

**abc MULTIACTIVE LTD:  
IS THIS COMPANY SOLVENT ?**

The inability of a publicly listed company to pay for equipment, essential to daily operations, especially when the bill for such equipment is relatively small, must be considered an important indicator to investors that something is terribly wrong with the company.

IBM China/Hongkong Ltd certainly thinks that something is terribly wrong with publicly listed [abc Multiactive Ltd](#) (Code: 8131, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) because it has just sued a wholly-own subsidiary of the company, abc Multiactive (Hongkong) Ltd, for \$HK116,824.55.

IBM has alleged, in its Statement of Claim, attached to its Writ of Summons, that, for the past 3 years or so, it has been leasing equipment to abc Multiactive (Hongkong) (formerly known as abc Mutliactive Technology Ltd).

However, starting from March 2002, *'the Defendant (abc Multiactive (Hongkong)) began having delays in its monthly payments ...'*. (Paragraph 6 of the Statement of Claim)

Having laid its claim against its customer for late charges, in the amount of \$HK3,087,75, on July 13, 2002 and November 6, 2002, IBM came into 3 separate agreements with abc Multiactive (Hongkong) to extend certain schedules of payments, including the purchases of the equipment, originally leased to abc Multiactive (Hongkong) by IBM.

In accordance with the 3, End-of-Lease Options, IBM agreed to sell the equipment to abc Multiactive (Hongkong) for a total consideration of \$HK103,545.

Entering into an agreement to purchase goods is one thing, but for the vendor to get its money is, sometimes, quite another matter.

And that appears to be the situation, today: IBM alleges that it has never been paid for its goods.

It is claiming a total of \$HK116,824.55 from abc Multiactive (Hongkong), being the cost of the goods, interest for late payment, as well as claiming further interest at the rate of 2 percent per month, costs, and other relief.

abc Mutliactive is another of those GEM companies, which went public in 2001 in order to try to catch the hi-tech bubble that was sweeping the world.

It is said to be engaged in the production of computer software, or something like that, but it has never made a cracker since it was founded.

When it went public on The GEM, on January 22, 2001, it Placed a total of 41,876,000, 6-cent Shares at a Premium of \$HK1.20 per Share, raising about \$HK40 million, net of expenses.

Since that date, it has managed to lose all of that money, year after year after year – and, then, some.

For the 8 months, ended July 31, 2000, this company had lost about \$HK21 million, having dropped \$HK5.06 million in the 1998 Financial Year and another \$HK2.31 million, during the 1999 Year.

For the 2002 Year, ended November 30, 2002, abc Multiactive suffered a Loss Attributable to Shareholders of about \$HK38.28 million.

In the 2001 Year, it announced a Loss Attributable to Shareholders of about \$HK96.11 million – which was a record loss for this company.

There was something very new about this company, during the 2002 Year, however, because it was the first Year on record that it could announce that Shareholders' Funds were Negative: A negative \$HK21.47 million, in fact.

Put another way, one has to wonder whether or not this company was solvent, as at the 2002 Balance Sheet Date: Able to pay its debts as they fell due.

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