

abcmultiactive
abc Multiactive Limited
辰罡科技有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 8131)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 MAY 2012**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”)
OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK
EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purposes only

INTERIM RESULTS

The board of directors (the “Board”) of abc Multiactive Limited (the “Company”) presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the three months and six months ended 31 May 2012, together with the comparative figures.

The unaudited turnover of the Group for the three months and six months ended 31 May 2012 was HK\$3,752,000 and HK\$7,543,000 respectively (Three months and six months ended 31 May 2011: HK\$4,885,000 and HK\$8,909,000 respectively). The unaudited net loss for the three months and six months ended 31 May 2012 was HK\$383,000 and HK\$1,455,000 respectively (Three months and six months ended 31 May 2011: net loss of HK\$1,081,000 and HK\$3,010,000 respectively). Unaudited basic loss per share for the three months and six months ended 31 May 2012 was HK\$0.24 cents and HK\$0.91 cents respectively (Three months and six months ended 31 May 2011: basic loss per share of HK\$0.67 cents and HK\$1.87 cents respectively).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND SIX MONTHS ENDED 31 MAY 2012

		(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
		2012	2011	2012	2011
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	3	3,752	4,885	7,543	8,909
Cost of sales		(426)	(1,604)	(909)	(2,654)
Gross profit		3,326	3,281	6,634	6,255
Other revenue	3	–	1	–	1
Software research and development expenses		(1,442)	(2,008)	(3,114)	(4,080)
Royalty expenses		–	(17)	–	(17)
Selling and marketing expenses		(217)	(272)	(475)	(609)
Administrative expenses		(1,634)	(1,695)	(3,303)	(3,265)
Unrealised exchange gain/(loss)		118	99	(119)	(339)
Profit/(loss) from operating activities	5	151	(611)	(377)	(2,054)
Finance costs	6	(534)	(470)	(1,078)	(956)
Loss before taxation		(383)	(1,081)	(1,455)	(3,010)
Taxation	7	–	–	–	–
Loss for the period		<u>(383)</u>	<u>(1,081)</u>	<u>(1,455)</u>	<u>(3,010)</u>

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2012	2011	2012	2011
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income, net of tax				
Exchange differences on translating foreign operations	<u>381</u>	<u>(215)</u>	<u>104</u>	<u>(400)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>381</u>	<u>(215)</u>	<u>104</u>	<u>(400)</u>
Total comprehensive loss for the period	<u>(2)</u>	<u>(1,296)</u>	<u>(1,351)</u>	<u>(3,410)</u>
Loss for the period attributable to owners of the Company	<u>(383)</u>	<u>(1,081)</u>	<u>(1,455)</u>	<u>(3,010)</u>
Total comprehensive loss for the period attributable to owners of the Company	<u>(2)</u>	<u>(1,296)</u>	<u>(1,351)</u>	<u>(3,410)</u>
	HK cents	HK cents	HK cents	HK cents
Loss per share				
– Basic and diluted	9 <u>(0.24)</u>	<u>(0.67)</u>	<u>(0.91)</u>	<u>(1.87)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MAY 2012 AND 30 NOVEMBER 2011

		(Unaudited) 31 May 2012 HK\$'000	(Audited) 30 November 2011 HK\$'000
ASSETS			
Non-current asset			
Property, plant and equipment		<u>343</u>	<u>416</u>
Current assets			
Work in progress	10	19	226
Trade and other receivables	11	1,737	811
Cash and cash equivalents		<u>3,998</u>	<u>5,418</u>
		<u>5,754</u>	<u>6,455</u>
Total assets		<u>6,097</u>	<u>6,871</u>
Capital and reserves			
Share capital		16,059	16,059
Reserves	15	<u>(70,294)</u>	<u>(68,943)</u>
Equity attributable to owners of the Company		<u>(54,235)</u>	<u>(52,884)</u>
LIABILITIES			
Non-current liabilities			
Promissory notes and interest payable to the related companies	13	38,589	37,608
Amount due to a shareholder	14	5,752	5,635
Amount due to a related party	14	<u>4,039</u>	<u>3,986</u>
		<u>48,380</u>	<u>47,229</u>
Current liabilities			
Other payables and accruals	12	5,988	6,644
Deferred revenue		3,678	3,653
Amount due to a related company	14	387	314
Amount due to customers	10	<u>1,899</u>	<u>1,915</u>
		<u>11,952</u>	<u>12,526</u>
Total liabilities		<u>60,332</u>	<u>59,755</u>
Total equity and liabilities		<u>6,097</u>	<u>6,871</u>
Net current liabilities		<u>(6,198)</u>	<u>(6,071)</u>
Total assets less current liabilities		<u>(5,855)</u>	<u>(5,655)</u>
Net liabilities		<u>(54,235)</u>	<u>(52,884)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 MAY 2012

	(Unaudited)	
	Six months ended	
	31 May	
	2012	2011
	HK\$'000	HK\$'000
Net cash used in operating activities	(1,404)	(1,695)
Net cash used in investing activities	(16)	(35)
Net cash used in financing activities	–	(2,797)
Net decrease in cash and cash equivalents	(1,420)	(4,527)
Cash and cash equivalents at the beginning of period	5,418	6,490
Cash and cash equivalents at the end of period	<u>3,998</u>	<u>1,963</u>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<u>3,998</u>	<u>1,963</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MAY 2012

	Attributable to owners of the Company					
	(Unaudited) Share capital <i>HK\$'000</i>	(Unaudited) Share premium <i>HK\$'000</i>	(Unaudited) Contributed surplus <i>HK\$'000</i>	(Unaudited) Exchange reserve <i>HK\$'000</i>	(Unaudited) Accumulated losses <i>HK\$'000</i>	(Unaudited) Total <i>HK\$'000</i>
At 1 December 2010	16,059	106,118	37,600	(14,110)	(192,961)	(47,294)
Other comprehensive loss for the period	-	-	-	(400)	-	(400)
Loss for the period	-	-	-	-	(3,010)	(3,010)
At 31 May 2011	<u>16,059</u>	<u>106,118</u>	<u>37,600</u>	<u>(14,510)</u>	<u>(195,971)</u>	<u>(50,704)</u>
At 1 December 2011	16,059	106,118	37,600	(14,264)	(198,397)	(52,884)
Other comprehensive income for the period	-	-	-	104	-	104
Loss for the period	-	-	-	-	(1,455)	(1,455)
At 31 May 2012	<u>16,059</u>	<u>106,118</u>	<u>37,600</u>	<u>(14,160)</u>	<u>(199,852)</u>	<u>(54,235)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They are prepared under the historical cost convention.

The unaudited consolidated results for the six months ended 31 May 2012 have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company’s annual financial statements for the year ended 30 November 2011, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“HKFRS”) and Hong Kong Accounting Standards (“HKAS”) as disclosed in note 2 below.

2. IMPACT OF NEW HKFRSs AND HKASs

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new and revised HKFRSs and HKASs which are effective for accounting periods commencing on or after 1 January 2011. The Group has adopted, for the first time for the current year’s financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

Changes in accounting policies

HKFRSs and HKASs that are effective for the six months ended 31 May 2012:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 ¹
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ²
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ²
HKAS 24 (Revised)	Related Party Disclosures ¹
HK(IFRIC) – Int 14 (Amendments)	Prepayment of a Minimum Funding Requirement ¹

¹ Effective for annual periods beginning on or after 1 January 2011

² Effective for annual periods beginning on or after 1 July 2011

3. TURNOVER AND OTHER REVENUE

The Group is principally engaged in the designing and sale of computer software and the provision of professional and maintenance services for such products. All significant intra-group transactions have been eliminated on consolidation. An analysis of the Group's turnover and other revenue for the three months and six months ended 31 May 2012 is as follows:

	(Unaudited) Three months ended 31 May		(Unaudited) Six months ended 31 May	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover				
Sales of computer software licences, software rental and provision of related services	2,038	3,040	3,932	5,107
Provision of maintenance services	1,714	1,822	3,495	3,670
Sales of computer hardware	–	23	116	132
	<u>3,752</u>	<u>4,885</u>	<u>7,543</u>	<u>8,909</u>
Other revenue				
Interest income on bank deposits	<u>–</u>	<u>1</u>	<u>–</u>	<u>1</u>

4. SEGMENT INFORMATION

The Group was engaged in two business segments, Financial Solutions and CRM Solutions during the six months ended 31 May 2012 and 31 May 2011. The chief operating decision maker regularly reviews the nature of their operations and the products and services. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	(Unaudited)					
	Six months ended 31 May					
	Financial Solutions		CRM Solutions		Consolidated	
	2012	2011	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	7,330	8,190	213	719	7,543	8,909
Segment results	3,135	1,610	(90)	(61)	3,045	1,549
Interest income					-	1
Exchange loss					(119)	(339)
Central administration costs					(3,303)	(3,265)
Finance costs					(1,078)	(956)
Loss before taxation					(1,455)	(3,010)
Taxation					-	-
Loss for the period					(1,455)	(3,010)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2011: Nil).

Segment results represents the profit/(loss), earned/(suffered) by each segment without allocation of other revenue, exchange loss, central administration costs, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	(Unaudited)					
	Six months ended 31 May					
	Financial Solutions		CRM Solutions		Consolidated	
	2012	2011	2012	2011	2012	2011
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Assets and liabilities						
Segment assets	1,977	2,650	230	563	2,207	3,213
Unallocated assets					3,890	1,914
Consolidated total assets					<u>6,097</u>	<u>5,127</u>
Segment liabilities	13,998	15,261	7,057	7,243	21,055	22,504
Unallocated liabilities					39,277	33,327
Consolidated total liabilities					<u>60,332</u>	<u>55,831</u>
Other segment information						
Depreciation	90	107	3	3	93	110
Capital expenditure	16	35	–	–	16	35

For the purposes of monitoring segment performance and allocating resources between segments, the group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

All assets are allocated to reportable segments other than unallocated corporate assets (mainly include cash and cash equivalents that are used by the investment holding companies and prepayment that are prepaid by the investment holding companies).

All liabilities are allocated to reportable segments other than unallocated corporate liabilities (mainly include promissory notes and the related interest payable, other payables and accruals borne by the investment holding companies).

Geographical segments

The Group operates in two principal geographical areas – the PRC and Hong Kong.

The Group's revenue generated from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	Six months ended 31 May		Six months ended 31 May	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC	–	–	164	228
Hong Kong	7,543	8,909	179	258
	<u>7,543</u>	<u>8,909</u>	<u>343</u>	<u>486</u>

Information about major customers

No single customer contributed 10% or more to the Group's revenue for both six months ended 31 May 2012 and 2011.

5. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	(Unaudited) Three months ended		(Unaudited) Six months ended	
	31 May		31 May	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) from operating activities is stated at after charging:				
Depreciation on owned property, plant and equipment	45	53	93	110
Operating leases payments in respect of				
– land and buildings	405	397	805	794
– plant and equipment	8	8	16	16
Staff costs (excluding directors' remuneration)				
– salaries and allowances	2,623	3,929	5,417	7,627
– retirement benefits costs	87	111	182	225
Cost of computer hardware sold	–	14	80	90
Unrealised exchange loss	177	44	525	501
Loss on disposal of fixed assets	–	23	–	23
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
and after crediting:				
Unrealised exchange gain	295	143	406	162
Gain on disposal of property, plant and equipment	–	–	19	–
Recovery of impairment loss recognised in respect of trade receivables	53	–	53	72
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6. FINANCE COSTS

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	31 May		31 May	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on promissory notes – wholly repayable within five years	475	410	957	838
Interest on amount due to a shareholder/a related party/a related company – wholly repayable within five years	59	60	121	118
	534	470	1,078	956

7. TAXATION

No provision for Hong Kong profits tax has been made as the Group had either no estimated assessable profits or had estimated tax losses brought forward to set off the estimated assessable profits for the period (2011: Nil).

No provision for the PRC income taxes has been made during the period as the subsidiaries operating in the PRC had no assessable profits for the period (2011: Nil).

No Australian income tax has been provided by the Australian subsidiaries of the Group as they had no assessable profits for the period (2011: Nil).

The potential unaudited deferred tax asset of approximately HK\$16,102,000 (As at 31 May 2011: approximately HK\$15,887,000) relating to tax losses available for carry forward and other timing differences as at 31 May 2012 has not been recognized due to the unpredictability of the future profit streams.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 May 2012 (2011: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company for the three months and six months ended 31 May 2012 is based on the unaudited net loss for the period of approximately HK\$383,000 and HK\$1,455,000 respectively (For the three months and six months ended 31 May 2011: net loss of HK\$1,081,000 and HK\$3,010,000 respectively), and the weighted average of 160,590,967 (2011: 160,590,967) ordinary shares of HK\$0.10 each in issue during the period.

Diluted loss per share

Diluted loss per share for the three months and six months ended 31 May 2012 and 2011 were the same as the basic loss per share.

10. CONSTRUCTION CONTRACTS

	(Unaudited) 31 May 2012 <i>HK\$'000</i>	(Audited) 30 November 2011 <i>HK\$'000</i>
Amounts due from customers for contract work	19	226
Amounts due to customers for contract work	<u>(1,899)</u>	<u>(1,915)</u>
	<u>(1,880)</u>	<u>(1,689)</u>
	(Unaudited) 31 May 2012 <i>HK\$'000</i>	(Audited) 30 November 2011 <i>HK\$'000</i>
Contract costs incurred plus recognised profits less recognised losses to date	833	1,870
Less: Progress billings	<u>(2,713)</u>	<u>(3,559)</u>
	<u>(1,880)</u>	<u>(1,689)</u>

11. TRADE AND OTHER RECEIVABLES

	(Unaudited) 31 May 2012 <i>HK\$'000</i>	(Audited) 30 November 2011 <i>HK\$'000</i>
Trade receivables	2,743	2,097
Less: impairment loss recognised in respect of trade receivables	<u>(1,647)</u>	<u>(1,700)</u>
Trade receivables – net	1,096	397
Prepayment, deposits and other receivables	<u>641</u>	<u>414</u>
	<u>1,737</u>	<u>811</u>

The following is an aged analysis of the trade receivables, net of provision of impairment loss:

	(Unaudited) 31 May 2012 <i>HK\$'000</i>	(Audited) 30 November 2011 <i>HK\$'000</i>
Current	137	269
31 – 60 days	640	38
61 – 90 days	31	–
Over 90 days	288	90
	<u>1,096</u>	<u>397</u>

The following is an aged analysis of the trade receivables which are past due but not impaired:

	(Unaudited) 31 May 2012 <i>HK\$'000</i>	(Audited) 30 November 2011 <i>HK\$'000</i>
31 – 60 days	640	38
61 – 90 days	31	–
Over 90 days	288	90
	<u>959</u>	<u>128</u>

For the past due but not impaired trade receivables, although no collateral is held, the Group has assessed the credit worthiness, past payment history and substantial settlement after the reporting date, and considers that the amounts are still recoverable and no further credit provision is required in excess of allowance for doubtful debts. The Group seeks to maintain strict control over its outstanding trade receivables. Overdue balances are reviewed regularly by the management.

12. OTHER PAYABLES AND ACCRUALS

	(Unaudited) 31 May 2012 <i>HK\$'000</i>	(Audited) 30 November 2011 <i>HK\$'000</i>
Accruals	2,245	2,221
Receipt in advance	2,507	3,292
Other payables	1,236	1,131
	<u>5,988</u>	<u>6,644</u>

13. PROMISSORY NOTES AND INTEREST PAYABLE TO THE RELATED COMPANIES

As at 31 May 2012, the unaudited promissory notes of approximately HK\$33,769,000 (2011: approximately HK\$29,726,000) payable to the related companies are interest bearing at Hong Kong prime rate (2011: Hong Kong prime rate).

Active Investments Capital Limited (“Active Investments”), a related company owned by the Chief Executive Officer of the Company, has agreed that it will not demand repayment of the promissory note and the interest related to the promissory note in the amount of approximately CAD578,000 (approximately HK\$4,352,000) within the next twelve months after 30 November 2011. On 26 November 2011, Active Investments had agreed to further extend the maturity date of the promissory note in the amount of CAD485,000 (approximately HK\$3,663,000) together with the accrued interest of approximately CAD93,000 (approximately HK\$689,000) to 31 May 2013. Interest incurred for the six months ended 31 May 2012 was being approximately CAD14,000 (approximately HK\$110,000) (2011: CAD14,000 (approximately HK\$106,000)) (Note 6).

Active Investments, has also agreed that it will not demand repayment of the promissory note and the interest related to the promissory note in the amount of approximately HK\$21,692,000 within the next twelve months after 30 November 2011. On 26 November 2011, Active Investments had agreed to extend the maturity date of the promissory note in the amount of approximately HK\$18,205,000 together with the accrued interest of approximately HK\$3,487,000 to 31 May 2013. Interest incurred for the six months ended 31 May 2012 was being approximately HK\$536,000 (2011: HK\$507,000) (Note 6).

Active Investments, has also agreed that it will not demand repayment of promissory note and the interest related to the promissory note in the amount of approximately HK\$3,236,000 within the next twelve months after 30 November 2011. On 26 November 2011, Active Investments had agreed to extend the maturity date of the promissory note in the amount of HK\$3,000,000 and the interest related to the promissory note in the amount of approximately HK\$236,000 to 31 May 2013. Interest incurred for the six months ended 31 May 2012 was being approximately HK\$80,000 (2011: HK\$76,000) (Note 6).

Active Investments, has also agreed that it will not demand repayment of two promissory notes and the interests related to the promissory notes in the amount of approximately HK\$2,051,000 and CAD308,000 (approximately HK\$2,324,000) respectively within the next twelve months after 30 November 2011. On 29 November 2011, Active Investments has agreed to extend the maturity date of the promissory notes in the amount of HK\$2,000,000 and CAD300,000 (approximately HK\$2,266,000) respectively and the interests related to the promissory notes in the amount of approximately HK\$51,000 and CAD8,000 (approximately HK\$58,000) respectively to 31 May 2013. Interests incurred for the six months ended 31 May 2012 were being approximately HK\$51,000 and CAD8,000 (approximately HK\$58,000) respectively (Note 6).

Furthermore, a party connected to an Executive Director of the Company, Wickham Group Limited, has also agreed that it will not demand repayment of the promissory note and the interest related to the promissory note in the amount of approximately HK\$4,934,000 within the next twelve months after 30 November 2011. On 26 November 2011, Wickham Group Limited had agreed to extend the maturity date of the promissory note in the amount of HK\$4,634,000 together with the accrued interest of approximately HK\$300,000 to 31 May 2013. Interest incurred for the six months ended 31 May 2012 was being approximately HK\$122,000 (2011: HK\$149,000) (Note 6).

The carrying amounts of the non-current borrowings are as follows:

	(Unaudited)	(Audited)
	31 May	30 November
	2012	2011
	HK\$'000	HK\$'000
Promissory notes and interest payable to the related companies	<u>38,589</u>	<u>37,608</u>

14. AMOUNT DUE TO A SHAREHOLDER/A RELATED PARTY/A RELATED COMPANY

The amounts mainly represent payables for development costs, purchases of software merchandise, royalty fee and expenses paid on behalf of the Group. The balances are HK\$5,752,000, HK\$4,039,000 and HK\$387,000 respectively. The balances are unsecured, interest-free except for HK\$3,059,000, HK\$1,846,000 and HK\$11,000 respectively of which carries interest at the annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly (2011: Annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly). The shareholder, a related party and a related company have confirmed that it will not demand repayment within the next twelve months after 30 November 2011.

15. RESERVES

The amounts of the Group's unaudited reserves and the movements therein for the current and the same period of pervious year are presented in the condensed consolidated statement of changes in equity of the financial statements.

16. RELATED PARTIES TRANSACTIONS

In additions to the transactions and balances detailed elsewhere in the financial statement during the period, the Group had entered into the following significant related party transactions which were carried out on normal commercial terms and in the normal course of the Group's business:

	(Unaudited)	
	Six months ended 31 May	
	2012	2011
	HK\$'000	HK\$'000
Software merchandises purchased from Maximizer Software Inc. ("MSI") for resale (<i>note a</i>)	8	8
Professional service fee payable to a subsidiary of MSI (<i>note b</i>)	–	159
Interest payable to the related companies on promissory notes payable (<i>note 13</i>)	957	838
Interest payable to MSI (<i>note 14</i>)	1	–
Interest payable to a shareholder (<i>note 14</i>)	75	72
Interest payable to a related party (<i>note 14</i>)	45	46
Consultancy fee payable to a director (<i>note c</i>)	24	24
Rental fee income received from Wing Hong Interior (<i>note d</i>)	<u>78</u>	<u>78</u>

Notes:

- (a) The Group purchased software, in the normal course of business, from MSI for re-sale in accordance with a Products Sales Agreement and a Supplemental Products Sales Agreement entered into between the Company and MSI on 5 February 2004 and 28 June 2004 respectively. The Supplemental Products Sales Agreement was expired on 31 May 2006. Subsequent to the expiry date, MSI has confirmed that the pricing of the product cost remains at 25% of the gross license revenue, that is in accordance with the terms and conditions specified in the 5 February 2004 Product Cost Agreement and the subsequent 28 June 2004 Amendment (the “Product Cost Agreements”) entered into between the Company and MSI.

Mr. Terence Chi Yan Hui had interests in the transaction with MSI to the extent that he is the chairman of MSI and that the issued shares of MSI are indirectly owned by his family as at 31 May 2012.

- (b) One-off professional service fee payable to an Australian subsidiary of MSI for the provision of a professional service with a Hong Kong based airline for its upgraded Maximizer product in its Australia outport for the same period of previous year.
- (c) Consultancy fee was payable to Ms. Clara Hiu Ling Lam as the legal representative of the subsidiaries in PRC.
- (d) Monthly rental income received from Wing Hong Interior Constructing Limited (“Wing Hong Interior”) Mr. Kau Mo Hui and Mr. Kwong Sang Liu are the Executive Director and the Independent Non-executive Director of China Railsmedia Corporation Limited, which is the ultimate holding company of Wing Hong Interior.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited turnover of approximately HK\$3,752,000 for the three months ended 31 May 2012, a 23% decrease from approximately HK\$4,885,000 for the corresponding period of the previous year. Of the total unaudited turnover amount, approximately HK\$2,038,000 or 54% was generated from software license sales and professional service income and approximately HK\$1,714,000 or 46% was generated from maintenance services. As at 31 May 2012, the Group had approximately HK\$3 million worth of contracts that were in progress. The unaudited net loss attributable to shareholders for the three months ended 31 May 2012 was HK\$383,000 whereas the Group recorded an unaudited net loss of approximately HK\$1,081,000 for the same period of the previous year.

During the period, the Group continued to exercise prudent cost control measures by implementing staff cost and other expenses reduction measures in its Hong Kong and China operations to create a more efficient operational infrastructure. The unaudited operating expenditures amounted to approximately HK\$3,293,000 for the three months ended 31 May 2012, a 18% decrease from approximately HK\$3,992,000 for the corresponding period of the previous year.

As a result of the most of the property, plant and equipment in the Group was fully depreciated, unaudited depreciation expenses decreased from approximately HK\$53,000 for the three months ended 31 May 2011 to approximately HK\$45,000 in the current period.

During the current period, the Group invested approximately HK\$1,442,000 in developing new modules for its OCTO Straight Through Processing (“STP”) system.

For the three months ended 31 May 2012, the Group has no provision made for impairment of trade receivables.

Total unaudited staff costs (excluding directors’ remuneration) are approximately HK\$2,710,000 for the three months ended 31 May 2012, a 33% decrease from approximately HK\$4,040,000 for the same period of the previous year. The decrease was mainly attributed to headcount reductions during the period.

Liquidity and Financial Resources

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

At 31 May 2012, the Group's borrowings were repayable as follows:

	Bank borrowings and overdrafts		Other loans	
	(Unaudited) 31 May 2012 HK\$'000	(Audited) 30 November 2011 HK\$'000	(Unaudited) 31 May 2012 HK\$'000	(Audited) 30 November 2011 HK\$'000
Within 1 year	-	-	387	314
Between 1 and 2 years	-	-	48,380	47,229
Between 2 and 5 years	-	-	-	-
Wholly repayable within 5 years	-	-	48,767	47,543
Over 5 years	-	-	-	-
	-	-	48,767	47,543

At 31 May 2012, the Group had outstanding of approximately CAD51,000 (approximately HK\$387,000) due to Maximizer Software Inc. ("MSI"), a related company of the Company. The amount due to MSI was mainly payables for purchases of software merchandise, royalty fee and expenses paid on behalf of the Group, which was unsecured and interest-free except for approximately CAD1,000 (approximately HK\$11,000) of which carries interest at the annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly. MSI had confirmed that they will not demand repayment within the next twelve months after 30 November 2011.

Approximately CAD761,000 (approximately HK\$5,752,000) representing a loan from The City Place Trust, a shareholder of the Company, which was unsecured and interest-free except for approximately CAD584,000 (approximately HK\$3,059,000) of which carries interest at the annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly. The City Place Trust had confirmed that they will not demand repayment within the next twelve months after 30 November 2011.

Approximately CAD534,000 (approximately HK\$4,039,000) representing a loan from Maximizer (Barbados) Management Inc., a related party of the Company, which was unsecured and interest-free except for approximately CAD250,000 (approximately HK\$1,846,000) of which carries interest at the annual Canadian prime rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited plus 2% compounded monthly. Maximizer (Barbados) Management Inc. had confirmed that they will not demand repayment within the next twelve months after 30 November 2011.

HK\$4,634,000 representing a loan from Wickham Group Limited, a party connected to an Executive Director of the Company, which was unsecured, interest bearing at the Hong Kong prime rate and maturing on 31 May 2013. Wickham Group Limited had confirmed that they will not demand repayment within the next twelve months after 30 November 2011.

Loans of amount CAD485,000 (approximately HK\$3,663,000), HK\$18,205,000, HK\$3,000,000, HK\$2,000,000 and CAD300,000 (approximately HK\$2,266,000) respectively are loans from Active Investments Capital Limited, a related company wholly owned by the Chief Executive Officer of the Company, which was unsecured, interest bearing at the Hong Kong prime rate and maturing on 31 May 2013. Active Investments Capital Limited had confirmed that they will not demand repayment within the next twelve months after 30 November 2011.

The Group expresses its gearing ratio as a percentage of borrowings and long term debts over total assets. As at 31 May 2012, the Group's gearing ratio was 7.94.

Pledge of Assets

The Group did not have any mortgage or charge as at 31 May 2012.

Exposure to Fluctuation in Exchange Rates and Related Hedges

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollars, Renminbi, Canadian dollars or Australian dollars. Except for the current account between the Company and its Australian and China subsidiaries which is denominated in Hong Kong dollars, it is the Group's policy for each operating entity to borrow in local currencies where necessary in order to minimize currency risk.

As at 31 May 2012, the Group did not have any foreign currency investments which have been hedged by currency borrowings and other hedging instruments.

Treasury Policy

Cash and bank deposits of the Group are either in HK dollars, Renminbi, Canadian dollars or Australian dollars. The Group conducts its core business transaction mainly in HK dollars, such that the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

Contingent Liabilities

The Group and the Company had no material contingent liabilities as at 31 May 2012.

Significant Investments

The Group has not held any significant investment for the three months ended 31 May 2012.

Major Events

As at 31 May 2012, the Group had no material capital commitments and no future plans for material investments or capital assets.

Employee and Remuneration Policy

The directors believe that the quality of its employees is the most important factor in sustaining the Group's growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salaries and mandatory provident fund, staff benefits include medical coverage scheme. As at 31 May 2012, the Group had employed 30 staffs in Hong Kong and 6 staffs in PRC China. Total staff costs for the three months ended 31 May 2012 under review amounted to approximately HK\$2,710,000.

As at 31 May 2012, 10 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. The estimated maximum amount of such payment is approximately HK\$700,000.

Pension Scheme

Effective from 1 December 2000, the Group joined the Mandatory Provident Fund Scheme (the "MPF Scheme") for all of its employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is registered with the Mandatory Provident Fund Authority under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000.

The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the retirement funds and is expensed as incurred. For the three months ended 31 May 2012, the unaudited retirement benefit scheme contributions borne by the Group amounted to HK\$87,000 (2011: HK\$111,000). No forfeited contribution for the Group is available to reduce the contribution payable in the future years. Contributions to the scheme vest immediately.

The employees of the Group's subsidiaries which operate in PRC are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

Share Option

As at 31 May 2012, the Group has not granted any share options. All options granted were expired and no outstanding was noted as at 31 May 2012.

No further options can be granted under the Company's share option scheme adopted on 22 January 2001 until the new requirements of Chapter 23 of the GEM Listing Rules are complied with.

Operation Review

For the three months ended 31 May 2012, Financial Solutions unaudited turnover is HK\$3,632,000, a decrease of 15% when compared to HK\$4,250,000 for the corresponding period of the previous year. The reasons of decreases were mainly attributed to global stocks market and economic climate clouded with various uncertainties which resulted in slowdown of the Group's new sales contract signed with brokerage firms in the first half year of 2012.

To widen the Group's turnover channel scheme, the Group joins one well known Canadian based financial solution company's channel program as a Channel Partner in Hong Kong to promote its innovative OTC derivatives solutions. This solution provides software and services supporting the valuation, reporting and risk management of derivatives and fixed income portfolios to various enterprises. With the complementary strengths of the Group and this channel partner, the Group believed that it can assist our customers to develop effective risk analytics and risk management solutions. The Group continued to enhance the features of its brokerage trading solutions and focused on new modules development to assist our customers facing technological challenge in the financial industry.

For the three months ended 31 May 2012, CRM Solutions unaudited turnover is HK\$120,000, 81% decrease compared to HK\$635,000 for the same period of the previous year. The decrease was due to our customers in CRM demand reduced which resulted in decrease in its turnover of the Group. To raise competitive advantage Maximizer products in the CRM market, the Group is in active negotiations with MSI for distribution rights of the Group's Maximizer software products in Asia Pacific region.

The Group remains prudent in planning its future strategic and will continue to promote existing Financial and CRM Solutions with related products and professional services through extending the network of our business partners and explore opportunities in new business.

Prospects

To maintain our competitiveness in the market, the Group will focus more on our core business and technology development to improve product functionality and expand service dimensions to our customers. We continue to channel our resources to business development in the high growth solutions area under operational efficiency; and resilience will continue to be top priorities for the Group for 2012.

We aimed at reaching out to a more diversified customer base via seeking new opportunities in Asian market. To achieve this goal, we will engage more actively in marketing and promotional activities, and seek collaboration partners to provide more innovative business solutions. The directors believed that the Group has a well diversified product range that is fitted to the market needs and it is well equipped to face challenges from the market.

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

At 31 May 2012, the interests and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 to 5.68 of the GEM Listing Rules were as follows:

Long positions in shares

(a) The Company:

Name of director	Number of ordinary shares			Total	Percentage of issued share capital
	Personal interests	Family interests	Other interests		
Mr. Kau Mo Hui	–	99,201,110	–	99,201,110	61.78%

Note:

8,666,710 shares are held by Pacific East Limited ("PEL") and 90,534,400 shares held by Maximizer International Limited ("MIL"). Both PEL and MIL are wholly owned by The City Place Trust. Royal Bank of Canada Financial Corporation is the trustee of The City Place Trust. The City Place Trust is a discretionary trust and its beneficiaries include direct family members of Mr. Kau Mo Hui. The interests held by The City Place Trust are deemed to be part of the interest of Mr. Kau Mo Hui.

(b) Associated Corporation:

Name of director	Number of common shares in Maximizer Software Inc.			Total	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests		
Mr. Kau Mo Hui	–	36,475,319	26,191,804	62,667,123	100%

Note:

Maximizer Software Inc. is held as to 58.2% by The City Place Trust and 41.8% indirectly held by Mr. Kau Mo Hui.

Long positions in underlying shares

a) *The Company:*

All options of the Company granted were expired on 27 May 2011.

No long positions of directors and chief executives in the underlying shares of the Company were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to rule 5.46 of the GEM Listing Rules.

No further options can be granted under the Company's share option scheme adopted on 22 January 2001 until the new requirements of Chapter 23 of the GEM Listing Rules are complied with.

b) *Associated Corporation:*

No long position of directors and chief executives in the underlying shares of the Associated Corporation were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to rule 5.46 of the GEM Listing Rules.

Long positions in debentures

No long positions of directors and chief executives in the debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in shares

No short positions of directors and chief executives in the shares of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in underlying shares

No short positions of directors and chief executives in the underlying shares of the equity derivatives of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in debentures

No short positions of directors and chief executives in the debentures of the Company and its associated corporations were recorded in the register.

Save as disclosed above, as at 31 May 2012, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

INTERESTS DISCLOSABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDER

At 31 May 2012, the following persons (other than the directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in shares

Name	Capacity	Nature of interest	Number of ordinary shares	Percentage of issued share capital
Maximizer International Limited	Beneficial owner	Corporate	90,534,400	56.38%
Pacific East Limited	Beneficial owner	Corporate	8,666,710	5.40%
Royal Bank of Canada Financial Corporation (note)	Trustee	Corporate	99,201,110	61.78%

Note:

Royal Bank of Canada Financial Corporation is the trustee of The City Place Trust which owns Maximizer International Limited, which holds 56.38% interest in the Company and wholly owns Pacific East Limited, which holds 5.4% interest in the company. The City Place Trust is a discretionary trust and its beneficiaries include direct family members of Mr. Kau Mo Hui.

Long positions in underlying shares

No long positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Short positions in shares

No short positions of other persons and substantial shareholders in the shares of the Company were recorded in the register.

Short positions in underlying shares

No short positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Apart from the foregoing, no other interests required to be recorded in the register kept under Section 336 of the SFO have been notified to the Company.

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 Non-executive Director of the Company, is also the chairman of MSI, a related company of the Company. MSI is held as to 58.2% by the City Place Trust, which is a discretionary trust and its beneficiaries include the direct family members of Mr. Kau Mo Hui, the Executive Director and the Chairman of the Company, whereas the remaining 41.8% is indirectly held by Mr. Kau Mo Hui. MSI is engaged in the business of the design and development of CRM Solutions, and has operations in North America, Europe, Pacific Region and South America. MSI and the Group share the same product lines including, Maximizer, Maximizer Enterprise, Maximizer CRM, ecBuilder and their respective product lines. The directors believe that the business of MSI and possible future businesses conducted by 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.

AUDIT COMMITTEE

Pursuant to the GEM Listing Rules, an audit committee was established on 22 January 2001, comprising three Independent Non-executive Directors, namely Messrs. Kwong Sang Liu, Edwin Kim Ho Wong and William Keith Jacobsen. On 28 September 2004, Mr. Kwong Sang Liu was appointed as Independent Non-executive Directors and member of audit committee of the Company. On 29 August 2008, Mr. Edwin Kim Ho Wong was appointed as Independent Non-executive Directors and member of audit committee of the Company. Mr. William Keith Jacobsen was appointed as Independent Non-executive Directors and member of audit committee of the Company on 10 July 2009. Mr. Edwin Kim Ho Wong is the chairman of the audit committee for the year.

The written terms of reference which describe the authorities and duties of the audit committee were prepared and adopted with reference to “A Guide for the Formation of an Audit Committee” published by the Hong Kong Institute of Certified Public Accountants. The audit committee provides an important link between the board of directors and the Company’s auditors in matters coming within the scope of the Group audit. It also reviews the financial reporting process and the adequacy and effectiveness of the Group’s internal control system.

During the six months ended 31 May 2012, the audit committee held two meetings for the purpose of reviewing the Company’s reports and accounts, and providing advice and recommendations to the Board of Directors. The minutes of the audit committee meeting are kept by the Company Secretary.

The Group’s unaudited consolidated results for the three months ended 31 May 2012 have been reviewed by the audit committee, which was of the opinion that the preparation of such results is complied with the applicable accounting standard.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 May 2012, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

CORPORATE GOVERNANCE CODE

The Stock Exchange has issued the amendments on Corporate Governance Code in Appendix 15 to the GEM Listing Rules effective on 1 April 2012.

To fully comply with all the new code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules, relevant amendments and adoptions has been adopted by the Company on 1 April 2012.

Except for the above, none of the directors is aware of information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period for the six months ended 31 May 2012, in compliance with the Corporate Governance Code set out by the Stock Exchange in Appendix 15 to the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 May 2012, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

By order of the Board
Kau Mo HUI
Chairman

As at the date of this announcement, the Board comprises the following directors:

Mr. Kau Mo HUI	<i>(Executive Director)</i>
Ms. Clara Hiu Ling LAM	<i>(Executive Director)</i>
Mr. Terence Chi Yan HUI	<i>(Non-executive Director)</i>
Mr. Joseph Chi Ho HUI	<i>(Non-executive Director)</i>
Mr. Kwong Sang LIU	<i>(Independent Non-executive Director)</i>
Mr. Edwin Kim Ho WONG	<i>(Independent Non-executive Director)</i>
Mr. William Keith JACOBSEN	<i>(Independent Non-executive Director)</i>

Hong Kong, 6 July 2012

This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the day of its posting and the website of the Company at www.hklistco.com.