trading platform including Orion Central Gateway ("OCG"), Orion Market Data Platform ("OMD") and OTP-C upgrades. We believe our product and services is technologically competitive and our business shall be benefited from the aggressive technology enhancement by HKEX and increased number of new market participant in the Hong Kong brokerage industry.

To further extend our arm of business, the Group has engaged in Fintech resources service market by provided experienced and knowledgeable Fintech professionals by secondment and recruitment services to our customers. This new services not only diversified our business line but also providing a more comprehensive services to customers to cover a wider range of Fintech products customization or consultancy services beyond our OCTOSTP financial solutions.

To channel our resources to the new business development area of high growth solutions will continue to be one of the top priorities of the Group for 2018. The Group will place more resources in sourcing advanced financial solutions or services from potential partners to fulfil our customer needs and market demand. It is the belief of the directors that the Group has a well-diversified product and service range, which maintains its market competitiveness and it is well equipped to face future challenges.

We target to strive for a better diversified business line by seeking new business 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 solutions products, for the continuous business growth of the Group. We believe that the Group has solidified its foundation by refining its operations during the Year. This more efficient infrastructure will point the Group above its competition and towards a long-term profitable business model.



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

As at 28 February 2018, 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 2018, 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 2018, 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	177,793,941	59.05%
Pacific East Limited	Beneficial owner	Corporate	16,450,838	5.46%
DGM Trust Corporation <i>(/Note)</i>	Trustee	Corporate	194,244,779	64.51%



Note:

DGM Trust Corporation is the trustee of The City Place Trust which owns Maximizer International Limited, which holds 59.05% 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. 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 2018, 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 2018 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 2018, 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, 11 April 2018