

abcmultiactive
abc Multiactive Limited

辰 罡 科 技 有 限 公 司 *

(incorporated in Bermuda with limited liability)

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET
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(THE "STOCK EXCHANGE")**

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The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, 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 for the purpose of giving information with regard to abc Multiactive Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

Turnover for the six months ended 31st May 2001 amounted to approximately HK\$18,479,000.

Loss for the six months ended 31st May 2001 amounted to approximately HK\$35,713,000.

The Board does not recommend the payment of an interim dividend for the six months ended 31st May 2001.

INTERIM RESULTS

The board of directors (the “Board”) of abc Multiactive Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and the six months ended 31st May 2001:

	For the three months ended 31st May 2001	For the six months ended 31st May 2001	For the period from 2nd March 2000 (date of incorporation) to 31st May 2000
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover			
Sales of computer hardware	2,883	3,926	127
Sales of computer software and provision of related services	5,593	11,895	1,383
Provision of maintenance services	1,315	2,658	1,382
Cost of sales	<u>(6,387)</u>	<u>(9,590)</u>	<u>(1,670)</u>
Gross profit	3,404	8,889	1,222
Other revenue	291	526	199
Software research and development expenses	(3,060)	(5,452)	(1,576)
Royalty expenses	—	(9)	—
Selling and marketing expenses	(4,113)	(8,070)	(526)
Administrative expenses	(13,659)	(23,634)	(3,107)
Amortisation of goodwill arising from acquisition of a subsidiary	(3,045)	(6,090)	(3,045)

		For the three months ended 31st May 2001	For the six months ended 31st May 2001	For the period from 2nd March 2000 (date of incorporation) to 31st May 2000
	Note	HK\$'000	HK\$'000	HK\$'000
Amortisation of intellectual properties		(1,299)	(1,732)	—
Operating loss		(21,481)	(35,572)	(6,833)
Finance costs		(2)	(141)	—
Net loss		<u>(21,483)</u>	<u>(35,713)</u>	<u>(6,833)</u>
Basic loss per share (Note)		<u>HK cents (1.34)</u>	<u>HK cents (2.41)</u>	<u>HK cents (0.71)</u>

Notes:

1. Group reorganisation and basis of presentation

- (a) The Company was incorporated in Bermuda on 2nd March 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda.
- (b) Pursuant to a group reorganisation (the “Reorganisation”) which took place on 22nd January 2001 to rationalise the Group structure in preparation for the listing of the Company’s shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM”), the Company became the holding company of the Group. The Company’s shares were listed on the GEM on 31st January 2001. The Reorganisation was effected as follows:
 - (i) On 16th December 2000, two shares of S\$1.00 each of Multiactive Software (S) Pte Ltd (“MSSL”) were transferred by Multiactive Software Pty Limited (“MSPL”), a wholly owned subsidiary of Multiactive Software Inc. to the Company for a consideration of S\$2.00.
 - (ii) On 22nd January 2001, pursuant to a director’s resolution, MSPL allotted and issued 99,988 shares of AUD\$1.00 each to the Company for a consideration of AUD\$99,988.

The unaudited consolidated profit and loss accounts of the Group for the three months and six months ended 31st May 2001 and the period from 2nd March 2000 (date of incorporation) to 31st May 2000, have been prepared using the acquisition accounting in accordance with Statement of Standard Accounting Practice No. 27 “Accounting for

Group reconstructions”. In applying acquisition accounting, the results of subsidiaries acquired during the periods are included in the consolidated profit and loss accounts from the date of their acquisition. All material intercompany transactions and balances are eliminated on consolidation.

2. Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group had no estimated assessable profits during the period.

No profits tax was provided for the Company and its subsidiaries operating outside Hong Kong as they were in a tax loss position.

The potential deferred tax asset in respect of tax losses available carried forward and other timing differences as at 31st May 2001 has not been recognized as the crystallization of the asset in the foreseeable future is uncertain.

3. Loss per share

The calculation of the basic loss per share for the three months and six months ended 31st May 2001 is based on the net loss of approximately HK\$21,483,000 and HK\$35,713,000 respectively and the weighted average number of 1,605,909,668 and 1,483,584,780 ordinary shares in issue during the periods respectively adjusted for the Company’s shares consolidation on 2nd January 2001 detailed in last year annual report and the Company’s shares subdivision on 15th June 2001 as detailed on page 16.

The calculation of the basic loss per share for the period from 2nd March 2000 (date of incorporation) to 31st May 2000 is based on the net loss of approximately HK\$6,833,000 and the weighted average number of 955,884,565 adjusted for the Company’s shares consolidation on 2nd January 2001 detailed in last year annual report and the Company’s shares subdivision on 15th June 2001 as detailed on page 16.

Diluted loss per share were not presented as there was no dilutive potential ordinary shares in existence during the periods.

4. Movement of Reserves

	<i>HK\$'000</i>
Balance as at 1st December 2000	58,898
Premium on issue of shares	80,874
Share issuing expenses	(17,450)
Exchange differences	206
Elimination of goodwill arising from group reorganization	(25,279)
Loss for the period	<u>(14,230)</u>
 Balance as at 28th February 2001	 <u>83,019</u>
 Exchange differences	 1,308
Loss for the period	<u>(21,483)</u>
Balance as at 31st May 2001	<u>62,844</u>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31st May 2001.

SUPPLEMENTAL FINANCIAL INFORMATION

As mentioned above, the Reorganisation was not completed until 22nd January 2001. The directors of the Company (the “Directors”) consider that it is appropriate to provide additional financial information to the shareholders of the Company by presenting the pro forma combined profit and loss account for the three months and six months ended 31st May 2001 and the corresponding periods in 2000 to facilitate comparison of the results of the Group prepared on a basis consistent with that presented in the accountant’s report in Appendix I to the prospectus of the Company dated 22nd January 2001 (the “Prospectus”). The unaudited pro forma combined profit and loss account below is prepared on a combined basis as if the current group structure had been in existence throughout the reporting periods, except for abc Multiactive (Hong Kong) Limited (“abc HK”) which was acquired by the Company with effect from 1st March 2000 for cash and other considerations. The results of abc HK were consolidated by the Company with effect from 1st March 2000.

Unaudited pro forma combined results of the Group

	For the three months ended 31st May		For the six months ended 31st May	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Turnover				
Sales of computer hardware	2,883	127	3,926	127
Sales of computer software and provision of related services	5,593	3,302	12,389	5,388
Provision of maintenance services	1,315	1,446	2,667	1,522
Cost of sales	(6,387)	(1,743)	(10,068)	(1,838)
Gross profit	3,404	3,132	8,914	5,199
Other revenue	291	360	558	436
Software research and development expenses	(3,060)	(1,576)	(5,452)	(1,576)
Royalty expenses	—	(518)	(196)	(1,218)
Selling and marketing expenses	(4,113)	(2,655)	(9,189)	(4,268)
Administrative expenses	(13,659)	(5,080)	(23,188)	(7,114)
Amortisation of goodwill arising from acquisition of a subsidiary	(3,045)	(3,045)	(6,090)	(3,045)
Amortisation of intellectual properties	(1,299)	—	(1,732)	—
Operating loss	(21,481)	(9,382)	(36,375)	(11,586)
Finance costs	(2)	(79)	(141)	(98)
Net loss	(21,483)	(9,461)	(36,516)	(11,684)
Basic loss per share (<i>Note</i>)	<u>HK cents(1.34)</u>	<u>HK cents(0.68)</u>	<u>HK cents(2.46)</u>	<u>HK cents(0.85)</u>

Note:

The calculation of the basic pro forma combined loss per share for the three months and six months ended 31st May 2001 is based on the net loss of approximately HK\$21,483,000 and HK\$36,516,000 respectively and the weighted average number of 1,605,909,668 and 1,483,584,780 shares in issue during the periods respectively adjusted for the Company's shares consolidation on 2nd January 2001 detailed in last year annual report and the Company's shares subdivision on 15th June 2001 as detailed on page 16.

The calculation of the basic pro forma loss per share for the three months and six months ended 31st May 2000 is based on the net loss attributable to the shareholders of approximately HK\$9,461,000 and HK\$11,684,000 respectively and on the assumption 1,381,739,000 shares (the number of shares of the Company in issue at the date of the Prospectus right before the placing and the shares issued in connection with private placements adjusted for the Company's shares consolidation on 2nd January 2001 detailed in last year annual report and the Company's shares subdivision on 15th June 2001 as detailed on page 16) deemed to be in issue throughout the three months and six months ended 31st May 2000.

Diluted pro forma combined loss per share for the three months and six months ended 31st May 2001 and the three months and six months ended 31st May 2000 were not presented as there was no dilutive potential ordinary shares in existence during the periods.

BUSINESS REVIEW AND PROSPECTS

Business review of the Group

Summary of unaudited consolidated results

	For the six months ended 31st May 2001 HK\$'000	For the period from 2nd March 2001 (date of incorporation) to 31st May 2000 HK\$'000
Turnover	18,479	2,892
Loss before interest, tax, depreciation, and amortisation	(26,468)	(3,292)
Loss for the period	(35,713)	(6,833)

The Group recorded turnover of approximately HK\$18,479,000 for the six months ended 31st May 2001. The growth in sales revenues can be attributed to the increase in demand for the Group's e-finance products and the addition of MSPL and MSSL into the Group. In addition, the Group's research and development team also contributed to the growth in sales through the release of the standard version of Octo STP on 1st April 2001 which accelerated the product delivery and shortened the sales cycle to the Group's customers.

During the period, the Group experienced growing demand for its award winning e-business products, Entice!. A major milestone was achieved when the Group beat out five solution providers to win the contract for the beer company, Heineken. Heineken will use the Group's mobile technology

combined with window CE to integrate Entice! and Heineken's backend system. The Group has also been contracted to provide a full e-business suite to a company specializing in manufacturing for the space, aeronautical and military industries. This contract is another strategic milestone for the Group as it involves the integration of ACCPAC, a popular accounting software system, with the Group's e-business software.

Business review of the pro forma combined Group

Summary of unaudited pro forma combined results

	For the six months ended 31st May 2001 HK\$'000	For the period from 2nd March 2001 (date of incorporation) to 31st May 2001 HK\$'000
Turnover	18,982	7,037
Loss before interest, tax, depreciation, and amortisation	(27,161)	(7,826)
Loss for the period	(36,515)	(11,684)

The Group recorded turnover of approximately HK\$18,982,000 for the six months ended 31st May 2001, a 170% increase from HK\$7,037,000 for the same period of the previous year. The increase in total revenues can be attributed to the increase in demand for the Group's e-finance products and steady growth in demand of the Group's e-business products.

During the period, the Group was able to capitalize on several key relationships built over the past six months:

The Group signed its first major distributor in India. The distributor, Datapro, is one of the top distribution companies in India with over 1250 resellers in its distribution network. The distribution agreement allows Datapro to sell Maximizer, Maximizer Enterprise and ecBuilder throughout India. Datapro has also agreed to assist the Group to expand its Entice! sales channel by recruiting up to 40 companies that have the capability of supporting the Entice! product line. The signing of Datapro ensures that the Group's products will be supported by a recognized value added reseller which is key to building market demand and allows the Group to extend its reach into the Indian nation.

During this period, the Group signed a memorandum of understanding with a Japanese company to form a joint venture company in Japan for the purposes of selling and distributing the Group’s e-business product, Entice!. According to marketing survey firm, International Data Corporation, Japan is much quicker to embrace new technology than other countries in the Asia Pacific region. Japanese businesses have more experience with e-commerce at this point in time and will increase their lead over their regional neighbors in the next five year. The set-up of the Japanese joint venture company will help facilitate the entry of the Company into the largest e-commerce market of the Asia Pacific region.

Prospects

The Group has already established an extensive distribution network that covers Australia, New Zealand, Malaysia, India, Indonesia, Korea, Singapore, and Hong Kong. The Group will continue to look for opportunities to cooperate with new technology and distribution partners which will expand the Group’s business operations in the Asia Pacific region.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL PROGRESS

The following is a summary of the actual progress of the Group compared with the business objectives set out in the Prospectus for the period from 15th January 2001 to 31st May 2001 (the “Review Period”).

Business objectives for the Review Period as set out in the Prospectus	Actual progress in the Review Period
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Infrastructure

Continue to refine internal operating structure including organizational structure and reporting lines for each department.	The Group is currently reviewing and refining the internal operating structure of each department of its regional offices.
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Recruit additional personnel (including managerial, sales, and marketing) for the head office and regional offices (principally Singapore and Australia) as appropriate. Recruit additional personnel in the research and development team to cope with increased development activities as appropriate. Anticipated increase is as follows:

	Approx %
Sales and marketing	68.0
Others	13.0

Establish Singapore office as the western regional hub to support the expansion into nearby territories including countries such as Indonesia and Malaysia.

Examine the viability of expanding abc Multiactive’s operation in Japan, Korea, and the PRC

The Group feels that it will take time to find the best possible personnel in order to expand the business progressively. During the Review Period, staff growth rates are as follows:

	Approx%
Sales and marketing	4.8
Others	3.6

The Group had established the Singapore office as the western regional hub by recruiting additional sales staff and relocating the Singapore regional office to accommodate the growth in operations.

The Group had established a new branch office in Shanghai and sales activities commenced in May. The Group had signed a memorandum of understanding (“MOU”) to form a joint venture company to sell Entice! in Japan and is reviewing the appointment of distributors in Japan and Korea to expand the Group’s operations in these areas.

Incorporate additional marketing materials (such as FLASH animation presentation and return on investment analysis) on the website if appropriate. Continue to redesign and fine tuning of the abc Multiactive's website to promote products and services.

Begin negotiation with outsourcing partners in China, Taiwan and other countries as appropriate.

Continue to seek out suitable outsourcing partners for the purpose of localization of abc Multiactive's software's products.

Marketing sales and business development

Commence formal marketing for localized version of ecBuilder in Japan and Korea.

Establish sales and business development team in China and Taiwan if appropriate. Continue to explore the viability of establishing sales and business development team for m-commerce/e-business and e-finance products for the rest of the Asian countries.

The Group had completed FLASH presentations to be used by the sales and marketing staff. The Group is still in the initial stages of developing a return on investment presentation. In addition, the Group's website has been redesigned with FLASH media to attract customers to the Group's products and services.

The Group had commenced outsourcing the localization with partners in China.

The Group is reviewing the appointment of additional partners in Japan and Korea for the localization of its products.

The Group is in advanced negotiations for the distribution of the localised version of ecBuilder in Korea. Initial negotiations have also commenced for the distribution of the localized version of ecBuilder in Japan.

The Group had established a branch office in Shanghai with a sales and business development team of 6 personnal which had commenced sales activitites in May. The Group is also reviewing the appointment of distributors in Japan, Korea, China, Taiwan, Hong Kong, Australia, and Singapore.

During the Review Period, the Group also opened an additional branch office in Sydney, Australia.

Begin marketing effort to create brand awareness of abc Multiactive's products in the Asia Pacific region. Target market include, but not limited to, Hong Kong, Singapore, Australia, and Japan as appropriate. Initial focus will be on organization of seminars to promote abc Multiactive's products and participation in trade shows.

Appoint distributors in Japan, Korea, China, Taiwan, Hong Kong, Australia, and Singapore as appropriate. Continue to seek out distributors for e-business and e-finance products in the region.

Enter into bundling agreements with hardware manufacturers if appropriate. Continue to seek out partnerships with hardware manufacturers for bundling abc Multiactive's products.

Intensify marketing campaign for the e-finance products, including Internet trading engine to securities brokerage firms in connection with AMS/3.

Continue to market e-training product to Hong Kong banking industry. Begin to explore the possibility of modifying the e-training banking courseware to suit other industries such as insurance and other industries.

In Hong Kong, the Group's marketing activities is focused on organising seminars to brokerage firms in financial trade shows. The Group had also held e-business seminars and built a demonstration room at its head office to exhibit the benefits of its CRM software. In Singapore and Australia, the Group's marketing activities is focusing on e-business and CRM trade shows.

The Group appointed one distributor in India, signed a MOU to form a joint venture company in Japan and is reviewing the appointment of distributors in Korea, China, Taiwan, Hong Kong, Australia, and Singapore.

The Group is in initial negotiations for a bundling agreement with a software developer for the localized version of ecBuilder in Japan.

The Group conducted weekly seminars in Hong Kong to market its AMS/3 compatible Octo STP products to brokerage firms.

The Group was granted another e-training banking contract and signed a MOU to collaborate with the University of British Columbia to offer on-line marketing course to students in Hong Kong.

Continue to seek out partnerships for bundling or original equipment manufacturing opportunities.

Products Development

Begin formal introduction/marketing of the localized version of ecBuilder (both simplified and traditional characters) in Hong Kong, China, and/or Taiwan as appropriate. Commence preparation work on the release of Korean and other Asian language version of ecBuilder as appropriate.

Begin formal establishment of the interaction multimedia division as appropriate.

Complete localization of ecBuilder for Japan and Korea through joint venture partners.

Complete localisation of the Chinese version of Entice!.

Commence localisation of Entice! for Japan and Korea as appropriate.

The Group is in initial negotiations for a bundling agreement for the localized version of ecBuilder in Japan.

The Group had commenced marketing the localised version of ecBuilder in Hong Kong. The Group is also currently evaluating joint venture partners for the localization of ecBuilder in Korea and Japan.

The Group had formed an interactive multimedia division to provide multimedia solutions its customers.

The Group is currently evaluating joint venture partners for the localization of ecBuilder in Korea and Japan.

The Group had released the simplified and traditional characters version of Entice during the Review Period.

The Group had successfully tested double-byte enablement of the Korean version of Entice! and is currently working on the user interface. The Group is also currently evaluating joint venture partners for the localisation of ecBuilder in Japan and to complete the localisation of ecBuilder in Korea. The Group also signed a MOU to form a joint venture company for the localization and sales distribution of Entice! in Japan.

Development work of e-bidding engine to be completed. Source code will be productized and will be added to the list of software solutions offered by abc Multiactive.

Complete development of Pan Asian Internet trading engine in Octofront.

Continue to refine and develop additional contents for its e-training packages for banks.

Continue development of Octofront and Octoback multiplatform version 2.

Begin research of integrating Entice! (including its CRM functionalities) into a e-finance software -Octofront.

Strategic Investment and Partnership

Begin to locate suitable joint venture partners for e-finance products in China.

Development work had been completed in December 2000. The Group has already received an order from a customer in Korea and is currently working on localizing the product.

The Group is negotiating with joint venture partners to assist in the development of a multi-market version of Octofront.

The Group researched various multimedia techniques to add to its ensemble of features for its e-training packages.

The Group plans to release version 2 of Octofront and Octoback multiplatform by 2002. In addition, the Group completed development of Octo STP during the Review Period.

The Group had commenced feasibility study on the integration of its CRM product and e-finance software. In addition, the Group commenced development of a PDA application for its Entice! software.

The Group is beginning to locate joint venture partners for its e-finance products in China through its Shanghai branch office.

USE OF PROCEEDS

The Company obtained net proceeds, after deducting related expenses, of approximately HK\$40 million from the new issue of shares by way of placing. During the period from 31st January 2001 (date of listing) to 31st May 2001, the Group has applied the net proceeds as follows:

		Amount extracted from the prospectus dated 22nd January 2001	Actual amount used up to 31st May 2001
	<i>Note</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Expenditure in relation to technology investments, research and development of new products, and localisation of existing products for the Asia Pacific region.	1	5	7.87
Regional promotion, advertising and marketing activities	2	2.5	2.22
Expansion of sales infrastructure and the capacity of the implementation and consulting services group including setup of offices for distribution and sales in different countries in the region.	3	5	6.5
Strategic acquisitions and investments	4	5	0
Working capital purposes	5	<u>5</u>	<u>12.63</u>
Total		<u>22.5</u>	<u>29.22</u>

The remaining net proceeds as at 31st May 2001 of approximately HK\$10.7 million have been placed on short term deposits with banks.

Notes:

1. The excess utilization is attributed to the accelerated development of the Group's Octo and Entice modules as stipulated in the business objectives of the Group for the period from 1st June to 30th November 2001. In April 2001, the Group completed development of the standard version of Octo STP. During the Review Period, the Group commenced development of a PDA application that is compatible with its Entice! product and was completed in June 2001.
2. The amount had been applied for such intended purpose during the Review Period.
3. The excess utilization is attributed to the Group's decision to accelerate its entry into the PRC market by opening a branch office in Shanghai, to open an additional branch office in Sydney, Australia, and also to expand its Singapore operations.
4. The Group had originally planned to acquire a PDA technology that could complement its existing products. However, the Group could not able to locate any suitable technology partners. The Group decided to develop such technology by itself. As a result, HK\$1.73 million was reallocated to the development of PDA technology and the balance of HK\$3.3 million was used as general working capital.
5. The excess utilization is attributable to (i) the unexpected severance cost of HK\$2.4 million resulted from the refining of internal operating structure during the Review Period and (ii) additional working capital in the amount of HK\$5.23 million was added to the working capital of the Group due to the delay of the launch of AMS/3 by the Stock Exchange which affected the delivery of e-finance products provided by the Group.

The Directors had carefully evaluated the requirements of the Group and consider that the decision to accelerate its business plan during the Review Period was in the best interest of the shareholders and will have no material effects on the business plan of the Group. The Directors currently anticipate that the available cash resources and the anticipated cash to be generated from its operations, combined with the remaining net proceeds from the Placing, should be sufficient to meet the presently anticipated working capital requirements of the Company.

SHARE SUBDIVISION

An ordinary resolution approving the subdivision of the issued and unissued shares of HK\$0.04 each into four shares of HK\$0.01 each in the share capital of the Company was duly passed at the special general meeting of the Company held on 14th June 2001.

DIRECTORS AND CHIEF EXECUTIVES' INTEREST IN THE EQUITY SECURITIES

As at 31st May 2001, the interests of the Directors and chief executives and their respective associates in the share capital of the Company and its associated corporations as recorded in the registrar required to be kept by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance (the “SDI Ordinance”) or which required, pursuant to rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) were as follows:

a) Shares in the Company

Name of Directors	Personal Interests	Number of ordinary shares			Total
		Family Interests	Corporate Interests		
Mr. Anthony Wai Hung Au	Nil	Nil	125,000,000 ⁽¹⁾		125,000,000
Mr. Kau Mo Hui	Nil	250,000,000 ⁽²⁾	Nil		250,000,000

Notes

- These shares are held by Asian 2000 Limited which is owned as to 60% by Mr. Anthony Wai Hung Au and as to 40% by his spouse, Mrs. Greta May Yoke Au Chui. The interest held by Mrs. Greta May Yoke Chui is deemed to be part of the interest of Mr. Anthony Wai Hung Au.
- These shares are held by Pacific East Limited which is wholly owned by The City Place Trust. The City Place Trust is a discretionary trust and its beneficiaries are Mr. Chi Yung Hui and Mrs. Chu Yuen Lam. Mr. Chi Yung Hui and Mrs. Chu Yuen Lam are, respectively, the son and spouse of Mr. Kau Mo Hui. The interest held by Mr. Chi Yung Hui and Mrs. Chu Yuen Lam are deemed to be part of the interest of Mr. Kau Mo Hui.

b) Associated Corporations

Shares in Multiactive Software Inc

Name of Directors	Personal interests	Number of common shares		Total
		Family interests	Corporate interests	
Mr. Terence Chi Yan Hui	2,237,153	Nil	Nil	2,237,153
Mr. Anthony Wai Hung Au	Nil	Nil	1,362,524 ⁽¹⁾	1,362,524
Mr. Joseph Chi Ho Hui	17,295	10,000 ⁽²⁾	Nil	27,295
Mr. Kau Mo Hui	70,000	40,949,625 ⁽³⁾	Nil	41,019,625

Notes

1. These shares are held by Asian 2000 Limited. Asian 2000 Limited is owned as to 60% by Mr. Anthony Wai Hung Au and as to 40% by his spouse, Mrs. Greta May Yoke Au Chui. The interest held by Mrs. Greta May Yoke Au Chui is deemed to be part of the interest of Mr. Anthony Wai Hung Au.
2. These shares are held by Mr. Joseph Chi Ho Hui's spouse, Mrs. Susanna Chow. The interest held by Mrs. Susanna Chow is deemed to be part of the interest of Mr. Joseph Chi Ho Hui.
3. These shares are held by The City Place Trust and Multiactive Technologies Partnership:

The City Place Trust holds 36,475,319 shares of Multiactive Software Inc representing approximately 59% of the issued share capital of Multiactive Software Inc. The City Place Trust is a discretionary trust and its beneficiaries are Mr. Chi Yung Hui and Mrs. Chu Yuen Lam. Mr. Chi Yung Hui and Mrs. Chu Yuen Lam are, respectively, the son and spouse of Mr. Kau Mo Hui. The interest held by Mr. Chi Yung Hui and Mr. Chu Yuen Lam are deemed to be part of the interest of Mr. Kau Mo Hui.

Multiactive Technologies Partnership holds 4,474,306 shares of Multiactive Software Inc representing approximately 7.2% of the issued share capital of Multiactive Software Inc. The interest in Multiactive Technologies Partnership is owned as to 1% by Multiactive Technologies Inc, a company controlled by Mr. Terence Chi Yan Hui and 99% by Adex Enterprises Inc, a company controlled by Mrs. Chu Yuen Lam. Mr. Terence Chi Yan Hui and Mrs. Chu Yuen Lam are, respectively, the son and spouse of Mr. Kau Mo Hui. The interest held by Mrs. Chu Yuen Lam are deemed to be part of the interest of Mr. Kau Mo Hui.

Save as disclosed above, none of the Directors, chief executive, or their respective associates had, as at 31st May 2001, any interests in the equity securities of the Company or its associated corporations as recorded in the registrar required to be kept under Section 29 of the SDI Ordinance or which, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under a share option scheme approved by the shareholders of the Company on 22nd January 2001 (the "Share Option Scheme"), the Board may offer to grant options to any full time employee including any executive director of the Group who spends not less than 25 hours per week in providing services to the Group. As at 31st May 2001, the number of options granted by the Company to the Directors and chief executive in consideration of HK\$1.00 are as follows:

Name of Director	Number of options	Date of grant	Exercise price
Mr. Terence Chi Yan Hui	4,800,000	17th April 2001	HK\$.3625
	480,000	28th May 2001	HK\$.4675
Mr. Anthony Wai Hung Au	4,800,000	17th April 2001	HK\$.3625
	480,000	28th May 2001	HK\$.4675

Apart from the above directors and chief executives, the Company granted options on 17th April 2001 to 118 employees to purchase 52,104,787 shares of the Company at the exercise price of HK\$0.3625 per share. These options are exercisable in the period from 17th April 2002 to 17th April 2011. During the period, none of these options have been exercised.

The Company also granted options on 26th May 2001 to 102 employees to purchase 6,005,660 shares of the Company at the exercise price of HK\$0.4675 per share. These options are exercisable in the period from 26th May 2002 to 26th May 2011. During the period, none of these options have been exercised.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the directors of the Company or chief executives, their respective spouse, or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

Pursuant to a joint development agreement (the “Joint Development Agreement”) dated 22nd January 2001, entered into between Multiactive Software Inc (“MSI”), the Company’s ultimate holding company, and the Company, MSI and the Company granted each other reciprocal rights to participate in further development of the software called Entice!, Maximizer, Maximizer Enterprise, ecBuilder and their respective product lines (the “Assigned Software”) and in the development of new software titles.

On 26th May 2001, the Company exercised its option under the Joint Development Agreement to participate in the development of Entice! 3.0. The cost of such participation was CAD\$160,000 or approximately HK\$800,000.

The above transaction falls within rule 20.23 of the GEM Listing Rules as the total consideration is less than the higher of (a) HK\$1,000,000 or (b) 0.03% of the consolidated net tangible assets of the Company. Such transaction is therefore exempted from the reporting, announcement and shareholders’ approval requirements of Chapter 20 of the GEM Listing Rules.

The independent non-executive Directors have reviewed the above connected transaction and confirmed that at the time of the transaction, it was carried out under normal commercial terms, in the ordinary course of business of the Group and on an arm’s length basis, and are fair and reasonable insofar as the shareholders of the Company are concerned.

Save as disclosed above, there were no transactions which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 31st May 2001, the register of substantial shareholders required to be kept under Section 16(1) of the SDI Ordinance showed that the Company has been notified of the following interests, being 10% or more of the issued share capital of the Company.

Name of shareholder	Number of ordinary shares	Percentage of issued share capital
Multiactive International Limited	905,344,000	56.38%
Pacific East Limited	250,000,000	15.57%

Save as disclosed above, no other person was recorded in the register as having an interest in shares representing 10% or more of the issued share capital of the Company as at 31st May 2001.

COMPETING INTERESTS

Set out below is information disclosed pursuant to rule 11.04 of the GEM Listing Rules:

Mr. Terence Chi Yan Hui, Chairman and an executive director of the Company, is also the chairman of MSI. MSI is engaged in the business of the design and development of e-business and CRM software, and has operations in North America, Europe, and South America. MSI and the Group share the same product lines including, Entice!, Maximizer, Maximizer Enterprise, ecBuilder and their respective product lines. The Directors believe that the business of MSI, and possible future businesses conducted by Multiactive International Limited, which is a wholly owned subsidiary of MSI, 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 which include companies involved in technology investments and incubation. These companies include Branium.com, which is an online educational content provider that combines entertainment and curriculum-based education to primary and secondary schools; Multiactive Real Estate Inc., which delivers online listing technology and software services for the real estate industry; List Warehouse Inc, which supplies online marketing lists that are imported directly into marketing software for sales

prospecting activities; and CM Canada Mortgage Inc., which operates Canadamortgage.com which provides on-line mortgage shopping and processing. The Directors believe that these businesses may, in some respects, compete with the business of the Group.

Save as disclosed above, none of the Directors or the initial management shareholders is interested in any business that competes with or is likely to compete with the business of the Group.

SPONSOR'S INTEREST

As at 31st May 2001, neither BNP Paribas Peregrine Capital Limited (the "Sponsor") nor its directors or employees or associates, had any interests in the securities of the Company or any member of the Group or any rights to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

Pursuant to the agreement dated 22nd January 2001, entered into between the Company and the Sponsor, the Sponsor has received usual sponsorship fees for acting as the Company's retained sponsor for the period from 22nd January 2001 to 31st November 2003.

AUDIT COMMITTEE

An audit committee was established on 22nd January 2001. Written terms of reference which set out the authorities and duties of the audit committee were adopted by the Board on the same date. Its principal duties include the review and supervision of the Group's financial reporting processes and internal controls. The audit committee is composed of two independent non-executive Directors, namely Mr. Clifford Sau Man Ng and Mr. Ronald Kwok Fai Poon.

PURCHASE, SALE OR REDEMPTION LISTED SECURITIES

During the period from 31st January 2001 to 31st May 2001, 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
Anthony Wai Hung Au
Managing Director

Hong Kong 11th July 2001

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page and the website of the Company at www.abcmultiactive.com for 7 days from the day of its posting.

** For identification purpose only*