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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to the action to be taken, you should immediately consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold all your shares** in abc Multiactive, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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**abcmultiactive**

**abc Multiactive Limited**

**辰罡科技有限公司\***

*(incorporated in the Bermuda with limited liability)*

(Stock code: 8131)

### CONTINUING CONNECTED TRANSACTIONS

#### Joint Financial Advisers

**AmCap**  
*Ample Capital Limited*  
豐盛融資有限公司

**第一亞洲**  
**FIRST ASIA**  
First Asia Finance Group Limited

#### Independent Financial Adviser

  
**CAPITAL**  
**CSC Asia Limited**

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A letter from the Independent Board Committee of abc Multiactive Limited is set out on page 9 of this circular. A letter from CSC Asia Limited dated 13 October 2004 containing its advice to the independent board committee and independent shareholders is set out on page 10 to 16 of this circular.

A notice convening a Special General Meeting of abc Multiactive Limited to be held on Thursday, 28 October 2004 at 10:00 am at 17/F, Regent Centre, 88 Queen's Road, Central, Hong Kong is set out on page 25 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same to the Company's Hong Kong branch share registrar and transfer office, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

*This circular will remain on the "Latest Company Announcements" page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of this circular.*

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## CHARACTERISTICS OF GEM

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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 of the Stock Exchange 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. GEM-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 at <http://www.hkgem.com> in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

|                                 |                                                                                                                                                                                                                                                                |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “abc Multiactive”               | abc Multiactive Limited, a company incorporated in Bermuda with limited liability and whose securities are listed on GEM of the Stock Exchange                                                                                                                 |
| “abc Multiactive Group”         | abc Multiactive and its subsidiaries                                                                                                                                                                                                                           |
| “associate(s)”                  | has the meaning ascribed to it under the GEM Listing Rules                                                                                                                                                                                                     |
| “Board”                         | board of Directors                                                                                                                                                                                                                                             |
| “cap”                           | the maximum annual aggregate value of the Sales of Products                                                                                                                                                                                                    |
| “Directors”                     | Directors of abc Multiactive                                                                                                                                                                                                                                   |
| “GEM”                           | the Growth Enterprise Market of the Stock Exchange                                                                                                                                                                                                             |
| “GEM Listing Rules”             | the Rules Governing the Listing of Securities on GEM                                                                                                                                                                                                           |
| “HK\$”                          | Hong Kong dollars                                                                                                                                                                                                                                              |
| “Hong Kong”                     | the Hong Kong Special Administrative Region of the People’s Republic of China                                                                                                                                                                                  |
| “Independent Board Committee”   | an independent committee of the Board comprising the two independent non-executive Directors, namely Mr. Ronald Kwok Fai Poon and Mr. Clifford Sau Man Ng to be appointed to consider and advise the Independent Shareholders with regard to Sales of Products |
| “Independent Directors”         | the independent non executive directors of abc Multiactive presently being Mr. Ronald Kwok Fai Poon, Mr. Clifford Sau Man Ng and Mr. Liu Kwong Sang                                                                                                            |
| “Independent Financial Adviser” | CSC Asia Limited, the independent financial adviser appointed by abc Multiactive, for the purpose of advising the Independent Board Committee and Independent Shareholders in respect of the Sales of Products                                                 |
| “Independent Shareholders”      | Shareholders of abc Multiactive other than MSI and its associates                                                                                                                                                                                              |
| “Latest Practicable Date”       | 12 October 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein                                                                                                                |

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## DEFINITIONS

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|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “MSI”                                   | Maximizer Software Inc., a company incorporated in Canada and whose securities are listed on Toronto Stock Exchange                                                                                                                                                                                                                                                                   |
| “MSI Group”                             | MSI and its subsidiaries                                                                                                                                                                                                                                                                                                                                                              |
| “Products”                              | The customer relationship management software known as Maximizer Enterprise 7, Maximizer 7, Entice 3 and ecBuilder 6, and their subsequent enhanced future English sub-versions to be developed by MSI Group, being the products of which the Group is obliged to pay MSI a product cost equal to 33.3% of the discounted listed license fee generated from re-sale of such products. |
| “Products Sales Agreement”              | The products sales agreement dated 5 February 2004 between abc Multiactive and MSI in respect of the Sales of Products                                                                                                                                                                                                                                                                |
| “Revised Proposed Cap”                  | the revised proposed annual limit for the aggregate value of the Sales of Products, which are different from the amount stated in the announcement dated 13 July 2004                                                                                                                                                                                                                 |
| “Sales of Products”                     | The continuing connected transactions carried on between abc Multiactive and MSI, namely the sales of the Products by MSI to abc Multiactive for re-sale                                                                                                                                                                                                                              |
| “SGM”                                   | a Special General Meeting of abc Multiactive to held at 17/F, Regent Centre, 88 Queen’s Road, Central, Hong Kong on Thursday 28 October 2004 at 10:00 am to approve the Sales of Products                                                                                                                                                                                             |
| “SGM Notice”                            | the notice convening the SGM as set out on page 25 of this circular                                                                                                                                                                                                                                                                                                                   |
| “Stock Exchange”                        | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                                                                                                                               |
| “Supplemental Products Sales Agreement” | The supplemental products sales agreement dated 28 June 2004, as supplemented to the Products Sales Agreement, entered into between abc Multiactive and MSI                                                                                                                                                                                                                           |

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## LETTER FROM THE BOARD

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**abcmultiactive**

**abc Multiactive Limited**

**辰罡科技有限公司\***

*(incorporated in the Bermuda with limited liability)*

(Stock code: 8131)

*Executive Directors:*

Mr. Terence Chi Yan HUI (*Chairman*)

Mr. Joseph Chi Ho Hui

Mr. Senan Shiu Lung Yuen

*Non-executive Directors:*

Mr. Kau Mo Hui

*Independent non-executive Directors:*

Mr. Ronald Kwok Fai Poon

Mr. Clifford Sau Man Ng

Mr. Liu Kwong Sang

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head Office and*

*Principal Place of business*

17/F, Regent Centre

88 Queen's Road

Central, Hong Kong

13 October 2004

*To: Shareholders of abc Multiactive Limited*

Dear Sir/Madam,

### CONTINUING CONNECTED TRANSACTIONS

#### A. INTRODUCTION

Reference is made to the announcements of abc Multiactive dated 13 July 2004 and 22 September 2004 in relation to the Sale of Products. Pursuant to the requirements of the GEM Listing Rules, abc Multiactive is required to seek Independent Shareholder's approval in relation to the Sales of Products under the GEM Listing Rules.

The purpose of this circular is to provide you with further details relating to the Sale of Products, to set out the letter of advice of the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders, the recommendations and opinion of the Independent Board Committee in respect of the Sale of Products and to seek your approval of the ordinary resolution as set out in the SGM Notice at the SGM.

#### B. BACKGROUND

##### THE PRODUCTS SALES AGREEMENT DATED 5 FEBRUARY 2004

##### Parties

(i) abc Multiactive, being the buyer

(ii) MSI, being the seller

\* For identification purposes only

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## LETTER FROM THE BOARD

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### Terms of the Products Sales Agreement

Under the Products Sales Agreement entered into by the aforesaid parties on 5 February 2004, the MSI Group has granted the distribution right to abc Multiactive Group to resell to authorized resellers and clients a range of customer relationship management software in the Asia-Pacific region.

abc Multiactive Group has agreed to pay the MSI Group on quarterly basis a product cost equal to 33.3% of the discounted listed license fee which abc Multiactive charges its authorized distributors and clients per order.

The Directors confirm that, as a common industry practice, wholesalers of similar software in the industry generally pay developers who own the intellectual property rights of software products a range from 30% to 50% of the license fees per order received from authorized distributors and clients. As such, the Directors of abc Multiactive consider that the basis of 33.3% is in line with the industry norm. Such product cost shall be denominated in Canadian dollars and due quarterly of each year of the term of the Products Sales Agreement. The product cost would be paid the day after the end of each quarter and would be settled by telegraph transfer. No credit period are granted by MSI. Although no credit period are granted by MSI, quarterly payment in effect offer the abc Multiactive Group a credit period. The Directors, including the Independent Directors, consider that the Products Sales Agreement is on normal commercial terms and on terms no less favorable than those available from independent third parties who are not connected persons of abc Multiactive as defined in the GEM Listing Rules.

### THE SUPPLEMENTAL PRODUCTS SALES AGREEMENT DATED 28 JUNE 2004

#### Parties

- (i) abc Multiactive, being the buyer
- (ii) MSI, being the seller

### Terms of the Supplemental Products Sales Agreement

To specify the term for the Sales of Products, the aforesaid parties entered into the Supplemental Products Sales Agreement on 28 June 2004. Under the Supplemental Products Sales Agreement, the Sales of Products shall commence on 1 June 2003 and expire on 31 May 2006. The Directors confirm that the procurement of the Products from MSI for resale by paying a product cost of 33% of license fee to MSI began on 1 June 2003. The reason for the Sales of Products by paying a product cost of 33% of license fee to MSI to commence on 1 June 2003 while the Products Sales Agreement was entered into on 5 February 2004 is that the previous agreement for procuring the Products (the terms of which were different from the Product Sales Agreement) from the MSI Group ended on 31 May 2003 but the terms of the Products Sales Agreement were not agreed upon by MSI and abc Multiactive until 5 February 2004. For older version of the Products, lump sum payments have been paid by the abc Multiactive Group to MSI in order to obtain the intellectual property rights or the right to sell such products in the Asia-Pacific region. The Directors confirm that the aggregate annual Product Costs for procurement of the Products or its older version since the listing of abc Multiactive (excluding the Sales of Products under Products Sales Agreement) have not exceeded HK\$1,000,000 (such transactions are made on normal commercial

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## LETTER FROM THE BOARD

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terms and made in the ordinary and usual course of business of abc Multiactive Group), thus falling inside the de minimis exemption under Rule 20.33(3)(b) of GEM Listing Rules which was currently in force and was therefore exempt from the disclosure requirement. The Directors confirm that all of connected transactions with MSI since the listing of abc Multiactive in relation to the procurement of the Products or its older version, in both one-off transaction or continuing transaction basis have complied with the requirements under Chapter 20 of the GEM Listing Rules and will ensure that for the Sales of Products, each of percentage ratios under 19.07 of the GEM Listing Rules will not exceed 25% before the date of SGM. Upon expiry of the Products Sales Agreement, both parties shall make best efforts to enter into new agreements with each other for the Products on terms mutually agreed.

### **C. PARTICULARS OF THE SALES OF PRODUCTS**

From 1 June 2003 to 30 November 2003, abc Multiactive procured Products from the MSI Group for re-sale. Under the terms of the Products Sales Agreement, the software merchandises include the enhanced English subversions of the Maximizer Enterprise 7, Maximizer 7, Entice 3 and ecBuilder 6 product lines. Under the Product Sales Agreement, the product cost is only paid or payable to MSI if abc Multiactive has received purchase orders from customers. Therefore, abc Multiactive is not required to keep any inventory. Under the Products Sales Agreement, the terms of the Sales of Products are determined at arm's length negotiations and are on normal commercial terms.

Based on the recent Sales of the Products to the abc Multiactive Group and the internal projections of sales agreed by abc Multiactive and its distributors and the estimation of the demand in Products prepared by abc Multiactive Group, the Sales of Products for each of the financial years ending 30 November 2004, 2005 and 2006 will not be more than HK\$3,500,000, HK\$5,000,000 and HK\$6,000,000 respectively. The Directors will ensure that each of percentage ratios under 19.07 of GEM Listing Rules (except profits ratio) will not exceed 25% before the approval by Independent Shareholders.

The Revised Proposed Cap for the financial year ending 30 November 2006, being HK\$6,000,000 and the highest limit among the escalating Revised Proposed Cap for each of the financial years ending 30 November 2004, 2005 and 2006, is of an amount exceeding 25% of each of the percentage ratios under 19.07 of the GEM Listing Rules (except profits ratio), thus falling outside the independent shareholders' approval exemption under Rule 20.34(2) of the GEM Listing Rules.

### **D. REASONS FOR THE SALES OF PRODUCTS AND BENEFIT TO THE GROUP**

The Directors believe that a strategic alliance via the Products Sales Agreement will give abc Multiactive an opportunity to benefit from MSI's technological know-how. Moreover, the Products Sales Agreement will enable abc Multiactive Group to maintain a more conservative cash position by paying a product cost equal to 33.3% of the discounted listed license fee only when re-sale of the Products is completed instead of paying MSI an upfront fee for the acquisition of the intellectual property and distribution rights of the Products for the Asia Pacific region.

The aggregate amount of the Sales of Products for the nine months from 1 December 2003 to 31 August 2004, being the first nine months of the financial year ending 30 November 2004, is approximately HK\$1,641,000, which represents: (1) approximately 21% of the total assets of abc Multiactive based on the unaudited consolidated accounts for the six months ended 31 May 2004; and (2) approximately

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## LETTER FROM THE BOARD

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10.2% of the market value of abc Multiactive based on the average closing price for the 5 trading days immediately before 22 September 2004, being the date of the latest announcement in relation to the Sales of Products. As the management of abc Multiactive Group expects the Products to receive continuing popularity in the Asia Pacific region, the Revised Proposed Cap should commensurate with the sales of the Products. The Revised Proposed Cap is determined by reference to, among other matters, the recent Sales of the Products to abc Multiactive Group and the internal projection of sales agreed by abc Multiactive and its distributors. Moreover, the Directors intend to exploit potential business opportunities in sales and distribution of the Products in Asian region including China, Cambodia, Indonesia, Singapore, Malaysia and Taiwan. Such plan is expected to enhance abc Multiactive Group's financial performance in the forthcoming years.

The Directors, including the Independent Directors, consider that the Sales of Products are conducted in the ordinary and usual course of business of both groups and on normal commercial terms or terms arrived at after arm's length negotiations between the parties that are fair and reasonable so far as the shareholders of abc Multiactive are concerned.

### **E. INFORMATION ON ABC MULTIACTIVE GROUP AND MSI**

While abc Multiactive is engaged in the designing and sale of computer software and the provision of professional and maintenance services for such products, the Board considers that it is in the interests of abc Multiactive Group to leverage on the MSI Group's expertise in developing customer relationship management software by re-selling the MSI Group's customer relationship management software in order to broaden abc Multiactive Group's income base. MSI, whose securities are listed on Toronto Stock Exchange ("TSE"), is a provider of innovative customer relationship management and contact management solutions that help small to medium-sized enterprises improve sales, streamline marketing and enhance customer service. MSI is a global organization with reseller business partners and offices in the following regions: Americas, Europe, Middle East, Africa and Asia Pacific. In accordance with the relevant rules and regulations of TSE, connected transactions require approval from independent board of directors of the issuer listed on TSE. MSI has confirmed with the Directors that an approval has been obtained from the independent board of directors of MSI.

MSI is a substantial shareholder of abc Multiactive by virtue of its 56.38% shareholding interests and is therefore a connected person under the GEM Listing Rules.

### **F. CONDITIONS OF SALES OF PRODUCTS**

The approval of the Independent Shareholders for the Sale of Products will be subject to the following conditions:

- (a) The aggregate value of the Sales of Products for each of the three financial years ending 30 November 2004, 2005 and 2006 shall not exceed HK\$3,500,000, HK\$5,000,000 and HK\$6,000,000 respectively, being the Revised Proposed Cap of the revenue to be received by MSI.
- (b) The Independent Directors will review the Sales of Products annually and confirm in the relevant annual report of abc Multiactive that the Sales of Products have been entered into:

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## LETTER FROM THE BOARD

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- (i) in the ordinary and usual course of business of abc Multiactive;
  - (ii) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to abc Multiactive than terms available from independent third parties who are not connected persons of abc Multiactive as defined in the GEM Listing Rules; and
  - (iii) in accordance with the relevant agreements governing the Sales of Products on terms that are fair and reasonable and in the interests of the shareholders of abc Multiactive as a whole;
- (c) The auditors of abc Multiactive Group shall review annually the Sales of Products and confirm in writing to the Directors (a copy of which shall be provided to the Stock Exchange at least 10 business days prior to the bulk printing of abc Multiactive's annual report) that the Sales of Products:
- (i) have received the approval of the Board;
  - (ii) are in accordance with the pricing policy of abc Multiactive Group if those transactions involve the provision of goods or services by abc Multiactive Group (where applicable);
  - (iii) have been entered into in accordance with the terms of the Sales of Products: and
  - (iv) have not exceeded the Revised Proposed Cap as set out in paragraph (a) above;
- (d) abc Multiactive shall allow, and shall procure that MSI shall allow, the auditors sufficient access to their records for the purpose of reporting on the Sales of Products. The Board must state in the annual report whether its auditors have confirmed the matters stated in paragraph (c) above;
- (e) relevant details of the Sales of Products will be disclosed in the abc Multiactive's annual report for each of the financial years ending 30 November 2004, 2005 and 2006 in accordance with the requirements set out under Chapter 20 of the GEM Listing Rules;
- (f) abc Multiactive will promptly notify the Stock Exchange and publish an announcement if it knows or has reason to believe that the Independent Directors and/or the auditors will not be able to confirm the matters set out in rules 20.37 and/or 20.38 of the GEM Listing Rules respectively and abc Multiactive may have to re-comply with the requirements set out under Rules 20.35(3) and (4) of the GEM Listing Rules and any other conditions the Stock Exchange considers appropriate;
- (g) abc Multiactive must re-comply with the Rules 20.35(3) and (4) in the following circumstances:
- (i) if the Revised Proposed Cap in any given year is exceeded; or
  - (ii) when the Products Sales Agreement and the Supplemental Products Sales Agreement is renewed or there is a material change to the terms of the Products Sales Agreement and the Supplemental Products Sales Agreement.

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## LETTER FROM THE BOARD

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In the event of any future amendments to the GEM Listing Rules imposing more stringent requirements, abc Multiactive shall take immediate steps to ensure compliance with such requirements within a reasonable time.

### **G. SGM**

A notice convening the SGM to be held at 17/F, Regent Centre, 88 Queen's Road, Central, Hong Kong at 10:00 am on Thursday 28 October 2004 is set out on page 25 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolution in respect of the Sale of Products. MSI is a substantial shareholder of abc Multiactive by virtue of its 56.38% shareholding interests as at the Latest Practicable Date. Accordingly, MSI and its associates will abstain from voting at the SGM in respect of the ordinary resolution.

The Independent Board Committee, comprising Mr. Ronald Kwok Fai Poon and Mr. Clifford Sau Man Ng having been appointed to advise the Independent Shareholders on whether or not the terms of the Sale of Products including their annual cap amount are fair and reasonable and are in the interests of the Independent Shareholders and abc Multiactive as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A form of proxy is herewith enclosed for use at the SGM. Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with abc Multiactive's Hong Kong branch share registrar and transfer office, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude the Independent Shareholders from attending and voting at the SGM or any adjourned meeting thereof should you desire.

### **H. RECOMMENDATIONS**

Your Attention is drawn to (a) the letter from the Independent Board Committee set out on page 9 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Sales of Products and (b) the letter from the Independent Financial Adviser set out on pages 10 to 16 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders in relation to the Sales of Products, the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendations.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considered that the Sales of Products including their annual cap amounts are fair and reasonable and are in the interest of the Independent Shareholders and abc Multiactive as a whole.

### **I. ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
By order of the Board  
**Terence Chi Yan Hui**  
*Director*

**abcmultiactive**

**abc Multiactive Limited**

**辰罡科技有限公司\***

*(incorporated in the Bermuda with limited liability)*

(Stock code: 8131)

13 October 2004

*To the Independent Shareholders*

Dear Sir or Madam,

We refer to the circular of abc Multiactive dated 13 October 2004 of which this letter forms part (the “Circular”). Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As independent non-executive Directors, we have been appointed by the Board to advise you as to whether the terms of the Sales of Products including their annual cap amount are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the advice of the Independent Financial Adviser in respect of the Sales of Products as set out in the letter from the Independent Financial Adviser in the Circular.

Having considered the Sales of Products and the advice and opinion of the Independent Financial Adviser in relation thereto, we are of the view that the terms of the Sales of Products including their annual cap amount are fair and reasonable and are in the interest of the Independent Shareholders and abc Multiactive as a whole. We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the SGM to approve the Sales of Products.

Yours faithfully,

For and on behalf of

**The Independent Board Committee**

**Mr. Ronald Kwok Fai Poon**

**Mr. Clifford Sau Man Ng**

*Independent Non-executive Directors*

\* *For identification purposes only*

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## LETTER FROM CSC

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*The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser setting out their opinion regarding the Sale of Products for incorporation in this circular.*



### **CSC Asia Limited**

Unit 3204-07  
32/F, COSCO Tower  
Grand Millennium Plaza  
183 Queen's Road Central  
Hong Kong

*To the Independent Board Committee and  
the Independent Shareholders of  
abc Multiactive Limited*

13 October 2004

Dear Sirs,

## **CONTINUING CONNECTED TRANSACTIONS**

### **INTRODUCTION**

We refer to our engagement to advise the Independent Board Committee in relation to the Sales of Products, details of which are set out in the letter from the Board (the “Board Letter”) contained in the circular of abc Multiactive dated 13 October 2004 (the “Circular”) which forms part of this letter. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

CSC Asia Limited has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders to give an independent opinion as to whether the Sales of Products are fair and reasonable so far as the Independent Shareholders are concerned. Major terms of and the reasons for and benefits of the Sales of Products are set out in the Board Letter in the Circular.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and the information and representations provided to us by the Directors and management of the abc Multiactive Group and have assumed that all information and representations made by the abc Multiactive Group and the Directors were true, accurate and complete at the time they were made and continue to be so as at the date of the Circular. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We have no reason to suspect that any material facts have been omitted or

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## LETTER FROM CSC

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withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the affairs of the abc Multiactive Group nor have we carried out any independent verification of the information supplied.

### PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in relation to the Sales of Products, we have taken into consideration the following factors:

#### 1. Background of the Sales of Products

The Board announced that on 5 February 2004, abc Multiactive and MSI entered into the Products Sales Agreement, which set forth the terms and conditions under which abc Multiactive Group can procure the Products from MSI for re-sale in Asia-Pacific region. MSI is a substantial shareholder of abc Multiactive by virtue of its 56.38% shareholding interests and is therefore a connected person under the GEM Listing Rules.

As set out in the announcement of the Company dated 22 September 2004 (the “Announcement”), the aggregate amount of the Sales of Products for the nine months from 1 December 2003 to 31 August 2004, being the first nine months of the financial year ending 30 November 2004, is approximately HK\$1,641,000 which is within 25% of each of the percentage ratios under 19.07 of the GEM Listing Rules and is thus subject to the reporting and announcement requirements set out in 20.34 of the GEM Listing Rules. The Directors will ensure that each of percentage ratios under 19.07 of GEM Listing Rules will not exceed 25% before the date of SGM.

As the management of abc Multiactive expects the Products to receive continuing popularity in the Asia Pacific region, a Revised Proposed Cap of the aggregate total product costs commensurate with the Sales of the Products of HK\$3,500,000, HK\$5,000,000 and HK\$6,000,000 for the three financial years ending on 30 November 2004, 2005 and 2006 respectively is recommended. The Revised Proposed Cap for the financial year ending 30 November 2006, being HK\$6,000,000 and the highest limit among the escalating Revised Proposed Cap for each of the financial years ending 30 November 2004, 2005 and 2006, is of an amount exceeding 25% of each of the percentage ratios under 19.07 of the GEM Listing Rules, thus subject to the approval of the Independent Shareholders at the SGM.

#### 2. Major terms of the Transaction

##### *(a) Consideration*

Pursuant to the Products Sales Agreement, the abc Multiactive Group has agreed to pay the MSI Group on quarterly basis a product cost equal to 33.3% of the discounted listed license fee which abc Multiactive charges its authorised distributors and clients per order. Such product cost shall be denominated in Canadian dollars and due quarterly of each year of the term of the Products Sales Agreement. The product cost would be paid the day after the end of each quarter and would be settled by telegraphic transfer. No credit period are

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## LETTER FROM CSC

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granted by MSI. As confirmed by the Directors, wholesalers of similar software in the industry generally pay developers who own the intellectual property rights of software products a range from 30% to 50% of the license fee per order received from authorized distributors and clients. In addition, the abc Multiactive Group only needs to pay the products cost to MSI when re-sale of the Products is completed. Accordingly, the abc Multiactive Group can enjoy a gross margin of around 60% from the Sales of Products without facing any business risks other than the default risk of its customers. Based on the above, we concur with the Directors' view that the consideration for the Sales of Products is fair and reasonable so far as the Independent Shareholders are concerned.

*(b) payment terms*

Under the Products Sales Agreement, the product cost would be paid the day after the end of each quarter and would be settled by telegraphic transfer. No credit period are granted by MSI. We have analysed the payment terms offered by software companies listed on GEM (the "Comparables") to determine whether the payment terms offered by the MSI Group are on normal commercial term, fair and reasonable. The following table depicts the payment terms of the Comparables.

| Company name                                         | Stock code | Principal activities                                                                                                                         | Role     | Credit period                                                                                                                                                                                                                                                                  |
|------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A & K Educational Software Holding Limited ("A & K") | 8053       | Provision, development and distribution of education software in the PRC                                                                     | Supplier | A & K will request customers to settle their purchases within 0 to 90 days after confirmation of delivery and installation. Extended credit periods of approximately 90 to 270 days may be granted to customers with long-term business relationship and good payment record.  |
| SJTU Sunway Software Industry Limited ("SJTU")       | 8148       | Research, development and sale of software products for translation, information security, Internet application and entertainment in the PRC | Supplier | Credit period granted by SJTU to its customers is around 30 to 180 days after delivery. However, credit period up to 180 days is only occasionally granted to customers based on certain criteria such as payment history, background, and financial strength of the customer. |

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## LETTER FROM CSC

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| Company name                                         | Stock code | Principal activities                                                     | Role     | Credit period                                                                                                                                                                                                                   |
|------------------------------------------------------|------------|--------------------------------------------------------------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Superdata Software Holdings Limited<br>("Superdata") | 8263       | Development and sale of integrated business management software for SMEs | Supplier | Advance payment is generally required from new customers, credit period of not more than 60 days will be offered by Superdata after a certain period of trading relationship and consideration of the customers' creditability. |

*Sources: www.hkgem.com*

As set out above, a credit period is usually offered by the Comparables, the length of which depends on different criteria set by the Comparables. Although no credit period are granted by MSI, quarterly payment in effect offer the abc Multiactive Group a credit period. Based on the above, we consider that the payment terms in the Products Sales Agreement (including the annual cap amount) are on normal commercial term, fair and reasonable.

### *Annual cap of the Sales of Products*

Pursuant to the Announcement, the aggregate value of the Sales of Products for each of the three financial years ending 30 November 2004, 2005 and 2006 shall not exceed HK\$3,500,000, HK\$5,000,000 and HK\$6,000,000 respectively, being the Revised Proposed Cap of the revenue to be received by MSI. The Revised Proposed Cap is determined by reference to, among other matters, the recent Sale of the Products to the abc Multiactive Group and the internal projection of sales agreed by abc Multiactive and its distributors.

In relation to the bases of the Proposed Revised Cap, we have reviewed (i) the Products Sales Agreement; (ii) the historical product cost paid to MSI by the abc Multiactive Group; (iii) the internal forecasted sales and projections of the Products by abc Multiactive, which have been determined by the Directors through various negotiations between abc Multiactive and its existing customers in Asia Pacific region, and (iv) an article (the "Article") released by International Data Corp ("IDC"), a global information technology market research house in relation to its research on the software market of China.

According to information provided by abc Multiactive, the historical product cost paid to MSI by the abc Multiactive Group in the third quarter of the financial year of 2004 recorded a growth of 41.5% compared with that in the first quarter of the financial year of 2004. On the other hand, the annual cap of the Sales of Products for the financial year ending 30 November 2005 and 2006 respectively represents an annual growth rate of 42.9% and 20.0% compared with that for the respective previous year. Such annual growth rates indicate that the growth under the Revised Proposed Cap is in line with the actual growth of turnover from the Sale of Products.

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## LETTER FROM CSC

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As advised by the Directors, the Products are a kind of packaged software which provides business solutions to customer relationship management. Such Products were sold in many locations in the Asia Pacific region but excluding China. In order to diversify the customer base of abc Multiactive Group and tap the market potential, the abc Multiactive Group plans to penetrate its sales network into China in the forthcoming years. The Directors believe that the expansion of sales network may further enhance its profitability. According to the Article, IDC forecasts that the China packaged software market will increase at a compound annual growth rate of 25.8% from 2002 to 2007, reaching US\$6,235 million by 2007. Leading markets such as China and India will continue to dominate growth prospects as initial IT penetration and infrastructure development continue to drive growth.

Based on the above, we are of the opinion that the computation of the Revised Proposed Cap has been made by the Directors after due and reasonable enquiry and consideration.

### **3. Reasons for and benefits of the Sales of Products**

The Directors believe that a strategic alliance via the Products Sales Agreement will give abc Multiactive an opportunity to benefit from MSI's technological know-how. Moreover, the Products Sales Agreement will enable the Group to maintain a more conservative cash position by paying a product cost equal to 33.3% of the discounted listed license fee only when re-sale of the Products is completed instead of paying MSI an upfront fee for the acquisition of the intellectual property and distribution rights of the Products for the Asia Pacific region.

After discussing with the Directors, we concur with the view of the Boards that the Sales of Products are conducted in the ordinary and usual course of business of both groups and on normal commercial terms or terms arrived at after arm's length negotiations between the parties that are fair and reasonable so far as the shareholders of abc Multiactive are concerned.

### **4. Annual review of the Sales of Products**

In compliance with the annual review requirements under Chapter 20 of the GEM Listing Rules, in addition to obtaining Independent Shareholders' approval for the Sales of Products and the annual cap of the Sales of Products at the SGM, abc Multiactive will comply with the following during the term of the Products Sales Agreement:

- (a) The aggregate value of the Sales of Products for each of the three financial years ending 30 November 2004, 2005 and 2006 shall not exceed HK\$3,500,000, HK\$5,000,000 and HK\$6,000,000 respectively, being the Revised Proposed Cap of the revenue to be received by MSI.
- (b) The Independent Directors will review the Sales of Products annually and confirm in the relevant annual report of abc Multiactive that the Sales of Products have been entered into:
  - (i) in the ordinary and usual course of business of abc Multiactive;

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## LETTER FROM CSC

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- (ii) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to abc Multiactive than terms available from independent third parties who are not connected persons of abc Multiactive as defined in the GEM Listing Rules; and
  - (iii) in accordance with the relevant agreements governing the Sales of Products on terms that are fair and reasonable and in the interests of the shareholders of abc Multiactive as a whole;
- (c) The auditors of abc Multiactive Group shall review annually the Sales of Products and confirm in writing to the Directors (a copy of which shall be provided to the Stock Exchange at least 10 business days prior to the bulk printing of abc Multiactive's annual report) that the Sales of Products:
  - (i) have received the approval of the Board;
  - (ii) are in accordance with the pricing policy of abc Multiactive Group if those transactions involve the provision of goods or services by abc Multiactive Group (where applicable);
  - (iii) have been entered into in accordance with the terms of the Sales of Products: and
  - (iv) have not exceeded the Revised Proposed Cap as set out in paragraph (a) above;
- (d) abc Multiactive shall allow, and shall procure that MSI shall allow, the auditors sufficient access to its records for the purpose of reporting on the Sales of Products. The Board must state in the annual report whether its auditors have confirmed the matters stated in paragraph (c) above;
- (e) relevant details of the Sales of Products will be disclosed in the abc Multiactive's annual report for each of the financial years ending 30 November 2004, 2005 and 2006 in accordance with the requirements set out under Chapter 20 of the GEM Listing Rules;
- (f) abc Multiactive will promptly notify the Stock Exchange and publish an announcement if it knows or has reason to believe that the Independent Directors and/or the auditors will not be able to confirm the matters set out in rules 20.37 and/or 20.38 of the GEM Listing Rules respectively and abc Multiactive may have to re-comply with the requirements set out under Rules 20.35(3) and (4) of the GEM Listing Rules and any other conditions the Stock Exchange considers appropriate;

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## LETTER FROM CSC

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(g) abc Multiactive must re-comply with the Rules 20.35(3) and (4) in the following circumstances:

- (i) if the Revised Proposed Cap in any given year is exceeded; or
- (ii) when the Products Sales Agreement and the Supplemental Products Sales Agreement is renewed or there is a material change to the terms of the Products Sales Agreement and the Supplemental Products Sales Agreement.

In the event of any future amendments to the GEM Listing Rules imposing more stringent requirements, abc Multiactive shall take immediate steps to ensure compliance with such requirements within a reasonable time.

We are of the view that in the event that the above measures are duly carried out by the Directors, the Independent Shareholders' interests would be properly safeguarded.

### CONCLUSION

Having considered the above principal factors, we are of the opinion that the entering into the Products Sales Agreement is in the interest of the Group and the Shareholders so far as the Independent Shareholders as a whole are concerned and the terms of the Products Sales Agreement are fair and reasonable. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution in respect of the Sale of Products at the SGM.

Yours faithfully,  
For and on behalf of  
**CSC Asia Limited**  
**Howard Tang**  
*Director*

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to abc Multiactive. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

**2. DISCLOSURE OF INTERESTS****(a) Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures**

As at the Latest Practicable Date, the interests and the short positions of the directors and chief executives in the shares, underlying shares and debentures of abc Multiactive and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

*Long position in shares:*

- (a) abc Multiactive:

| Name of Director | Number of ordinary shares |                          |                     |           | Percentage of the issued share capital |
|------------------|---------------------------|--------------------------|---------------------|-----------|----------------------------------------|
|                  | Personal interests        | Family interests         | Corporate interests | Total     |                                        |
| Mr. Kau Mo Hui   | –                         | 8,666,710 <sup>(1)</sup> | –                   | 8,666,710 | 5.40%                                  |

*Note:*

- 1. 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.

**(b) Associated Corporation:**

| <b>Name of Director</b> | <b>Number of common shares in Maximizer software Inc.</b> |                           |                            |              | <b>Percentage of the issued share capital</b> |
|-------------------------|-----------------------------------------------------------|---------------------------|----------------------------|--------------|-----------------------------------------------|
|                         | <b>Personal interests</b>                                 | <b>Family interests</b>   | <b>Corporate interests</b> | <b>Total</b> |                                               |
| Mr. Terence Chi Yan Hui | 2,237,153                                                 | –                         | –                          | 2,237,153    | 3.62%                                         |
| Mr. Joseph Chi Ho Hui   | 17,295                                                    | 10,000 <sup>(1)</sup>     | –                          | 27,295       | 0.04%                                         |
| Mr. Kau Mo Hui          | 70,000                                                    | 40,949,625 <sup>(2)</sup> | –                          | 41,019,625   | 66.35%                                        |

*Notes:*

1. 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.
2. These shares are held by The City Place Trust and Multiactive Technologies Partnership.

The City Place Trust holds 36,475,319 shares of Maximizer Software Inc., representing approximately 59% of the issued share capital of Maximizer Software Inc.. 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 Maximizer Software Inc., representing approximately 7.2% of the issued share capital of Maximizer 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 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 interests held by Ms. Yuen Lam Chu are deemed to be part of the interest of Mr. Kau Mo Hui.

*Long position in underlying shares:*

(a) abc Multiactive:

**Options in abc Multiactive**  
(Unlisted and physically settled equity derivatives)

| Name of Director         | Date of grant | Exercise price | Exercisable period             | Number of options              |
|--------------------------|---------------|----------------|--------------------------------|--------------------------------|
|                          |               |                |                                | At the Latest Practicable Date |
| Mr. Terence Chi Yan Hui  | 17 April 2001 | HK\$3.625      | 17 April 2002 to 16 April 2011 | 480,000                        |
|                          | 28 May 2001   | HK\$4.675      | 28 May 2002 to 27 May 2011     | 48,000                         |
| Mr. Senan Shiu Lung Yuen | 17 April 2001 | HK\$3.625      | 17 April 2002 to 16 April 2011 | 190,080                        |
|                          | 28 May 2001   | HK\$4.675      | 28 May 2002 to 27 May 2011     | 19,008                         |

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

No further options can be granted under abc Multiactive's share option scheme adopted on 22 January 2003 until the new requirements of Chapter 23 of the GEM Listing Rule are complied with.

(b) Associated Corporation:

**Options in Maximizer Software Inc.**  
(Unlisted and physically settled equity derivatives)

| Name of Director        | Date of grant    | Exercise price | Exercisable period             | Number of options              |
|-------------------------|------------------|----------------|--------------------------------|--------------------------------|
|                         |                  |                |                                | At the Latest Practicable Date |
| Mr. Terence Chi Yan Hui | 11 December 2002 | CAN\$0.80      | 7 May 1999 to 6 May 2006       | 100,000                        |
|                         | 11 December 2002 | CAN\$0.80      | 23 June 2000 to 22 June 2007   | 250,000                        |
| Mr. Joseph Chi Ho Hui   | 11 December 2002 | CAN\$0.80      | 7 May 1999 to 6 May 2006       | 75,000                         |
|                         | 11 December 2002 | CAN\$0.14      | 18 March 2002 to 17 March 2009 | 25,000                         |

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

Save as disclosed above, as at Latest Practicable Date, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

**3. INTERESTS DISCLOSABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDER**

As at the Latest Practicable Date, the following persons (other than the directors and chief executive of abc Multiactive) had interests and short positions in the shares and underlying shares of abc Multiactive as recorded in the register required to be kept under Section 336 of the SFO and which fall to be disclosed to abc Multiactive under the Division 2 and 3 of Part XV of the SFO.

**Long positions in shares**

| Name                                              | Capacity                           | Nature of interest | Number of ordinary shares | Percentage of issued share capital |
|---------------------------------------------------|------------------------------------|--------------------|---------------------------|------------------------------------|
| Maximizer International Limited ( <i>note 1</i> ) | Beneficial owner                   | Corporate          | 90,534,400                | 56.38%                             |
| Maximizer Software Inc. ( <i>note 1</i> )         | Interest of a controlled Corporate | Corporate          | 90,534,400                | 56.38%                             |
| The City Place Trust ( <i>note 2</i> )            | Trustee                            | Corporate          | 99,201,110                | 61.78%                             |
| UBS AG                                            | Beneficial owner                   | Corporate          | 10,985,200                | 6.84%                              |
| Pacific East Limited                              | Beneficial owner                   | Corporate          | 8,666,710                 | 5.40%                              |

*Notes:*

1. Maximizer International Limited is a wholly owned subsidiary of Maximizer Software Inc.
2. The City Place Trust holds 36,475,319 shares of Maximizer Software Inc. representing approximately 59% of the issued share capital of Maximizer Software Inc.. The City Place Trust also wholly owns Pacific East Limited, which directly holds 8,666,710 shares of abc Multiactive.

Save as disclosed above, as at the Latest Practicable Date, the directors or chief executive of the Company were not aware of any other person (other than the directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

4.     **COMPETING INTERESTS**

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 abc Multiactive, is also the chairman of Maximizer Software Inc. 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 abc Multiactive 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 Maximizer International Limited, which is a wholly owned subsidiary of MSI may compete with the business of abc Multiactive 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 abc Multiactive 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 abc Multiactive Group.

5.     **LITIGATION**

Neither abc Multiactive nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against abc Multiactive or any of its subsidiaries.

6.     **EXPERT**

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

| Name             | Qualification                                                                    |
|------------------|----------------------------------------------------------------------------------|
| CSC Asia Limited | A deemed licensed corporation to carry out type 6 regulated activities under SFO |

As at the Latest Practicable Date, CSC Asia Limited has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter, which has been prepared for inclusion in this circular, and references to its name in the form and context in which it is included.

As at the Latest Practicable Date, CSC Asia Limited does not have any shareholding interest in any member of the Group any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of abc Multiactive

## 7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading prospects of the Group since 30 November 2003, the date to which the latest audited financial statements of abc Multiactive Group were made up.

## 8. DIRECTORS' INTERESTS IN CONTRACTS

- (a) abc Multitactive Group had the following significant related party transactions for the year ended 30 November 2003, the twelve months during the financial year, which were carried out in the normal course of the Group's business:

|                                                                                        | 2003<br>HK\$'000 | 2002<br>HK\$'000 |
|----------------------------------------------------------------------------------------|------------------|------------------|
| Software merchandises purchased from<br>the ultimate holding company ( <i>Note 1</i> ) | 997              | 73               |
| Royalty fee payable to the ultimate holding company ( <i>Note 2</i> )                  | 871              | 969              |
| Interest payable to a shareholder on promissory<br>note payable ( <i>Note 3</i> )      | 526              | 508              |
| Interest payable to a related company on promissory<br>note payable ( <i>Note 3</i> )  | 191              | —                |
| Interest payable to the ultimate holding company ( <i>Note 4</i> )                     | 319              | —                |

*Notes:*

1. abc Multitactive Group purchased software merchandise, in the normal course of business, from MSI for re-sale at terms mutually agreed between two parties.
2. This represents royalty fee payable to MSI in the normal course of business in relation to the sale of new customer relationship management software developed by MSI that is not covered by the software assignment agreement. If abc Multitactive exercises its option to acquire the intellectual property rights of the software, the royalty fee payable can be utilised to off-set abc Multiactive share of the development cost pursuant to the joint development agreement.
3. As at 30 November 2003, the promissory notes are interest bearing at Hong Kong prime rate and is repayable to a shareholder and a related company on 22 May 2004 and 21 February 2004 respectively. Subsequent to the year end, the shareholder and the related company have confirmed that they will not demand repayment within twelve months from the balance sheet date and has agreed to extend the maturity date of the promissory note to 22 May 2005 and 21 February 2005 respectively.
4. The amount due to the ultimate holding company represents mainly payables for development costs, purchases of software merchandise, royalty fee and expenses paid on behalf of abc Multitactive. The balance is unsecured and carried interest of 1.5% per month. The ultimate holding company has confirmed that it will not demand repayment within twelve months from the balance sheet date.

- (b) Save as disclosed herein, as at Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of abc Multiactive Group.

- (c) Save as disclosed herein, as at Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since 30 November 2003, the date to which the latest published audited accounts of abc Multiactive were made up, acquired or disposed of by, or leased to abc Multiactive or any member of abc Multiactive Group, or are proposed to be acquired or disposed of by, or leased to, any member of abc Multiactive Group.

## **9. DIRECTORS' SERVICE CONTRACTS**

Each of Mr. Terence Chi Yan Hui and Mr. Joseph Chi Ho Hui has entered into a service agreement with abc Multiactive. The particulars of these agreements are in all respects identical and set out below:

Each director is appointed under his agreement as an executive director for a term of two years commencing on the date of his appointment as a director. Each appointment shall continue thereafter for such further term, as the parties shall agree. Mr. Terence Chi Yan Hui and Mr. Joseph Chi Ho Hui are required to devote the time and attention as necessary from time to time for the strategic development of abc Multiactive and its subsidiaries. Mr. Terence Chi Yan Hui and Mr. Joseph Chi Ho Hui are not entitled to receive any salary under the service agreement.

Save as disclosed herein, as at the Latest Practicable Date, none of Directors has entered into any service agreements with any member of the Group which is not determinable by the employer within one year without payment of compensation other than statutory compensation.

## **10. PROCEDURE TO DEMAND A POLL AT THE SGM**

In accordance with the GEM Listing Rules, any vote taken at the SGM to approve the entering into and performance by abc Multiactive of Products Sales Agreement must be taken by poll. According to the by-laws of abc Multiactive, a poll may be demanded by:

- (a) the chairman of the SGM; or
- (b) at least three Independent Shareholders present in person or by proxy and for the time being entitled to vote at the SGM; or
- (c) any Independent Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all Independent Shareholders having the right to attend and vote at SGM; or
- (d) any Independent Shareholder or Shareholders present in person or by proxy and holding shares conferring a right to attend and vote at the SGM on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

A poll shall be taken at such time (being not later than thirty days after the date of the demand) and in such manner as the chairman of the SGM may appoint. On a poll, every Independent Shareholder

present at the SGM shall be entitled to one vote for every fully paid-up share of which he is the holder. The result of such poll shall be deemed for all the purposes to be the resolution of the meeting at which the poll was so directed or demanded.

## **11. MISCELLANEOUS**

In the event of any inconsistencies, the English text of this circular and form of proxy shall prevail over the Chinese text.

## **12. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be available for inspection at the head office and principal place of business of abc Multiactive at 17/F, Regent Centre, 88 Queen's Road, Central, Hong Kong during normal business hours on any weekday (except public holidays) from the date of the circular up to and including 28 October 2004.

- (a) the letter from CSC Asia Limited as the Independent Financial Adviser as set out on pages 10 to 16 in this circular;
- (b) the letter of recommendation from the Independent Board Committee to the Independent Shareholders as set out on page 9 in this circular;
- (c) the Products Sales Agreement and Supplemental Products Sales Agreement;
- (d) the written consent from CSC Asia Limited referred to in paragraph 6 of this appendix; and
- (e) all the service agreements as referred to in paragraph 9 of this appendix.

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## NOTICE OF SGM

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**abcmultiactive**

**abc Multiactive Limited**

**辰罡科技有限公司\***

*(incorporated in the Bermuda with limited liability)*

(Stock code: 8131)

**NOTICE IS HEREBY GIVEN** that a Special General Meeting (“SGM”) of abc Multiactive Limited (the “abc Multiactive”) will be held on Thursday, 28 October 2004, at 10:00 am at 17/F, Regent Centre, 88 Queen’s Road, Central, Hong Kong for the purposes of considering, and if thought fit, pass the following resolution (with or without modifications) as ordinary resolution of abc Multiactive:–

### **ORDINARY RESOLUTION**

“**THAT** the Products Sales Agreement dated 5 February 2004 and Supplemental Product Sales Agreement dated 28 June 2004 entered into between abc Multiactive Limited and Maximizer Software Inc., a substantial shareholder of abc Multiactive (a copy of which has been produced to the meeting and marked “A”) and the continuing connected transactions referred to therein be and are hereby approved, confirmed and ratified and that the directors of abc Multiactive be and are hereby authorized to do all such further acts and things and execute all such further documents and take all such steps as they may consider necessary, desirable or expedient to implement and/or give effect to the terms of the Products Sales Agreement, Supplemental Product Sales Agreement and/or the continuing connected transactions with such changes as the directors of abc Multiactive may consider necessary, desirable or expedient.”

By Order of the Board  
**abc Multiactive Limited**  
**Terence Chi Yan Hui**  
*Director*

Hong Kong, 13 October 2004

*Principal office:*  
17/F, Regent Centre  
88 Queen’s Road  
Central  
Hong Kong

*Notes:*

1. A shareholder entitled to attend and vote at the special general meeting is entitled to appoint a person or persons as his proxy to attend and, on a poll, vote instead of him. A proxy need not be a shareholder of the Company.
2. To be valid, a form of proxy, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company’s Hong Kong branch share register and transfer office, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting and in default thereof the form of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiry of 12 months from the date of its execution.
3. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

\* *For identification purposes only*