abcmultiactive

abc Multiactive Limited

辰罡科技有限公司*

(Incorporated in Bermuda with limited liability)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30TH NOVEMBER 2002

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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.

** For identification purposes only*

FINAL RESULTS

The board of directors (the "Board") of abc Multiactive Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30th November 2002, together with the comparative figures for the previous year as follows:

	Note	**2002**	2001
		HK$'000	*HK$'000*
			(restated)
Turnover	*2*	**25,668**	29,777
Cost of sales		**(11,929)**	(20,633)
Gross profit		**13,739**	9,144
Other revenues	*2*	**82**	525
Software research and development expenses		**(3,963)**	(7,645)
Royalty expenses		**(1,131)**	(298)
Selling and marketing expenses		**(5,218)**	(14,660)
Administrative expenses		**(18,787)**	(37,200)
Amortisation of intangible assets		**(7,883)**	(16,509)
Impairment of intangible assets		**(14,058)**	(54,178)
Operating loss	*3*	**(37,219)**	(120,821)
Finance costs	*4*	**(634)**	(173)
Loss before taxation		**(37,853)**	(120,994)
Taxation (charge)/credit	*5*	**(428)**	414
Loss for the year		**(38,281)**	(120,580)
		HK cents	*HK cents*
			(restated)
Basic loss per share	*7*	**(2.38)**	(7.80)

Notes:

1 Basis of presentation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). They are prepared under the historical cost convention.

During the year, the Group incurred a loss of approximately HK$38,281,000. At the balance sheet date, the Group's current liabilities exceeded its current assets by approximately HK$12,341,000 and the Group's shareholders' deficit amounted to approximately HK$21,465,000.

Notwithstanding the above results, the accounts have been prepared on a going concern basis, the validity of which is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when they fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements. Subsequent to 30th November 2002, a shareholder of the Company, Pacific East Limited, has confirmed that it will not demand repayment of its promissory note in the amount of HK$9,500,000 within twelve months from the balance sheet date and has agreed to extend the maturity date of the promissory note to 22nd May 2004. The ultimate holding company, Maximizer Software Inc., has also confirmed that it will not demand repayment of the amount due to it of approximately HK$2,225,000 within twelve months from the balance sheet date. Furthermore, a party connected to a non-executive director of the Company, Wickham Group Limited, has advanced approximately HK$5,134,000 to the Group by way of a promissory note due for repayment on 21st February 2004 and has agreed that it will not demand repayment of the promissory note until that date. The directors are confident that the Group's further operations will be successful and able to generate sufficient cash flows in order to meet its obligations as they fall due over the next twelve months. Accordingly, the directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2001:

SSAP 9 (revised)	: Events after the balance sheet date
SSAP 26	: Segment reporting
SSAP 28	: Provisions, contingent liabilities and contingent assets
SSAP 29	: Intangible assets
SSAP 30	: Business combinations
SSAP 31	: Impairment of assets
SSAP 32	: Consolidated financial statements and accounting for investments in subsidiaries

The Group has also early adopted SSAP 1 (revised) "Presentation of financial statements" and SSAP 15 (revised) "Cash flow statements" which will be effective for accounting periods commencing on or after 1st January 2002.

The changes to the Group's accounting policies and the effects of adopting these new policies are set out below:

(i) With the introduction of SSAP 30, the Group has adopted the transitional provisions prescribed therein. Goodwill incurred on or after 1st December 2001 is capitalised in the balance sheet and is amortised to the profit and loss account on a straight-line basis over its estimated economic useful life. The Group has taken advantage of the transitional provision 1(a) in SSAP 30 and goodwill previously written off against reserves has not been restated. However, any impairment arising on such goodwill is accounted for in accordance with SSAP 31.

(ii) Under SSAP 31 and Interpretation No.13 "Goodwill - continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves", the carrying amount of goodwill (including goodwill that has previously been written off against reserves and not restated in accordance with the transitional provisions in SSAP 30) has to be reviewed periodically for any indication of impairment, and any impairment loss has to be recognised as an expense in the consolidated profit and loss account.

The comparative figure for the year ended 30th November 2001 has been restated to conform to the changed policy. Accordingly, goodwill amounting to HK$25,278,000 which was impaired in the year ended 30th November 2001 and previously written off against reserves, has been recognised by way of a prior year adjustment and the loss for the year ended 30th November 2001 of HK$95,302,000 has been increased by HK$25,278,000 and restated to a loss for the year of HK$120,580,000.

2 Turnover, revenues and segment information

The Group is principally engaged in the designing and sale of computer software and the provision of professional and maintenance services for such products. Revenues recognised during the year are as follows:

	2002	2001
	HK$'000	*HK$'000*
Turnover		
Sales of computer software licences and provision of related services	**18,214**	18,526
Provision of maintenance services	**5,254**	5,202
Sales of computer hardware	**2,200**	6,049
	25,668	29,777
Other revenues		
Bank interest income	**75**	525
Interest income from a debtor	**7**	—
	82	525
Total revenues	**25,750**	30,302

The Group's turnover, segment result, segment assets and capital expenditure for the year, analysed by geographical market, are as follows:

	2002			
	Turnover	**Segment result**	**Segment assets**	**Capital expenditure**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Hong Kong	17,329	(38,825)	4,946	398
Australia and New Zealand	7,659	(146)	2,451	28
Southeast Asia	680	690	186	—
	25,668	(38,281)	7,583	426

	2001			
	Turnover	Segment result	Segment assets	Capital expenditure
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	21,475	(104,150)	44,609	16,476
Australia and New Zealand	6,692	(9,465)	3,925	4,293
Southeast Asia	1,610	(6,965)	857	50
	29,777	(120,580)	49,391	20,819

There are no sales between the geographical segments. With effect from 1st April 2002, the Group has closed its operations in Singapore (Southeast Asia).

3 Operating loss

Operating loss is stated after crediting and charging the following:

	2002	2001
	HK$'000	*HK$'000*
		(restated)
Crediting		
Recovery of bad debts previously written off	**149**	—
Charging		
Auditors' remuneration	**328**	735
Bad debts written off	**210**	539
Provision for doubtful debts	**144**	1,757
Depreciation:		
Owned fixed assets	**2,817**	3,228
Leased fixed assets	**422**	523
Loss on disposals of fixed assets	**2,320**	—
Amortisation of intangible assets:		
Goodwill	**4,488**	12,180
Intellectual property rights	**3,395**	4,329
Impairment of intangible assets:		
Goodwill	**10,097**	50,278
Intellectual property rights	**3,961**	3,900
Operating leases in respect of land and buildings	**3,119**	5,158
Staff costs (excluding directors' remuneration)	**22,192**	39,650
Cost of computer hardware	**2,029**	5,556
Retirement benefit costs	**906**	2,083

4 Finance costs

	2002 *HK$'000*	2001 *HK$'000*
Interest on bank overdraft	**114**	13
Interest on promissory note	**508**	146
Interest element of finance leases	**12**	14
	634	173

5 Taxation

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit for the year (2001: Nil). The amount of taxation charge/(credit) to the consolidated profit and loss account represents:

	2002 *HK$'000*	2001 *HK$'000*
Overseas taxation *(note a)*	**428**	—
Overprovision in prior year *(note b)*	**—**	(414)
	428	(414)

(a) Overseas taxation is calculated at rates prevailing in the People's Republic of China, and represents tax charge on the operating expenses of a representative office in Shanghai, which has been closed during the year.

(b) The taxation credit in 2001 represented the overprovision of Hong Kong profits tax in the previous period.

The potential deferred tax asset of HK$19,083,000 (2001: HK$21,508,000) relating to tax losses available for carry forward and other timing differences as at 30th November 2002 has not been recognised as the crystallisation of the asset in the foreseeable future is uncertain.

6 Dividend

The Board does not recommend the payment of a final dividend for the year (2001: Nil).

7 Basic loss per share

The calculation of basic loss per share is based on the Group's loss for the year of HK$38,281,000 (2001: HK$120,580,000) and the weighted average of 1,605,909,668 and 1,545,585,064 ordinary shares in issue during the years ended 30th November 2002 and 2001, respectively, on the assumption that the consolidation and subdivision of shares of the Company had been completed on 1st December 2000.

No diluted loss per share has been presented as there was no dilutive potential ordinary share during the year.

8 Movement of reserves

	Share premium HK$'000	Contributed surplus HK$'000	Exchange difference HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 30th November 2000	41,936	37,600	—	(20,638)	58,898
Issue of ordinary shares	80,874	—	—	—	80,874
Share issue expenses	(16,692)	—	—	—	(16,692)
Elimination of goodwill arising from group reorganisation					
— As previously reported	—	—	—	(25,278)	(25,278)
— Effect of adopting SSAP 30 and SSAP 31 *(note 1)*	—	—	—	25,278	25,278
— As restated	—	—	—	—	—
Exchange difference	—	—	1,201	—	1,201
Loss for the year					
— As previously reported	—	—	—	(95,302)	(95,302)
— Effect of adopting SSAP 30 and SSAP 31 *(note 1)*	—	—	—	(25,278)	(25,278)
— As restated	—	—	—	(120,580)	(120,580)
As at 30th November 2001	106,118	37,600	1,201	(141,218)	3,701
Exchange difference	—	—	(2,944)	—	(2,944)
Loss for the year	—	—	—	(38,281)	(38,281)
As at 30th November 2002	106,118	37,600	(1,743)	(179,499)	(37,524)

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a turnover of approximately HK$25,668,000 for the year ended 30th November 2002, a 14% decrease from approximately HK$29,777,000 for the previous year. The decrease was mainly attributed to the decrease in sales of computer hardware during the current year. Of the total turnover amount, HK$10,425,000 or 41% was generated from software licence sales, HK$7,789,000 or 30% was generated from professional service income, HK$2,200,000 or 9% was generated from the sale of computer hardware goods, and HK$5,254,000 or 20% was generated from maintenance services. As at 30th November 2002, the Group had approximately HK$8,531,000 worth of contracts that were in progress. Completion of the majority of these contracts is scheduled to be in the second quarter of 2003. The operating loss before depreciation, amortisation and impairment for the year ended 30th November 2002 was HK$12,039,000, representing a 74% improvement over the corresponding figure of HK$46,383,000 in 2001. The loss attributable to shareholders for the year ended 30th November 2002 was HK$38,281,000, a 68% improvement over the previous year.

During the year, the Group continued to exercise prudent cost control measures by implementing staff cost and other expense reduction measures in its regional operations. Operating expenditures amounted to HK$27,968,000 for the year ended 30th November 2002, a 53% decrease from HK$59,505,000 for the previous year. The decrease was mainly attributed to the closure of the Group's Singapore and Shanghai operations during the second quarter.

During the year, the Group successfully negotiated the transfer of its operations in Sydney and Hong Kong to smaller office locations in order to further improve the Group's cost structure. The office transfer of the Hong Kong operations was completed at the end of August 2002 and the office transfer of the Sydney operations was completed in the middle of September 2002. As a direct result of the office transfers, the Group wrote off approximately HK$1,587,000 in fixed assets and incurred approximately HK$521,000 in removal expenses and penalty costs for the early termination of its existing lease agreements.

With the write-off of fixed assets from the closure of the Group's offices in Singapore and Shanghai and the transfer of the Group's operations in Sydney and Hong Kong, depreciation expenses decreased from approximately HK$3,751,000 for the year ended 30th November 2001 to approximately HK$3,239,000 in the current fiscal year.

During the year, the Group invested approximately HK$3,963,000 in developing new modules for its Octo Straight Through Processing ("STP") system and completing the upgrade development of its global trading application, Octo SPIDER.

Amortisation expenses amounted to HK$7,883,000 for the year ended 30th November 2002, a 52% decrease compared to the previous year. The decrease was principally attributed to the impairment of goodwill and intellectual property rights at the end of fiscal year 2001 resulting in a decrease in the value of intangible assets to be amortised.

For prudence, the Group has reviewed the carrying value of the goodwill arising from the acquisition of abc Multiactive (Hong Kong) Limited and, in light of the economic downturn and competition in the securities software industry, an impairment charge of HK$10,097,000 has been made in the year ended 30th November 2002. The Group has also reviewed the carrying value of the intellectual property rights acquired from Multiactive Software Inc. and, in light of the rapid changes in technology, an impairment charge of HK$3,961,000 has been made in the year ended 30 the November 2002.

As at 30th November 2002, a provision of approximately HK$1,950,000 was made for long outstanding trade receivables. The directors were uncertain whether the amount would ultimately be collected due to the sluggish economy and considered that it was prudent to make such a provision.

To create a more efficient infrastructure, management reduced the Group's headcount to 57 employees as at 30th November 2002. Total staff costs (excluding directors' remuneration) amounted to approximately HK$22,192,000 for the year ended 30th November 2002, a 44% decrease from approximately HK$39,650,000 for the previous year. The directors believe that the quality of its employees is the most important factor in sustaining the Group's growth and improving its profitability. Employees are remunerated according to their performance and work experience. In addition to basic salaries and retirement scheme, staff benefits include medical scheme, share options and performance bonus. Movements in the headcount and total staff costs of the Group during the year are illustrated in the table below:

	Q1	**Q2**	**Q3**	**Q4**
Headcount	79	73	69	57
Staff costs (inclusive of severance costs) *(in HK$'000)*	5,960	5,495	4,721	6,016
Severance costs *(in HK$'000)*	438	53	278	697

The Group operates a conservative set of treasury policies to ensure no unnecessary risks are taken with the Group's assets. No investments other than cash and other short-term deposits are currently permitted.

As at 30th November 2002, the Group had outstanding borrowings of approximately HK$2,225,000 representing a current account with the ultimate holding company which was unsecured and non-interest bearing and HK$9,500,000 representing a shareholder's loan from Pacific East Limited which was unsecured, interest bearing at the Hong Kong prime rate and maturing on 22nd May 2004.

Subsequent to the balance sheet date, Wickham Group Limited advanced approximately HK$5,134,000 to the Company in January and February 2003. Wickham Group Limited is wholly owned by Mr. Kau Mo Hui, who is the non-executive director of the Company. In consideration of the advance, the Company issued a promissory note to Wickham Group Limited on 21st February 2003. The promissory note is unsecured, bears interest at Hong Kong prime rate per annum and is repayable within one year from the date of receipt of funds by the Company. Wickham Group Limited has confirmed that it will not demand for repayment of the promissory note within twelve months from 21st February 2003.

During the year under review, Multiactive Software Pty. Limited ("abc Australia") placed itself under voluntary administration and appointed administrators on 28th June 2002 for the purpose of debt restructuring. Working together with the management of abc Australia, the administrators reviewed the books and records of abc Australia and prepared a deed of company arrangement setting out the rate of reduction in debts and a payment schedule for the approval of abc Australia's creditors. The creditors' meeting took place on 25th July 2002 and the creditors approved the execution of the deed of company arrangement for the reduction of abc Australia's debt to A$0.225 to the dollar and payment of this amount over twelve months from the date of execution of the deed of company arrangement. As a result, a charge of A$350,000 (HK$1,531,000) was created over the assets of abc Australia in respect of the deed of company arrangement in August 2002. Save as disclosed, the Group had not created any mortgage or charge during the year.

The Group expresses its gearing ratio as a percentage of bank borrowings and long term debts over total assets. As at 30th November 2002, the Group's gearing ratio was 1.55.

As a majority of the Group's monetary assets and liabilities are denominated in Hong Kong dollars, the exchange rate risks of the Group are considered to be minimal.

As at 30th November 2002, 17 employees had completed the required number of years of service under the Employment Ordinance (the "Ordinance") to be eligible for long service payments on termination of their employment with the Group. The Group is only liable to make such payments where termination meets the required circumstances specified in the Ordinance. As at 30th November 2002, the estimated contingent liabilities not provided for in the accounts for such purpose amounted to HK$1,296,000.

The Group has not held any significant investment for the year ended 30th November 2002.

During the second quarter of 2002, the Group had decided to close its Singapore operations and shift to a high volume, low cost distribution model as it was anticipated that the Singapore operations would not be able to generate positive cash flow to the Group in the foreseeable future. On 7th May 2002, the Company filed a petition to wind up abc Multiactive (Singapore) Pte. Limited ("abc Singapore"). On 21st June 2002, the High Court of the Republic of Singapore ordered that abc Singapore be wound up and the Official Receiver of Singapore was appointed on the same day to act as a liquidator on behalf of the Company. As at 21st June 2002, the total estimated realisable assets of abc Singapore amounted to S$3,000 (HK$13,000) and the total liabilities of abc Singapore amounted to S$1,667,000 (HK$7,360,000), of which S$1,473,000 (HK$6,503,000) represented intercompany loans from the Group. The Official Receiver is currently in the process of liaising with abc Singapore's debtors and realising deposits and stock.

As at 30th November 2002, the Group had no material capital commitments.

Save as disclosed, the Group made no material acquisitions or disposals during the year. As at 30th November 2002, the Group had no future plans for material investments or capital assets other than those stated in the section headed "Statement of Business Objectives" in the Company's prospectus dated 22nd January 2001 (the "Prospectus").

Operations Review

For the year ended 30th November 2002, e-Finance sales, excluding sales of hardware, decreased to HK$14,283,000, a 0.13% decrease compared to HK$14,302,000 for the previous year. During the year, the Group continued to enhance the features of its Octo STP system and focused on new sales and marketing schemes to increase sales. With the low turnover in the stock market this year coupled with the consolidation of the securities industry in Hong Kong, the Group has focused its resources in developing trading tools for first tier securities firms and devised a leasing scheme to enable smaller securities firms to enjoy a scaled down version of the Group's Octo STP system. In terms of scalability and extendibility, the Group's Octo STP product now has many different add-on modules to enable the Group to meet the changing needs of its extensive client base. To maintain its competitive edge, the Group has commenced development on the following new modules for its Octo STP product during the fourth quarter of 2002: unit trust module, program trading module, and finance customer relationship management ("CRM") module to provide dedicated news and investor services. During the year, the Group completed development and successfully implemented its Octo SPIDER product with a regional securities firm. In the fourth quarter of 2002, the Group solidified its year-long discussions with an Australian based company to facilitate local trading of global securities by signing an agreement to integrate the Group's Octo SPIDER application with a global network of securities firms and custodian houses.

For the year ended 30th November 2002, e-Business sales, excluding sales of hardware, decreased to HK$9,185,000, a 3% decrease compared to HK$9,426,000 for the previous year. During the year, the Group was able to successfully transition its e-Business operations from a direct selling model to a high volume, low cost distribution model and almost achieved operational profitability in its e-Business operations in Australia. The overall feedback from the Group's resellers and customers in the Asia Pacific region has been extremely positive during the year. In particular, the trend for the Group's Maximizer Enterprise sales have consistently been upwards each quarter and the directors believe that this trend will continue. In addition to effectively building its reseller network this year, the Group is also currently working together with its resellers to re-launch the Chinese version of Entice! and Maximizer in the China market in 2003.

Future Prospects

Operational efficiency and resilience will continue to be top priorities for the Group for 2003. In the coming year, the directors expect to be able to reap the benefits from its efforts in building its Asia Pacific reseller network during the 2002 fiscal year. With a more efficient infrastructure and a dedicated research and development focus on straight-through processing and information availability, the directors believe that the Group will be strongly positioned to grow when market conditions improve.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL PROGRESS

The following is a summary of the actual business progress of the Group compared with the business objectives set out in the Prospectus.

Business objectives for the period from 1st December 2001 to 31st May 2002	Actual progress
Infrastructure	
Recruit additional personnel (including managerial, sales and marketing and research and product development) for the head office and regional offices as appropriate. Anticipated increases are as follows: **Approx.%** Sales and marketing 14 Research and development 7 Others 15	In light of the current economic downturn, the Group temporarily froze its headcount and adopted a more conservative approach to develop alliances and strategic partnerships in order to minimise its operating expenditures.
Open additional branch offices if and when appropriate.	In light of the current economic downturn, the Group has temporarily set aside its plan of setting up regional offices in other parts of the Asia Pacific region. In order to minimise capital and operating expenditures, the Group closed its Singapore and Shanghai offices in the second quarter of 2002 and has opted to shift to a high volume, low cost distribution model. During the second quarter, the Group entered into an agreement with a reseller for the exclusive distribution rights for the Group's e-Business products in Singapore and Malaysia. The Group subsequently expanded its agreement with the Singapore reseller to include the non-exclusive distribution rights of the Group's e-Business products in Hong Kong and the Philippines. The Group is also in initial negotiations with the Singapore reseller to localise and distribute the e-Business products for the People's Republic of China (the "PRC") market.
Continue to examine the viability of expanding the Group's operation to other parts of the Asia Pacific region.	The Group expanded its agreement with its Singapore reseller to include the non-exclusive distribution rights of the Group's e-Business products in Hong Kong and the Philippines. The Group is also in discussions with various resellers for the possibility of distributing the Group's e-Business products in parts of the Greater China region.
Review, redesign and fine-tune the Group's website to promote its products and services as appropriate.	The Group is currently reviewing and planning the redesign of its corporate website.

Enter into outsourcing partnership arrangements in Korea and the Philippines if appropriate. Begin negotiations with outsourcing partners in other countries as appropriate. Continue to seek out suitable outsourcing partners in other countries in the region for the purpose of localisation of the Group's software products.

In light of the current depressed market conditions for e-Commerce software in the Asia Pacific region, the Group has decided to concentrate its resources on the English and Chinese speaking markets and temporarily suspend its objective to localise its software products for other countries in the region until market conditions improve.

Marketing, sales and business development

Expand the sales and business development team by approximately 10 members (both direct sales and indirect sales such as value added resellers and distributors) as appropriate.

In light of the current economic downturn, the Group has temporarily frozen the headcount of its business development team and shifted to a high volume, low cost distribution model. As at 30th November 2002, the Group had 85 resellers carrying the Group's products in the Asia Pacific region.

Continue marketing efforts to create brand awareness of the Group's products in the Asia Pacific region.

The Group actively participated in e-Business and CRM trade shows throughout the period in Hong Kong, Australia and Singapore. During the second quarter, the Group also entered into a strategic marketing agreement with a leading Internet portal company to provide a direct marketing service to deliver qualified prospects for its e-Business products through the Internet company's email marketing and telemarketing campaign for both Singapore and Malaysia. During the fourth quarter, the Singapore reseller entered into a marketing agreement with a leading manufacturer of business office machines to bundle the Group's Maximizer and Maximizer Enterprise products with the manufacturer's existing office products.

Appoint additional distributors in the PRC, Singapore, Malaysia, Hong Kong, Taiwan, India, the Philippines, Korea and Australia as appropriate. Continue to seek out distributors for the e-Business and e-Finance products in the region.

During the period, the Group was in discussions with various prospects for the distribution of its software products in the Asia Pacific region. During the second quarter, the Group entered into an agreement with a reseller for the exclusive distribution rights for the Group's e-Business products in Singapore and Malaysia. The Group subsequently expanded its agreement with the Singapore reseller to include the non-exclusive distribution rights of the Group's e-Business products in Hong Kong and the Philippines. The Group is also in initial negotiations with the Singapore reseller to localise and distribute the e-Business products for the PRC market.

Continue to market e-training products to Hong Kong banking industry. Develop sales strategy for the modified e-training courseware. Continue to explore the possibility of modifying the e-training banking courseware to suit other industries.

In light of the current economic downturn and reduced training/IT budgets of most firms in the banking industry, the Group has decided to temporarily suspend the refinement and development of additional contents of its e-training packages.

Continue to seek out partnerships with hardware manufacturers for bundling the Group's products such as ecBuilder.	During the second quarter, the Group had been working with a leading Internet company to introduce downloadable trial versions of Maximizer. During the fourth quarter, the Singapore reseller entered into a marketing agreement with a leading manufacturer of business office machines to bundle the Group's Maximizer and Maximizer Enterprise products with the manufacturer's existing office products.
Commence marketing of the application service provider ("ASP") application.	The Group had planned to release its ASP application by the end of 2001. However, due to lackluster demand coupled with the recent economic downturn, a decision has been made to temporarily suspend development of its ASP application until market conditions improve.
Products development	
Complete localisation of ecBuilder for Malaysia	In light of the current depressed market conditions for e-Commerce software in the Asia Pacific region, the Group has decided to temporarily suspend its objective to localise ecBuilder for the Malaysian market until market conditions improve.
Commence localisation of ecBuilder for Thailand	In light of the current depressed market conditions for e-Commerce software in the Asia Pacific region, the Group has decided to temporarily suspend its objective to localise ecBuilder for the Thailand market until market conditions improve.
Commence localisation of Entice! for India and the Philippines as appropriate	In light of the current depressed market conditions for e-Commerce software in the Asia Pacific region, the Group has decided to temporarily suspend its objective to localise Entice! for the Indian and the Philippines markets until market conditions improve. The Group is in initial discussions with an Indian reseller to localise and market the Indian version of Maximizer and Maximizer Enterprise in India.
Complete development and integration of Octo and Entice! modules	The Group has decided to temporarily suspend its objective to integrate its Octo and Entice! modules as the Octo trading system already has basic CRM functionalities which are sufficient for Octo users.
Continue to enhance the Pan Asia Internet trading application in Octofront with product market manager	During the fourth quarter, the Group signed an agreement with an Australian based company to integrate its Octo SPIDER application with a global network of first tier securities firms and custodian houses to facilitate local trading of global securities.

Continue development of version 3 of Octofront and Octoback multiplatform version as appropriate.	Following the release of Octo STP for the front and back offices, the Group has decided to cease any further development on Octofront and Octoback as the Octo STP system encompasses all the features of Octofront and Octoback and includes additional functions tailored for banks. The development work for version 2 of Octo STP Front was completed in the fourth quarter of 2002 and the plans are underway to expand the capability of the system to include program trading and other profit making features. The Group commenced the development of the institutional version of Octo STP in the third quarter of 2002 and it is expected that this version will be released in the second quarter of 2003. The institutional version will be designed to target first tier institutional securities firms. The Group had decided to suspend its objective to develop a multi-platform version of its e-Finance products due to the popularity of the Window's platform and the high investment cost of hardware required to operate other platforms.
Continue to refine and develop additional contents for e-training package for banks.	In light of the current economic downturn and reduced training/IT budgets of most firms in the banking industry, the Group has decided to temporarily suspend the refinement and additional contents of its e-training packages for banks.
Commence development of version 2 of the ASP application.	The Group had planned to release its ASP application by the end of 2001. However, due to lackluster demand coupled with the recent economic downturn, a decision has been made to temporarily suspend development of its ASP application until market conditions improve.

Strategic investment and partnership

Enter agreements with joint venture partners for e-Finance products in countries in the region as appropriate.	The Group had been in initial stages of negotiations for the appointment of business partners to sell its e-Finance products in Malaysia and Indonesia. However, negotiations have been temporarily suspended due to weak market conditions.

Business objectives	Actual progress
Continue to locate suitable joint venture partners for e-Finance products in other countries in the region as appropriate. Commence discussion with possible joint venture partners if suitable candidates located.	The Group is sourcing joint venture partners for its e-Finance products in the PRC through its network in Hong Kong. The Group had held initial discussions for joint venture opportunities with various software and hardware firms.
Continue to evaluate suitable technologies that can complement the Group's small to medium enterprise products. Commence negotiations for acquiring suitable technologies.	The Group has continually sourced for suitable acquisitions but so far has not been able to locate any complementary technologies.

Business objectives for the period from 1st June 2002 to 30th November 2002	**Actual progress**
Infrastructure	
Recruit additional personnel (including managerial, sales and marketing and research and product development) for the head office and regional offices as appropriate. Anticipated increases are as follows: **Approx.%** Sales and marketing: 19 Research and development: 6 Others: 7	In light of the current economic downturn, the Group temporarily froze its headcount and adopted a more conservative approach to develop alliances and strategic partnerships in order to minimise its operating expenditures.
Open additional branch offices if and when appropriate.	In light of the current economic downturn, the Group has temporarily set aside its plan of setting up regional offices in other parts of the Asia Pacific region. In order to minimise capital and operating expenditures, the Group closed its Singapore and Shanghai offices in the second quarter of 2002 and has opted to shift to a high volume, low cost distribution model. During the second quarter, the Group entered into an agreement with a reseller for the exclusive distribution rights for the Group's e-Business products in Singapore and Malaysia. The Group subsequently expanded its agreement with the Singapore reseller to include the non-exclusive distribution rights of the Group's e-Business products in Hong Kong and the Philippines. The Group is also in initial negotiations with the Singapore reseller to localise and distribute the e-Business products for the PRC market.

Continue to examine the viability of expanding the Group's operation to other parts of the Asia Pacific region.	The Group expanded its agreement with the Singapore reseller to include the non-exclusive distribution rights of the Group's e-Business products in Hong Kong and the Philippines. The Group is also in discussions with various resellers for the possibility of distributing the Group's e-Business products in parts of the Greater China region.
Continue to seek out suitable outsourcing partners in the region for the purpose of localisation of the Group's software products.	The Group has been working with a leading Internet company to introduce downloadable trial versions of Maximizer. During the fourth quarter, the Singapore reseller entered into a marketing agreement with a leading manufacturer of business office machines to bundle the Group's Maximizer and Maximizer Enterprise products with the manufacturer's existing office products.
Review, redesign, and fine-tune the Group's website to promote its products and services as appropriate.	The Group is currently reviewing and planning the redesign of its corporate website.

Marketing, sales and business development

Continue to expand the sales and business development team as appropriate.	In light of the current economic downturn, the Group has temporarily frozen the headcount of its sales and support team in favour of strategic alliances with resellers and consultants.
Continue marketing efforts to create brand awareness of the Group's products in the Asia Pacific region.	The Group actively participated in e-Business and CRM trade shows throughout the period in Hong Kong and Australia. During the period, the Group also entered into a strategic marketing agreement with a leading Internet portal company to provide a direct marketing service to deliver qualified prospects for its e-Business products through the Internet company's email marketing and telemarketing campaign for both Singapore and Malaysia. During the fourth quarter, the Singapore reseller entered into a marketing agreement with a leading manufacturer of business office machines to bundle the Group's Maximizer and Maximizer Enterprise products with the manufacturer's existing office products. During the fourth quarter, the Group signed an agreement with an Australian based company to integrate its Octo SPIDER application with a global network of securities firms and custodian houses to facilitate local trading of global securities.

Expand sales channel program for the Asia Pacific region for both the e-Finance and e-Business products.	As at 30th November 2002, the Group had 85 resellers of its products. During the second quarter, the Group entered into an agreement with a reseller for the exclusive distribution rights for the Group's e-Business products in Singapore and Malaysia. The Group subsequently expanded its agreement with the Singapore reseller to include the non-exclusive distribution rights of the Group's e-Business products in Hong Kong and the Philippines. The Group is also in initial negotiations with the Singapore reseller to localise and distribute the e-Business products for the PRC market.
Continue to market e-training products to Hong Kong banking industry. Develop sales strategy for the modified e-training courseware. Continue to explore the possibility of modifying the e-training banking courseware to suit other industries.	In light of the current economic downturn and reduced training/IT budgets of most firms in the banking industry, the Group has decided to temporarily suspend the refinement and additional contents of its e-training packages for banks.
Commence marketing of Octofront and Octoback version 3.	Following the release of Octo STP for the front office and back office, the Group has decided to cease any further development on Octofront and Octoback as the Octo STP system encompasses all the features of Octofront and Octoback and includes additional functions tailored for banks. The development work for version 2 of Octo STP Front was completed in the fourth quarter of 2002 and the plans are underway to expand the capability of the system to include program trading, CRM and other profit making features. The Group commenced the development of the institutional version of Octo STP in the third quarter of 2002 and it is expected that this version will be released in the second quarter of 2003. The institutional version will be designed to target first tier institutional securities firms.
Commence marketing of the ASP application.	The Group had planned to release its ASP application by the end of 2001. However, due to lackluster demand coupled with the recent economic downturn, a decision has been made to temporarily suspend development of its ASP application until market conditions improve.

Products development

Introduce Entice! in Malaysia and other parts of the region as appropriate. Commence preparation for releasing Entice! in Thailand and other parts of the region as appropriate.	In light of the current depressed market conditions for e-Commerce software in the Asia Pacific region, the Group has decided to temporarily suspend its objective to localise Entice! for the Malaysian market until market conditions improve.

Continue to enhance the Pan Asia Internet trading application in Octofront with product market manager.	During the fourth quarter, the Group signed an agreement with an Australian based company to integrate its Octo SPIDER application with a global network of securities firms and custodian houses to facilitate local trading of global securities.
Introduce ecBuilder Thai version into the market as appropriate. Commence preparation work on the release of the other Asian version of ecBuilder.	In light of the current depressed market conditions for e-Commerce software in the Asia Pacific region, the Group has decided to temporarily suspend its objective to localise ecBuilder and Thailand market until market conditions improve.
Continue to refine and develop additional contents for its e-training package for banks.	In light of the current economic downturn and reduced training/IT budgets of most firms in the banking industry, the Group has decided to temporarily suspend the refinement and additional contents of its e-training packages for banks.
Release version 3 of Octofront and Octoback multiplatform as appropriate.	The Group had decided to suspend its objective to develop a multi-platform version of its e-Finance products due to the popularity of the Window's platform and the high investment cost of hardware required to operate other platforms.
Commence development of version 2 of the ASP application.	The Group had planned to release its ASP application by the end of 2001. However, due to lackluster demand coupled with the recent economic downturn, a decision has been made to temporarily suspend development of its ASP application until market conditions improve.
Strategic investment and partnership	
Enter agreements with joint venture partners for e-Finance products in countries in the region as appropriate.	The Group had been in initial stages of negotiations for the appointment of business partners to sell its e-Finance products in Malaysia and Indonesia. However, negotiations have been temporarily suspended due to weak market conditions.
Continue to locate potential joint venture partners for e-Finance products in other countries in the region as appropriate. Commence discussion with potential joint venture partners if suitable candidates are located.	The Group is sourcing joint venture partners for its e-Finance products in the PRC through its network in Hong Kong. The Group had held initial discussions for joint venture opportunities with various software and hardware firms.
Continue to evaluate suitable technologies that can complement the Group's small to medium enterprise products. Commence negotiations for acquiring suitable technologies.	The Group has continually sourced for suitable acquisitions but so far has not been able to locate any complementary technologies.

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 (the date of listing of the Company's shares) to 30th November 2002, the Group has applied the net proceeds as follows:

	Budgeted amount to be used up to 30th November 2002 as extracted from the Prospectus	**Actual amount used up to 30th November 2002**	
	HK$million	*HK$million*	*Note*
Expenditure in relation to technology investments, research and development of new products, and localisation of existing products for the Asia Pacific region.	10.00	13.90	1
Regional promotion, advertising, and marketing activities	5.00	5.97	2
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.	10.00	9.45	3
Strategic acquisitions and investments	10.00	—	4
Working capital purposes	5.00	10.68	5
Total	40.00	40.00	

Notes:

1. The excess utilisation is attributed to the Group's decision to accelerate the development of the Group's Octo and Entice! software. During the period from 31st January 2001 to 30th November 2002, the Group accelerated and completed the development of the standard version of Octo STP and a PDA application that is compatible with Entice!. The Group also developed value added extension for its Octo STP software which included Octo SPIDER which is a windows version of its global trading application, program trading, basket trading for portfolio hedging, and profit centers for management to track operational efficiency and overall performance.

2. With regards to the aforesaid HK$5,000,000 of the net proceeds allocated for regional promotion, advertising, and marketing activities; the amount had been applied for such intended purpose during the period.

3. With regards to the aforesaid HK$10,000,000 of the net proceeds allocated for expansion of sales infrastructure; the amount had been applied for such intended purpose during the period.

4. The Group had originally planned to acquire technologies that could complement its existing suite of products. However, the Group was not able to locate any suitable technology partners. The Group decided to develop such technology by itself. As a result, HK$3,900,000 was reallocated to the development of Octo STP extensions and PDA technology and the balance of HK$6,100,000 was temporarily used as general working capital.

5. The excess utilisation is attributable to (i) the unexpected severance cost of approximately HK$3,200,000 that resulted from the refining of the Group's internal operating structure during the period from 31st January 2001 to 30th November 2001 and (ii) additional amount of approximately HK$2,500,000 was added to the working capital of the Group due to the economic downturn which placed price pressures on orders received and caused customers to become more cautious in purchasing e-Finance and e-Business products.

ULTIMATE HOLDING COMPANY

As at 30th November 2002, the directors regard Multiactive Software Inc. ("Multiactive"), a company incorporated in Canada and listed on the Toronto Stock Exchange, as being the ultimate holding company. On 11th December 2002, Multiactive completed a plan of arrangement (the "Arrangement") with its shareholders and Maximizer Software Inc. ("MSI"), Multiactive's wholly owned subsidiary. Under the Arrangement, shareholders of Multiactive exchanged each of their common shares of Multiactive for common shares of MSI on a one-for-one basis. Holders of options to purchase common shares in Multiactive also exchanged their options for options in MSI on a one-for-one basis, on the same terms and conditions as the Multiactive options. On 15th December 2002, MSI acquired all of the assets and liabilities of Multiactive, other than the software and related business known as "ecBuilder", and became the new ultimate holding company of the Company. The shares of MSI commenced trading on the Toronto Stock Exchange in place of the shares of Multiactive on the opening for trading on 16th December 2002.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30th November 2002, the interests of the directors and chief executives and their respective associates in the shares and options of the Company and its associated corporations as recorded in the register 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 Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), to be notified to The Stock Exchange of Hong Kong Limited were as follows:

a) The Company:

	Number of ordinary shares of HK$0.01 each			
Name of directors	**Personal interests**	**Family interests**	**Corporate interests**	**Total**
Mr. Anthony Wai Hung Au (resigned on 1st February 2002)	—	—	125,000,000 (1)	125,000,000
Mr. Kau Mo Hui	—	86,667,096 (2)	—	86,667,096

Notes:

1. 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 Au Chui is deemed to be part of the interest of Mr. Anthony Wai Hung Au.

2. 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 Ms. Yuen Lam Chu. Mr. Chi Yung Hui and Ms. Yuen Lam Chu are, respectively, the son and spouse of Mr. Kau Mo Hui. The interests held by Mr. Chi Yung Hui and Ms. Yuen Lam Chu are deemed to be part of the interest of Mr. Kau Mo Hui.

Under a share option scheme approved by the shareholders of the Company on 22nd January 2001 (the "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 30th November 2002, the number of options granted by the Company to the directors and chief executives in consideration of HK$1.00 are as follows:

			Options in the Company			
Name of directors	**Date of grant**	**Exercise price**	**Exercise period**	**Granted**	**Lapsed**	**As at 30th November 2002**
Mr. Terence Chi Yan Hui	17th April 2001	HK$0.3625	17th April 2002 to 16th April 2011	4,800,000	—	4,800,000
	28th May 2001	HK$0.4675	28th May 2002 to 27th May 2011	480,000	—	480,000
Mr. Anthony Wai Hung Au (resigned on	17th April 2001	HK$0.3625	17th April 2002 to 16th April 2011	4,800,000	4,800,000	—
1st February 2002)	28th May 2001	HK$0.4675	28th May 2002 to 27th May 2011	480,000	480,000	—

These options expire ten years from the date of grant and are exercisable over four years from the date of grant, with one quarter exercisable on each anniversary date from the date of grant.

Apart from the above directors, the Company granted options on 17th April 2001 to 119 employees to purchase 61,532,948 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 16th April 2011. During the year ended 30th November 2002, none of these options have been exercised. As at 30th November 2002, 32,151,361 of these options lapsed in connection with the cessation of employment of certain employees.

The Company also granted options on 28th May 2001 to 103 employees to purchase 5,525,660 shares of the Company at the exercise price of HK$0.4675 per share. These options are exercisable from 28th May 2002 to 27th May 2011. As at 30th November 2002, 2,574,400 of these options lapsed in connection with the cessation of employment of certain employees.

No further options can be granted under the Scheme until the new requirements of Chapter 23 of the GEM Listing Rules are complied with.

b) Associated Corporation:

Name of directors	Number of common shares in Multiactive Software Inc.[4] Personal interests	Family interests	Corporate interests	Total
Mr. Terence Chi Yan Hui	2,237,153	—	—	2,237,153
Mr. Anthony Wai Hung Au (resigned on 1st February 2002)	—	—	1,362,524 [1]	1,362,524
Mr. Joseph Chi Ho Hui	17,295	10,000 [2]	—	27,295
Mr. Kau Mo Hui	70,000	40,949,625 [3]	—	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, Ms. Susanna Chow. The interest held by Ms. 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. ("Multiactive"), representing approximately 59% of the issued share capital of Multiactive. The City Place Trust is a discretionary trust and its beneficiaries are Mr. Chi Yung Hui and Ms. Yuen Lam Chu. Mr. Chi Yung Hui and Ms. Yuen Lam Chu are, respectively, the son and spouse of Mr. Kau Mo Hui. The interests held by Mr. Chi Yung Hui and Ms. Yuen Lam Chu are deemed to be part of the interest of Mr. Kau Mo Hui.

   Multiactive Technologies Partnership holds 4,474,306 shares of Multiactive, representing approximately 7.2% of the issued share capital of Multiactive. 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 Ms. Yuen Lam Chu. Mr. Terence Chi Yan Hui and Ms. Yuen Lam Chu are, respectively, the son and spouse of Mr. Kau Mo Hui. The interest held by Ms. Yuen Lam Chu is deemed to be part of the interest of Mr. Kau Mo Hui.

4. Upon completion of the Arrangement by Multiactive on 11th December 2002, the directors' interests in common shares in Multiactive have been replaced by common shares in MSI in the same amounts.

			Options in Multiactive Software Inc.[1]			
Name of directors	**Date of grant**	**Exercise price**	**Exercise period**	**Granted**	**Exercised**	**As at 30th November 2002**
Mr. Terence Chi Yan Hui	6th May 1999	CAN$1.00	6th May 1999 to 5th May 2006	100,000	—	100,000
	3rd June 2000	CAN$2.75	23rd June 2000 to 22nd June 2007	250,000	—	250,000
Mr. Joseph Chi Ho Hui	6th May 1999	CAN$1.00	6th May 1999 to 5th May 2006	75,000	—	75,000

Note:

1. Upon completion of the Arrangement by Multiactive on 11th December 2002, the directors' interests in options in Multiactive have been replaced by options in MSI in the same amounts.

These options expire seven years from the date of grant and are exercisable over four years from the date of grant, with one quarter exercisable on the first anniversary date and the balance exercisable in an equal number monthly over the remaining three years.

Save as disclosed above, at no time during the year, the directors and chief executive (including their spouse and children under 18 years of age) had any interest in, or had been granted, or executed, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and its associated corporations (within the meaning of the SDI Ordinance).

SUBSTANTIAL SHAREHOLDER

As at 30th November 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows the Company had been notified of the following substantial shareholders' interests, being interests in 10% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

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

Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

Mr. Terence Chi Yan Hui, the 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 that include companies involved in technology investments and incubation. The directors believe that these businesses may, in some respects, compete with the business of the Group.

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

SPONSOR'S INTEREST

As at 30th November 2002, 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 30th November 2003.

AUDIT COMMITTEE

Pursuant to the GEM Listing Rules, an audit committee, comprising two independent non-executive directors, namely Messrs. Ronald Kwok Fai Poon and Clifford Sau Man Ng, was established on 22nd January 2001.

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 Society of Accountants.

The audit committee provides an important link between the Board 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. Four meetings were held during the current fiscal year.

The Group's audited results for the year ended 30th November 2002 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

BOARD PRACTICES AND PROCEDURES

During the year ended 30th November 2002, the Company was in compliance with Board Practices and Procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 30th November 2002, 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 year.

By order of the Board
Terence Chi Yan Hui
Chairman

Hong Kong: 25th February 2003

This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days after its posting.