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RETAIL

IT SOLUTIONS

Third Quarterly Report 2004

ACROSSASIA LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8061

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This report, for which the Directors of AcrossAsia Limited (the “Company”) (namely, Dr. Cheng Wen CHENG and Messrs. Marshall Wallace COOPER, Richard Arthur WOOLCOTT, Jonathan Limbong PARAPAK, Kwok Ming CHEUNG and King Fai TSUI) 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Third Quarterly Report

For the nine months ended 30th September 2004

HIGHLIGHTS

- Matahari, the largest publicly listed modern retailer in Indonesia, was consolidated as a subsidiary of Multipolar and, indirectly, of AcrossAsia on 27th September 2004.
- AcrossAsia Group's turnover increased by 11.2% to HK\$572.2 million for the Nine-month Period compared to HK\$514.5 million for the same period in 2003.
- AcrossAsia Group extended its three-year trend of positive EBITDA (excluding other income and expenses); EBITDA surged by 74.4% to HK\$77.8 million compared to HK\$44.6 million for the corresponding period in 2003.
- Net loss (including foreign exchange loss of HK\$20.7 million) decreased to HK\$44.9 million compared to HK\$50.1 million (including foreign exchange gain of HK\$25.8 million) for the same period in 2003.
- Excluding foreign exchange loss/gain: total operating expenses decreased to HK\$170.3 million from HK\$173.3 million for the corresponding period in 2003; operations recorded a profit of HK\$5.9 million compared to a loss of HK\$60.5 million for the same period in 2003 and; net loss reduced to HK\$24.2 million compared to HK\$75.9 million for the corresponding period in 2003.
- Broadband Services booked revenue of HK\$216.3 million, 26.6% higher compared to HK\$170.9 million for the corresponding period in 2003.

- Cellular Services' revenue from the GSM 1800 cellular operation increased to HK\$28.1 million, 34.5% higher than HK\$20.9 million for the same period in 2003.
- IT Solutions' revenue increased by 1.6% to HK\$327.8 million from HK\$322.6 million for the corresponding period in 2003.
- Matahari, the core of Retail, increased its revenue by 6.7% to HK\$3.2 billion from HK\$3.0 billion for the same period in 2003.
- For the Third Quarter alone: AcrossAsia Group recorded a profit from operations of HK\$10.8 million and a net profit of HK\$6.3 million compared to a loss from operations of HK\$25.7 million and a net loss of HK\$10.7 million for the same period in 2003 respectively.

THIRD QUARTERLY RESULTS (UNAUDITED)

The Directors of AcrossAsia Limited (the "Company") announce the unaudited consolidated results of the Company and its subsidiaries (collectively "AcrossAsia Group") for the nine months ended 30th September 2004 (the "Nine-month Period") and three months ended 30th September 2004 (the "Third Quarter") together with comparative figures for the corresponding periods ended 30th September 2003, as follows:

	Notes	Nine months ended 30th September		Three months ended 30th September	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Turnover	2	572,187	514,514	166,518	193,379
Cost of sales and services rendered		(409,969)	(419,903)	(124,714)	(162,406)
Gross profit		162,218	94,611	41,804	30,973
Other operating income and gains		13,982	43,919	4,942	4,382
Selling and distribution costs		(39,508)	(35,429)	(12,592)	(12,419)
General and administrative expenses		(151,493)	(137,841)	(23,406)	(48,677)
(Loss)/Profit from operations		(14,801)	(34,740)	10,748	(25,741)
Finance costs		(70,628)	(66,403)	(23,815)	(23,565)
Share of results of associates		46,663	26,698	27,915	19,410
Amortisation of goodwill on acquisition of associates		(9,156)	(11,895)	(2,955)	(4,015)
		37,507	14,803	24,960	(15,395)
(Loss)/Profit before income tax		(47,922)	(86,340)	11,893	(33,911)
Income tax (expense)/benefit	3	(6,343)	15,801	1,847	17,813
(Loss)/Profit before minority interests		(54,265)	(70,539)	13,740	(16,098)
Minority interests		9,368	20,413	(7,407)	5,436
Net (loss)/Profit from ordinary activities attributable to shareholders		(44,897)	(50,126)	6,333	(10,662)
(Loss)/Earnings per share – (HK cents)	4				
Basic		(0.89)	(0.99)	0.13	(0.21)
Diluted		N/A	N/A	N/A	N/A

(a)(ii) An analysis of AcrossAsia Group's revenue and results for the corresponding period in 2003 by business segment is as follows:

	Broadband Services HK\$'000	Cellular Services HK\$'000	IT Solutions HK\$'000	Retail HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Segment revenue:							
Sales to external customers	170,947	20,939	322,628	-	-	-	514,514
Intersegment sales	6,427	-	4,527	-	-	(10,954)	-
Total	<u>177,374</u>	<u>20,939</u>	<u>327,155</u>	<u>-</u>	<u>-</u>	<u>(10,954)</u>	<u>514,514</u>
Segment results	<u>(23,741)</u>	<u>(17,232)</u>	<u>(5,499)</u>	<u>-</u>	<u>(9,172)</u>	<u>9,730</u>	<u>(45,914)</u>
Interest income							<u>11,174</u>
Loss from operating activities							(34,740)
Finance costs							(66,403)
Share of results of associates (Less: amortisation of goodwill on acquisition of associates)	-	-	-	14,655	148	-	<u>14,803</u>
Loss before income tax							(86,340)
Income tax benefit							<u>15,801</u>
Loss before minority interests							(70,539)
Minority interests							<u>20,413</u>
Net loss from ordinary activities attributable to shareholders							<u>(50,126)</u>

(b) Geographical segments

Over 90% of AcrossAsia Group's revenue, results, assets and capital expenditure are attributable to its operations in Indonesia. Accordingly, no analysis by geographical segment is presented.

3. Income tax (expense)/benefit

No Hong Kong profits tax has been provided, as AcrossAsia Group had no assessable profits arising in Hong Kong during the Nine-month Period (2003: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which AcrossAsia Group operates, based on existing legislation, interpretations and practices in respect thereof.

AcrossAsia Group's subsidiaries and associates incorporated and operating in Indonesia are subject to Indonesian income tax at a maximum rate of 30% (2003: 30%) of the individual entities' respective assessable profits in accordance with Indonesian income tax law.

	Nine months ended 30th September		Three months ended 30th September	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
AcrossAsia Group				
Deferred tax benefits*	1,885	17,362	1,860	20,850
Share of tax attributable to associates				
Current income tax*	(6,724)	(7,182)	(2,802)	(2,012)
Deferred (income tax)/tax benefits*	(1,504)	5,621	2,789	(1,025)
	(8,228)	(1,561)	(13)	(3,037)
	(6,343)	15,801	1,847	17,813

* Imposed outside Hong Kong

4. (Loss)/Earnings per share

The calculations of basic (loss)/earnings per share for the Nine-month Period and the Third Quarter are based on the unaudited net (loss)/profit from ordinary activities attributable to shareholders of HK\$(44,897,000) (2003: HK\$(50,126,000)) and HK\$6,333,000 (2003: HK\$(10,662,000)) respectively, and the weighted average of 5,064,615,385 (2003: 5,064,615,385) ordinary shares in issue.

Diluted loss per share for the Nine-month Period and the Third Quarter and the corresponding periods in 2003 are not disclosed as there were no dilutive potential ordinary shares.

5. Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Equity transactions of associates HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January 2003	32,877	1,464,802	2,707	(650,684)	(769,816)	79,886
Change in equity transactions of associates	-	-	250	-	-	250
Currency translation differences	-	-	-	44,614	-	44,614
Net gain not recognised in the income statement	-	-	250	44,614	-	44,864
Net loss from ordinary activities attributable to Shareholders	-	-	-	-	(50,126)	(50,126)
At 30th September 2003	32,877	1,464,802	2,957	(606,070)	(819,942)	74,624
At 1st January 2004	32,877	1,464,802	2,925	(608,888)	(819,401)	72,315
Change in equity transactions of associates	-	-	(185)	-	-	(185)
Currency translation differences	-	-	-	(34,552)	-	(34,552)
Net loss not recognised in the income statement	-	-	(185)	(34,552)	-	(34,737)
Net loss from ordinary activities attributable to Shareholders	-	-	-	-	(44,897)	(44,897)
At 30th September 2004	32,877	1,464,802	2,740	(643,440)	(864,298)	(7,319)

FINANCIAL REVIEW

Turnover

For the Nine-month Period, AcrossAsia Group's turnover increased by 11.2% to HK\$572.2 million compared to HK\$514.5 million for the same period in 2003.

Broadband Services booked revenue of HK\$216.3 million, 26.6% higher compared to HK\$170.9 million for the corresponding period in 2003 mainly attributable to the increase in penetration of cable TV and advertising generated sales. Cellular Services' revenue from the GSM 1800 cellular operation increased to HK\$28.1 million, 34.5% higher than HK\$20.9 million for the same period in 2003 due to the growth in the number of subscribers. IT Solutions' revenue increased by 1.6% to HK\$327.8 million from HK\$322.6 million for the corresponding period in 2003.

Gross Profit

Gross profit surged by 71.5% to HK\$162.2 million from HK\$94.6 million for the corresponding period in 2003.

Gross profit margin increased to 28.3% from 18.4% for the same period in 2003 mainly attributable to the higher-margin services of Broadband Services and IT Solutions.

(Loss)/Profit from Operations

Total operating expenses (excluding other income and expenses) increased to HK\$191.0 million, 10.2% higher compared to HK\$173.3 million for the same period in 2003. This was largely due to foreign exchange loss of HK\$20.7 million (equivalent to 10.8% of total operating expenses) resulting from the 9.3% depreciation of Indonesian Rupiah against United States dollar during the Nine-month Period as compared to the corresponding period in 2003. The foreign exchange loss mainly arose from the conversion of United States dollar into Indonesia Rupiah for certain monetary assets and liabilities as of 30th September 2004 that was in line with AcrossAsia Group's

accounting policies, but was recorded under general and administrative expenses for accounting presentation. Excluding the effect of the foreign exchange loss, the total operating expenses slightly decreased by 1.7% to HK\$170.3 million from HK\$173.3 million for the corresponding period in 2003. The improvement is mainly due to the implementation of various cost saving measures in operations.

Other income decreased to HK\$14.0 million for the Nine-month Period, 68.1% lower compared to HK\$43.9 million for the same period in 2003. The reduction was due to the absence of the HK\$25.8 million foreign exchange gain that was recorded for the same period in 2003.

AcrossAsia Group posted a profit from operations of HK\$10.8 million for the Third Quarter compared with a loss from operations of HK\$25.7 million for the same period in 2003.

Excluding the aforesaid foreign exchange factor, AcrossAsia Group recorded a profit from operations of HK\$5.9 million for the Nine-month Period as compared with a loss from operations of HK\$60.5 million for the same period in 2003.

With the continued improvement in the operating results, AcrossAsia Group extended its three-year trend of positive EBITDA (excluding other income and expenses and foreign exchange translation). It enjoyed strong EBITDA growth of 74.4% reaching HK\$77.8 million for the Nine-month Period compared to HK\$44.6 million for the corresponding period in 2003.

Share of Results of Associates

AcrossAsia Group recorded a share of profit of associates (net of goodwill amortization) of HK\$37.5 million (including gains from disposal of marketable securities of HK\$15.4 million). Excluding the aforesaid gains, the share of profit of associates was HK\$22.1 million, 49.3% higher compared to HK\$14.8 million for the same period in 2003. PT Matahari Putra Prima Tbk (“Matahari”), then a 47.4% owned associate of AcrossAsia Group listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange, was the main profit

contributor. On 27th September 2004, Matahari became a 50.1% subsidiary of PT Multipolar Corporation Tbk (“Multipolar”) and hence an indirect subsidiary of the Company following the acquisition by Multipolar of an additional 2.7% stake in Matahari.

Net (Loss)/Profit from Ordinary Activities attributable to Shareholders

AcrossAsia Group recorded a net profit of HK\$6.3 million for the Third Quarter compared to a net loss of HK\$10.7 million for the same period in 2003.

Net loss from ordinary activities attributable to shareholders of AcrossAsia Group for the Nine-month Period reduced to HK\$44.9 million (including the aforesaid HK\$20.7 million foreign exchange loss) compared to HK\$50.1 million (including the aforesaid HK\$25.8 million foreign exchange gain) for the same period in 2003.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Nine-month Period (2003- Nil).

BUSINESS REVIEW

The Board is pleased with Matahari becoming a member of AcrossAsia Group from 27th September 2004. Furthermore, the name of the Company has been changed to “AcrossAsia Limited” from “AcrossAsia Multimedia Limited” with effect from 26th July 2004 to reflect the consumer-services positioning and potential regional development of AcrossAsia Group.

During the Nine-month Period, the performance of AcrossAsia Group’s four Business Groups, namely Broadband Services, Cellular Services, IT Solutions and Retail was encouraging.

Broadband Services

Broadband Services offers corporate and residential consumers broadband services including cable TV, broadband Internet access and other data network services. It operates the largest two-way HFC (Hybrid Fibre Coaxial) broadband network in Indonesia, which has reached over 2,560 km at the

end of the Nine-month Period, passing more than 220,870 homes and covering major residential and central business districts in five major cities/ locales including Jakarta, Surabaya and Bali.

Broadband Services' core operation, PT Broadband Multimedia Tbk ("Broadband Multimedia"), a subsidiary of the Company listed on the Surabaya Stock Exchange, continues to be the dominant cable TV operator in Indonesia. It offers 67 national and international channels of programming under the brand name "Kabelvision", including two pay-per-view channels on sports, a family channel and an interactive SMS channel. The number of cable TV subscribers increased by 3.7% to approximately 115,040 subscribers as of 30th September 2004, with penetration reaching 53.3%. The total number of individual and corporate broadband Internet subscribers slightly decreased by 3.0% to approximately 13,490.

Broadband Multimedia's Corporate Access Network service offers data communication services to corporations including total communication solutions for high-speed data transfer and intranet applications. The broadband network links to 117 corporations at the end of the Nine-month Period.

Cellular Services

Cellular Services, through PT Natrindo Telepon Seluler ("Natrindo"), provides GSM 1800 cellular services under the brand name "Lippo Telecom" in East Java. Currently, Natrindo is exploring options for the nationwide rollout of its cellular services in Indonesia.

Natrindo's subscriber base grew to approximately 113,290 subscribers. Direct interconnections with 24 international roaming partners in Asia-Pacific, Middle East and Europe have been established. Natrindo has also signed up 8 roaming arrangements which are currently in testing stage.

IT Solutions

IT Solutions, led by Multipolar (a 50.13% owned subsidiary of the Company listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange),

has repositioned itself to focus on providing higher value-added and recurring revenue services to its clients. Closer cooperation with its principal suppliers and delivering quality services to its clients enabled its System Integration unit to surpass the price war and maintain margin levels in the very competitive industry.

The Banking Solutions unit has identified new opportunities in niche outsourcing services for its clients in the financial services industry, while the Consulting unit has won a number of high-profile projects against international competition in the financial services and public utilities sectors. These successes along with ongoing good customer satisfaction ratings are raising the image of IT Solutions higher up the value chain, ensuring more profitable, longer-term relationships with its clients.

Retail

Matahari, the core of Retail and a top retail brand, maintains itself as the largest publicly listed modern retailer in Indonesia offering one-stop shopping to middle and upper-income families with a customer base of over 10 million people nationwide. It had 79 department stores, 52 supermarkets (including 2 compact hypermarkets “Hypermart”) and 100 “Timezone” family entertainment centres at the end of the Nine-month Period.

Matahari has been rationalising its store portfolio to meet demographic and geographical needs. It has taken measures to maximize the overall store productivity level and capital utilization while exercising stringent expenditure measures. Further, Matahari has been strengthening its inventory management, merchandise procurement and promotion strategy as on-going efforts to achieve better results.

Matahari is developing new retail concepts such as “Market Place” and “Hypermart” targeting specific market segments. It has now opened two “Hypermart” compact hypermarkets since April 2004.

PROSPECTS

Asia in general has enjoyed strong economic growth as a result of the

global economic upturn since the beginning of 2004. As a result, growth in domestic demand in Indonesia, coupled with smooth parliamentary and presidential elections, greatly facilitates consumer expenditure.

Against this backdrop, AcrossAsia Group has timely attained the consolidation of Matahari as a group member thereby setting a multi-consumer services platform for its further growth by capitalising on Matahari's large customer base of over 10 million nationwide as well as Matahari's strong revenue and asset bases. AcrossAsia Group will nevertheless explore and expand its businesses in Indonesia and other parts of Asia cautiously.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 30th September 2004, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) 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 by the Company under Section 352 of the SFO or as notified to the Company and the Stock Exchange under Rule 5.46 of the GEM Listing Rules or as otherwise required by Rule 23.07 of the GEM Listing Rules were as follows: –

Long Position in Shares and Debentures of the Company and Associated Corporations

The spouse of Mr. King Fai Tsui was interested in 50,000 shares of Hongkong Chinese Limited, an associated corporation of the Company (representing approximately 0.00% in the issued share capital thereof).

Saved as disclosed herein, none of the Directors or the chief executive of the Company were interested in any long position in the shares or debentures of the Company or any of its associated corporations.

Long Position in Underlying Shares of the Company and Associated Corporations

(i) Physically settled equity derivatives

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 a subscription price of HK\$3.28 per share as follows:

Name	Granted	Number of underlying shares		Percentage of enlarged issued share capital
		Lapsed	Outstanding as of 30th September 2004	
Dr. Cheng Wen Cheng	13,150,000	–	13,150,000 <i>(Note 1)</i>	0.25
Mr. Richard Arthur Woolcott	3,546,000	–	3,546,000 <i>(Note 2)</i>	0.07
Mr. Kwok Ming Cheung	2,364,000	–	2,364,000 <i>(Note 3)</i>	0.04
Mr. Marshall Wallace Cooper	355,000	–	355,000 <i>(Note 4)</i>	0.01
Total	19,415,000	–	19,415,000	

Notes:

- 1,330,000 shares became exercisable from 14th January 2001 and 2,364,000 shares from each of 1st June 2001, 1st June 2002, 1st June 2003 and 1st June 2004; 2,364,000 shares shall become exercisable from 1st June 2005.*
- 354,600 shares became exercisable from each of 14th January 2001 and 1st April 2001 and 709,200 shares from each of 1st April 2002, 1st April 2003 and 1st April 2004; 709,200 shares shall become exercisable from 1st April 2005.*
- 236,400 shares became exercisable from each of 14th January 2001 and 1st April 2001 and 472,800 shares from each of 1st April 2002, 1st April 2003 and 1st April 2004; 472,800 shares shall become exercisable from 1st April 2005.*
- 35,500 shares became exercisable from each of 14th January 2001 and 1st April 2001 and 71,000 shares from each of 1st April 2002, 1st April 2003 and 1st April 2004; 71,000 shares shall become exercisable from 1st April 2005.*
- Mr. Stephen Hung resigned as a Director of the Company with effect from 15th June 2004. As a result, his option to subscribe for 472,800 shares lapsed with effect from 15th June 2004. His remaining option to subscribe for 1,891,200 shares shall lapse on 14th December 2004.*

6. *The exercise period for all such shares shall end 10 years from the Grant Date (the "Expiry Date").*

(ii) *Cash settled and other equity derivatives*

None of the Directors or the chief executive of the Company were interested in any long position in cash settled or other equity derivatives of the Company or any of its associated corporations.

Short Position in Shares, Underlying Shares and Debentures of the Company and Associated Corporations

None of the Directors or the chief executive of the Company were interested in any short position in the shares, underlying shares or debentures of the Company or any of its associated corporations.

Substantial Shareholders

As at 30th September 2004, the interests and short positions of the substantial shareholders of the Company in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Position in Shares of the Company

Name	Number of shares	Percentage of issued share capital
Grandhill Asia Limited	500,000,000	9.87
Lippo Cayman Limited	3,669,576,788	72.45
Lanius Limited	3,669,576,788	72.45
Dr. Mochtar Riady	3,669,576,788	72.45
Madam Lidya Suryawaty	3,669,576,788	72.45

Note:

The shares of the Company were held by direct and indirect wholly-owned subsidiaries (including Cyport Limited and its wholly-owned subsidiary, Grandhill Asia Limited) of Lippo Cayman Limited ("Lippo Cayman") and Mideast Pacific Strategic Holdings Limited in which Lippo Cayman controlled a 30% interest. Lanius Limited ("Lanius") was the registered shareholder of the entire issued share capital of Lippo Cayman. Lanius was

the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder. The beneficiaries of the trust included Dr. Mochtar Riady and his family members. Dr. Mochtar Riady was not the registered holder of any shares in the issued share capital of Lanius.

Long Position in Underlying Shares of the Company

None of the substantial shareholders of the Company were interested in any long position in the underlying shares of the Company.

Short Position in Shares and Underlying Shares of the Company

None of the substantial shareholders of the Company were interested in any short position in the shares or underlying shares of the Company.

Other Persons

As at 30th September 2004, no other persons had any interests or short positions in the shares or underlying shares (in respect of positions held pursuant to equity derivatives) of the Company according to the registers required to be kept by the Company under the SFO.

SHARE OPTIONS

As at 30th September 2004, options granted on the Grant Date to 12 participants (other than the Directors of the Company) to subscribe for an aggregate of 12,789,800 shares of the Company at a subscription price of HK\$3.28 per share were outstanding. 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

The following options under the Pre-IPO Plan were outstanding during the Nine-month Period:

Participant	Number of underlying shares		
	As at 1st January 2004	Lapsed during the period	As at 30th September 2004
Directors	21,779,000	472,800	21,306,200
Others	12,885,000	95,200	12,789,800
Total	34,664,000	568,000	34,096,000

The Company also has a share option scheme adopted on 14th May 2002 (the "2002 Scheme") under which employees of AcrossAsia Group (including the Directors of the Company) and other persons may be granted on or after 15th May 2002 options to subscribe for shares of the Company subject to the terms and conditions stipulated in the 2002 Scheme. No options had been granted under the 2002 Scheme as at 30th September 2004.

COMPETING INTERESTS

The Lippo Group (a general reference to the companies (including Lippo Cayman) 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) might have had or developed interests in other technology related business, including telecommunications in Hong Kong and other parts in Asia during the Nine-month Period. There was a chance that such businesses might have competed with AcrossAsia Group during the Nine-month Period.

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 have competed or may compete with the business of AcrossAsia Group and any other conflicts of interests which any such person had or may have with AcrossAsia Group.

AUDIT COMMITTEE

The Company established an audit committee on 23rd June 2000 with written terms of reference in accordance with Rules 5.28 and 5.29 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 AcrossAsia Group. The audit committee has met four times this year.

BOARD PRACTICES AND PROCEDURES AND CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules regarding board practices and procedures throughout the Nine-month Period.

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules. The Company, having made specific enquiry of all the Directors, was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the Nine-month Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the Nine-month Period, there was no purchase, sale or redemption of the shares of the Company by the Company or any of its subsidiaries.

By Order of the Board
Richard Woolcott
Chairman

Hong Kong, 12th November 2004