

ACROSSASIA MULTIMEDIA LIMITED

(Incorporated in the Cayman Islands with limited liability)

First Quarterly Report 2001



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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

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

This document, for which the Directors of AcrossAsia Multimedia Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this document is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this document misleading; and (3) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

For the Three Months Ended 31st March, 2001

HIGHLIGHTS

- The Group's turnover increased by a significant 42.4% to HK\$120 million compared to the same period in 2000.
- Revenue from Fixed Line Broadband Communication Services was more than doubled to HK\$22 million and revenue from Internet Enabling Services increased by 23% to HK\$89 million, when compared to the same period in 2000. The fledgling E-Commerce business contributed HK\$8 million representing 6.9% of the Group's turnover.
- Broadband Multimedia, the Group's Fixed Line Broadband Communication Services unit, continued its network rollout programs for both cable TV and Internet access services. Cable TV subscribers reached 51,594. For corporate services, 2.3 million square metres of commercial buildings were wired up in Jakarta's Central Business District.
- LinkNet maintains its position as the largest ISP by number of subscribers in Indonesia and started offering fee-based services. Fee-paying subscribers reached more than 6,000 at the end of March 2001.
- Natrindo, the Group's Cellular Communication Services unit, completed the first phase of its GSM 1800 cellular network in East Java and launched its services under the brand name "Lippo Telecom" in April 2001.
- Asia MobileNet, the Group's wireless ASP, launched its products "WISExpress" and "WISEticker" providing real time stock and financial information in Hong Kong in March 2001.
- AsiaPay, the Group's e-payment service and solutions provider, launched C2C e-payment services and solutions via its portal "paydollar.com" in Hong Kong in February 2001.
- The Company will be added as a constituent stock of the Hang Seng IT Index and the Hang Seng IT Portfolio Index of HSI Services Limited in Hong Kong with effect from 1st June, 2001.

FIRST QUARTERLY RESULTS (UNAUDITED)

The Directors of AcrossAsia Multimedia Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the "Group") for the three months ended 31st March, 2001 (the "Three-month Period") together with comparative figures for the corresponding period ended 31st March, 2000, as follows:

	Notes	Three months ended 31st March	
		2001 HK\$'000	2000 HK\$'000
Turnover	2	120,191	84,430
Cost of sales and services rendered		<u>(90,658)</u>	<u>(56,068)</u>
Gross profit		29,533	28,362
Other revenue		165	4,198
Selling and distribution expenses		(13,887)	(2,082)
General and administrative expenses		<u>(81,098)</u>	<u>(28,349)</u>
(Loss) Profit from operations		(65,287)	2,129
Interest income		3,112	830
Interest expense		<u>(3,731)</u>	<u>(13,098)</u>
Loss before share of profit of associates		(65,906)	(10,139)
Share of profit of associates		<u>20,392</u>	<u>37,791</u>
(Loss) Profit before taxation		(45,514)	27,652
Taxation	3	<u>(2,726)</u>	<u>(21,806)</u>
(Loss) Profit after taxation but before minority interests		(48,240)	5,846
Minority interests		<u>(4,826)</u>	<u>(7,500)</u>
Loss attributable to shareholders		<u>(53,066)</u>	<u>(1,654)</u>
Loss per share – Basic	4	<u>HK cents (1.05)</u>	<u>HK cents (0.04)</u>

Notes:

1. Basis of presentation

The Company was incorporated in the Cayman Islands on 6th March, 2000 as an exempted company with limited liability under the Companies Law (1998 Revision) of the Cayman Islands. The Company's shares have been listed on the GEM of the Stock Exchange since 13th July, 2000.

On 22nd May, 2000, the Company became the holding company of the other companies comprising the Group pursuant to a group reorganisation (the "Reorganisation"). The Reorganisation involved companies under common control, and the Company and its subsidiaries resulting from the Reorganisation are regarded as a continuing group. Accordingly, the Reorganisation has been accounted for on the basis of merger accounting, under which the comparative figures for the three months ended 31st March, 2000 have been prepared as if the Company had been the holding company of the other companies comprising the Group throughout that period, rather than from the date on which the Reorganisation was completed.

The unaudited consolidated results are prepared in accordance with International Accounting Standards issued by International Accounting Standards Committee. Significant transactions and balances among the companies comprising the Group have been eliminated on consolidation.

2. Turnover

An analysis of the Group's turnover during the periods is set out below:

	Three months ended 31st March	
	2001	2000
	HK\$'000	HK\$'000
Fixed Line Broadband		
Communication Services	21,701	9,304
Cellular Communication Services	1,583	3,020
Internet Enabling Services	88,555	71,919
E-Commerce	8,352	187
	<u>120,191</u>	<u>84,430</u>

3. Taxation

Taxation consisted of:

	Three months ended	
	31st March	
	2001	2000
	HK\$'000	HK\$'000
Provision for current taxation:		
The Company and its subsidiaries	(2,888)	(9,910)
Associates	(3,741)	(11,896)
	<u>(6,629)</u>	<u>(21,806)</u>
(Provision for) Write-back of deferred taxation:		
The Company and its subsidiaries	6,958	–
Associates	(3,055)	–
	<u>3,903</u>	<u>–</u>
	<u>(2,726)</u>	<u>(21,806)</u>

During the periods covered by this Report, substantially all of the Group's profit was derived from subsidiaries and associates incorporated and operating in Indonesia. These subsidiaries and associates were subject to Indonesian income tax at a maximum of 30% of the individual entities' respective assessable profits in accordance with the Indonesian income tax law.

No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in or derived from Hong Kong.

4. Loss per share

The calculation of basic loss per share is based on the loss attributable to shareholders for the respective periods and on the weighted average number of 5,064,615,000 and 4,627,559,000 shares deemed to be in issue during the three months ended 31st March, 2001 and 31st March, 2000 respectively, on the assumption that the Reorganisation had been completed on 1st January, 1999.

Diluted loss per share for the period ended 31st March, 2001 is not presented because the effect was anti-dilutive. Diluted loss per share for the period ended 31st March, 2000 is not presented because there were no dilutive shares in existence.

FINANCIAL REVIEW

Turnover

The Group's turnover grew by a significant 42.4% to HK\$120 million for the Three-month Period, from HK\$84 million during the corresponding period in 2000.

Fast growing Fixed Line Broadband Communication Services increased its contribution to the Group's turnover to 18.1%. Revenue from PT Broadband Multimedia Tbk ("Broadband Multimedia") more than doubled from HK\$9 million for the first quarter of 2000 to HK\$22 million for the Three-month Period. Broadband Multimedia continues to make good progress on its broadband efforts by signing up six ISPs to provide bundled high-speed Internet access to individuals and businesses in February 2001. Broadband Multimedia's revenue from Internet access has grown to HK\$2.4 million for the Three-month Period from HK\$0.2 million for the same period in 2000.

The Cellular Communication Services generated revenue of HK\$1.6 million from the prepaid calling card business. PT Natrindo Telepon Seluler ("Natrindo") has completed the first phase of its GSM 1800 cellular network in East Java and launched its services in April 2001.

Revenue from Internet Enabling Services increased by 23% to HK\$89 million for the Three-month Period from HK\$72 million for the corresponding period in 2000. The major contributor was PT Multipolar Corporation Tbk ("Multipolar") with its revenue growing from HK\$72 million to HK\$84 million. PT Link Net ("LinkNet"), the Group's ISP (Internet Services Provider), contributed approximately HK\$4 million in revenue with its new fee-based services and maintained its position as the largest ISP by number of subscribers in Indonesia.

The fledgling E-Commerce business in Indonesia, PT Lippo Shop ("LippoShop"), contributed over HK\$8 million in revenue for the Three-month Period.

Gross Profit

The Group's gross profit was HK\$30 million for the Three-month Period as compared to HK\$28 million for the corresponding period in 2000.

The Group's gross margin was affected by increased depreciation charges arising from the expansion of the HFC (Hybrid Fibre Coaxial) broadband network of Broadband Multimedia, which spans 2,161 km currently as compared to 1,061km in the first quarter of 2000. The expenses arising from the one-year free dial-up ISP promotional campaign of LinkNet, which expires in May 2001, also accounted for a lower gross margin.

Net Loss

The Group's net loss widened from HK\$2 million to HK\$53 million as it expanded into new lines of business to capture the full value of the telecommunication and Internet value chain. With the Group comprising more than 10 operating companies during the Three-month Period compared to only 3 operating companies in the same period of 2000, the Group incurred substantial development, start-up and operating expenses relating to Cellular Communications Services network deployment, Internet Enabling Services and E-Commerce. Significant expenses on marketing and recruitment were also incurred to support the Group's growth in new businesses and service offerings.

In response to the difficult operating environment, the Group continued to impose stringent cost control by reducing cash burn rate and tightly controlling operating and capital expenditures. In particular, total selling, general and administrative expenses have been reduced significantly compared to the last quarter of 2000.

PT Matahari Putra Prima Tbk ("Matahari"), the largest and publicly listed retailer in Indonesia, was the main contributor to the share of profit from associates. Matahari continued to perform well with total revenue of HK\$781 million for the Three-month Period.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Three-month Period (2000 — nil), in line with the statement in the Company's Prospectus dated 6th July, 2000 (the "Prospectus").

BUSINESS REVIEW

Fixed Line Broadband Communication Services

Broadband Multimedia continued to focus on building the “last mile” broadband connection to businesses and consumers during the Three-month Period. It operates a two-way HFC broadband network in Indonesia totalling 2,161 km in length and passing over more than 184,000 homes. It has currently wired up 2.3 million square metres of commercial buildings in Jakarta’s Central Business District for the provision of corporate access services.

Broadband Multimedia’s cable TV subscribers have increased by a robust 32% to 51,594 during the Three-month Period. Apart from being a pioneer in cable TV services with more than 60 channels in 12 different languages under the brand name K@belvision, Broadband Multimedia has rapidly rolled out its corporate access network for high-value corporate customers. It offers broadband Internet access in cooperation with six ISPs, allowing it to tap the growing Internet users market. During the Three-month Period, total individual and corporate broadband Internet subscribers increased by a remarkable 48% to 2,430, demonstrating good impetus in Broadband Multimedia’s strategy to increase broadband subscribers’ penetration.

Cellular Communication Services

Natrindo, has launched its GSM 1800 cellular service in East Java under the brand name “Lippo Telecom” in April 2001. Natrindo plans to achieve sale of 70,000 pre-paid SIM cards in the initial period after launch.

Internet Enabling Services

Multipolar continued to consolidate its position as the leading provider of system integration and information technology services to the financial services sector and has penetrated into other market segments such as oil & exploration and telecommunication. It has also started to implement the ASP (Application Service Provider) model to complement its service offerings.

LinkNet is focusing on providing fee-based quality Internet access and value-added services. It also offers web hosting, server co-location and online advertising services to corporate customers. PT Lippo On Line has doubled the number of subscribers to its broad horizontal portal “LippoStar” to more than 350,000 during the Three-month Period, with an average of 239,000 page views per day. LippoStar offers a top information and entertainment website in Indonesia through its 9 channels and 42 sub-channels.

Asia MobileNet (HK) Limited, the Group's wireless ASP, launched its products "WISExpress" and "WISEticker" providing real time stock and financial information in Hong Kong in March 2001.

AsiaPay (HK) Limited, the Group's e-payment service and solutions provider, launched its C2C (customer-to-customer) electronic payment services and solutions in Hong Kong in February 2001 via its portal "paydollar.com". AsiaPay is now developing a B2C (business-to-customer) platform to provide secure, private, convenient and value-added electronic payment services and solutions in Hong Kong.

E-Commerce

The Group continued to pursue a multi-channel strategy for LippoShop, its B2B (business-to-business) and B2C e-Commerce initiative in Indonesia. LippoShop offers its services through channels ranging from pure online ordering to telephone, fax and catalogue supported by a state-of-the-art in-house fulfilment system and logistics and distribution centre.

PROSPECTS

The Group continues building on its vision to be a leading provider of broadband Internet services to business and consumer communities in Asia, focusing on the four core lines of business: Fixed Line Broadband Communication Services, Cellular Communication Services, Internet Enabling Services and E-Commerce. Capitalizing on its "first mover advantage", the Group aims to increase its market penetration through continuing expansion of its wired broadband network, introduction of bundled broadband Internet services using cable modems, launch of cellular communication network and commencement of effective marketing activities to corporate and residential customers.

The Company continues to be the largest listed company in terms of market capitalisation on the GEM. The Directors are pleased to report that the Company will be added as a constituent stock of the Hang Seng IT Index and the Hang Seng IT Portfolio Index of HSI Services Limited in Hong Kong with effect from 1st June, 2001.

DISCLOSURE OF INTERESTS IN SECURITIES

(1) DIRECTORS AND CHIEF EXECUTIVE

As at 31st March, 2001, the interests of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as recorded in the register required to be kept by the Company under Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange under Rule 5.40 of the GEM Listing Rules were as follows:-

(i) *Interests in Securities of the Company and Associated Corporations**The Company*

Name	Personal Interests	Family Interests	Corporate Interests	Other Interests
Dr. Mochtar Riady	-	-	-	4,125,997,724 shares (Note 1)

Associated Corporations

Name	Name of Associated Corporations	Personal Interests	Family Interests	Corporate Interests	Other Interests
Dr. Mochtar Riady	Lippo Limited	-	-	-	248,297,776 shares
	Lippo China Resources Limited	-	-	-	6,141,720,389 shares
	Lippo China Resources Limited	-	-	-	HK\$233,423,940.75 of warrants
	The HKCB Bank Holding Company Limited	-	-	-	794,487,743 shares
	The Hong Kong Building and Loan Agency Limited	-	-	-	168,746,038 shares

Notes:

1. An aggregate of 3,906,397,724 shares were held by Cyport Limited ("Cyport") and Lippo Assets (International) Limited which were wholly-owned subsidiaries of Lippo Cayman Limited ("Lippo Cayman"). 219,600,000 shares were held by Mideast Pacific Strategic Holdings Limited ("Mideast") of which Lippo Cayman was entitled to nominate the majority of the directors on the board. The sole shareholder of Lippo Cayman was Lanius Limited ("Lanius") which is the trustee of a discretionary trust, the beneficiaries of which included Dr. Mochtar Riady and his family.
2. Lippo Cayman is the ultimate holding company of Lippo Limited, Lippo China Resources Limited ("LCR"), The HKCB Bank Holding Company Limited and The Hong Kong Building and Loan Agency Limited, whose securities are listed on the Stock Exchange. Dr. Mochtar Riady was also deemed to be interested in these companies and their associated corporations by virtue of his interest in Lippo Cayman as described in Note 1.

Save as disclosed herein, as at 31st March, 2001, none of the Directors or the chief executive of the Company were interested in any equity or debt securities of the Company or any of its associated corporations.

(ii) Rights to Acquire Shares of the Company

Pursuant to the Pre-IPO Share Option Plan of the Company (the "Pre-IPO Plan"), the Directors and the chief executive of the Company were granted on 23rd June, 2000 (the "Grant Date") options to subscribe for shares of the Company at an exercise price of HK\$3.28 per share as follows:—

Name	Number of underlying shares		
	Granted	Lapsed	Outstanding as at 31st March, 2001
Dr. Cheng Wen Cheng	13,150,000	—	13,150,000 <i>(Note 1)</i>
Mr. Lak Chuan Ng	9,850,000	—	9,850,000 <i>(Note 2)</i>
Dr. Mochtar Riady	8,273,000	—	8,273,000 <i>(Note 3)</i>

Name	Number of underlying shares		
	Granted	Lapsed	Outstanding as at 31st March, 2001
Mr. Canning Kin Ning Fok	7,091,000	–	7,091,000 <i>(Note 4)</i>
Mr. Richard Arthur Woolcott	3,546,000	–	3,546,000 <i>(Note 5)</i>
Mr. Davy Kwok Fai Lee	2,364,000	–	2,364,000 <i>(Note 6)</i>
Mr. Stephen Hung	2,364,000	–	2,364,000 <i>(Note 6)</i>
Mr. Gerard Joseph McMahon	2,364,000	–	2,364,000 <i>(Note 6)</i>
Mr. Christopher James Williams	2,364,000	–	2,364,000 <i>(Note 6)</i>
Mr. Kwok Ming Cheung	2,364,000	–	2,364,000 <i>(Note 6)</i>
Total	53,730,000	–	53,730,000

Notes:

- 1,330,000 shares shall become exercisable from 14th January, 2001; 2,364,000 shares shall become exercisable from each of 1st June, 2001, 1st June, 2002, 1st June, 2003, 1st June, 2004 and 1st June, 2005.
- 1,577,270 shares shall become exercisable from 14th January, 2001; 1,654,546 shares shall become exercisable from each of 1st April, 2001, 1st April, 2002, 1st April, 2003, 1st April, 2004 and 1st April, 2005.
- 827,300 shares shall become exercisable from each of 14th January, 2001 and 1st April, 2001; 1,654,600 shares shall become exercisable from each of 1st April, 2002, 1st April, 2003, 1st April, 2004 and 1st April, 2005.
- 709,100 shares shall become exercisable from each of 14th January, 2001 and 1st April, 2001; 1,418,200 shares shall become exercisable from each of 1st April, 2002, 1st April, 2003, 1st April, 2004 and 1st April, 2005.

5. 354,600 shares shall become exercisable from each of 14th January, 2001 and 1st April, 2001; 709,200 shares shall become exercisable from each of 1st April, 2002, 1st April, 2003, 1st April, 2004 and 1st April, 2005.
6. 236,400 shares shall become exercisable from each of 14th January, 2001 and 1st April, 2001; 472,800 shares shall become exercisable from each of 1st April, 2002, 1st April, 2003, 1st April, 2004 and 1st April, 2005.
7. Mr. Luis Augusto De Abreu Monteiro De Aguiar resigned as a Director of the Company with effect from 18th September, 2000. His remaining option to subscribe for 656,570 shares lapsed on 18th March, 2001 pursuant to the Pre-IPO Plan.
8. The exercise period for all such shares (except those mentioned in Note 7) shall end 10 years from the Grant Date (the "Expiry Date").

The Company also has a share option scheme (the "Post-IPO Scheme") under which the Directors and employees of the Group may be granted on or after 13th July, 2000 options to subscribe for shares of the Company subject to the terms and conditions stipulated in the Post-IPO Scheme. No options had been granted to the Directors and the chief executive of the Company under the Post-IPO Scheme as at 31st March, 2001.

Save as disclosed herein, as at 31st March, 2001, none of the Directors or the chief executive of the Company nor their spouses or children under 18 years of age was granted or had exercised any right to subscribe for any equity or debt securities of the Company.

(2) SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2001, according to the register required to be kept under Section 16(1) of the SDI Ordinance, the persons (other than Directors or the chief executive of the Company) who were, directly or indirectly, interested in 10% or more of the issued share capital of the Company were as follows:-

Name	Number of shares	Approximate percentage
Cyport Limited	3,905,485,724	77.11
Lippo Cayman Limited (Note)	4,125,997,724	81.47
Lanius Limited (Note)	4,125,997,724	81.47

Note:

The sole shareholder of Cyport was Lippo Cayman and the sole shareholder of Lippo Cayman was Lanius. The shares in which Lippo Cayman and Lanius were indirectly interested included the shares held by Cyport.

(3) MANAGEMENT SHAREHOLDERS

Save for the substantial shareholders and Mideast as disclosed herein, the Directors are not aware of any persons who, as at 31st March, 2001, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were able, as a practical matter, to direct or influence the management of the Company.

SHARE OPTIONS**(1) PRE-IPO PLAN**

Pursuant to the Pre-IPO Plan, 23 employees of the Group (other than the Directors of the Company) were granted on the Grant Date options to subscribe for an aggregate of 17,499,000 shares of the Company at an exercise price of HK\$3.28 per share. The highest number of shares underlying the outstanding options granted to any one participant (other than the Directors of the Company) under the Pre-IPO Plan as at 31st March, 2001 is 1,182,000. The option for each grantee is exercisable in accordance with the Pre-IPO Plan at any time during a period commencing from the respective commencement dates and ending on the Expiry Date in accordance with the following schedule:

Commencement date	Percentage of underlying shares
14th January, 2001	10
1st April, 2001	10
1st April, 2002	20
1st April, 2003	20
1st April, 2004	20
1st April, 2005	20

(2) POST-IPO SCHEME

Pursuant to the Post-IPO Scheme, 6 employees of the Group (other than the Directors of the Company) were granted on 17th January, 2001 options to subscribe for an aggregate of 5,120,258 shares of the Company at an exercise price of HK\$3.11 per share. The highest number of shares underlying the outstanding options granted to any one participant (other than the Directors of the Company) under the Post-IPO Scheme as at 31st March, 2001 is 2,411,576. The option for one of such grantees is exercisable in accordance with the Post-IPO Scheme at any time during a period commencing from the respective commencement dates and ending on 21st June, 2010 in accordance with the following schedule:

Commencement date	Approximate percentage of underlying shares
1st July, 2001	33.4
1st July, 2002	33.3
1st July, 2003	33.3

The option for each of the other 5 grantees is exercisable in accordance with the Post-IPO Scheme at any time during a period commencing from the respective commencement dates and ending on 21st June, 2010 in accordance with the following schedule:

Commencement date	Approximate percentage of underlying shares
17th January, 2002	50
17th January, 2003	50

The options granted under the Pre-IPO Plan and the Post-IPO Scheme in respect of 71,229,000 shares and 5,120,258 shares of the Company respectively (totalling 76,349,258 shares and representing approximately 1.5% of the enlarged issued share capital thereof) were outstanding as at 31st March, 2001.

The maximum number of shares subject to the Pre-IPO Plan and the Post-IPO Scheme must not exceed 30% of the total issued shares of the Company from time to time.

Save as disclosed herein, no options to subscribe for shares of the Company have been granted, exercised, lapsed, cancelled or re-issued since the listing of the Company's shares on GEM and up to the date of this Report under the Pre-IPO Plan and the Post-IPO Scheme. Summaries of the principal terms of the Pre-IPO Plan and the Post-IPO Scheme were set out in the Prospectus.

SPONSOR'S INTEREST

As at 31st March, 2001, neither BNP Paribas Peregrine Capital Limited (the "Sponsor") nor any of its respective directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the securities of the Company or any members of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any members of the Group.

Pursuant to a Sponsor Agreement dated 6th July, 2000 between the Company and the Sponsor, the Sponsor is entitled to receive a fee for acting as the Company's sponsor for the period from 13th July, 2000 to 31st December, 2002.

COMPETING INTERESTS

Mr. Canning Kin Ning Fok, a non-executive Director, is also the group managing director of Hutchison Whampoa Limited ("Hutchison"), a company whose shares are listed on the Main Board of the Stock Exchange. Hutchison is the holding company of a group of companies which carry on a diverse range of businesses including telecommunications and e-Commerce, owning and operating Internet and telecommunications infrastructure, and offering or planning to offer related services. With the regional expansion plan of the Group in Asia to become one of Asia's leading fixed line broadband communication services, cellular communication services, Internet enabling services and e-Commerce providers, the Group will have a higher degree of competition with Hutchison in the future than it has now.

Dr. Mochtar Riady, a non-executive Director, is also a director of Lippo Cayman and a number of other members of the Lippo Group (a general reference to the companies in which Dr. Mochtar Riady and his family have a direct or indirect interest; the Lippo Group is not a legal entity and does not operate as one; each of the companies in the Lippo Group operates within its own legal, corporate and financial framework). The Lippo Group may have or may develop interests in other technology related business, including telecommunications in Hong Kong and other parts in Asia. There is a chance that such businesses may compete with the Group.

Save as disclosed herein, the Directors are not aware of any business or interest of the Directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in accordance with Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the three months ended 31st March, 2001, there was no purchase, sale or redemption of securities of the Company by the Company or any of its subsidiaries.

By Order of the Board
Richard Woolcott
Chairman

Hong Kong, 10th May, 2001