

ACROSS ASIA LIMITED

(Incorporated in the Cayman Islands with limited liability)



half-year report
2005

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This report, for which the Directors of AcrossAsia Limited (the “Company”) (namely, executive Directors: Dr. Cheng Wen CHENG and Mr. Marshall Wallace COOPER; non-executive Director: Mr. Jonathan Limbong PARAPAK; and independent non-executive Directors: Messrs. Richard Arthur WOOLCOTT, 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 GEM 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.

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For the six months ended 30th June 2005

HIGHLIGHTS

- AcrossAsia Group's turnover rose by 5.5 times to HK\$2,650.5 million for the Half-year Period from HK\$405.7 million for the same period in 2004.
- Gross profit increased by 6.6 times to HK\$781.4 million from HK\$120.4 million for the corresponding period in 2004. Gross profit margin was 29.5%, roughly the same as that for the comparison period in 2004.
- A profit from operations of HK\$121.2 million was achieved against a loss of HK\$25.5 million for the same period in 2004.
- Total operating expenses (excluding other income and expenses) increased by 3.6 times to HK\$716.6 million compared to HK\$155.0 million for the corresponding period in 2004.
- EBITDA (excluding other income and expenses) increased by 2.3 times to HK\$188.0 million from HK\$57.2 million for the same period in 2004.
- Loss attributable to shareholders of the Company reduced by 83.4% to HK\$8.5 million from HK\$51.2 million for the corresponding period in 2004.
- Multipolar successfully completed a five-for-four rights issue in early July 2005 raising a total of approximately Rp292.5 billion (approximately HK\$231.9 million).

HALF-YEAR RESULTS (UNAUDITED)

The Directors of AcrossAsia Limited (the "Company") are pleased to announce the unaudited condensed consolidated financial statements (the "Financial Statements") of the Company and its subsidiaries (collectively "AcrossAsia Group") for the six months ended 30th June 2005 (the "Half-year Period") together with comparative figures for the corresponding period ended 30th June 2004, as follows:

Condensed Consolidated Income Statement

	Notes	Six months ended 30th June		Three months ended 30th June	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	2	2,650,509	405,669	1,355,348	188,891
Cost of sales and services rendered		(1,869,082)	(285,255)	(967,042)	(131,048)
Gross profit		781,427	120,414	388,306	57,843
Other operating income and gains		56,301	9,040	28,645	4,292
Selling and distribution costs		(265,748)	(26,916)	(126,413)	(14,557)
General and administrative expenses		(450,819)	(128,087)	(227,071)	(80,028)
Profit/(Loss) from operations		121,161	(25,549)	63,467	(32,450)
Finance costs		(100,869)	(46,813)	(50,047)	(23,099)
Share of results of associates		1,276	18,748	(1,684)	8,708
Amortisation of goodwill on acquisition of associates		-	(6,201)	-	(2,993)
		1,276	12,547	(1,684)	5,715
Profit/(loss) before income tax		21,568	(59,815)	11,736	(49,834)
Income Tax expense	5	(4,616)	(8,190)	(8,072)	(4,270)
Profit/(loss)		16,952	(68,005)	3,664	(54,104)
Profit/(loss) attributable to:					
Shareholders of the Company	6	(8,548)	(51,230)	(9,462)	(39,990)
Minority interests		25,500	(16,775)	13,126	(14,114)
		16,952	(68,005)	3,664	(54,104)
Loss per share attributable to shareholders of the Company (HK cents)	6				
Basic		(0.17)	(1.01)	(0.19)	(0.79)
Diluted		N/A	N/A	N/A	N/A

Condensed Consolidated Balance Sheet

		(Unaudited)	(Audited)
		As at	As at
		30th June	31st December
		2005	2004
	<i>Notes</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property and equipment	7	1,549,264	1,441,846
Investment properties		123,442	129,732
Interests in associates		149,640	154,014
Long term investments		96,014	75,592
Goodwill		203,997	213,401
Intangible assets		3,321	5,257
Deferred tax assets		31,758	27,395
Non-current prepayments, deposits and receivables		984,148	688,503
Due from related companies		37,718	22,080
		3,179,302	2,757,820
Current assets			
Inventories		497,638	390,931
Trade receivables	8	138,706	142,596
Prepayments, deposits and other current assets		330,081	179,158
Short term investments		274,603	205,724
Pledged bank deposits		3,185	1,337
Cash and bank deposits		394,151	950,453
		1,638,364	1,870,199
TOTAL ASSETS		4,817,666	4,628,019

	<i>Notes</i>	(Unaudited) As at 30th June 2005 HK\$'000	(Audited) As at 31st December 2004 HK\$'000
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		506,462	506,462
Accumulated losses		(789,498)	(780,950)
Reserves	9	840,093	838,450
		557,057	563,962
Minority interests		1,264,910	1,291,382
Non-current liabilities			
Provisions		59,416	59,348
Interest-bearing borrowings		363,617	354,117
Notes payable		29,004	100,590
Bonds payable		703,602	688,181
Due to related companies		6,330	6,437
Non-current trade and other payables		45,336	24,500
Deferred tax liabilities		5,285	5,285
		1,212,590	1,238,458
Current liabilities			
Provisions		61,266	64,168
Interest-bearing borrowings		603,747	472,584
Notes payable		84,793	38,037
Finance lease obligations		21	116
Due to related companies		8,000	8,634
Trade payables	10	551,286	453,729
Receipts in advance		21,541	15,483
Other payables and accruals		407,916	430,878
Tax payable		44,539	50,588
		1,783,109	1,534,217
TOTAL EQUITY AND LIABILITIES		4,817,666	4,628,019

Condensed Consolidated Cash Flow Statement

	Six months ended 30th June	
	2005	2004
	HK\$'000	HK\$'000
Net cash (outflow)/inflow from operating activities	(364,472)	43,165
Net cash outflow from investing activities	(298,925)	(33,074)
Net cash inflow from financing activities	148,517	4,717
Net (decrease)/increase in cash and cash equivalents	(514,880)	14,808
Cash and cash equivalents, beginning of period	950,453	40,617
Effect of foreign exchange rate changes	(41,422)	(4,787)
Cash and cash equivalents, end of period	<u>394,151</u>	<u>50,638</u>
Analysis of balances of cash and cash equivalents		
Cash and bank deposits	<u>394,151</u>	<u>50,638</u>

Condensed Consolidated Statement of Changes in Equity

	Six months ended 30th June	
	2005	2004
	HK\$'000	HK\$'000
At the beginning of the period – Total equity	563,962	578,777
Income/(expenses) for the period recognised directly in reserves		
– Change in equity transactions of associates	–	9,675
– Currency translation differences	1,643	(45,294)
Loss for the period	(8,548)	(51,230)
At the end of the period – Total equity	<u>557,057</u>	<u>491,928</u>

Notes:

1. Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (the "IFRS") IAS 34 "Interim Financial Reporting" and the disclosure requirements set out in the GEM Listing Rules. The accounting policies used in the preparation and presentation of the Financial Statements are consistent with those used in the audited consolidated financial statements for the year ended 31st December 2004 (the "2004 Financial Statements"). New and revised IFRS with effect from 1st January 2005, which are relevant to AcrossAsia Group's operations, have also been applied consistently during the Half-year Period. All significant intra-group transactions and balances have been eliminated on consolidation.

The Financial Statements shall be read in conjunction with the 2004 Financial Statements of AcrossAsia Group.

The audit committee has reviewed the Financial Statements.

2. Turnover, revenue and gains

Turnover represents fees/revenue earned for the provision of retail, broadband services and IT solutions.

An analysis of AcrossAsia Group's turnover, other revenue and gains is as follows:

	Six months ended		Three months ended	
	30th June		30th June	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover				
Retail	2,291,061	–	1,178,986	–
Broadband Services	143,362	149,056	74,357	74,819
IT Solutions	216,086	239,083	102,005	105,101
Cellular Services	–	17,530	–	8,971
	2,650,509	405,669	1,355,348	188,891
Other revenue and gains				
Interest income	22,831	8,603	10,036	4,266
Gain on short-term investments	16,871	–	6,677	–
Rental income	8,452	–	3,177	–
Others	8,147	437	8,755	26
	56,301	9,040	28,645	4,292
Total	2,706,810	414,709	1,383,993	193,183

3. Segment information

- (a) (i) An analysis of AcrossAsia Group's revenue and results for the Half-year Period by business segment is as follows:

	Broadband		IT	Cellular	Others	Elimination	Consolidated
	Retail	Services	Solutions	Services			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:							
Sales to external customers	2,291,061	143,362	216,086	-	-	-	2,650,509
Intersegment sales	-	5,285	18,258	-	-	(23,543)	-
Total	<u>2,291,061</u>	<u>148,647</u>	<u>234,344</u>	<u>-</u>	<u>-</u>	<u>(23,543)</u>	<u>2,650,509</u>
Segment results	<u>75,451</u>	<u>5,042</u>	<u>25,937</u>	<u>-</u>	<u>(7,172)</u>	<u>(928)</u>	98,330
Interest income							<u>22,831</u>
Profit from operations							121,161
Finance costs							(100,869)
Share of results of associates	-	-	-	-	1,276	-	<u>1,276</u>
Profit before income tax							21,568
Income tax expense							<u>(4,616)</u>
Profit							<u>16,952</u>

- (a) (ii) An analysis of AcrossAsia Group's revenue and results for the corresponding period in 2004 by business segment is as follows:

	Broadband		IT	Cellular	Others	Elimination	Consolidated
	Retail	Services	Solutions	Services			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:							
Sales to external customers	-	149,056	239,083	17,530	-	-	405,669
Intersegment sales	-	1,843	3,068	-	-	(4,911)	-
Total	-	150,889	242,151	17,530	-	(4,911)	405,669
Segment results	-	7,204	13,749	(30,113)	(25,005)	13	(34,152)
Interest income							8,603
Loss from operations							(25,549)
Finance costs							(46,813)
Share of results of associates							
(Less: amortisation of goodwill on acquisition of associates)	11,439	-	-	-	1,108	-	12,547
Loss before income tax							(59,815)
Income tax expense							(8,190)
Loss							(68,005)

- (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.

4. Loss from operations

AcrossAsia Group's loss from operations is arrived at after charging:

	Six months ended 30th June		Three months ended 30th June	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Cost of sales and services rendered	1,869,082	285,255	967,042	131,048
Depreciation of property and equipment	110,862	40,361	57,033	19,414
Depreciation of investment properties	592	363	296	181
Amortisation of goodwill	–	7,329	–	3,537
Amortisation of intangible assets	3,370	741	1,657	359
Bad debt expense/provision for doubtful debts	189	400	160	388
Net loss/(gain) on disposal of property and equipment	(48)	(274)	(22)	203

5. Income tax expense

No Hong Kong profits tax has been provided, as AcrossAsia Group had no assessable profits arising in Hong Kong during the Half-year Period (2004: 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% (2004: 30%) of the individual entities' respective assessable profits in accordance with Indonesian income tax law.

	Six months ended 30th June		Three months ended 30th June	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
AcrossAsia Group				
Current income tax *	5,070	–	1,801	–
Deferred income tax/(tax benefits) *	(454)	(25)	6,271	2,284
	4,616	(25)	8,072	2,284
Share of tax attributable to associates				
Current income tax *	–	3,922	–	1,747
Deferred income tax *	–	4,293	–	239
	–	8,215	–	1,986
	4,616	8,190	8,072	4,270

* Imposed outside Hong Kong

6. Loss per share

The calculation of basic loss per share is based on the loss attributable to shareholders of the Company for the Half-year Period of HK\$8,548,000 (2004: HK\$51,230,000) and 5,064,615,385 (2004: 5,064,615,385) ordinary shares in issue during the Half-year Period.

Diluted loss per share for the Half-year Period and the corresponding period in 2004 are not disclosed as there were no dilutive potential ordinary shares.

7. Property and equipment

The movements of property and equipment of AcrossAsia Group were as follows:

	HK\$'000
Net book value at 1st January 2005	1,441,846
Additions	287,692
Depreciation	(110,862)
Disposals	(833)
Translation adjustments	(68,579)
Net book value at 30th June 2005	<u>1,549,264</u>

8. Trade receivables

AcrossAsia Group's trading terms with its customers are mainly on credit. AcrossAsia Group allows an average general credit period ranging from 30 to 90 days to its customers, except for certain well-established customers, where the terms are extended beyond 90 days. AcrossAsia Group seeks to maintain strict control over its outstanding receivables. Senior management reviews overdue balances regularly.

An aged analysis of the trade receivables, based on invoice date, is as follows:

	As at 30th June 2005 HK\$'000	As at 31st December 2004 HK\$'000
Within 3 months	130,438	129,157
3 to 6 months	2,421	9,693
Over 6 months	7,867	10,718
	140,726	149,568
Less: Provision for doubtful debts	(2,020)	(6,972)
	138,706	142,596

As at 30th June 2005, trade receivables included those due from certain related companies totalling HK\$15,673,000 (as at 31st December 2004: HK\$17,794,000) which were unsecured, interest-free and repayable principally in accordance with normal trading terms.

9. Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Equity transactions of associates HK\$'000	Translation reserve HK\$'000	Total HK\$'000
At 1st January 2004	<u>32,877</u>	<u>1,464,802</u>	<u>2,925</u>	<u>(608,888)</u>	<u>891,716</u>
Net gain on available-for-sale financial assets of associates	–	–	9,675	–	9,675
Currency translation differences	<u>–</u>	<u>–</u>	<u>–</u>	<u>(45,294)</u>	<u>(45,294)</u>
Total income/(expense) for the period recognised directly in reserves	<u>–</u>	<u>–</u>	<u>9,675</u>	<u>(45,294)</u>	<u>(35,619)</u>
At 30th June 2004 and 1st July 2004	<u>32,877</u>	<u>1,464,802</u>	<u>12,600</u>	<u>(654,182)</u>	<u>856,097</u>
Net loss on available-for-sale financial assets of associates	–	–	(9,069)	–	(9,069)
Currency translation differences	<u>–</u>	<u>–</u>	<u>–</u>	<u>(8,578)</u>	<u>(8,578)</u>
Total expense for the period recognised directly in reserves	<u>–</u>	<u>–</u>	<u>(9,069)</u>	<u>(8,578)</u>	<u>(17,647)</u>
At 31st December 2004 and 1st January 2005	<u>32,877</u>	<u>1,464,802</u>	<u>3,531</u>	<u>(662,760)</u>	<u>838,450</u>
Currency translation differences	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,643</u>	<u>1,643</u>
Total income for the period recognised directly in reserves	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,643</u>	<u>1,643</u>
At 30th June 2005	<u><u>32,877</u></u>	<u><u>1,464,802</u></u>	<u><u>3,531</u></u>	<u><u>(661,117)</u></u>	<u><u>840,093</u></u>

10. Trade payables

An aged analysis of the trade payables, based on invoice date, is as follows:

	As at 30th June 2005 HK\$'000	As at 31st December 2004 HK\$'000
Within 3 months	519,286	423,936
3 to 6 months	13,647	9,515
6 to 12 months	18,353	20,278
	<u>551,286</u>	<u>453,729</u>

As at 30th June 2005, the trade payables included those due to certain related companies totalling HK\$604,000 (as at 31st December 2004: HK\$2,387,000) which were unsecured, interest-free and payable principally in accordance with normal trading terms.

11. Commitments

As at 30th June 2005, AcrossAsia Group had material capital commitments of HK\$43,741,000 (as at 31st December 2004: HK\$43,846,000) in respect of the acquisition of property and equipment.

12. Contingent liabilities

As at 30th June 2005, the Company had a contingent liability in respect of a guarantee of Rp96.0 billion (approximately HK\$76.8 million) given to a bank to secure a facility granted to a subsidiary, and the facility was utilised to the extent of Rp55.0 billion (approximately HK\$44.0 million). Save as aforesaid, AcrossAsia Group had no contingent liabilities as at 30th June 2005.

AcrossAsia Group (including the Company) had no contingent liabilities as at 31st December 2004.

13. Material changes

There were no material changes in status to the information relating to liquidity and financial resources, capital structure, charges on assets and exposure to fluctuations in exchange rates of AcrossAsia Group disclosed in the Annual Report 2004 of the Company, save as mentioned in this Report.

14. Related party transactions

Significant related party transactions of AcrossAsia Group are summarised as follows:

	Six months ended	
	30th June	
	2005	2004
	HK\$'000	HK\$'000
Service fees from distribution and maintenance of hardware equipment and software packages and service fees for technology solutions rendered to:		
– PT Bank Lippo Tbk	21,413	12,335
– PT Matahari Putra Prima Tbk *	–	214
– PT AIG Lippo	92	795
Subscription fee income for fast speed Internet access:		
– PT Bank Lippo Tbk	595	548
Receipt of interest income on time deposits and deposit on call placed with:		
– PT Ciptadana Sekuritas	4,668	–
Insertion fee income for services rendered to:		
– PT Matahari Putra Prima Tbk *	–	7,030
– PT JO Metropolitan	–	8,470
Operating Lease rentals charged by:		
– PT Matahari Putra Prima Tbk *	–	1,176
– PT Lippo Cikarang Tbk	1,935	–
Insurance expense charged to:		
– PT Lippo General Insurance Tbk	–	515
Marketing expenses to:		
– Avel Pty. Limited	3,479	–
Pension fund expense charged by:		
– PT AIG Lippo	31	442

The above related party transactions were conducted in the ordinary course of business, and were made according to terms similar to those offered to the major customers of AcrossAsia Group or those offered by the related parties to their major customers, or based on mutually agreed terms.

* *PT Matahari Putra Prima Tbk ("Matahari"), a then associate, became an indirect non-wholly owned subsidiary of the Company in September 2004.*

15. Post Balance Sheet Event

PT Multipolar Corporation Tbk (“Multipolar”), a then 50.13% subsidiary of the Company, successfully completed its rights issue of pre-emptive rights in the amount of 2,339,710,000 Class B shares (each a “Rights Share”) with a nominal value of Rp125 each at a subscription price of Rp125 per Rights Share for a total of approximately Rp292,463,750,000 (approximately HK\$231,930,000), details of which were disclosed in the Company’s circular dated 24th May 2005. The Company has subscribed 1,172,910,375 and 42,949,484 Rights Shares pursuant to its pro-rata entitlement and a Standby Buyer Agreement dated 27th April 2005 for Rp146,613,796,875 (approximately HK\$116,267,000) and Rp5,368,685,500 (approximately HK\$4,257,000) respectively. The considerations were financed by AcrossAsia Group’s internal resources and borrowings. The Company’s interest in Multipolar increased to 51.15% immediately after the rights issue.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Half-year Period (2004: Nil).

FINANCIAL REVIEW

The results of AcrossAsia Group for the Half-year Period were analysed based on business segments namely, Retail, Broadband Services and IT Solutions.

Turnover

AcrossAsia Group’s turnover rose by 5.5 times to HK\$2,650.5 million (including HK\$2,291.1 million from Matahari, an indirect subsidiary of the Company listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange in which the Company has a 25.6% effective interest) from HK\$405.7 million for the same period in 2004. Excluding the said turnover of Matahari which was consolidated only from the fourth quarter in 2004, AcrossAsia Group’s turnover decreased by 11.4% to HK\$359.5 million due to the deconsolidation of PT Natrindo Telepon Seluler (and hence its results) at the end of 2004 and the depreciation of Indonesia Rupiah by approximately 3.5% in the Half-year Period compared to the same period in 2004. By business segment, Retail posted a revenue of HK\$2,291.1 million; Broadband Services’ revenue slightly decreased by 3.8% to HK\$143.4 million from HK\$149.1 million for the same period in 2004 mainly as a result of a drop in advertising revenue in the Half-year Period; and IT Solutions recorded a revenue of HK\$216.1 million, 9.6% lower than the HK\$239.1 million for the same period in 2004 mainly due to a drop in sales of hardware equipment and the project-based nature of the business.

Gross Profit

AcrossAsia Group’s gross profit increased by 6.6 times to HK\$781.4 million from HK\$120.4 million for the corresponding period in 2004 with Matahari being the main contributor. Gross profit margin was 29.5%, roughly the same as that for the corresponding period in 2004.

Profit from Operations

AcrossAsia Group achieved a profit from operations of HK\$121.2 million against a loss of HK\$25.5 million for the same period in 2004.

Other operating income and gains increased by 5.2 times to HK\$56.3 million from HK\$9.0 million for the same period in 2004 mainly due to increase in interest income, gains on short-term investments and rental income.

Total operating expenses (excluding other income and expenses) increased to HK\$716.6 million of which HK\$607.4 million were from Matahari. Excluding the said operating expenses of Matahari, the total operating expenses actually decreased by 29.5% to HK\$109.2 million from HK\$155.0 million for the corresponding period in 2004. The decrease was mainly due to cost control and cessation of goodwill amortization following the adoption of IFRS 3 from 1st January 2005. For the corresponding period in 2004, the goodwill amortisation charged to the income statement was HK\$7.3 million.

EBITDA (excluding other income and expenses) increased by 2.3 times to HK\$188.0 million from HK\$57.2 million for the same period in 2004.

Share of Results of Associates

AcrossAsia Group's share of the results of associates, excluding amortisation of goodwill, decreased to HK\$1.3 million from HK\$18.7 million for the corresponding period in 2004. The decrease was mainly due to the change of status of Matahari from a then 47.4% owned associate of Multipolar to a 50.1% owned subsidiary of Multipolar in September 2004.

Loss attributable to Shareholders

AcrossAsia Group booked a loss attributable to the shareholders of the Company of HK\$8.5 million, a 83.4% reduction from the loss of HK\$51.2 million for the comparison period in 2004.

BUSINESS REVIEW

AcrossAsia Group, as a consumer-oriented service provider, offers value, fashion and quality services catering to the rising middle and upper-income market in Asia, particularly in Indonesia and China. It also offers IT related services to enterprises and institutions in Indonesia. The business performance of the flagships of AcrossAsia Group during the Half-year Period is as follows:

Matahari

Matahari, the flagship of Retail, is the largest publicly listed modern retailer in Indonesia with a total network of 230 outlets nationwide, comprising Matahari Department Stores' 76 outlets, Matahari Supermarkets' 39 conventional supermarkets, 8 compact hypermarkets under the brand name "hypermart" and 3 soft discount stores under the brand name "Cut Price" as well as 104 TimeZone family entertainment centres as of 30th June 2005.

With better merchandise procurement, inventory management and promotion strategy, Matahari enjoyed continuous improvement in its operations and business during the Half-year Period. Four new Matahari Department Stores outlet and six new “hypermart” stores were opened. During the Half-year Period, TimeZone launched a new “TimeZone Celebrates Disney” concept through transforming several existing stores to “TimeZone Celebrates Disney” stores. The new concept proved to have boosted TimeZone’s revenue.

Matahari collected donations through its extensive store network, employees and valued customers and made contributions for helping the victims of the catastrophic natural disasters in Indonesia as part of its continuing efforts to serve the community.

Broadband Multimedia

PT Broadband Multimedia Tbk (“Broadband Multimedia”, a subsidiary of the Company listed on the Surabaya Stock Exchange in which the Company has 66.34% effective interest), the flagship of Broadband Services, offers digital cable and satellite TV, data communication, Internet access, leased line and VPN (Virtual Private Network) services. It is the largest cable TV operator in Indonesia offering national and international channels of programming with 63 channels under the brand name “Kabelvision” and 88 channels under the brand name “Digital 1”. Its largest two-way HFC (Hybrid Fibre Coaxial) network in Indonesia reached over 2,815 km as at 30th June 2005, passing more than 241,585 homes and covering major residential and central business districts in prime cities in Indonesia. The number of cable TV subscribers increased to approximately 122,050 with penetration reaching 56.6%, and the total number of broadband Internet consumer subscribers was approximately 14,530 as of 30th June 2005.

Broadband Multimedia has commenced in July 2005 digitisation of its cable network with phase 1 focusing on 120,000 homes in new areas. The migration to a full digital platform is expected to be completed in two years by 2007. That enables Broadband Multimedia to expand the number and types of services offered and enhance the development of current and future revenue sources.

“MyNet”, a new Internet access service, was launched during the Half-year Period. It provides a broadband Internet network platform for users to enjoy high speed access to data, games, audio, movies and other online applications. The joint venture between the Broadband Multimedia group and the Astro group for the provision of Direct-to-Home multi-channel digital satellite pay television, radio and interactive multimedia services in Indonesia has been progressing.

Multipolar

Multipolar (a 51.15% owned subsidiary of the Company listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange), the flagship of IT Solutions, is one of the prominent IT system integration and services providers in Indonesia. It strived to foster its sales in the light of margin pressure for its hardware related system integration solutions. Its Banking Solutions unit successfully completed risk management application projects for a government bank and a private bank. Its Consulting Services unit continued to

implement IT Master Plan and maintained strategic clients such as state-owned telecommunications and electricity companies.

Multipolar again has received awards for its performance from its principals. It has been working on new services and solutions, to facilitate future revenue stream.

In late April 2005, Multipolar announced a rights issue in the amount of 2,339,710,000 Class B shares on the basis of 5 Class B shares for every 4 Class A shares held which was successfully completed in early July 2005 and raised a total of approximately Rp292.5 billion (approximately HK\$231.9 million).

PROSPECTS

The economies of Indonesia and other Asia countries in general appeared to have kept their momentum in spite of the continually surging oil prices. AcrossAsia Group is prudently expanding its businesses. In the second half of this year, Matahari will continue to open 5 new Matahari Department Stores, 6 new "hypermart" stores and several TimeZone entertainment centres, and convert several existing Matahari Supermarkets outlets into soft-discount store format to strengthen its dominance in the retail sector in Indonesia. It will also open its first department store in China in Shenzhen City in September 2005, a milestone for its official entry into the most potential retail market in the world with a 1.3 billion population.

Broadband Multimedia is rolling out its new digital cable TV network and other value-added Internet services to capture the potential market. With the successful completion of the rights issue of Multipolar in early July 2005, Multipolar is now in a stronger financial position to further enhance its IT Solutions services and growth as well as to widen its dominance in the relevant IT areas.

At the same time, AcrossAsia Group is also seeking strategic investors and partners for its operations to foster their development and competitiveness and to explore new markets.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

AcrossAsia Group primarily financed its operations with its internally generated cash flows and borrowings during the Half-year Period. As at 30th June 2005, AcrossAsia Group had cash and bank balances and short-term investments of HK\$671.9 million and net assets of HK\$557.1 million. It had net current liabilities of HK\$144.7 million (as at 31st December 2004: net current assets of HK\$336.0 million). The total borrowings increased to HK\$1,685.3 million (as at 31st December 2004: HK\$1,530.1 million) and were mainly denominated in Indonesian Rupiah and United States Dollars, with interest generally chargeable at market rates and maturity dates ranging from less than a year to 5 years. Part of the borrowings was secured by certain current assets, land use rights and buildings, machinery and equipment, and long-term

investments of AcrossAsia Group. During the Half-year Period, AcrossAsia Group implemented and is continuing to implement the following management plan to further improve its financial position: restructuring of current liabilities into non-current liabilities; reduction of operating expenses and improvement of operational efficiency; procurement of long term debt/equity financing; identification and securing of strategic investors as business partners and exploring new business opportunities that will enhance/implement existing operations. AcrossAsia Group's gearing ratio, representing total borrowings divided by shareholders' funds, was 3.0 times as at 30th June 2005.

As a result of significant operations in Indonesia, AcrossAsia Group has foreign currency exposure mainly in transaction and conversion risks. During the Half-year Period, the foreign currency exposure had no material adverse impact on AcrossAsia Group's results. AcrossAsia Group will continue to take measures to minimize its foreign exchange exposure.

EMPLOYEES

As at 30th June 2005, AcrossAsia Group had approximately 15,740 employees. For the Half-year Period, the staff costs (including Directors' emoluments) were approximately HK\$220.6 million. The remuneration, promotion, and salary review of the employees are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practice. AcrossAsia Group's employees in Hong Kong joined the Mandatory Provident Fund Scheme. Other benefits include share option granted or to be granted under the share option, incentive bonus and training schemes.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 30th June 2005, 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 June 2005	
Dr. Cheng Wen Cheng	13,150,000	–	13,150,000 (Note 1)	0.25
Mr. Richard Arthur Woolcott	3,546,000	–	3,546,000 (Note 2)	0.07
Mr. Kwok Ming Cheung	2,364,000	–	2,364,000 (Note 3)	0.04
Mr. Marshall Wallace Cooper	355,000	–	355,000 (Note 4)	0.01
Total	<u>19,415,000</u>	<u>–</u>	<u>19,415,000</u>	

Notes:

1. 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, 1st June 2004 and 1st June 2005.
2. 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, 1st April 2004 and 1st April 2005.
3. 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, 1st April 2004 and 1st April 2005.
4. 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, 1st April 2004 and 1st April 2005.
5. 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 June 2005, 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 June 2005, 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 June 2005, options granted on the Grant Date to 11 participants (other than the Directors of the Company) to subscribe for an aggregate of 12,766,000 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 Half-year Period:

Participant	Number of underlying shares		
	As at 1st January 2005	Lapsed during the period	As at 30th June 2005
Directors	19,415,000	–	19,415,000
Others	12,789,800	23,800	12,766,000
Total	<u>32,204,800</u>	<u>23,800</u>	<u>32,181,000</u>

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 June 2005.

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 Half-year Period. There was a chance that such businesses might have competed with AcrossAsia Group during the Half-year 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, inter alia, to review and monitor the financial reporting and audit matters as well as the financial control, internal control and risk management systems of AcrossAsia Group. The audit committee has met three times this year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

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

CODE ON CORPORATE GOVERNANCE PRACTICES

During the Half-year Period, the Company has met all the code provisions (except the code provision in respect of internal controls which has not yet been effective during the Half-year Period) in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

SECURITIES TRANSACTIONS BY THE DIRECTORS

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 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 Half-year Period.

By Order of the Board

Richard Woolcott

Chairman

Hong Kong, 12th August 2005