AcrossAsia Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8061)

Annual Report 2006



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The Stock Exchange takes no responsibility for the contents of this Annual Report, 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 Annual Report.

This Annual Report, for which the Directors of AcrossAsia Limited (the "Company") (namely, executive Director: Mr. Marshall Wallace COOPER; non-executive Directors: Dr. Cheng Wen CHENG and Mr. Bunjamin Jonatan MAILOOL; and independent non-executive Directors: Mr. Albert Saychuan CHEOK, Kwok Ming CHEUNG and Dr. Boh Soon LIM) 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 Annual 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 Annual Report misleading; and (3) all opinions expressed in this Annual 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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CORPORATE INFORMATION

DIRECTORS

Executive Director

Marshall Wallace COOPER
(Chief Executive Officer)

Non-executive Directors

Dr. Cheng Wen CHENG
(Chairman of the Board)
Bunjamin Jonatan MAILOOL

Independent non-executive Directors

Albert Saychuan CHEOK
Kwok Ming CHEUNG
Dr. Boh Soon LIM

COMPANY SECRETARY

Kelsch Woon Kun WONG, FCIS, FCS

COMPLIANCE OFFICER

Marshall Wallace COOPER

QUALIFIED ACCOUNTANT

Yick Lun SUEN, CPA, CPA (Aust.)

AUDIT COMMITTEE

Albert Saychuan CHEOK
(Chairman of the Audit Committee)
Kwok Ming CHEUNG
Dr. Boh Soon LIM

REMUNERATION COMMITTEE

Albert Saychuan CHEOK
(Chairman of the Remuneration Committee)
Kwok Ming CHEUNG

AUTHORISED REPRESENTATIVES

Marshall Wallace COOPER
Kelsch Woon Kun WONG

AUTHORISED PERSON TO ACCEPT SERVICE OF PROCESS AND NOTICES

Kelsch Woon Kun WONG

REGISTERED OFFICE

P.O. Box 309GT, Ugland House
George Town, Grand Cayman
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 4302, 43rd Floor, Tower One
Lippo Centre, 89 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
P.O. Box 705, Butterfield House
Fort Street, George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tengis Limited
Level 25, Three Pacific Place,
1 Queen's Road East
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law:
Richards Butler
20th Floor, Alexandra House
16-20 Chater Road, Central
Hong Kong

As to Cayman Islands Law:
Maples and Calder Asia
Suite 1504, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

AUDITORS

RSM Nelson Wheeler
Certified Public Accountants
7th Floor, Allied Kajima Building
138 Gloucester Road,
Hong Kong

PRINCIPAL BANKERS

CITIC Ka Wah Bank Limited
Lippo Centre, 89 Queensway,
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central,
Hong Kong

STOCK CODE

8061

WEBSITES OF THE COMPANY AND MAJOR SUBSIDIARIES

www.across-asia.com
www.matahari.co.id
www.kabelvision.com
www.multipolar.com
www.link.net.id

CORPORATE STRUCTURE

As at 31 December 2006

The Company

PT Matahari Putra Prima Tbk*

Operation of department stores, supermarkets, compact hypermarkets & soft discount stores

PT Broadband Multimedia Tbk# (Kabelvision)

Operation of over 2,950 km broadband HFC network, broadband Internet access & cable TV

PT Multipolar Corporation Tbk*

System integration and value-added IT solutions & services

PT Matahari Graha Fantasi (TimeZone)

Operation of family entertainment centres

PT Link Net (LinkNet)

ISP

PT Sharestar Indonesia

Share Registrar and IDC operations

PT Natrindo Kartu Panggil (Kring 12000)

Calling card services

* *Listed on the Jakarta Stock Exchange and Surabaya Stock Exchange*

\# *Listed on the Surabaya Stock Exchange*

CHAIRMAN'S STATEMENT

The year 2006 saw an encouraging performance of AcrossAsia Group with a net profit attributable to the shareholders of the Company of HK$11.7 million

This is the first year that I present the Annual Report of AcrossAsia Limited (the "Company") and its subsidiaries (collectively "AcrossAsia Group") for the year 2006 on behalf of the Board of Directors (the "Board").

The year 2006 saw an encouraging performance of AcrossAsia Group with a net profit attributable to the shareholders of the Company of HK$11.7 million compared to a loss of HK$3.8 million for 2005 on the back of a 28.8% year-on-year growth in turnover to HK$8.1 billion. All three lines of business-Retail, Broadband Services and IT Solutions-recorded promising growth in their turnover. Retail, with PT Matahari Putra Prima Tbk ("Matahari") as its flagship, has further expanded its retail network by opening 4 new Matahari Department Stores, 10 Hypermart stores and more than 10 TimeZone family entertainment centres during 2006. Broadband Services, led by PT Broadband Multimedia Tbk ("Broadband Multimedia"), continued to roll out its digital cable network. On the other hand, IT Solutions (with PT Multipolar Corporation Tbk ("Multipolar") as its core), achieved growth in services to non-banking industries amidst keen competition and continued to win service awards from hardware and software giants.

The economy of Indonesia, where most of AcrossAsia Group's operations are present, is forecast to improve in 2007 with growth in gross domestic product, decrease in interest and inflation rates, and further reduction in jobless rate. These factors are believed to stimulate individual and corporate spending and in turn benefit the consumer-oriented businesses of AcrossAsia Group. Matahari, Broadband Multimedia and Multipolar (the Company's listed subsidiaries in Indonesia) successfully completed their rights issues respectively in the first quarter of 2007 apart from Matahari's US$150 million unsecured senior notes exercise satisfactorily concluded in September 2006 to strengthen their capital bases and competitiveness and to capture the above positive trend. Of course, AcrossAsia Group is cautiously monitoring the changing local and global economic and financial conditions which could have bearing on its business plans.

AcrossAsia Group is poised to team up with reputable and prospective investors and partners for strengthening its operations and will also explore opportunities to enhance the growth and development of the core businesses.

I would like to thank the Board, our customers, shareholders, and business partners for their continued support and our employees for their contribution to AcrossAsia Group.

Dr. Cheng Wen Cheng
Chairman

Hong Kong, 23rd March 2007

FINANCIAL SUMMARY

A summary of the consolidated results and of the consolidated assets and liabilities of AcrossAsia Group for the last five financial years is set out below:

	2006	2005	2004	2003	2002
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
CONSOLIDATED RESULTS					
Turnover	**8,084,146**	6,276,514	2,483,147	819,313	690,412
Gross profit	**2,209,491**	1,830,982	711,034	202,956	141,142
Profit (loss) after taxation but before minority interests	**107,860**	117,562	66,742	(53,030)	(118,087)
Profit (loss) attributable to shareholders	**11,652**	(3,760)	38,451	(49,585)	(75,239)
CONSOLIDATED ASSETS AND LIABILITIES					
Shareholders' equity	**618,577**	541,474	563,962	578,777	586,348
Non-current assets	**4,197,636**	3,332,775	2,757,820	1,773,133	1,706,831
Current assets	**3,075,112**	1,668,781	1,870,199	484,975	506,307
Current liabilities	**2,851,454**	1,700,332	1,534,217	656,988	811,161
Non-current liabilities	**2,173,656**	1,338,082	1,238,458	536,875	349,141

AcrossAsia Group has inplemented various measures to enhance its core business so as to capture the

potential growth in

Retail, Broadband Services and IT Solutions

As of December 31, 2006

Total Number of Matahari Department Stores	83
Total Number of Matahari Supermarkets	33
Total Number of Hypermart Stores	27
Total Number of TimeZone Entertainment Centres	over 110

Matahari Supermarkets continued its

aggressive expansion plan by

opening 10 new Hypermart stores

MANAGEMENT REVIEW

FINANCIAL REVIEW

The results of AcrossAsia Group for 2006 were analysed based on three core business segments namely, Retail, Broadband Services and IT Solutions.

Turnover

AcrossAsia Group's turnover grew by 28.8% to HK$8,084.1 million compared to HK$6,276.5 million in 2005 mainly attributable to Retail which recorded a 30.7% (approximately HK$1,697.8 million) increase in its revenue generated from department stores, supermarkets and hypermarkets. With its aggressive expansion plan and timing response to the changes of consumers' behaviour, Retail's revenue increased noticeably to HK$7,212.9 million from HK$5,515.1 million. Broadband Services enjoyed an upward adjustment on the monthly subscription fees while maintaining its customer base with the quality of services provided. As a result, its revenue increased to HK$357.8 million, 17.3% higher than HK$305.0 million in 2005. IT Solutions' revenue was mainly generated from banking solutions and sales of hardware, and reached HK$513.5 million compared to HK$456.5 million in 2005, a 12.5% growth driven by new projects for banks and other corporations in Indonesia.

Gross Profit

AcrossAsia Group's gross profit increased by 20.7% to HK$2,209.5 million in 2006 from HK$1,831.0 million in 2005. Gross profit margin slightly decreased to 27.3% compared to 29.2% in 2005. It was mainly due to increase in the sales of lower-margin food business as a result of the expansion of Hypermart and the constantly low profit margin of IT hardware sales.

Profit from Operations

AcrossAsia Group recorded a profit from operations of HK$463.6 million compared to HK$364.9 million in 2005. By segment, Retail's profit form operations increased by 21.6% to HK$362.3 million compared to HK298.0 million in 2005 as a result of increase in the sales volume and the number of stores; Broadband Services' profit from operations rose by 44.4% to HK$36.4 million in 2006 compared to HK$25.2 million in 2005, mainly because of cost control over general and administrative expenses; IT Solutions' profit from operations slightly increased by 1.5% to HK$61.5 million compared to HK$60.6 million in 2005. Others recorded a profit from operations of HK$3.4 million compared to a loss from operations of HK$18.9 million.

MANAGEMENT REVIEW

RETAIL

Matahari continued to receive international and local recognition for its best services

Other income (non-core business income) totalled HK$146.8 million in 2006, a slight increase of 26.0% over the HK$116.5 million in 2005. Interest income from bank deposits amounted to HK$73.1 million compared to HK$38.8 million in 2005 as a result of increase in cash generated from core businesses and the money set aside for the purpose of expansion. Rental income from letting space to third parties generated total revenue of HK$47.4 million in 2006 compared to HK$24.4 million in 2005.

Total operating expenses (excluding other income and expenses) increased to HK$1,897.7 million from HK$1,577.4 million in 2005. The 20.3% increase mainly reflected the continuous expansion plan of Retail such as the opening of new stores. During 2006, depreciation charged to the consolidated income statement was HK$338.8 million, 33.2% higher than HK$254.3 million in 2005; wages and salaries increased by 23.9% to HK$608.2 million compared to HK$490.7 million; the amount paid for rental increased by 22.1% to HK$429.7 million compared to HK$351.8 million in 2005.

AcrossAsia Group continued to generate a positive EBITDA (excluding other income and expenses) for the fifth consecutive year of HK$700.2 million compared to HK$527.3 million in 2005.

MANAGEMENT REVIEW

Share of Results of Associates

AcrossAsia Group's share of the results of associates slightly increased by 10.6% to HK$5.2 million from HK$4.7 million in 2005.

Profit/(Loss) attributable to Shareholders

AcrossAsia Group recorded a profit attributable to the shareholders of the Company of HK$11.7 million compared to a loss of HK$3.8 million in 2005.

Financial Resources and Capital Structure

AcrossAsia Group primarily financed its operations with internally generated cash flows and borrowings during 2006. As at 31st December 2006, AcrossAsia Group had cash and bank balances and financial assets at fair value through profit or loss of HK$1,794.8 million, and had net current assets of HK$223.7 million as compared to net current liabilities of HK$31.6 million as at 31st December 2005. The total borrowings amounted to HK$2,322.9 million compared to HK$1,653.2 million as at 31st December 2005. Such increase was mainly due to the increase in other borrowings and issue of notes for further business expansion. Borrowings were mainly denominated in Indonesian Rupiah and United States Dollars with interest generally chargeable at market rates, and had 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 available-for-sale financial assets of AcrossAsia Group. During 2006, 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; upgrading of the broadband network and increase of the penetration of the cable TV and other broadband services; development of high margin IT solutions and service offerings; and exploration of new business opportunities that will enhance/implement existing operations. AcrossAsia Group's gearing ratio, representing total borrowings divided by shareholders' funds, was 4.6 times as at 31st December 2006. In 2004, the Company issued a corporate guarantee to a bank to secure banking facilities granted to a subsidiary of the Company and the facilities' amount utilised was approximately HK$52,583,000 (2005: HK$61,093,000) as of 31st December 2006.

As a result of significant operations in Indonesia, AcrossAsia Group has foreign currency exposure mainly in transaction and conversion risks. During 2006, the foreign currency exposure had no adverse impact on AcrossAsia Group's results. AcrossAsia Group will continue to take measures to minimize its foreign exchange exposure.

Sales from Hypermart posted a **two-digit growth**

MANAGEMENT REVIEW

BUSINESS REVIEW

AcrossAsia Group has implemented various measures to enhance its core businesses so as to capture the potential growth in Retail, Broadband Services and IT Solutions. The business performance of the core businesses showed improvement in 2006, and is reported as follows:

Matahari

Matahari, the core of Retail, is the largest listed multi-format modern retailer in Indonesia. As at 31st December 2006, it operated 83 Matahari Department Stores, 10 Kids2Kids children specialty stores, 27 Hypermart stores, 33 conventional Matahari Supermarkets, 5 Cut Price soft discount stores and more than 110 TimeZone family entertainment centres across Indonesia. Matahari Club Card, one of the largest customer loyalty programs in Indonesia, had 3.8 million members which forms a strong customer base for target-oriented and tailor-made sales initiatives. Matahari continued to receive international and local recognition for its best retail services. It obtained the Retail Asia Pacific Top 500 Award – Indonesia for 3 consecutive years and also the 2006 Indonesian Most Admired Company (IMAC).

The Matahari Department Stores is one of the largest department store chains in Indonesia catered for the potential middle and middle-upper class markets. Its merchandise procurement process has been strengthened to increase its ability to source merchandise from the Asia Region, including Indonesia predominantly, with competitive pricing. Its exclusive private labels, such as COLE, NEVADA, KAYLA, KidzToo, Connexion and *aero*, provide broad lines of fashion collections for all ages at competitive prices while providing values and latest lifestyle trends. In 2006, 4 new Matahari Department Stores were opened.

Matahari Supermarkets, the second core retail business, continued its aggressive expansion plan in Indonesia's food retail business by opening 10 new Hypermart stores and converting several of its conventional supermarkets into Hypermart stores in the main cities in Indonesia. Sales from Hypermart posted a two-digit growth over the previous year whilst the number of Hypermart stores increased to 27 in 2006 compared to 17 stores in 2005.

TimeZone, being the biggest family entertainment chain in Indonesia, is the dominant market leader. It offers conventional mechanical games and real life thrills on driving, skiing, motorbike riding and other action-packed video games for all ages. Programs have been introduced to increase customers' patronage and loyalty. During 2006, more than 10 new TimeZone entertainment centres were opened.

In order to support its strategic long-term expansion plan, Matahari successfully launched a 3-year unsecured senior notes of US$150 million (approximately HK$1,167 million) in September 2006 with satisfactory reception from the international capital markets. It also announced in October 2006 a 4-for-5 rights issue to raise additional Rp1 trillion (approximately HK$838 million) which was completed in January 2007 successfully.

MANAGEMENT REVIEW

BROADBAND SERVICES

The number of cable TV subscribers was approximately 130,340 with penetration rate of 50.5%

Matahari, with its quality personnel and vast operation in more than 50 cities, continued its efforts to serve the community.

Broadband Multimedia

Broadband Multimedia owns, operates and manages HFC (Hybrid Fibre Coaxial) digital and analog broadband networks that provide multimedia services to households and corporations in Indonesia.

As the largest multimedia operator in Indonesia offering more than 90 television channels, Broadband Multimedia operates technologically advanced cable systems, capable of carrying 750 to 860MHz two-way broadband services. Its fibre-optic cable rings have access to 141 office buildings in Jakarta, while its HFC network has access to 50% of high-income residential homes in Jakarta and Tangerang, 60% of residential apartments and 30% of all office buildings in Jakarta. Broadband Multimedia is currently the sole network provider of the Jakarta Stock Exchange's JATS-Remote Trading project. JATS-RT enables stockbrokers to remotely trade from their respective offices via the fibre-optic network. As at 31st December 2006, the number of cable TV subscribers was approximately 130,340 with penetration rate of 50.5%. The network reached over 2,950km, passing more than 257,970 homes and covering major residential and central business districts in prime cities in Indonesia. Broadband Multimedia continued to migrate to a fully digital platform that is expected to be completed in 2007.

Broadband Multimedia also provides Internet services under the MyNet brand. MyNet provides Internet access to the residential Internet market. As at 31st December 2006, the total number of broadband Internet consumer subscribers was approximately 18,000, which represented approximately 14.4% of the broadband Internet market in Indonesia. Improvements were focused on human resources capabilities in technical and customer services as well as soft/non-technical skills to provide top-of-the-line service quality with future expansion capability.

In December 2006, Broadband Multimedia announced a 59-for-50 rights issue to raise approximately Rp220.8 billion (approximately HK$185.5 million) which was completed successfully in February 2006. The exercise enlarged the capital base of Broadband Multimedia to enable it to pursue its business expansion.

Multipolar

Multipolar offers total IT solutions, ranging from hardware, software to consultancy for small, medium and large enterprises. Allied with world-class IT solutions providers (such as IBM, Microsoft, SUN and Oracle) and equipped with experienced and skilled human capital, Multipolar evolved from being a IT product-vendor to one of Indonesia's most prominent professional IT solutions provider with four core business units: hardware and infrastructure, business solutions, consulting services and outsourcing services.

The client base of the hardware and infrastructure unit can be categorized into three sectors, which are the finance sector, telecommunications and utilities, and others. Revenues generated from the finance sector always are the main contributor. With new focus on other sectors, revenue therefrom experienced a significant growth in 2006. The business solutions unit, which serves most of the giant corporations in Indonesia, successfully implemented a new system for a major regional government bank, and the system was completed and installed ahead of the schedule.

The consulting services unit has also played an important role in the Indonesia market in 2006. It continued to work with a number of strategic partnerships for its main clients including banks and state-owned enterprises, and expanded its services to other customers and industries. With proven capabilities and experience in IT Master Planning, Disaster Recovery Planning (DRP), Project Risk Management and Anti Money Laundering, it successfully completed some of those assignments in 2006. The new outsourcing services unit offers data centre maintenance and Business Process Outsourcing (BPO) ranging from Electronic Data Center (EDC) to Automatic Teller Machine (ATM). It also provides shared services for various applications such as core system, delivery system, document management, facilities management and HR management.

MANAGEMENT REVIEW

IT SOLUTIONS

Multipolar offers **total IT solutions**, ranging from hardware, software to consultancy

With more than 30 years' experience and supported by quality human resources, Multipolar has continuously received awards such as CTI Golden Achievement Award 2006 from IBM and CTI Golden Achievement Award 2006 from Oracle.

In October 2006, Multipolar announced a 11-for-18 rights issue to raise Rp321.5 billion (approximately HK$273.4 million) which was completed in February 2007 successfully. The funds from the rights issue were for maintaining its interest in Matahari.

PROSPECTS

Matahari will continue its expansion plan by opening new Matahari Department Stores and Hypermart stores as well as conversion of some traditional supermarkets to Hypermart stores. Matahari will also expand its Health & Beauty network in 2007.

The new digital network of Broadband Multimedia will have the capability to engage in voice services (telephony) using Voice over Internet Protocol (VoIP) technology, it will be the first and only provider of bundled video, data/Internet and voice services. It targets to enlarge its subscriber base to around 1 million by 2008-2009.

Multipolar will continue to focus on opportunities that will require its services as a proven systems integrator and a reliable independent IT solutions provider in the light of keen competition. With this objective, Multipolar will work hard to obtain and consolidate strategic projects that will help increase the revenues from non-hardware sales.

With a steady economic outlook for Indonesia, inflation and interest rates are expected to continuously decrease in 2007. This could encourage consumption and in turn benefits our Retail, Broadband Services and IT Solutions businesses. Meanwhile, AcrossAsia Group will continuously seek strategic investors and partners for its operations and also explore new opportunities and business models in order to foster growth and expansion.

EMPLOYEES

As at 31st December 2006, AcrossAsia Group had approximately 20,800 employees (2005: 14,160). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. 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 schemes, incentive bonus and training schemes.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Mr. Marshall Wallace COOPER, aged 47, has been an executive Director of the Company since May 2002 and the Chief Executive Officer ("CEO") of the Company since May 2006. He was the Chief Financial Officer of the Company and a Director and the CEO of Broadband Multimedia. He is a Commissioner of Multipolar and Broadband Multimedia. He joined AcrossAsia Group in April 1999. He has over 20 years' experience in Asia. Prior to joining AcrossAsia Group, he served as Asia-Pacific controller for an oil and gas service company and as regional controller for a mining company. He holds a diploma from Perth Institute of Technology, Australia.

NON-EXECUTIVE DIRECTORS

Dr. Cheng Wen CHENG, aged 62, has been a non-executive Director and the Chairman of the Board since May 2006. He has been an executive Director, the CEO and the President of the Company since June 2000 until retirement from the executive positions in May 2006. He concurrently serves as the President Commissioner of Matahari and Multipolar and a Commissioner of Broadband Multimedia. He has over 30 years of international experience in research and development, marketing and general management. Prior to joining AcrossAsia Group, he was the Chief Executive of the Provisional Hong Kong Science Park Corporation. He has served as the Chief Operating Officer and Executive Vice President of Philips Electronics Group in China/Hong Kong and Taiwan, President of Taiwan Gadelius Limited (an ABB subsidiary) and other executive positions in Belgium and the United States of America ("USA"). He holds a Bachelor of Science degree from National Cheng Kung University, Taiwan, and Master of Science and PhD degrees in Electrical Engineering from Iowa State University, USA.

Mr. Bunjamin Jonatan MAILOOL, aged 43, has been a non-executive Director of the Company since May 2006. He joined AcrossAsia Group in January 2002 and is the President Director and CEO of Matahari. Prior to joining AcrossAsia Group, he assumed his position as the CEO of PT Bukit Sentul Tbk (1997-2001). He started his professional career in Citibank N.A., Jakarta (1989-1997) with his last position as Vice President – Risk Management Treasury Head. He holds a Master degree in Business Administration from San Edmund University, Oklahoma, USA.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Albert Saychuan CHEOK, aged 56, has been an independent non-executive Director of the Company since February 2006. He is a banker with over 30 years of experience in banking in the Asia-Pacific region, particularly in Australia, Hong Kong, Thailand and Malaysia. He is an independent non-executive director of Hongkong Chinese Limited (a fellow subsidiary of the Company listed on the Stock Exchange) and Auric Pacific Group Limited ("Auric") (an associate listed on Singapore Exchange Securities Trading Limited (the "Singapore Exchange") of a fellow subsidiary of the Company listed on the Stock Exchange). He is the Chairman of Bowsprit Capital Corporation Limited, the Manager of First REIT, in Singapore. He is also the Vice Chairman of the Export and Industry Bank, Inc. in the Philippines. He is a director of Metal Reclamation Berhad in Malaysia and several other public companies. He is currently a committee member of the Malaysian Institute of Corporate Governance in Malaysia. He was the Chairman of Bangkok Bank Berhad in Malaysia for the period form September 1995 to November 2005. He graduated from the University of Adelaide, Australia with a First Class Honour degree in Economics. He is a Fellow of the Australian Society of Certified Public Accountants.

Mr. Kwok Ming Cheung, aged 45, has been an independent non-executive Director since June 2000. He is a partner of Or, Ng & Chan, Solicitors. His areas of practice include corporate finance, merger and acquisition, banking and securities. He qualified and was admitted as a solicitor in Hong Kong in 1991. He holds a Bachelor of Laws degree from the University of Hong Kong.

Dr. Boh Soon LIM, aged 51, has been an independent non-executive Director of the Company since May 2006. He is an independent non-executive director of Auric and CSE Global Ltd. (listed on the Singapore Exchange). He is currently the CEO of Vietcombank Fund Management Company. He was previously a Group Corporate Director of Autron Corporation Limited (listed on the Australian Stock Exchange). Prior to that, he was a Partner of UBS Capital Asia Pacific (S) Limited in which he co-headed the private equity arm of UBS AG in Asia. He graduated from the University of Strathclyde (formerly The Royal College of Science & Technology) in United Kingdom with a Bachelor of Science degree (First Class Honours) and a PhD degree in Mechanical Engineering. He also holds a Graduate Diploma in Marketing Management from the Singapore Institute of Management and a Diploma in Marketing from the Chartered Institute of Management in United Kingdom.

SENIOR MANAGEMENT

Mr. Jeffrey Koes WONSONO, aged 47, joined AcrossAsia Group in September 1994 and is the Vice President of the Company, CEO of the Company's Indonesia Office and the President Director of Multipolar and a Commissioner of Broadband Multimedia and Matahari. Prior to joining AcrossAsia Group, he was an executive director and Deputy President of various multinational joint venture banks. He is a graduate of Centre for Business Studies of London, England in Marketing and also holds a Master degree in Business Administration from Golden Gate University, USA.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company has implemented measures to meet the Code on Corporate Governance Practices set out in Appendix 15 to the GEM Listing Rules (the "CG Code"). To the knowledge of the Directors, they consider that the Company has applied the principles of the CG Code and to certain extent, of the recommended best practices thereof and are not aware of any non-compliance with the CG Code during 2006.

SECURITIES TRANSACTIONS BY 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 2006.

BOARD OF DIRECTORS

The composition of the Board and biographical details of the Directors are set out in the Report of the Directors and also Directors and Senior Management section of the Annual Report respectively.

During 2006, the Board held 4 regular physical meetings and the attendance of the Directors is as follows:

Name of Director	**Number of Attendance in person or by proxy**	**Percentage of Attendance**
Mr. Richard Arthur WOOLCOTT ("Mr. Woolcott") *(Note 1)*	1/1	100%
Dr. Cheng Wen CHENG ("Dr. Cheng")	4/4	100%
Mr. Marshall Wallace COOPER ("Mr. Cooper")	4/4	100%
Mr. Jonathan Limbong PARAPAK ("Mr. Parapak") *(Note 2)*	1/1	100%
Mr. Bunjamin Jonatan MAILOOL ("Mr. Mailool") *(Note 3)*	3/3	100%
Mr. Kwok Ming CHEUNG ("Mr. Cheung")	4/4	100%
Mr. Albert Saychuan CHEOK ("Mr. Cheok") *(Note 4)*	4/4	100%
Dr. Boh Soon LIM ("Dr. Lim") *(Note 5)*	3/3	100%

Notes:

1. *Mr. Woolcott retired as the Chairman and an independent non-executive Director with effect from 2nd May 2006.*

2. *Mr. Parapak retired as a non-executive Director with effect from 2nd May 2006.*

3. *Mr. Mailool was appointed as a non-executive Director with effect from 2nd May 2006.*

4. *Mr. Cheok was appointed as an independent non-executive Director with effect from 22nd February 2006.*

5. *Dr. Lim was appointed as an independent non-executive Director with effect from 2nd May 2006.*

In addition to physical meetings of the full Board, the Board also approved matters by resolutions in writing of all the Directors and by meetings of committees of the Board.

The Board is responsible for the overall management of the Company in accordance with the Articles of Association of the Company (the "Articles") and is entitled to delegate its powers to any executive Director, committees of the Board and the management team. The Board is primarily responsible for approval and monitoring of AcrossAsia Group's major corporate matters, evaluation of the performance of AcrossAsia Group and oversight of the management.

The Company has received the annual confirmation of independence from all the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and considered them to be independent.

To the knowledge of the Directors, the Board members have no financial, business, family or other material/relevant relationships with each other.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has two different persons for the posts of the Chairman of the Board and Chief Executive Officer. The Chairman of the Board, Dr. Cheng, is a non-executive Director and generally chairs all the board meetings and general meetings. The Chief Executive Officer, Mr. Cooper, is also the executive Director and responsible for the day-to-day management of the Company and for carrying out the decisions of the Board with the assistance of other staff.

Mr. Cooper entered into a service contract dated 2nd May 2006 with the Company for a term of two years from 2nd May 2006.

NON-EXECUTIVE DIRECTORS

Mr. Cheok was appointed pursuant to a letter of appointment dated 20th February 2006 for a term of two years from 22nd February 2006.

Dr. Cheng, Mr. Mailool and Dr. Lim were appointed pursuant to letters of appointment all dated 2nd May 2006 for a term of two years from 2nd May 2006 respectively.

The term of office of Mr. Cheung was extended to 31st December 2007 pursuant to a letter dated 29th December 2006.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS

The Board established a remuneration committee (the "Remuneration Committee") which comprises two independent non-executive Directors. In May 2006, Mr. Woolcott ceased as and Mr. Cheok was appointed as, a member and the Chairman of the Remuneration Committee. Since then, the Remuneration Committee comprised Mr. Cheok and Mr. Cheung. The primary duties of the Remuneration Committee are, inter alia, to make necessary recommendations to the Board on, and review and approve remuneration matters of the Directors and the Senior Management and to administer the share option plan and scheme of the Company. During 2006, the Remuneration Committee did not hold any meeting as the relevant matters were considered by the Board and/or administered in accordance with previously signed service contracts, letters of appointment and/or set policies, except that in February 2006, the Remuneration Committee passed a resolution in writing recommending the director's fee of Mr. Cheok to the Board in connection with his appointment.

NOMINATION OF DIRECTORS

The Board has the power to appoint Director(s) pursuant to the Articles. In February 2006, the Board appointed Mr. Cheok as an independent non-executive Director after referral and consideration by reference to his experience, expertise and professional qualifications as well as the GEM Listing Rules' requirements. In May 2006, Mr. Mailool and Dr. Lim were appointed as non-executive Director and independent non-executive Director respectively.

AUDITORS' REMUNERATION

The remuneration of the audit services rendered by the auditors of the Company were mutually agreed in view of the scope of services in the total amount of HK$2,335,000. During 2006, the auditors of the Company did not provide any non-audit services to the Company.

AUDIT COMMITTEE

The Board established an audit committee (the "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. Mr. Cheok was appointed as a member with effect from 22nd February 2006 and was appointed as the Chairman of the Audit Committee with effect from 2nd May 2006 following Mr. Woolcott's cessation as a member and the Chairman of the Audit Committee with effect from 2nd May 2006. Dr. Lim was appointed as a member with effect from 2nd May 2006. Since then, the Audit Committee comprises Mr. Cheok, Mr. Cheung and Dr. Lim. 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 four times during 2006 and the attendance of the members is as follows:

Name of Member	Number of Attendance	Percentage of Attendance
Mr. Woolcott	1/1	100%
Mr. Cheok	4/4	100%
Mr. Cheung	4/4	100%
Dr. Lim	3/3	100%

During 2006, the Audit Committee discharged its duties by reviewing the financial matters, quarterly, half-year and annual financial reports and financial statements as well as audit matters of AcrossAsia Group, discussing with executive Directors, management and the auditors of the Company, and making recommendations to the Board.

INTERNAL CONTROLS

The Audit Committee is responsible for the Company's system of internal control and for reviewing the systems effectiveness. The Audit Committee enquires of management and AcrossAsia Group's audit officers and the external auditors about significant risks or exposures facing AcrossAsia Group.

CORPORATE GOVERNANCE REPORT

Based on identified risks, the Audit Committee assesses the effectiveness of the system of internal controls including activities and actions, supported by policies and procedures aimed to reduce these risks. The organization structure and delegations of authority and responsibility to individual employees are key aspects of the internal control system. Internal controls is the process designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

However, internal controls can provide only reasonable assurance regarding the achievement of these objectives. As the Company operates as a holding company, the monitoring of internal controls system also extend to those of its subsidiaries. To monitor the effectiveness of the internal controls system, the Audit Committee and audit officers review the adequacy of AcrossAsia Group’s internal controls and understand how these controls will be tested during the year.

The audit officers prepare long term strategic audit plans, providing for the review of significant operations based on assessment of risks pertaining to the achievement of AcrossAsia Group's objectives with more weight given to areas with higher risks. The internal controls system-based audit approach used by the audit officers includes documentation of systems, identification and evaluation of controls and the reporting of recommendations for internal controls improvements.

The Audit Committee reviews and reports on the monitoring and testing of AcrossAsia Group’s internal controls to the Board and updates any required changes to internal controls. The Board assesses the effectiveness of internal controls by considering reviews conducted by internal and external audit as well as those by the Audit Committee and senior management.

The period of the review of the system of internal controls covers the audited consolidated financial statements of AcrossAsia Group for 2006 (the 2006 “Financial Statements”) and the Board is of the view that there is no significant area of concern which may suggest material deficiencies in the effectiveness of AcrossAsia Group’s internal controls system. The Board also reviews with the management and the external auditors the Company's annual report and resolves any serious difficulties or disputes encountered during the audit including the need to introduce additional internal controls.

PREPARATION OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the 2006 Financial Statements and the auditors of the Company also set out their reporting responsibilities on the 2006 Financial Statements in its Independent Auditor's Report in the Annual Report.

COMMUNICATION WITH SHAREHOLDERS

The rights of shareholders and the procedures for demanding a poll on resolutions at general meetings are contained in the Company's Articles. Details of such rights to demand a poll have been included in the circular to shareholders in relation to the holding of the annual general meeting in 2006 and explained during the proceedings of the meeting.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board attended and chaired the annual general meeting in 2006.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the 2006 Financial Statements.

PRINCIPAL ACTIVITIES

AcrossAsia Group is engaged principally in the provision of retail services through department stores, supermarkets, compact hypermarkets, soft discount stores and family entertainment centres as well as cable TV, broadband network, broadband Internet access and IT solutions services.

An analysis of AcrossAsia Group's business segments is set out in Note 5 to the accompanying consolidated financial statements.

CUSTOMERS AND SUPPLIERS

For 2006, the five largest customers of AcrossAsia Group accounted for approximately 4.0% of AcrossAsia Group's total turnover (2005 – 3.5%), while the five largest suppliers of AcrossAsia Group accounted for approximately 7.5% (2005 – 5.6%) of AcrossAsia Group's total purchases. The largest customer of AcrossAsia Group accounted for 1.7% (2005 – 1.0%) of AcrossAsia Group's total turnover while the largest supplier accounted for 2.9% (2005 – 3.0%) of AcrossAsia Group's total purchases.

None of the Directors, their associates (as defined under the GEM Listing Rules) or any shareholders (which, to the knowledge of the Directors, owned 5% or more of the Company's share capital) had a beneficial interest in the five largest customers and suppliers of AcrossAsia Group.

RESULTS AND APPROPRIATIONS

Details of AcrossAsia Group's results for 2006 are set out in the consolidated income statements on page 36 of the Annual Report.

The Directors do not recommend the payment of a dividend in respect of 2006 (2005: Nil).

PENSION COSTS

Particulars of pension costs for 2006 are set out in Note 12 to the accompanying consolidated financial statements.

SHARE CAPITAL

Details of share capital are set out in Note 30 to the accompanying consolidated financial statements.

RESERVES

Movements in reserves and accumulated losses of AcrossAsia Group during 2006 are set out in the consolidated statement of changes in equity on page 39 of the Annual Report.

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

During 2006, there was no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and no statutory provisions for the pre-emptive rights under the laws of the Cayman Islands.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 17 to the accompanying consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during 2006 are set out in Note 15 to the accompanying consolidated financial statements.

INTEREST-BEARING BORROWINGS AND NOTES PAYABLE

Particulars of interest-bearing borrowings and notes payable as at 31st December 2006 are set out in Notes 34 and 35 respectively to the accompanying consolidated financial statements.

RELATED PARTY TRANSACTIONS

The related party transactions are set out in Note 48 to the accompanying consolidated financial statements.

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS

The lease agreement (including all amendments and/or addenda) entered into between Matahari (an indirect non-wholly owned subsidiary of the Company) and PT Duta Wisata Loka ("DWL", a then fellow subsidiary and now an associate of a fellow subsidiary of the Company) (the "Matahari Lease Agreement"), and the two lease agreements (including all amendments and/or addenda) entered into between PT Matahari Graha Fantasi ("Matahari Fantasi", a non-wholly owned subsidiary of Matahari) and DWL (the "MF Lease Agreements") regarding the leasing of certain premises at Megamal Pluit, a shopping mall situated in North Jakarta, Indonesia (the "Mall") constituted continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules. Details of the said lease agreements are set out below:

(1) The Matahari Lease Agreement was entered into between DWL as lessor and Matahari as lessee for the period from 8th June 1996 to 7th June 2006 and as extended to 7th June 2007 regarding the leasing of certain premises in the Mall. The monthly rental, service charges and outgoings for the period from January to August 2006 in respect of the total area of approximately 14,105 m^2 were approximately Rp1,243,116,000 (approximately HK$1,071,000) and those for the period from September to December 2006 in respect of the total area of approximately 9,019m^2 were approximately Rp826,136,000 (approximately HK$711,000).

(2) The MF Lease Agreements were both entered into between DWL as lessor and Matahari Fantasi as lessee for the period from 8th June 1996 to 7th June 2006 as extended every three months up to 7th June 2007 regarding the leasing of premises of a total area of 923.3 m^2 in the Mall. The monthly rental, service charges and outgoings for 2006 were approximately Rp121,437,000 (approximately HK$105,000).

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions, and considered that they were entered into:

1. in the ordinary and usual course of business of AcrossAsia Group;

2. on normal commercial terms; and

3. in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

COMMITMENTS AND CONTINGENT LIABILITIES

Particulars of commitments and contingent liabilities as at 31st December 2006 are set out in Notes 43 and 44 respectively to the accompanying consolidated financial statements.

POST BALANCE SHEET EVENTS

Particulars of post balance sheet events are set out in Note 49 to the accompanying consolidated financial statements.

DIRECTORS

The Directors who held office during 2006 and up to the date of this report were:

Executive Director
Mr. Marshall Wallace COOPER

Non-executive Directors
Mr. Jonathan Limbong PARAPAK (retired on 2nd May 2006)
Dr. Cheng Wen CHENG (re-designated as non-executive Director on 2nd May 2006)
Mr. Bunjamin Jonatan MAILOOL (appointed on 2nd May 2006)

Independent non-executive Directors
Mr. Kwok Ming CHEUNG
Mr. Albert Saychuan CHEOK (appointed on 22nd February 2006)
Mr. Richard Arthur WOOLCOTT (retired on 2nd May 2006)
Dr. Boh Soon LIM (appointed on 2nd May 2006)

In accordance with Article 116 of the Articles, Dr. Cheng and Mr. Cheung will retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting. In accordance with Article 99 of the Articles, Mr. Mailool and Dr. Lim will retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Mr. Cooper entered into a service contract dated 2nd May 2006 with the Company for a term of two years from 2nd May 2006 which shall be continuing thereafter unless terminated by either party by not less than six calendar months' prior notice in writing or in accordance with other relevant terms of the service contract.

Mr. Cheok was appointed pursuant to a letter of appointment dated 20th February 2006 for a term of two years from 22nd February 2006.

Following the retirement from all executive positions (including executive Director, Chief Executive Officer and President) of the Company with effect from 2nd May 2006, Dr. Cheng's service contract with the Company was terminated with effect from 2nd May 2006. He was re-designated as a non-executive Director and appointed as the Chairman of the Board pursuant to a letter of appointment dated 2nd May 2006 for a term of two years from 2nd May 2006.

REPORT OF THE DIRECTORS

Mr. Mailool and Dr. Lim were appointed pursuant to letters of appointment dated 2nd May 2006 for a term of two years from 2nd May 2006 respectively.

The term of office of Mr. Cheung was extended to 31st December 2007 pursuant to a letter dated 29th December 2006.

DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in Note 9 to the accompanying consolidated financial statements, no contracts of significance in relation to AcrossAsia Group's business to which the Company or any of its subsidiaries was a party and in which any of the Company's Directors or members of its management had a material interest, whether directly or indirectly, subsisted at the end of 2006 or at any time during 2006.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 31st December 2006, 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

Mr. Cheok was interested in 2,600,000 shares of the Company (representing approximately 0.05% of 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:

	Number of underlying shares			
Name	Granted	Lapsed	Outstanding as of 31st December 2006	Percentage of enlarged issued share capital
Dr. Cheng Wen Cheng	13,150,000	–	13,150,000 *(Note 1)*	0.25
Mr. Kwok Ming Cheung	2,364,000	–	2,364,000 *(Note 2)*	0.04
Mr. Marshall Wallace Cooper	355,000	–	355,000 *(Note 3)*	0.01
Total	15,869,000	–	15,869,000	

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. *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.*

3. *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.*

4. *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.

REPORT OF THE DIRECTORS

Substantial Shareholders

As at 31st December 2006, 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 31st December 2006, 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

In addition to the Pre-IPO Plan, 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. Details of the share options were set out in Note 32 to the accompanying consolidated financial statements.

The Directors consider it inappropriate to value the options granted under the Pre-IPO Plan as the market price of the shares as at 31st December 2006 was below the subscription price in respect of all the options granted. Any valuation based on assumptions would not be meaningful.

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 2002 Scheme.

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 business in Hong Kong and other parts in Asia similar to those of AcrossAsia Group during 2006. There was a chance that such businesses might have competed with AcrossAsia Group during 2006.

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.

AUDITORS

The accompanying financial statements have been audited by RSM Nelson Wheeler. A resolution for the re-appointment of RSM Nelson Wheeler as the auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors
Dr. Cheng Wen Cheng
Chairman

Hong Kong, 23rd March 2007

INDEPENDENT AUDITOR'S REPORT

RSM Nelson Wheeler
羅 申 美 會 計 師 行
Certified Public Accountants

TO THE SHAREHOLDERS OF
ACROSSASIA LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of AcrossAsia Limited (the "Company") and its subsidiaries (the "Group") set out on pages 36 to 110, which comprise the consolidated and Company balance sheets as at 31st December 2006, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December 2006 and of the Group's results and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM NELSON WHEELER
Certified Public Accountants
Hong Kong

23rd March 2007

CONSOLIDATED INCOME STATEMENT

for the year ended 31st December 2006

	Note	2006 HK$'000	2005 HK$'000
TURNOVER	6	**8,084,146**	6,276,514
Cost of goods sold and services rendered		**(5,874,655)**	(4,445,532)
Gross profit		**2,209,491**	1,830,982
Other income	7	**163,384**	116,450
Gain on disposal of financial assets at fair value through profit or loss		**4,976**	61,139
Selling and distribution costs		**(591,449)**	(554,963)
General and administrative expenses		**(1,322,825)**	(1,022,409)
Other operating expenses		**–**	(66,287)
PROFIT FROM OPERATIONS		**463,577**	364,912
Finance costs	8	**(327,265)**	(212,774)
Share of profits of associates		**5,152**	4,700
PROFIT BEFORE TAX		**141,464**	156,838
INCOME TAX EXPENSE	11	**(33,604)**	(39,276)
PROFIT FOR THE YEAR	12	**107,860**	117,562
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Shareholders of the Company	13	**11,652**	(3,760)
Minority interests		**96,208**	121,322
		107,860	117,562
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	14		
Basic (HK cents)		**0.23**	(0.07)
Diluted (HK cents)		**N/A**	N/A

BALANCE SHEETS

as at 31st December 2006

	Note	AcrossAsia Group 2006 HK$'000	AcrossAsia Group 2005 HK$'000	Company 2006 HK$'000	Company 2005 HK$'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	**2,330,642**	1,818,728	**264**	–
Investment properties	16	**114,633**	107,055	**–**	–
Interests in subsidiaries	17	**–**	–	**553,329**	615,321
Interests in associates	18	**39,458**	31,333	**–**	–
Available-for-sale financial assets	19	**141,424**	129,105	**–**	–
Goodwill	20	**219,701**	201,079	**–**	–
Other intangible assets	21	**66,788**	24,024	**–**	–
Deferred tax assets	22	**21,645**	17,530	**–**	–
Non-current prepayments, deposits and receivables	23	**1,234,726**	973,859	**–**	–
Due from related companies	24	**28,619**	30,062	**–**	–
		4,197,636	3,332,775	**553,593**	615,321
Current assets					
Inventories	25	**736,419**	580,152	**–**	–
Trade receivables	26	**227,162**	119,090	**–**	–
Prepayments, deposits and other current assets	27	**309,152**	230,135	**538**	468
Financial assets at fair value through profit or loss	28	**446,938**	179,453	**–**	–
Pledged bank deposits	29	**7,541**	4,679	**–**	–
Cash and bank deposits	29	**1,347,900**	555,272	**254**	2,064
		3,075,112	1,668,781	**792**	2,532
TOTAL ASSETS		**7,272,748**	5,001,556	**554,385**	617,853

BALANCE SHEETS

as at 31st December 2006

	Note	AcrossAsia Group 2006 HK$'000	AcrossAsia Group 2005 HK$'000	Company 2006 HK$'000	Company 2005 HK$'000
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the Company					
Share capital	30	**506,462**	506,462	**506,462**	506,462
Reserves	31	**112,115**	35,012	**33,975**	53,896
		618,577	541,474	**540,437**	560,358
Minority interests		**1,629,061**	1,421,668	**–**	–
Total equity		**2,247,638**	1,963,142	**540,437**	560,358
Non-current liabilities					
Provisions	33	**83,700**	66,293	**–**	–
Interest-bearing borrowings	34	**411,994**	428,055	**–**	–
Notes payable	35	**1,173,401**	93,443	**–**	–
Bonds payable	36	**380,585**	653,660	**–**	–
Finance lease payables	37	**4,608**	–	**–**	–
Due to a related company	38	**4,000**	4,000	**4,000**	4,000
Derivative financial instruments	39	**45,114**	–	**–**	–
Non-current other payables		**59,040**	86,100	**–**	–
Deferred tax liabilities	22	**11,214**	6,531	**–**	–
		2,173,656	1,338,082	**4,000**	4,000
Current liabilities					
Provisions	33	**44,149**	43,707	**–**	–
Interest-bearing borrowings	34	**1,180,598**	560,040	**–**	44,387
Notes payable	35	**60,148**	51,188	**–**	–
Bonds payable	36	**339,315**	–	**–**	–
Finance lease payables	37	**2,156**	–	**–**	–
Due to related companies	38	**6,360**	7,428	**–**	–
Trade payables	40	**632,106**	512,661	**–**	–
Receipts in advance		**29,549**	23,129	**–**	–
Other payables and accruals		**482,118**	424,642	**9,948**	9,108
Current tax payable		**74,955**	77,537	**–**	–
		2,851,454	1,700,332	**9,948**	53,495
TOTAL EQUITY AND LIABILITIES		**7,272,748**	5,001,556	**554,385**	617,853
NET CURRENT ASSETS/(LIABILITIES)		**223,658**	(31,551)	**(9,156)**	(50,963)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,421,294**	3,301,224	**544,437**	564,358

Cheng Wen CHENG
Director

Marshall Wallace COOPER
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2006

	Attributable to shareholders of the Company									
	Issued capital	Share premium account	Capital reserve	Equity transactions of associates	Investment revaluation reserve	Translation reserve	Accumulated losses	Total	Minority interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January 2005	506,462	32,877	1,464,802	3,531	–	(662,760)	(780,950)	563,962	1,291,382	1,855,344
Changes in fair value of available-for-sale financial assets of associates	–	–	–	4,128	–	–	–	4,128	–	4,128
Equity transactions of subsidiaries	–	–	–	–	–	–	–	–	42	42
Rights issue of a subsidiary	–	–	–	–	–	–	–	–	103,705	103,705
Currency translation differences	–	–	–	–	–	(22,856)	–	(22,856)	(76,828)	(99,684)
Net income recognised directly in equity	–	–	–	4,128	–	(22,856)	–	(18,728)	26,919	8,191
(Loss)/profit for the year	–	–	–	–	–	–	(3,760)	(3,760)	121,322	117,562
Total recognised income and expense for the year	–	–	–	4,128	–	(22,856)	(3,760)	(22,488)	148,241	125,753
Dividends paid to minority interests	–	–	–	–	–	–	–	–	(17,955)	(17,955)
At 31st December 2005 and 1st January 2006	506,462	32,877	1,464,802	7,659	–	(685,616)	(784,710)	541,474	1,421,668	1,963,142
Changes in fair value of available-for-sale financial assets	–	–	–	–	12,319	–	–	12,319	–	12,319
Currency translation differences	–	–	–	–	–	53,132	–	53,132	137,767	190,899
Net income recognised directly in equity	–	–	–	–	12,319	53,132	–	65,451	137,767	203,218
Profit for the year	–	–	–	–	–	–	11,652	11,652	96,208	107,860
Total recognised income for the year	–	–	–	–	12,319	53,132	11,652	77,103	233,975	311,078
Dividends paid to minority interests	–	–	–	–	–	–	–	–	(26,582)	(26,582)
At 31st December 2006	506,462	32,877	1,464,802	7,659	12,319	(632,484)	(773,058)	618,577	1,629,061	2,247,638

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st December 2006

	2006 HK$'000	2005 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**141,464**	156,838
Adjustments for:		
Finance costs	**327,265**	212,774
Share of profits of associates	**(5,152)**	(4,700)
Interest income	**(73,058)**	(38,846)
Amortisation of bonds issuance cost	**4,442**	5,274
Depreciation	**343,022**	256,480
Amortisation of other intangible assets	**2,645**	9,326
Gain on disposal of financial assets at fair value through profit or loss	**(4,976)**	(61,139)
Unrealised gain on revaluation of financial assets at fair value through profit or loss	**(32,534)**	(27,343)
Fair value losses on derivative financial instruments	**45,114**	–
Impairment of available-for-sale financial assets	**–**	66,287
Bad debts expense/allowance for receivables	**2,046**	1,129
Allowance for inventories	**–**	2,852
Reversal of impairment of property, plant and equipment	**(15,708)**	–
Loss/(gain) on disposal of property, plant and equipment	**6,052**	(6)
Loss on disposal of other intangible assets	**480**	–
Increase/(decrease) in provisions	**7,556**	(6,454)
Operating profit before working capital changes	**748,658**	572,472
Decrease/(increase) in amounts due from related companies	**1,443**	(9,359)
Increase in inventories	**(156,267)**	(216,985)
(Increase)/decrease in trade receivables	**(110,118)**	14,312
Increase in prepayments, deposits and other current assets	**(289,852)**	(411,346)
Decrease in amounts due to related companies	**(1,068)**	(707)
Increase in trade payables	**119,445**	86,071
Increase in receipts in advance	**6,420**	8,634
Increase in other payables and accruals	**30,416**	82,853
Cash from operations	**349,077**	125,945
Income taxes (paid)/refunded	**(84,670)**	23,546
Net cash inflow from operating activities	**264,407**	149,491

	2006 HK$'000	2005 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(664,685)**	(711,692)
Purchases of investment properties	**(1,596)**	–
Purchases of other intangible assets	**(43,101)**	(28,607)
Purchases of financial assets at fair value through profit or loss	**(248,083)**	(78,773)
Proceeds from disposal of property, plant and equipment	**3,355**	15,993
Proceeds from disposal of investment properties	**–**	12,882
Proceeds from disposal of financial assets at fair value through profit or loss	**18,108**	181,278
Increase in pledged bank deposits	**(2,862)**	(3,457)
Interest received	**73,058**	38,846
Net cash outflow from investing activities	**(865,806)**	(573,530)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of interest-bearing borrowings and notes payable	**(523,670)**	(81,733)
New interest-bearing borrowings and notes payable	**2,093,571**	302,574
Repayment of capital element of finance lease payables	**(663)**	(111)
Interest paid	**(327,265)**	(212,774)
Proceeds of rights issue received from minority interests	**–**	112,024
Dividends paid to minority interests	**(26,582)**	(17,955)
Net cash inflow from financing activities	**1,215,391**	102,025
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**613,992**	(322,014)
Cash and cash equivalents at beginning of year	**555,272**	950,453
Effect of foreign exchange rate changes, net	**178,636**	(73,167)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,347,900**	555,272
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank deposits	**1,347,900**	555,272

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

1. ORGANISATION AND OPERATIONS

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 Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange") since 13th July 2000. The address of its registered office is P.O. Box 309GT, Ugland House, George Town, Grand Cayman, Cayman Islands. The address of its principal place of business is Room 4302, 43rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

The Company is an investment holding company. Its subsidiaries were engaged in the following principal activities:

- retail
- cable TV, broadband Internet and network services
- IT system integration and solution services

In the opinion of the Directors, as at 31st December 2006, Cyport Limited, a company incorporated in the British Virgin Islands, is the immediate parent; Lippo Cayman Limited, a company incorporated in the Cayman Islands, is the ultimate parent.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Company and its subsidiaries (collectively "AcrossAsia Group") has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for accounting periods beginning on or after 1st January 2006. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in substantial changes to AcrossAsia Group's accounting policies and amounts reported for the current year and prior years.

AcrossAsia Group has not applied the new IFRSs that have been issued but are not yet effective. The application of these new IFRSs will not have material impact on the financial statements of AcrossAsia Group.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRSs issued by the IASB and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments which are carried at their fair values.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The preparation of financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in Note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st December. Subsidiaries are entities over which AcrossAsia Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether AcrossAsia Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to AcrossAsia Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and AcrossAsia Group's share of its net assets together with any goodwill relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated translation reserve.

Inter-company transactions, balances and unrealised profits on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by AcrossAsia Group.

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of AcrossAsia Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the interests of AcrossAsia Group until the minority's share of losses previously absorbed by AcrossAsia Group has been recovered.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

In the Company balance sheet the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by AcrossAsia on the basis of dividends received and receivable.

(b) Business combination and goodwill

The purchase method of accounting is used to account for the acquisition of subsidiaries by AcrossAsia Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities of the subsidiary in an acquisition are measured at their fair values at the acquisition date.

The excess of the cost of acquisition over AcrossAsia Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of AcrossAsia Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses of goodwill are recognised in the consolidated income statement and are not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

The interests of minority shareholders in the subsidiary is initially measured at the minority's proportion of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities at the acquisition date.

(c) Associates

Associates are entities over which AcrossAsia Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether AcrossAsia Group has significant influence.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Associates (Continued)

Investment in an associate is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over AcrossAsia Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of AcrossAsia Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

AcrossAsia Group's share of its associate's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When AcrossAsia Group's share of losses in an associate equals or exceeds its interests in the associate, including any other unsecured receivables, AcrossAsia Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, AcrossAsia Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate represents the difference between the proceeds of the sale and AcrossAsia Group's share of its net assets together with any goodwill relating to the associate which was not previously charged or recognised in the consolidated income statement and also any related accumulated translation reserve.

Unrealised profits on transactions between AcrossAsia Group and its associates are eliminated to the extent of AcrossAsia Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by AcrossAsia Group.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of AcrossAsia Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting form this translation policy are included in the income statement.

Translation differences on non-monetary items, such as equity instruments classified as financial assets at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in the investment revaluation reserve in equity.

(iii) Translation on consolidation

The results and financial position of all AcrossAsia Group entities that have a functional currency different from AcrossAsia's presentation currency are translated into AcrossAsia's presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– all resulting exchange differences are recognised in the translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(iii) Translation on consolidation (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the profit or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to AcrossAsia Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis or the double-declining balance basis. The principal annual rates are as follows:

Category	Method	Rates
Land use rights and buildings	Straight-line	5%
Building renovations and leasehold improvements	Straight-line	10% to 50%
Communication equipment	Straight-line	10%
Office furniture, fixtures and equipment		
— for retail segment	Double-declining balance	15% to 25%
— for other segments	Straight-line	12% to 50%
Cable television distribution network	Straight-line	7%
Equipment for rent	Straight-line	33%
Vehicles		
— for retail segment	Double-declining balance	25% to 50%
— for other segments	Straight-line	20% to 25%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

The depreciation policy of construction in progress is set out in (g) and (h) below.

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(f) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight-line method to allocate the cost to the residual value over its estimated useful life of 20 years.

(g) Construction in progress

Construction in progress consists mainly of cable television distribution network under construction. Expenditures relating to the construction, including direct costs of constructions and interest and other ancillary financing costs incurred on funds borrowed to finance the construction, if any, during the period of construction are capitalised as part of the costs of construction in progress. Capitalisation of interest and other ancillary financing costs cease upon completion or at the end of the prematurity period of a cable television distribution network. The accumulated costs are reclassified to the appropriate category of property, plant and equipment when completed and ready for use or at the end of the prematurity period.

The depreciation policy for the construction in progress of a cable television distribution network is set out in (h) below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Capitalisation, revenue and expense recognition during the prematurity period

The prematurity period is defined as the period in which the cable television distribution network is partially under construction and partially in service. Prematurity period begins when the first subscriber's revenue is earned and ends when the construction of the distribution network is completed, including a reasonable time to provide for installation of subscriber drops and related hardware. Management has determined the length of the prematurity period to be two to five years.

During the prematurity period:

– Costs of the network, including materials, direct labour and construction overheads, are fully capitalised. For projects already earning revenues, depreciation is computed monthly by dividing the project's total estimated capitalised cost at the end of the prematurity period by the estimated useful lives, with the quotient being multiplied by a certain percentage related to the number of subscribers. That certain percentage is calculated by dividing the actual or expected number of subscribers at the end of the month with the expected number of subscribers at the end of the prematurity period.

– Costs related to subscribers and general and administrative expenses are charged to the consolidated income statement.

– Costs of network services incurred based on the actual number of subscribers are charged to the consolidated income statement.

(i) Leases

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to AcrossAsia Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Leases (Continued)

(ii) Finance leases (Continued)

The corresponding liability to the lessor is included in the balance sheet as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

(j) Intangible assets other than goodwill

Intangible assets other than goodwill are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives of 1 to 10 years.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis, and in the case of merchandise inventories, determined on the conventional retail method. Cost comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Investments (Continued)

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in the income statement.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are investments not classified as financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value, except for unquoted equity instruments whose fair value cannot be reliably measured are stated at cost less any impairment losses. Gains or losses arising from changes in fair value of these investments are recognised directly in equity, until the investments are disposed of or are determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the income statement.

Impairment losses recognised in the income statement for equity investments classified as available-for-sale financial assets are not subsequently reversed through the income statement. Impairment losses recognised in the income statement for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in the income statement if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

(m) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that AcrossAsia Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of AcrossAsia Group's cash management are also included as a component of cash and cash equivalents.

(o) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of AcrossAsia Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(p) Treasury bonds

Repurchased instruments of indebtedness that are not retired are treated in the consolidated balance sheet as if they are retired. The difference between the face value of the instruments of indebtedness and the fair value which represents a gain or loss on repurchase is credited or charged to the consolidated income statement.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless AcrossAsia Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(r) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(t) Derivative financial instruments

Derivatives are initially recognised at fair value on the contract date and are subsequently measured at fair value.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the income statement as they arise.

(u) Financial guarantee contracts

A financial guarantee contract is a contract that requires AcrossAsia Group to make specified payments to reimburse the holder for a loss it incurs because a specified entity or person fails to make payment when due in accordance with the original or modified terms of an undertaking. Financial guarantee contracts are accounted for as financial instruments under IAS 39 and are initially recognised at fair value. Subsequently, such contracts are measured at the higher of the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less, where appropriate, cumulative amortisation recognised over the life of the guarantee on a straight-line basis.

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to AcrossAsia Group and the amount of revenue can be measured reliably, on the following basis:

(i) sale of merchandises, when the significant risks and rewards of ownership have been transferred to the buyer;

(ii) consignment sales, when consignment goods are sold to customers;

(iii) sale of power cards (prepaid cards), on the actual usage and expiry of the power cards;

(iv) sale of tokens, upon direct sale to the buyer;

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Revenue recognition (Continued)

(v) insertion fees, when the advertisement is placed in the channel;

(vi) subscription fees for cable television programmes, on the time apportionment basis for subscription packages or upon rendering of programmes for pay-per-view programmes;

(vii) converter and fixed line broadband rental income, on a time apportionment basis;

(viii) income from installation, when the installation services have been completed;

(ix) cable television membership joining fees, upon commencement of programme delivery;

(x) subscription fees for fast speed Internet access, upon rendering of the access to the Internet;

(xi) revenue from corporate and other access network, at the time the connection takes place;

(xii) fees for distribution and maintenance of hardware equipment and software packages, and service fees for technology solutions rendered, when the underlying services are rendered;

(xiii) fees from shares' administration services, when the underlying services are rendered;

(xiv) rental income, on a straight-line basis over the lease term of the ongoing lease;

(xv) interest income, on a time proportionment basis taking into account the principal outstanding and at the effective interest rate applicable; and

(xvi) dividend income, when the shareholders' right to receive payment has been established.

(w) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Employee benefits (Continued)

(ii) Pension obligations

AcrossAsia Group contributes to the Indonesian government's statutory issuance and retirement fund ("JAMSOSTEK") at the rate of 3.7% of each employee's basic salaries and the employee contributes another 2%. The JAMSOSTEK fund is intended to cover the entire insurance claim relating to accidents suffered by the employees at the work place and for the entire retirement benefits of the related employees covered by this social insurance program. The assets of JAMSOSTEK are held separately from those of AcrossAsia Group in an independently administered fund. AcrossAsia Group's employer contributions vest fully with the employees when contributed into JAMSOSTEK.

AcrossAsia Group is also required by the law of Indonesia to operate a defined benefit pension plan which is based on the years of service and salaries of the employees at the time of pension. These benefits are unfunded. The actuarial valuation method used to determine the present value of the defined benefit reserve, current service costs and past service costs is the projected unit credit method. Current service cost, interest cost and effect of curtailment and settlements are recognised as an expense immediately. Past service costs, which are already vested, are recognised as an expense on a straight-line basis over the current year's operation. Cumulative actuarial gains or losses in excess of 10% of the present value of the defined-benefit obligation are amortised on a straight-line basis over the expected average remained years of service of the employees participating in the plan.

(x) Share-based payments

AcrossAsia Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on AcrossAsia Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of AcrossAsia Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(z) Taxation

Income tax expense represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. AcrossAsia Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where AcrossAsia Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and AcrossAsia Group intends to settle its current tax assets and liabilities on a net basis.

(aa) Related parties

A party is related to AcrossAsia Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, AcrossAsia Group; has an interest in AcrossAsia Group that gives it significant influence over AcrossAsia Group; or has joint control over AcrossAsia Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of AcrossAsia or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Related parties (Continued)

(vii) the party is a post-employment benefit plan for the benefit of employees of AcrossAsia Group, or of any entity that is a related party of AcrossAsia Group.

(ab) Segment reporting

A segment is a distinguishable component of AcrossAsia Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with AcrossAsia Group's internal financial reporting, AcrossAsia Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Segment revenue, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, goodwill, inventories and trade receivables. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and corporate borrowings.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties or terms mutually agreed between the segments.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

(ac) Impairment of assets

At each balance sheet date, AcrossAsia Group reviews the carrying amounts of its tangible and intangible assets except goodwill, investments, inventories, receivables and deferred tax assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, AcrossAsia Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ac) Impairment of assets (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(ad) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when AcrossAsia Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(ae) Events after the balance sheet date

Events after the balance sheet date that provide additional information about AcrossAsia Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

(a) Split of land and building elements

AcrossAsia Group determines that the lease payments cannot be allocated reliably between the land and building elements. Accordingly the entire lease of land and buildings is classified as a finance lease and included under property, plant and equipment or investment properties.

Key sources of estimation uncertainty

(a) Property, plant and equipment and depreciation

AcrossAsia Group determines the estimated useful lives and related depreciation charges for AcrossAsia Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

5. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

AcrossAsia Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of AcrossAsia Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the 'Retail' segment primarily engages in retail operations;

(b) the 'Broadband Services' segment primarily engages in the provision of broadband network services, broadband Internet services and cable television services;

(c) the 'IT Solutions' segment primarily engages in the provision of IT systems integration and solution services; and

(d) the 'Others' segment comprises, principally, AcrossAsia Group's corporate management, administration and service operations.

In determining AcrossAsia Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

AcrossAsia Group has no change in business segments during 2006.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

5. SEGMENT INFORMATION (Continued)

(a) Business segments

AcrossAsia Group	Retail HK$'000	Broadband Services HK$'000	IT Solutions HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Year ended 31st December 2006						
Revenue						
Sales to external customers	7,212,854	357,800	513,492	–	–	8,084,146
Intersegment sales	–	4,018	38,606	–	(42,624)	–
Total	7,212,854	361,818	552,098	–	(42,624)	8,084,146
Segment results	308,641	30,591	50,038	3,258	(6,985)	385,543
Interest income						73,058
Gain on disposal of financial assets at fair value through profit or loss						4,976
Profit from operations						463,577
Finance costs						(327,265)
Share of profits of associates	5,152	–	–	–	–	5,152
Profit before tax						141,464
At 31st December 2006						
Segment assets	5,343,043	721,968	676,758	652,168	(486,515)	6,907,422
Interests in associates	39,458	–	–	–	–	39,458
Unallocated assets						325,868
Total assets						7,272,748
Segment liabilities	1,433,643	143,742	180,653	64,762	(72,547)	1,750,253
Unallocated liabilities						3,274,857
Total liabilities						5,025,110
Year ended 31st December 2006						
Other segment information:						
Depreciation of property, plant and equipment	245,152	39,390	54,257	30	–	338,829
Depreciation of investment properties	2,386	–	1,807	–	–	4,193
Amortisation of other intangible assets	1,583	–	1,062	–	–	2,645
Reversal of impairment recognised in the income statement	15,708	–	–	–	–	15,708
Bad debt expense/allowance for receivables	–	1,238	–	808	–	2,046
Capital expenditure:						
Property, plant and equipment	463,356	144,204	64,258	294	–	672,112
Investment properties	1,212	–	384	–	–	1,596
Other intangible assets	43,101	–	–	–	–	43,101

5. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

AcrossAsia Group	Retail HK$'000	Broadband Services HK$'000	IT Solutions HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Year ended 31st December 2005						
Revenue						
Sales to external customers	5,515,061	304,962	456,491	–	–	6,276,514
Intersegment sales	–	11,320	31,970	–	(43,290)	–
Total	5,515,061	316,282	488,461	–	(43,290)	6,276,514
Segment results	227,071	30,548	28,983	(19,862)	(1,813)	264,927
Interest income						38,846
Gain on disposal of financial assets at fair value through profit or loss						61,139
Profit from operations						364,912
Finance costs						(212,774)
Share of profits of associates	6,653	(1,953)	–	–	–	4,700
Profit before tax						156,838
At 31st December 2005						
Segment assets	3,731,563	593,744	404,408	657,412	(507,734)	4,879,393
Interests in associates	31,333	–	–	–	–	31,333
Unallocated assets						90,830
Total assets						5,001,556
Segment liabilities	928,729	132,540	135,740	67,426	(21,073)	1,243,362
Unallocated liabilities						1,795,052
Total liabilities						3,038,414
Year ended 31st December 2005						
Other segment information:						
Depreciation of property, plant and equipment	177,243	35,653	41,346	47	–	254,289
Depreciation of investment properties	1,609	–	582	–	–	2,191
Amortisation of other intangible assets	8,160	–	1,166	–	–	9,326
Impairment recognised in the income statement	66,287	–	–	–	–	66,287
Bad debt expense/allowance for receivables	–	68	758	303	–	1,129
Allowance for inventories	–	–	2,796	56	–	2,852
Capital expenditure:						
Property, plant and equipment	539,936	93,503	78,253	–	–	711,692
Other intangible assets	28,607	–	–	–	–	28,607

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

5. SEGMENT INFORMATION (Continued)

(b) Geographical segments

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

6. TURNOVER

	2006 HK$'000	2005 HK$'000
Turnover		
Retail		
– Store sales	**6,056,050**	4,585,019
– Consigned sales	**2,469,485**	2,045,313
– Family entertainment center operation	**291,900**	259,250
– Wholesales	**24,164**	20,600
Less: sales returns, allowances and discounts	**(1,628,745)**	(1,395,121)
	7,212,854	5,515,061
Broadband Services		
– Insertion fees	**22,521**	30,729
– Subscription fees for cable television programmes	**184,158**	165,535
– Converter and fixed line broadband rental income, installation income and cable television membership joining fees	**72,466**	63,887
– Subscription fees for high speed Internet access	**5,420**	5,530
– Corporate and other access network service fees	**73,235**	39,281
	357,800	304,962
IT Solutions		
– Fees for distribution and maintenance of hardware equipment and software packages and service fees for technology solutions rendered	**511,261**	454,734
Others		
– Share administration fee*	**2,231**	1,757
	8,084,146	6,276,514

* The financial information of the share administration business is classified under the IT Solutions segment.

7. OTHER INCOME

	2006	2005
	HK$'000	HK$'000
Interest income	**73,058**	38,846
Rental income	**47,356**	24,420
Gain on disposal of property, plant and equipment	**–**	6
Unrealised gain on revaluation of financial assets at fair value through profit or loss	**32,534**	27,343
Others	**10,436**	25,835
	163,384	116,450

8. FINANCE COSTS

	2006	2005
	HK$'000	HK$'000
Interest on:		
Bank loans and overdrafts	**129,433**	75,855
Notes payable wholly repayable within five years	**72,321**	23,814
Bonds payable wholly repayable within five years	**123,546**	106,618
Other borrowings wholly repayable within five years	**1,543**	6,478
Finance lease charges	**422**	9
	327,265	212,774

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

9. DIRECTORS' REMUNERATION

The remuneration paid and payable to each Director is as follows:

	Fees		Salaries, allowances and benefits in kind		Performance related bonuses		Retirement benefit scheme contributions		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Dr. Cheng Wen CHENG [2]	**57**	10	**857**	765	**-**	–	**-**	12	**914**	787
Mr. Marshall Wallace COOPER	**10**	10	**2,629**	2,044	**-**	–	**-**	–	**2,639**	2,054
Mr. Jonathan Limbong PARAPAK [3]	**27**	80	**185**	622	**-**	478	**-**	–	**212**	1,180
Mr. Bunjamin Jonatan MAILOOL [4]	**53**	N/A	**2,080**	N/A	**-**	N/A	**-**	N/A	**2,133**	N/A
Mr. Richard Arthur WOOLCOTT [1][3]	**27**	80	**-**	–	**-**	–	**-**	–	**27**	80
Mr. Kwok Ming CHEUNG [1]	**80**	80	**-**	–	**-**	–	**-**	–	**80**	80
Mr. Albert Saychuan CHEOK [1][5]	**53**	N/A	**-**	N/A	**-**	N/A	**-**	N/A	**53**	N/A
Dr. Boh Soon LIM [1][4]	**53**	N/A	**-**	N/A	**-**	N/A	**-**	N/A	**53**	N/A
Mr. King Fai TSUI [1][6]	**N/A**	73	**N/A**	–	**N/A**	–	**N/A**	–	**N/A**	73
	360	333	**5,751**	3,431	**-**	478	**-**	12	**6,111**	4,254

Notes:

(1) Independent non-executive directors
(2) Re-designated as a non-executive director on 2nd May 2006
(3) Retired on 2nd May 2006
(4) Appointed on 2nd May 2006
(5) Appointed on 22nd February 2006
(6) Appointed on 30th September 2005 and resigned on 1st December 2005
N/A Not a director in the respective year

There was no arrangement under which a Director waived or agreed to waive any remuneration during 2006 (2005: Nil).

During 2006, no remuneration was paid by AcrossAsia Group to any of the Directors as an inducement to join or upon joining AcrossAsia Group or as compensation for loss of office (2005: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The remuneration of the five highest paid non-Director employees is set out below:

	2006	2005
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**24,935**	27,628

The remuneration falls within the following bands.

	Number of employees	
	2006	2005
HK$2,500,001 to HK$3,000,000	**1**	1
HK$3,000,001 to HK$3,500,000	**2**	2
HK$6,500,001 to HK$7,000,000	**1**	–
HK$7,500,001 to HK$8,000,000	**–**	1
HK$8,500,001 to HK$9,000,000	**1**	–
HK$10,500,001 to HK$11,000,000	**–**	1
	5	5

During 2006, no remuneration was paid by AcrossAsia Group to any of the highest paid employees as an inducement to join or upon joining AcrossAsia Group or as compensation for loss of office (2005: Nil).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

11. INCOME TAX EXPENSE

	2006 HK$'000	2005 HK$'000
Current tax-Overseas	**32,056**	27,318
Deferred tax (Note 22)	**1,548**	11,958
Income tax expense	**33,604**	39,276

No provision for Hong Kong Profits Tax has been made for the years ended 31st December 2006 and 2005 as AcrossAsia Group did not generate any assessable profits arising in Hong Kong during those years. Taxes charge 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, interpretation and practices in respect thereof.

The Company's subsidiaries incorporated and operating in Indonesia are subject to Indonesian income tax at a maximum rate of 30% (2005: 30%) of the individual entities' respective assessable profits in accordance with Indonesian income tax law.

The reconciliation between the Indonesian income tax rate and the effective tax rate is as follows:

	2006 %	2005 %
Indonesian income tax rate	**30**	30
Deferred tax assets not recognised	**1**	19
Non-deductible items	**15**	15
Non-taxable items	**(20)**	(39)
Others	**(2)**	–
Effective tax rate	**24**	25

12. PROFIT FOR THE YEAR

AcrossAsia Group's profit for the year is arrived at after charging/(crediting):

	2006 HK$'000	2005 HK$'000
Cost of inventories sold	**5,680,501**	4,295,941
Depreciation of property, plant and equipment	**338,829**	254,289
Depreciation of investment properties	**4,193**	2,191
Amortisation of other intangible assets *	**2,645**	9,326
Staff costs, including Directors' remuneration:		
Salaries, allowances and benefits in kind	**608,060**	490,478
Retirement benefit scheme contributions (defined contribution schemes)	**137**	176
	608,197	490,654
Impairment of available-for-sale financial assets	**–**	66,287
Reversal of impairment of property, plant and equipment *	**(15,708)**	–
Fair value losses on derivative financial instruments	**45,114**	–
Loss on disposal of intangible assets	**480**	–
Loss on disposal of property, plant and equipment	**6,052**	–
Minimum lease payments under operating leases in respect of land and buildings	**429,730**	351,779
Bad debts expense/allowance for receivables	**2,046**	1,129
Allowance for inventories	**–**	2,852
Provision for customer loyalty program	**4,145**	9,390
Provision for employees' benefits	**37,999**	35,542
Auditors' remuneration	**6,050**	5,155
Foreign exchange losses, net	**21,622**	10,864

* Amortisation of other intangible assets and reversal of impairment of property, plant and equipment is included in "General and administrative expenses" on the face of the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

13. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit/(loss) attributable to shareholders of the Company included a loss of approximately HK$19,921,000 (2005: HK$4,372,000) which has been dealt with in the financial statements of the Company.

14. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings (2005: loss) per share attributable to shareholders of the Company is based on the profit for the year attributable to shareholders of the Company of approximately HK$11,652,000 (2005: loss attributable to shareholders of the Company of approximately HK$3,760,000) and 5,064,615,385 (2005: 5,064,615,385) ordinary shares in issue during the year.

No diluted earnings/(loss) per share are presented as the Company did not have any dilutive potential ordinary share during the two years ended 31st December 2006.

15. PROPERTY, PLANT AND EQUIPMENT

AcrossAsia Group

	Land use rights and buildings HK$'000	Building renovations and leasehold improve-ments HK$'000	Office furniture, fixtures and equipment HK$'000	Cable television distribution network HK$'000	Construction in progress HK$'000	Equipment for rent HK$'000	Vehicles HK$'000	Total HK$'000
Cost								
At 1st January 2005	778,697	152,105	999,223	413,599	13,020	92,371	17,554	2,466,569
Additions	246,860	37,747	265,234	83,109	21,999	52,449	4,294	711,692
Disposals	–	(31,933)	(14,149)	–	–	(415)	(2,287)	(48,784)
Transfers	–	–	–	–	(7,107)	7,107	–	–
Translation differences	(48,302)	(9,115)	(63,797)	(21,808)	(821)	(7,497)	(1,049)	(152,389)
At 31st December 2005	977,255	148,804	1,186,511	474,900	27,091	144,015	18,512	2,977,088
At 1st January 2006	977,255	148,804	1,186,511	474,900	27,091	144,015	18,512	2,977,088
Additions	83,673	75,316	321,032	126,243	18,185	43,505	4,158	672,112
Disposals	–	(27,042)	(36,895)	–	–	–	(2,785)	(66,722)
Transfers	–	–	–	–	(15,031)	–	15,031	–
Translation differences	106,163	14,897	115,508	45,758	2,220	14,084	1,964	300,594
At 31st December 2006	1,167,091	211,975	1,586,156	646,901	32,465	201,604	36,880	3,883,072
Accumulated depreciation and impairment								
At 1st January 2005	132,922	82,032	604,070	138,662	12,535	41,228	13,274	1,024,723
Charge for the year	34,227	15,291	143,912	24,496	–	32,914	3,449	254,289
Disposals	–	(19,805)	(10,637)	–	–	(412)	(1,943)	(32,797)
Translation differences	(30,387)	(4,687)	(40,829)	(7,181)	(1,529)	(2,461)	(781)	(87,855)
At 31st December 2005	136,762	72,831	696,516	155,977	11,006	71,269	13,999	1,158,360
At 1st January 2006	136,762	72,831	696,516	155,977	11,006	71,269	13,999	1,158,360
Charge for the year	52,332	34,897	171,276	27,634	–	49,147	3,543	338,829
Disposals	–	(25,970)	(28,665)	–	–	–	(2,680)	(57,315)
Reversal of impairment losses	–	–	(15,708)	–	–	–	–	(15,708)
Translation differences	27,949	6,872	68,990	14,833	1,020	7,292	1,308	128,264
At 31st December 2006	217,043	88,630	892,409	198,444	12,026	127,708	16,170	1,552,430
Carrying amount								
At 31st December 2006	950,048	123,345	693,747	448,457	20,439	73,896	20,710	2,330,642
At 31st December 2005	840,493	75,973	489,995	318,923	16,085	72,746	4,513	1,818,728

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for the year ended 31st December 2006

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

AcrossAsia Group carried out reviews of the recoverable amount of its office furniture, fixtures and equipment in 2006. These assets are used in AcrossAsia Group's Retail segment. The reviews led to the recognition of a reversal of impairment loss of HK$15,708,000 (2005: HK$Nil), that has been recognised in the income statement. The recoverable amount of the relevant assets has been determined on the basis of their fair value less costs to sell.

At 31st December 2006, the carrying amount of property, plant and equipment held under finance leases is HK$6,634,000 (2005: HK$Nil).

AcrossAsia Group's land use rights and buildings located in Indonesia at their carrying amounts are analysed as follows:

	2006 **HK$'000**	2005 HK$'000
Medium term leases	**816,674**	717,111
Short term lease	**131,760**	122,550
Freehold	**1,614**	832
	950,048	840,493

Under the relevant rules and regulations of Indonesia, AcrossAsia Group can apply for the renewal of its land use rights upon their expiry.

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31st December 2006, certain property, plant and equipment with an aggregate carrying value of HK$47,039,000 (2005: HK$75,290,000) were pledged as security for certain banking and other borrowing facilities of AcrossAsia Group (Note 45).

Company	Office furniture, fixtures and equipment HK$'000
Cost	
At 1st January 2005, 31st December 2005 and 1st January 2006	901
Additions	294
At 31st December 2006	1,195
Accumulated depreciation	
At 1st January 2005	854
Charge for the year	47
At 31st December 2005 and 1st January 2006	901
Charge for the year	30
At 1st December 2006	931
Carrying amount	
At 31st December 2006	264
At 31st December 2005	–

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for the year ended 31st December 2006

16. INVESTMENT PROPERTIES

AcrossAsia Group

	HK$'000
Cost	
At 1st January 2005	139,593
Disposals	(12,965)
Translation differences	(7,948)
At 31st December 2005	118,680
At 1st January 2006	118,680
Additions	1,596
Translation differences	10,658
At 31st December 2006	130,934
Accumulated depreciation	
At 1st January 2005	9,861
Charge for the year	2,191
Disposals	(83)
Translation differences	(344)
At 31st December 2005	11,625
At 1st January 2006	11,625
Charge for the year	4,193
Translation differences	483
At 31st December 2006	16,301
Carrying amount	
At 31st December 2006	114,633
At 31st December 2005	107,055
Fair value	
At 31st December 2006	260,670
At 31st December 2005	168,248

16. INVESTMENT PROPERTIES (Continued)

The fair values of the investment properties of AcrossAsia Group were determined individually at the balance sheet date by AcrossAsia Group, with reference to current prices on an active market from similar property, and if such current prices are not available, based on recent transaction prices or recent valuation of the investment properties by independent professionally qualified valuers or recent prices of less active market or comparable properties, after adjusting for any changes in economic conditions and other factors (such as differences in nature, condition or location) considered appropriate by the Directors.

The fair values of the investment properties to the extent of HK$260,670,000 (2005: HK$168,248,000) were determined based on recent valuations performed by independent professionally qualified valuers who hold recognised qualification and have recent experience in the location and category of the investment properties being valued.

AcrossAsia Group's investment properties located in Indonesia at their carrying amounts are analysed as follows:

	2006 **HK$'000**	2005 HK$'000
Medium term leases	**113,073**	102,897
Short term leases	**889**	3,559
Freehold	**671**	599
	114,633	107,055

Under the relevant rules and regulations of Indonesia, AcrossAsia Group can apply for the renewal of its land use rights upon their expiry.

At 31st December 2006, certain investment properties with an aggregate carrying value of approximately HK$45,848,000 (2005: HK$41,962,000) were pledged as security for certain banking and other borrowing facilities of AcrossAsia Group (Note 45).

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for the year ended 31st December 2006

17. INTERESTS IN SUBSIDIARIES

	Company	
	2006	2005
	HK$'000	HK$'000
Listed shares, at cost	**676,918**	676,918
Unlisted shares, at cost	**9,869**	9,869
	686,787	686,787
Due from subsidiaries	**363,628**	425,620
	1,050,415	1,112,407
Allowance for impairment	**(497,086)**	(497,086)
	553,329	615,321
Market value of listed shares	**466,215**	503,154

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment but repayment is not expected to be within the next twelve months from the balance sheet date, except for an amount due from PT Broadband Multimedia Tbk ("Broadband Multimedia") of approximately HK$87,326,000 as at 31st December 2005 and fully repaid during 2006, which bore interest at three-month LIBOR rate plus 2.5% per annum for the amount denominated in United States dollar and one-month SBI rate plus 2% per annum for the amount denominated in Indonesian Rupiah.

17. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries as at 31st December 2006 are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
PT Multipolar Corporation Tbk ("Multipolar") (a)	Indonesia	Class A of Rp935,884,000,000 and Class B of Rp292,463,750,000	51.2	–	Investment holding, systems integration and application service provider
PT Sharestar Indonesia	Indonesia	Rp500,000,000	–	51.2	Share registration, payroll and customer relationship management services
PT Reksa Puspita Karya ("RPK")	Indonesia	Rp25,000,000	–	51.2	Investment holding
PT Tryane Saptajagat	Indonesia	Rp50,000,000	–	51.2	Investment holding
PT Broadband Multimedia Tbk (a)	Indonesia	Rp187,150,000,000	56.0	10.3	Operation of last-mile broadband HFC network and cable television
PT Ayunda Prima Mitra ("Ayunda")	Indonesia	Rp5,000,000	–	66.3	Investment holding
PT AsiaNet Multimedia ("AsiaNet")	Indonesia	US$1,333,333	95.0	2.6	Investment holding
PT Natrindo Global Telekomunikasi	Indonesia	Rp25,000,000,000	–	88.3	Operation of wireless VSAT network
PT Natrindo Kartu Panggil	Indonesia	Rp5,000,000	–	87.9	Provision of prepaid telephone calling cards
PT Inti Mitratama Abadi	Indonesia	Rp60,000,000,000	–	58.9	Investment holding
PT Link Net	Indonesia	Rp12,500,000,000	–	97.1	Internet service provider
PT Tirta Mandiri Sejahtera ("TMS")	Indonesia	Rp5,000,000	–	88.3	Investment holding
PT Matahari Putra Prima Tbk ("Matahari") (a)	Indonesia	Rp1,352,997,000,000	–	25.6	Operation of department stores and supermarket chains

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

17. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
PT Matahari Super Ekonomi	Indonesia	Rp2,500,000,000	–	25.6	Retail business
PT Nadya Putra Investama	Indonesia	Rp2,000,000,000	–	25.6	General trading
PT Taraprima Reksabuana	Indonesia	Rp24,000,000,000	–	25.6	Sales and marketing of mineral water
PT Matahari Boston Drugstore	Indonesia	Rp2,000,000,000	–	25.6	Drugstore
PT Matahari Graha Fantasi	Indonesia	Rp40,000,000,000	–	12.8	Family entertainment
Matahari Finance B.V.	Netherlands	€18,000	–	25.6	Financing business
Prime Connection Limited	British Virgin Islands	US$50,000	–	25.6	Investment holding
Cyberworks Group Limited ("Cyberworks")	British Virgin Islands	US$1,000	–	100	Investment holding
PT Multifiling Mitra Indonesia ("Multifiling")	Indonesia	Rp1,004,000,000	–	25.7	Provision of record filing services

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of AcrossAsia Group.

Notes:

(a) Multipolar and Matahari are listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange in Indonesia. Broadband Multimedia is listed on the Surabaya Stock Exchange in Indonesia.

(b) None of the subsidiaries had any loan capital in issue at any time during 2006 (2005: Nil).

(c) At 31st December 2006, 2,052,578,000 shares (2005: 2,052,578,000 shares) in Multipolar, a subsidiary, with a quoted market value of approximately HK$194,572,000 (2005: HK$250,930,000) as at 31st December 2006 were pledged as security for certain banking and other borrowing facilities of AcrossAsia Group (Note 45).

At 31st December 2006, 136,879,310 shares (2005: 136,879,310 shares) in Broadband Multimedia with a quoted market value of approximately HK$171,039,000 (2005: HK$156,541,000) as at 31st December 2006 were pledged as security for certain banking and other borrowing facilities of AcrossAsia Group (Note 45).

At 31st December 2006, 617,750,000 shares (2005: 192,708,333 shares) in Matahari with a market value of approximately HK$425,884,000 (2005: HK$145,913,000) were pledged as security for certain banking and other borrowing facilities of AcrossAsia Group (Note 45).

18. INTERESTS IN ASSOCIATES

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
Share of net assets	**39,458**	31,333

Particulars of the principal associates as at 31st December 2006 are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of ownership interest attributable to AcrossAsia Group		Principal activities
			Direct	Indirect	
PT Bintang Sidoraya	Indonesia	Rp10,000,000,000	–	10.2	Sales and marketing of beer
PT Matahari Leisure	Indonesia	Rp1,908,225,000	–	12.8	Manufacture of amusement machines
Canwick Limited	British Virgin Islands	US$2	50.0	–	Investment holding
PT Direct Vision	Indonesia	Rp5,000,000	–	32.5	Provision of direct-to-home multimedia services

The above list contains the particulars of associates which principally affected the results or formed a substantial portion of the net assets of AcrossAsia Group.

Summarised financial information in respect of AcrossAsia Group's associates is set out below:

	2006	2005
	HK$'000	HK$'000
AcrossAsia Group's share of associates' net assets		
At 31st December 2006		
Total assets	**44,278**	33,517
Total liabilities	**(4,820)**	(2,184)
Net assets	**39,458**	31,333
AcrossAsia Group's share of associates' revenue and profit		
Year ended 31st December 2006		
Total revenue	**70,021**	52,044
Total profit for the year	**5,152**	4,700

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for the year ended 31st December 2006

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
Equity securities, at fair value		
Listed outside Hong Kong	**1,992**	1,491
Unlisted equity securities, at cost	**211,859**	193,901
Less: Impairment	**(72,427)**	(66,287)
	139,432	127,614
	141,424	129,105

20. GOODWILL

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
Cost		
At 1st January	**201,079**	437,140
Elimination on accumulation amortisation upon the adoption of IFRS 3	**–**	(223,739)
Translation differences	**18,622**	(12,322)
At 31st December	**219,701**	201,079
Accumulated amortisation		
At 1st January	**–**	223,739
Elimination on accumulation amortisation upon the adoption of IFRS 3	**–**	(223,739)
At 31st December	**–**	–
Carrying amount		
At 31st December	**219,701**	201,079

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2006	2005
	HK$'000	HK$'000
Retail:		
Matahari	**167,798**	153,575
Broadband Services:		
Broadband Multimedia	**28,830**	26,386
Investment:		
TMS	**23,073**	21,118
	219,701	201,079

20. GOODWILL (Continued)

The recoverable amounts of the Broadband Services and Investment CGUs are determined from fair value less costs to sell. The recoverable amount of the Retail CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rate and budgeted gross margin and turnover during the period. Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on long-term average economic growth rate of the geographical area in which the businesses of the CGU operates. Budgeted gross margin and turnover are based on past practices and expectations on market development.

AcrossAsia Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years with the residual period using the growth rate of 8%. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from AcrossAsia Group's Retail activities is 10%.

21. OTHER INTANGIBLE ASSETS

AcrossAsia Group

	Application software licenses HK$'000	Exclusive marketing and distribution rights HK$'000	Patents HK$'000	Total HK$'000
Cost				
At 1st January 2005	6,360	1,575	1,403	9,338
Additions	28,607	–	–	28,607
Translation differences	(488)	(379)	(81)	(948)
At 31st December 2005	34,479	1,196	1,322	36,997
At 1st January 2006	34,479	1,196	1,322	36,997
Additions	43,101	–	–	43,101
Disposals	(1,599)	–	–	(1,599)
Translation differences	3,777	111	123	4,011
At 31st December 2006	79,758	1,307	1,445	82,510
Accumulated amortisation and impairment				
At 1st January 2005	2,506	1,575	–	4,081
Amortisation for the year	8,318	–	1,008	9,326
Translation differences	(44)	(379)	(11)	(434)
At 31st December 2005	10,780	1,196	997	12,973
At 1st January 2006	10,780	1,196	997	12,973
Amortisation for the year	2,289	–	356	2,645
Disposals	(1,119)	–	–	(1,119)
Translation differences	1,020	111	92	1,223
At 31st December 2006	12,970	1,307	1,445	15,722
Carrying amount				
At 31st December 2006	66,788	–	–	66,788
At 31st December 2005	23,699	–	325	24,024

The average remaining amortisation period of the application software licenses is 9 year (2005: 10 years).

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for the year ended 31st December 2006

22. DEFERRED INCOME TAX

The following are the major deferred tax liabilities and assets recognised by AcrossAsia Group, and the movements thereon, during the current and prior years:

	Accelerated tax depreciation HK$'000	Allowance for receivables HK$'000	Tax losses HK$'000	Allowance for store restructuring HK$'000	Unrealised loss on change in fair value of derivative financial instruments HK$'000	Others HK$'000	Total HK$'000
At 1st January 2005	(40,287)	10,865	21,228	26,372	–	3,932	22,110
Charge to income statement for the year (Note 11)	(98)	20,594	(10,462)	(12,023)	–	(9,969)	(11,958)
Translation differences	2,327	(853)	(1,112)	(1,389)	–	1,874	847
At 31st December 2005 and 1st January 2006	(38,058)	30,606	9,654	12,960	–	(4,163)	10,999
Charge to income statement for the year (Note 11)	(13,063)	372	2,886	(5,224)	11,311	2,170	(1,548)
Translation differences	(3,728)	2,840	935	1,127	159	(353)	980
At 31st December 2006	(54,849)	33,818	13,475	8,863	11,470	(2,346)	10,431

The following is the analysis of the deferred tax balances (after offset) for balance sheet purposes:

	AcrossAsia Group 2006 HK$'000	AcrossAsia Group 2005 HK$'000
Deferred tax assets	**21,645**	17,530
Deferred tax liabilities	**(11,214)**	(6,531)
	10,431	10,999

23. NON-CURRENT PREPAYMENTS, DEPOSITS AND RECEIVABLES

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
Rental and other deposits	**97,630**	87,988
Prepaid rent, net (a)	**300,215**	309,427
Advance payments for acquisition of property, plant and equipment (b)	**449,475**	444,571
Deposits for investments	**30,140**	27,585
Loans to employees (c)	**12,787**	7,658
Prepaid expenses and others	**344,479**	96,630
	1,234,726	973,859

Notes:

(a) The amount represents rental rights on stores covering periods from more than one year up to 19 years (2005: 19 years), after net of allowance for possible loss from non-utilisation/recovery due to stores restructuring.

(b) The amount represented advances for purchases of store spaces and equipment to be used for AcrossAsia Group's retail operations.

(c) The loans to employees are unsecured and interest-free.

24. DUE FROM RELATED COMPANIES

AcrossAsia Group

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
PT Lippo Securities Tbk *	**15,181**	17,709
PT Karya Dinamika Investama **	**1,379**	1,262
PT Direct Vision **	**12,059**	11,091
	28,619	30,062

* The Company is influenced by the principal beneficial shareholders of the Company.

** Associates of AcrossAsia Group.

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24. DUE FROM RELATED COMPANIES (Continued)

The amounts due from related companies are unsecured and have no fixed terms of repayment but repayment is not excepted to be within the next twelve months from the balance sheet date. The balances are interest-free, except for the amount due from PT Lippo Securities Tbk which bears interest at 11% (2005: 11%) per annum.

25. INVENTORIES

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
Merchandise	**681,608**	533,427
Finished goods	**54,811**	46,725
	736,419	580,152

Merchandise represents inventory items for retailing. These consist of ladies', men's and children's wear, shoes, bags, cosmetics and accessories, toys, stationery and sports gadgets, household appliances and bathroom accessories, daily needs, foods and beverages.

At 31st December 2006, inventories with an aggregate carrying value of approximately HK$241,294,000 (2005: HK$352,095,000) were pledged as security for certain banking and other borrowing facilities of AcrossAsia Group (Note 45).

AcrossAsia Group carries insurance on their merchandise inventory from fire and other risks for approximately HK$732,837,000 (2005: 592,133,000) at 31st December 2006.

26. TRADE RECEIVABLES

AcrossAsia Group's trading terms with its customers other than in the Retail segment 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's sales to customers in the Retail segment are mainly on cash basis, either in cash, debit card or credit card payments. There is no fixed credit policy as their major trade receivables arise from credit card sales and all age fall into one month.

AcrossAsia Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

26. TRADE RECEIVABLES (Continued)

The aging analysis of trade receivables, based on invoice date, is as follows:

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
Within 3 months	**211,637**	113,089
3 to 6 months	**5,108**	3,084
Over 6 months	**12,587**	3,897
	229,332	120,070
Less: Impairment of receivables	**(2,170)**	(980)
	227,162	119,090

At 31st December 2006, trade receivables of AcrossAsia Group included receivables from certain related companies, which are directly or indirectly owned, controlled or influenced by the principal beneficial shareholders of the Company, totalling HK$8,116,000 (2005: HK$11,653,000). The balances are unsecured, interest-free and are repayable principally in accordance with normal trading terms.

At 31st December 2006, trade receivables with an aggregate carrying value of approximately HK$137,882,000 (2005: HK$75,561,000) were pledged as security for certain banking and other borrowing facilities of AcrossAsia Group (Note 45).

27. PREPAYMENTS, DEPOSITS AND OTHER CURRENT ASSETS

	AcrossAsia Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits	**31**	31	**31**	31
Prepaid operating expenses	**65,578**	80,917	**507**	437
Prepaid taxes	**90,099**	40,067	**–**	–
Advances/deposits to suppliers and contractors	**55,916**	52,482	**–**	–
Other receivables	**97,528**	56,638	**–**	–
	309,152	230,135	**538**	468

The advances/deposits to supplies and contractors are unsecured, interest-free and have no fixed terms of repayment.

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for the year ended 31st December 2006

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
Held for trading:		
Listed equity securities, at market value	**89,030**	66,724
Listed debt securities, at market value (a)	**10,296**	21,417
Managed funds, at market value (b)	**345,778**	88,986
Mutual funds, at market value (c)	**1,834**	2,326
	446,938	179,453

Notes:

(a) Investments in listed debt securities include bonds and floating rate notes which bear interest at annual rates ranging from 13.12% to 17.50% (2005: 9.31% to 18.25%) and 6.88% to 7.5% (2005: 6.75% to 7.25%), respectively. The debt securities have maturity periods from 2007 to 2015.

(b) Investments in managed funds were intended to be used to purchase any investments such as bonds, promissory notes, commercial papers, receivables, other debentures and other securities.

(c) Investments in mutual funds were managed by certain licensed investment companies in Hong Kong and Indonesia.

29. CASH AND BANK DEPOSITS AND PLEDGED BANK DEPOSITS

Bank deposits earn interest at floating rates based on prevailing short term deposits rates. Short term bank deposits are made for varying periods, normally with an original maturity of less than one month, depending on the immediate cash requirements of AcrossAsia Group.

At 31st December 2006, certain cash and bank deposits (including pledged bank deposits) of AcrossAsia Group amounting to approximately HK$726,128,000 (2005: HK$517,141,000) were denominated in Indonesian Rupiah.

At 31st December 2006, certain bank deposits of AcrossAsia Group of HK$7,541,000 (2005: HK$4,679,000) were pledged as secure for certain banking facilities of AcrossAsia Group (Note 45).

30. SHARE CAPITAL

	2006 HK$'000	2005 HK$'000
Authorised:		
150,000,000,000 (2005: 150,000,000,000) ordinary shares of HK$0.1 each	**15,000,000**	15,000,000
Issued and fully paid:		
5,064,615,385 (2005: 5,064,615,385) ordinary of HK$0.1 each	**506,462**	506,462

31. RESERVES

(a) AcrossAsia Group

The amounts of AcrossAsia Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(b) Company

	Share premium account HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st January 2005	32,877	631,394	(606,003)	58,268
Loss for the year	–	–	(4,372)	(4,372)
At 31st December 2005 and 1st January 2006	32,877	631,394	(610,375)	53,896
Loss for the year	–	–	(19,921)	(19,921)
At 31st December 2006	32,877	631,394	(630,296)	33,975

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for the year ended 31st December 2006

31. RESERVES (Continued)

(c) Nature and purpose of reserves

(i) Share premium account

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve of the Company was principally arising from the capitalisation of certain shareholders' loans. The capital reserve of AcrossAsia Group was principally arising from the capitalisation of certain shareholders' loans and the corporate reorganisation of AcrossAsia Group in preparation for the listing of the Company's shares on GEM in 2000 as also detailed in the prospectus of the Company dated 6th July 2000 (the "Prospectus").

32. SHARE OPTION SCHEMES

The Company adopted the Pre-IPO Plan and the 2002 Scheme under which the participants (including the Directors) were or may be granted options to subscribe for shares of the Company subject to the terms and conditions stipulated in the respective plan and scheme.

(a) Pre-IPO Plan

The Pre-IPO Plan was adopted on 23rd June 2000. The purpose of the Pre-IPO Plan is to recognise the contribution of participants to the growth of AcrossAsia Group and/or to the listing of the Company's shares on GEM. The participants of the Pre-IPO Plan include full-time and part-time employees (including executive and non-executive Directors), consultants and advisers of AcrossAsia Group and its associates. The subscription price for the shares under the Pre-IPO Plan is equal to the offer price of HK$3.28 per share in connection with the listing of the Company's shares on GEM.

32. SHARE OPTION SCHEMES (Continued)

(a) Pre-IPO Plan (Continued)

As at 31st December 2006, 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 22nd June 2010 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

A summary of the principal terms of the Pre-IPO Plan and details of the options granted under the Pre-IPO Plan are set out in the Prospectus.

The following options were outstanding under the Pre-IPO Plan during 2006:

	Number of underlying shares		
Participant	As at 1st January 2006	Lapsed during 2006	As at 31st December 2006
Directors	19,415,000	(3,546,000)	15,869,000
Others	12,766,000	–	12,766,000
Total	32,181,000	(3,546,000)	28,635,000

Options granted under the Pre-IPO in respect of 28,635,000 shares of the Company represented approximately 0.56% of the enlarged issued share capital thereof. The options outstanding at the end of the year have a remaining contractual life of 3.5 years (2005: 4.5 years).

No options under the Pre-IPO Plan were exercised or cancelled during 2006.

The subscription price for the shares under the Pre-IPO Plan is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

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for the year ended 31st December 2006

32. SHARE OPTION SCHEMES (Continued)

(b) 2002 Scheme

The purpose of the 2002 Scheme is to reward the participants who have contributed or may contribute to AcrossAsia Group. The participants of the 2002 Scheme are employees of AcrossAsia Group (including Directors) and other persons including consultants, advisors, agents, customers, suppliers, service providers, affiliated persons, contractors, business partners or connected persons of AcrossAsia Group or its associates or affiliates. A consideration of HK$1 is payable upon acceptance of the offer of the grant of an option. The 2002 Scheme will remain valid until 13th May 2012.

The subscription price for the shares under the 2002 Scheme is determined by the Directors which will be no less than the highest of (i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of offer of the relevant option; (ii) the average of the closing prices of the shares as stated in the daily quotation sheet issued by the Stock Exchange for the five business days immediately preceding the date of offer of the option; and (iii) the nominal value of a share.

A summary of the principal terms of the 2002 Scheme is set out in the Company's circular dated 28th March 2002.

No options had been granted under the 2002 Scheme since the adoption date and up to 31st December 2006.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Plan and the 2002 Scheme must not exceed 30% of the total issued shares of the Company from time to time. The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each participant or grantee (including both exercised and outstanding options) in any 12-month period up to and including the date of grant must not exceed 1% of the total issued shares of the Company at the date of grant.

33. PROVISIONS

AcrossAsia Group

	Store restructuring (a) HK$'000	Customer loyalty program (b) HK$'000	Employees' benefits (c) HK$'000	Total HK$'000
At 1st January 2005	23,811	44,474	55,231	123,516
Addition provisions	–	9,390	35,542	44,932
Provisions used	(19,591)	(14,784)	(17,012)	(51,387)
Translation differences	(1,162)	(2,508)	(3,391)	(7,061)
At 31st December 2005	3,058	36,572	70,370	110,000
Analysed as:				
Current liabilities	3,058	18,286	22,363	43,707
Non-current liabilities	–	18,286	48,007	66,293
	3,058	36,572	70,370	110,000
At 1st January 2006	3,058	36,572	70,370	110,000
Addition provisions	–	4,145	37,999	42,144
Provisions used	(3,296)	(18,301)	(12,991)	(34,588)
Translation differences	238	3,187	6,868	10,293
At 31st December 2006	–	25,603	102,246	127,849
Analysed as:				
Current liabilities	–	12,801	31,348	44,149
Non-current liabilities	–	12,802	70,898	83,700
	–	25,603	102,246	127,849

Notes:

(a) AcrossAsia Group makes provisions for store restructuring for its retail operations which mainly consisted of severance pay for employees and rental related expenses.

(b) AcrossAsia Group operates a customer loyalty program for its retail operations under which AcrossAsia Group provides credit points to customers for their purchases in the department stores and supermarkets. The credit points can be converted into purchase vouchers for purchases in the department stores and supermarkets. The provision represents management's best estimation of AcrossAsia Group's liability on the customer loyalty program based on past experience and current information available for the credit points provided to the customers.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

33. PROVISIONS (Continued)

(c) Provisions for employees' benefits were computed in accordance with the requirements of the Decree/Law of the Ministry of Manpower of Indonesia relating to settlement arising from employment termination and determination of severance and compensation benefits of employees.

Provisions for employees' benefits were determined based on actuarial calculations as at 31st December 2006 prepared by an independent actuary, adopting the projected unit credit method.

The amount recognised in the balance sheet is as follows:

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
Present value of funded obligations	**128,337**	88,258
Net unrecognised actuarial losses	**(18,892)**	(9,226)
Unrecognised past service cost	**(7,199)**	(8,662)
	102,246	70,370

Expense recognised in the income statement is as follows:

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
Current service cost	**14,034**	10,986
Interest cost	**14,406**	10,946
Net actuarial losses recognised	**2,997**	2,278
Past service cost recognised	**6,562**	29
Loss on curtailment and settlement	**–**	11,303
	37,999	35,542

Expense is included in "General and administrative expenses" on the face of the consolidated income statement.

The principal actuarial assumptions adopted as at 31st December 2006 (expressed as weighted average) are as follows:

	AcrossAsia Group	
	2006	2005
Discount rate at 31st December	**10.5%**	12.0%
Expected rate of return on plan assets	**N/A**	N/A
Future salary increases	**9.0%**	10.0%
Future pension increases	**N/A**	N/A

34. INTEREST-BEARING BORROWINGS

	AcrossAsia Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank loans:				
Secured	**866,259**	735,292	**–**	–
Unsecured	**505,856**	–	**–**	–
	1,372,115	735,292	**–**	–
Other borrowings:				
Secured	**–**	44,387	**–**	44,387
Unsecured	**220,477**	208,416	**–**	–
	220,477	252,803	**–**	44,387
	1,592,592	988,095	**–**	44,387

Interest-bearing borrowings are repayable as follows:

	AcrossAsia Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank loans:				
Within one year	**960,121**	307,237	**–**	–
In the second year	**394,954**	342,184	**–**	–
In the third to fifth years, inclusive	**17,040**	85,871	**–**	–
	1,372,115	735,292	**–**	–
Other borrowings:				
Within one year	**220,477**	252,803	**–**	44,387
	1,592,592	988,095	**–**	44,387
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,180,598)**	(560,040)	**–**	(44,387)
Amount due for settlement after 12 months	**411,994**	428,055	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

34. INTEREST-BEARING BORROWINGS (Continued)

The carrying amounts of bank loans and other borrowings are denominated in the following currencies:

	AcrossAsia Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank loans:				
United States dollars	**523,262**	139,533	**–**	–
Indonesian Rupiah	**848,853**	595,759	**–**	–
	1,372,115	735,292	**–**	–
Other borrowings:				
United States dollars	**38,435**	5,582	**–**	–
Indonesian Rupiah	**182,042**	247,221	**–**	44,387
	220,477	252,803	**–**	44,387

The effective interest rates at the balance sheet date were as follows:

	AcrossAsia Group	
	2006	2005
Bank loans:		
United States dollars	**7.75%-9.5%**	8.04%-9.5%
Indonesian Rupiah	**11%-18%**	10.4%-19.5%
Other borrowings:		
United States dollars	**5%-6%**	3.4%-4.5%
Indonesian Rupiah	**15%-19%**	4.5%-19%

Details of the assets pledged to secure AcrossAsia Group's banking and other borrowing facilities are set out in Note 45 to the financial statements.

35. NOTES PAYABLE

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
On demand or within one year	**60,148**	51,188
In the second year	**23,876**	73,725
In the third to fifth years, inclusive	**1,149,525**	19,718
	1,233,549	144,631
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(60,148)**	(51,188)
Amount due for settlement after 12 months	**1,173,401**	93,443

Notes payable of AcrossAsia Group are unsecured. The carrying amounts of AcrossAsia Group's notes payable are denominated in the following currencies:

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
United States dollars	**1,145,569**	93,868
Indonesian Rupiah	**87,980**	50,763
	1,233,549	144,631

The effective interest rates at the balance sheet date were as follows:

	AcrossAsia Group	
	2006	2005
United States dollars	**3.4%-9.5%**	3.5%-8.0%
Indonesian Rupiah	**10%-15%**	7%-25%

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for the year ended 31st December 2006

36. BONDS PAYABLE

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
Nominal value	**775,588**	709,846
Treasury bonds	**(46,535)**	(42,591)
	729,053	667,255
Unamortised bonds issuance cost	**(9,153)**	(13,595)
	719,900	653,660
Bonds payable are repayable as follows:		
Within one year	**339,315**	–
In the second year	**–**	326,830
In the third to fifth years, inclusive	**380,585**	326,830
	719,900	653,660

36. BONDS PAYABLE (Continued)

Details of the bonds payable are as follows:

Name of issuer	:	PT Matahari Putra Prima Tbk	PT Matahari Putra Prima Tbk
Issuance date	:	11th May 2004	25th September 2002
Nature of the bond	:	"Second Matahari Bonds" ("Obligasi II Matahari Putra Prima Tahun 2004 Dengan Tingkat Bunga Tetap") and "First Matahari Syariah Ijarah Bonds" ("Obligasi Syariah Ijarah I Matahari Putra Prima Tahun 2004")	"First Matahari Bonds" ("Obligasi I Matahari Putra Prima Tahun 2002 Dengan Tingkat Bunga Tetap")
Trustee	:	PT Bank Negara Indonesia (Persero) Tbk	PT Bank Negara Indonesia (Persero) Tbk
Face value	:	Rp450 billion in Rp50 million denomination	Rp450 billion in Rp50 million denomination
Maturity date	:	Lump sum on 11th May 2009	Lump sum on 25th September 2007
Rating for the year 2006/2007 by Pefindo	:	idA+ (Stable Outlook) for "Second Matahari Bonds", and idA+ (sy) (Stable Outlook) for "First Matahari Syariah Ijarah Bonds"	idA (Stable Outlook)
Bond listing	:	Surabaya Stock Exchange, Indonesia	Surabaya Stock Exchange, Indonesia
Effective interest rate	:	13.8% per annum for 5 years quarterly repayable starting 11th August 2004 until 11th May 2009	17.875% per annum for 5 years quarterly repayable starting 25th December 2002 until 25th September 2007
Payment agent	:	PT Kustodian Sentral Efek Indonesia	PT Kustodian Sentral Efek Indonesia
Collateral	:	Certain land rights, buildings and equipment with fair values representing 115% of the total face amount of the bonds.	Certain land rights, buildings and equipment with fair values representing 125% of the total face amount of the bonds.

Based on the Bonds Indentures, Matahari is required to comply with certain conditions, such as maintaining several financial ratios.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

37. FINANCE LEASE PAYABLES

AcrossAsia Group

	Minimum lease payments 2006 HK$'000	Minimum lease payments 2005 HK$'000	**Present value of minimum lease payments 2006 HK$'000**	Present value of minimum lease payments 2005 HK$'000
Within one year	**3,214**	–	**2,156**	–
In the second to fifth years, inclusive	**5,408**	–	**4,608**	–
	8,622	–	**6,764**	–
Less: Future finance charges	**(1,858)**	–		
Present value of lease obligations	**6,764**	–		
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(2,156)**	–		
Amount due for settlement after 12 months	**4,608**	–		

All finance lease payables are denominated in Indonesian Rupiah.

38. DUE TO RELATED COMPANIES

The amounts due to related companies of AcrossAsia Group are unsecured and interest-free, except for an amount of approximately HK$4,000,000 (2005: HK$4,000,000) at 31st December 2006 which bears interest at Hong Kong dollar prime lending rate plus 1% per annum (2005: Hong Kong dollar prime leading rate plus 1% per annum).

The amounts due to related companies of AcrossAsia Group have no fixed terms of repayment, except for an amount of approximately HK$4,000,000 (2005: HK$4,000,000) which is not repayable within twelve months from the balance sheet date.

The amount due to a related company of the Company of approximately HK$4,000,000 (2005: HK$4,000,000) is unsecured, bears interest at Hong Kong dollar prime leading rate plus 1% per annum (2005: Hong Kong dollar prime lending rate plus 1% per annum) and is not repayable within twelve months from the balance sheet date.

39. DERIVATIVE FINANCIAL INSTRUMENTS

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
Cross-currency rate swap, at fair value (Note (a))	**1,465**	–
Foreign exchange option contracts, at fair value (Note (b))	**43,649**	–
	45,114	–

Notes:

(a) AcrossAsia Group entered into a cross-currency rate swap from United States dollar to Japanese yen amounting to US$75,000,000,000 at the rate of JPY118.5 to US$1 (full amount). The contract period will end on 6th October 2009. AcrossAsia Group will buy back the US$75,000,000,000 at the same rate. AcrossAsia Group will receive interest of 9.5% per annum in United States dollar and pay interest of 5.38% per annum in Japanese yen semiannually.

(b) AcrossAsia Group entered into the following foreign currency option contracts which will be terminated on 6th October 2009:

(i) AcrossAsia Group has the right to buy JPY5,915,000,000,000 at the strike price of Rp77.5 per JPY1 (in full amount) from the counterparty; or the counterparty has the right to buy JPY5,915,000,000,000 at the strike price of Rp98 per JPY1 (in full amount) from AcrossAsia Group; or the counterparty has the right to sell JPY5,915,000,000,000 at the strike price of Rp76 per JPY1 (in full amount) to AcrossAsia Group.

(ii) AcrossAsia Group has the right to buy JPY2,957,500,000,000 at the strike price of Rp77.4 per JPY1 (in full amount) from the counterparty; or the counterparty has the right to buy JPY2,957,500,000,000 at the strike price of Rp98 per JPY1 (in full amount) from AcrossAsia Group; or the counterparty has the right to sell JPY2,957,500,000,000 at the strike price of Rp76 per JPY1 (in full amount) to AcrossAsia Group.

(iii) AcrossAsia Group has the right to buy JPY8,850,000,000,000 at the strike price of Rp77.4 per JPY1 (in full amount) from the counterparty; or the counterparty has the right to buy JPY8,850,000,000,000 at the strike price of Rp98 per JPY1 (in full amount) from AcrossAsia Group; or the counterparty has the right to sell JPY8,850,000,000,000 at the strike price of Rp76 per JPY1 (in full amount) to AcrossAsia Group.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

40. TRADE PAYABLES

The aging analysis of trade payables, based on invoice date, is as follows:

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
Within 3 months	**604,559**	472,095
3 to 6 months	**5,994**	15,452
Over 6 months	**21,553**	25,114
	632,106	512,661

At 31st December 2006, trade payables of AcrossAsia Group included payables to certain related companies, which are directly or indirectly owned, controlled or influenced by the principal beneficial shareholders of the Company, totalling HK$288,000 (2005: HK$262,000). The balances are unsecured, interest-free and are repayable principally in accordance with normal trading terms.

41. MAJOR NON-CASH TRANSACTIONS

Additions to property, plant and equipment during the year of HK$7,427,000 (2005: HK$Nil) were financed by finance leases.

42. LEASE COMMITMENTS

At 31st December 2006 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	AcrossAsia Group	
	2006	2005
	HK$'000	HK$'000
Within one year	**411,431**	307,406
In the second to fifth years, inclusive	**393,734**	267,868
After five years	**2,512,168**	1,852,501
	3,317,333	2,427,775

Operating lease payments represent rentals payable by AcrossAsia Group for certain of its offices and stores. Leases are negotiated for terms ranging from two to twenty years and rentals are fixed over the lease terms and do not include contingent rentals.

43. CAPITAL COMMITMENTS

AcrossAsia Group's capital commitments at the balance sheet date are as follows:

	2006	2005
	HK$'000	HK$'000
Property, plant and equipment		
Contracted but not provided for	**85,425**	66,897
Unpaid balance of capital contributions to an associate	**114,660**	114,660

The Company's capital commitments in respect of the subscription of the rights shares in the rights issue of subsidiaries at the balance sheet date are as follows:

	2006	2005
	HK$'000	HK$'000
Multipolar	**139,936**	–
Broadband Multimedia	**104,981**	–
	244,917	–

44. CONTINGENT LIABILITIES

As at 31st December 2006, the Company issued a corporate guarantee to a bank to secure banking facilities granted to a subsidiary of the Company. As at 31st December 2006, the facilities amount utilised was approximately HK$52,583,000 (2005: HK$61,093,000).

45. PLEDGE OF ASSETS

AcrossAsia Group's banking and other borrowing facilities other than bonds payable at the balance sheet date are secured by:

(i) Property, plant and equipment with an aggregate carrying value of approximately HK$47,039,000 as at 31st December 2006 (2005: HK$75,290,000) (Note 15).

(ii) Investment properties with an aggregate carrying value of approximately HK$45,848,000 as at 31st December 2006 (2005: HK$41,962,000) (Note 16).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

45. PLEDGE OF ASSETS (Continued)

(iii) 2,052,578,000 shares (2005: 2,052,578,000 shares) in Multipolar, a subsidiary, with market value of approximately HK$194,572,000 as at 31st December 2006 (2005: HK$250,930,000) (Note 17).

(iv) 136,879,310 shares (2005: 136,879,310 shares) in Broadband Multimedia, a subsidiary, with market value of approximately HK$171,039,000 as at 31st December 2006 (2005: HK$156,541,000) (Note 17).

(v) 617,750,000 (2005: 192,708,333) shares in Matahari with a market value of approximately HK$425,884,000 as at 31st December 2006 (2005: HK$145,913,000) (Note 17).

(vi) Inventories with an aggregate carrying value of approximately HK$241,294,000 as at 31st December 2006 (2005: HK$352,095,000) (Note 25).

(vii) Trade receivables with an aggregate carrying value of approximately HK$137,882,000 as at 31st December 2006 (2005: HK$75,561,000) (Note 26).

(viii) Bank deposits of approximately HK$7,541,000 as at 31st December 2006 (2005: HK$4,679,000) (Note 29).

46. FINANCIAL INSTRUMENTS

Fair value estimation

Current financial assets and liabilities

AcrossAsia Group's carrying amounts for current financial assets and liabilities approximate their fair values due to the short maturity of these instruments.

Non-current financial assets and financial liabilities

For available-for-sale financial assets in listed shares of approximately HK$1,992,000 (2005: HK$1,491,000), which are stated at quoted market price, their carrying amount approximates their fair value. For long term investments in unlisted shares of approximately HK$139,432,000 (2005: HK$127,614,000), whose fair value cannot be reliably measured without incurring excessive costs, they are carried at cost less any impairment losses. The Directors believe that the carrying amount of those investments represents AcrossAsia Group's best estimate of their fair value.

A comparison by category of carrying amounts and fair values of other non-current financial assets and liabilities, whose fair values have been calculated primarily by discounting the expected future cash flows at the prevailing interest rates or current market rates available to AcrossAsia Group for similar financial instruments, is set out below.

46. FINANCIAL INSTRUMENTS (Continued)

Fair value estimation (Continued)

Non-current financial assets and financial liabilities (Continued)

	Carrying amounts		Fair values	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other non-current financial assets	**41,406**	37,720	**41,406**	37,720
Long term floating rate borrowings, non-current portion	**365,317**	118,535	**319,075**	103,842
Long term fixed rate borrowings, non-current portion	**46,677**	309,520	**39,136**	259,242
Notes payable, non-current portion	**1,173,401**	93,443	**1,051,252**	84,213
Bonds payable, non-current portion	**380,585**	653,660	**287,127**	505,222
Finance lease payables, non-current portion	**4,608**	–	**3,723**	–
Other non-current liabilities	**4,000**	4,000	**3,791**	3,811

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

46. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The following table sets out the carrying amount, by maturity, of AcrossAsia Group's financial instruments that are exposed to interest rate risk:

	Within one year HK$'000	In the second year HK$'000	In the third to fifth years, inclusive HK$'000	Total HK$'000
As at 31st December 2006				
Fixed rate				
Bank loans	264,696	34,756	11,921	311,373
Other borrowings	220,477	–	–	220,477
Notes payable	60,148	23,876	1,149,525	1,233,549
Finance lease payables	2,156	2,157	2,451	6,764
Bonds payable	339,315	380,585	–	719,900
Floating rate				
Cash and bank deposits	1,347,900	–	–	1,347,900
Pledged bank deposits	7,541	–	–	7,541
Bank loans	695,425	360,198	5,119	1,060,742
Due to related companies	–	4,000	–	4,000
As at 31st December 2005				
Fixed rate				
Bank loans	22,895	266,799	42,721	332,415
Other borrowings	252,803	–	–	252,803
Notes payable	51,188	73,725	19,718	144,631
Bonds payable	–	326,830	326,830	653,660
Floating rate				
Cash and bank deposits	555,272	–	–	555,272
Pledged bank deposits	4,679	–	–	4,679
Bank loans	284,342	75,385	43,150	402,877
Due to related companies	–	4,000	–	4,000

46. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk (Continued)

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instruments. The other financial instruments of AcrossAsia Group that are not included in the above tables are non-interest bearing, and are therefore not subject to interest rate risk, or are interest bearing at fixed rate, as further detailed elsewhere in the financial statements.

47. FINANCIAL RISK MANAGEMENT

The main financial risks faced by AcrossAsia Group are credit risk, foreign currency risk, interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks, as well as economic risk and business risk of AcrossAsia Group, which are summarised below. AcrossAsia Group also monitors the market price risk arising from all financial instruments.

(a) Credit risk

Financial instruments that potentially subject AcrossAsia Group to significant concentrations of credit risk consist principally of bank deposits, trade receivables, other receivables, amounts due from related companies and certain investments. AcrossAsia Group's exposure to credit risk arises from default of other parties, with maximum exposure equal to the carrying amount of these instruments.

AcrossAsia Group maintains bank deposits with various financial institutions. AcrossAsia Group's policy is designed to limit exposure to any one institution. AcrossAsia Group performs periodic evaluations of the relative credit standing of those financial institutions that are considered in AcrossAsia Group's investment strategy.

Concentrations of credit risk with respect to trade receivables are limited due to the large number of entities comprising AcrossAsia Group's customer base. AcrossAsia Group normally grants trade credits to recognised and creditworthy customers and receivable balances are monitored on an ongoing basis by senior management.

AcrossAsia Group has significant concentration of credit risk with respect to its financial assets at fair value through profit or loss. As further detailed in Note 28 to the financial statements, AcrossAsia Group has invested in certain managed funds, debt securities, bonds and other investments with an aggregate carrying value of approximately HK$447 million at 31st December 2006. The managed funds have invested primarily in various fixed-income products, including, but not limited to, promissory notes and commercial paper issued by various companies and accordingly, may expose AcrossAsia Group to various credit and other risks, which are beyond the direct control of AcrossAsia Group. Such investments are closely monitored by senior management on an ongoing basis. AcrossAsia Group's exposure to credit risk would arise from default of the issuer, with maximum exposure equal to the carrying amount of the investments.

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for the year ended 31st December 2006

47. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

With respect to credit risk arising from the other financial assets of AcrossAsia Group, AcrossAsia Group's exposure to credit risk arises from default of the other parties, with maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk for those financial assets within AcrossAsia Group.

(b) Foreign currency risk

As a result of significant operations in Indonesia, AcrossAsia Group's balance sheet can be affected significantly by movements in Indonesian Rupiah/Hong Kong dollar exchange rates. AcrossAsia Group seeks to mitigate the effect of its structural currency exposure by borrowing in Indonesia Rupiah.

AcrossAsia Group also has transactional currency exposures. Such exposures arise from sales, purchases or borrowings by the Company's subsidiaries in currencies other than the subsidiaries' functional currency.

A substantial portion of AcrossAsia Group's revenue and cost of sales and services rendered are denominated in Indonesian Rupiah and United States dollar. AcrossAsia Group also generates expenses and liabilities in Indonesian Rupiah and United States dollar. As a result, AcrossAsia Group is required to convert Indonesian Rupiah into other currencies, particularly United States dollar, to meet its foreign exchange liabilities as they become due. Any adverse movement in the exchange rate of Indonesian Rupiah against the United States dollar would have an adverse effect on the results of AcrossAsia Group.

Moreover, the Indonesian government may in the future decide to introduce a scheme of exchange controls or other currency controls with a view to stabilising the exchange rate of the Indonesian Rupiah. The imposition of any such exchange controls may adversely affect the ability of AcrossAsia Group to exchange Indonesian Rupiah denominated revenue into United States dollar or other foreign currency denominated liabilities and may adversely affect AcrossAsia Group's financial condition.

(c) Interest rate risk

AcrossAsia Group's exposure to market risk for changes in interest rates relates primarily to its long term borrowing obligations and interest bearing assets.

AcrossAsia Group's policy is to manage its interest cost using a mixture of fixed and variable rate borrowings. At 31st December 2006, approximately 70% of AcrossAsia Group's interest-bearing borrowings were at a fixed rate of interest.

Further details of interest rate risk of AcrossAsia Group are set out in Note 46 to the financial statements.

47. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk

AcrossAsia Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings, promissory notes, finance leases, other payables and balances with related companies. Approximately HK$412.0 million, HK$1,173.4 million and HK$380.6 million of AcrossAsia Group's total borrowings, notes payable and bonds payable, respectively, at the balance sheet date will mature in more than one year. Due to the dynamic nature of underlying business, AcrossAsia Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(e) Market risk

Market risk is the risk that the value of financial assets will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual assets or factors affecting all assets in the market.

AcrossAsia Group is exposed to market risk on its investments in listed securities and managed funds.

Senior management seeks to manage market risk by employing the services of professional investment managers as well as internal monitoring. Monitoring of AcrossAsia Group's market exposure is carried out by senior management on an ongoing basis.

(f) Economic risk

A significant portion of AcrossAsia Group's operations may be adversely affected by significant political or economic uncertainties in Indonesia.

(g) Business risk

The success of AcrossAsia Group's business strategies will depend on certain factors outside its control. Accordingly, evaluation of AcrossAsia Group's businesses and its prospects was difficult, and there could be no assurance that AcrossAsia Group would succeed in these businesses.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2006

48. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, AcrossAsia Group had the following transactions with its related parties during the year:

	AcrossAsia Group	
	2006	2005
	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 AIG Lippo	**2,785**	374
– PT Lippo General Insurance	**234**	–
– PT Lippo Karawaci Tbk	**2,077**	–
Subscription fees for cable television program:		
– PT Lippo Karawaci Tbk	**1,904**	–
Interest income from:		
– PT Lippo Securities Tbk	**1,673**	1,588
Share administration fee income from:		
– PT Lippo e-Net Tbk	**214**	249
– PT Lippo Karawaci Tbk	**300**	240
– PT Lippo Securities Tbk	**331**	–
Pension fund expense charged by:		
– PT AIG Lippo	**560**	53
Marketing expenses charged by:		
– Avel Pty. Limited, Australia	**4,697**	6,886
Insurance expense charged by:		
– PT Lippo General Insurance	**1,265**	2,836

49. EVENTS AFTER THE BALANCE SHEET DATE

On 19th October 2006, each of Multipolar and Matahari announced their respective proposed rights issues. On 1st December 2006, Broadband Multimedia announced its proposed rights issue. The above rights issues were completed on 29th January 2007, 6th February 2007 and 6th February 2007 respectively. Total proceeds from the above rights issues received by each of Multipolar, Matahari and Broadband Multimedia are summarised as follows:

		Contributed by	
	Total proceeds	**The Company**	**AcrossAsia Group**
	HK$'000	HK$'000	HK$'000
Multipolar	273,577	139,936	139,936
Matahari	852,903	–	427,304
Broadband Multimedia	187,390	104,981	186,035

After the completion of the above rights issues, equity interest in Broadband Multimedia held by RPK, a wholly owned subsidiary of Multipolar, increased from 20.2% to 32.7%. The Company's indirect interest in Broadband Multimedia increased from 10.3% to 16.7% and its aggregate effective interest in Broadband Multimedia increased from 66.3% to 72.7 %. Goodwill arising from the deemed acquisition of Broadband Multimedia is approximately HK$7,077,000. The goodwill is attributable to the expected return provided to AcrossAsia Group upon the expansion of the core businesses of Broadband Multimedia which is to be financed by the rights issue.

Save as disclosed above, there are no other changes to the structure of AcrossAsia Group.

50. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of AcrossAsia Group.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 23rd March 2007.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of AcrossAsia Limited (the "Company") will be held at Chater Room I, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on Thursday, 10th May 2007 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited Consolidated Financial Statements of the Company and its subsidiaries and the Reports of the Directors and the Auditors for the year ended 31st December 2006.

2. To consider the re-election of a retiring Director and to authorise the Board of Directors to fix the Directors' remuneration.

3. To consider the re-appointment of RSM Nelson Wheeler as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

4. As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

   A. "**THAT**:

      (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and/or options (including warrants to subscribe for shares), which might require the exercise of such powers, be and is hereby generally and unconditionally approved;

      (b) the approval in paragraph (a) of this Resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and/or options (including rights to subscribe for or convert into shares), which might require the exercise of the powers to allot, issue and deal with additional shares in the capital of the Company after the end of the Relevant Period;

      (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of any option granted under the Company's share option schemes or any other option, scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the time of passing this Resolution, and the said approval shall be limited accordingly;

      (d) for the purposes of this Resolution:-

      "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:-

         (i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Cayman Islands or the Company's Memorandum and Articles of Association to be held; and

(iii) the authority set out in this Resolution being revoked or varied by way of ordinary resolution of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to holders of shares whose names appear on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange); and

(e) the authority conferred by this Resolution shall be in substitution for all previous authorities granted to the Directors of the Company, except that it shall be without prejudice to and shall not affect the exercise of the power of the Directors of the Company pursuant to such authorities to allot additional shares of the Company up to and in accordance with the approval therein contained prior to the date of this Resolution."

B. "**THAT**:

(a) subject to paragraph (c) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase issued shares in the capital of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Securities and Futures Commission, the Stock Exchange or any other stock exchange as amended from time to time and all applicable laws in this regard, be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) of this Resolution shall authorise the Directors of the Company, on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the Directors of the Company;

(c) the aggregate nominal amount of the shares which are authorised to be purchased by the Directors of the Company exercising the power pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:-

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:-

NOTICE OF ANNUAL GENERAL MEETING

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Cayman Islands or the Company's Memorandum and Articles of Association to be held; and

(iii) the authority set out in this Resolution being revoked or varied by way of ordinary resolution of the Company in general meeting."

C. "**THAT** conditional on the passing of Resolution 4B as set out in the notice convening this Meeting (the "AGM Notice") of which this Resolution forms a part, the general mandate granted to the Directors of the Company to allot and issue shares pursuant to Resolution 4A as set out in the AGM Notice be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors of the Company pursuant to such general mandate an amount representing the aggregate nominal amount of the shares in the share capital of the Company repurchased by the Company under the authority granted pursuant to the said Resolution 4B, provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the time of passing this Resolution."

By Order of the Board
Kelsch Woon Kun WONG
Company Secretary

Hong Kong, 30th March 2007

Head Office and Principal Place of Business in Hong Kong:
Room 4302, 43rd Floor
Tower One
Lippo Centre
89 Queensway
Hong Kong

Notes:

1. *Any member entitled to attend and vote at the meeting is entitled to appoint one or more separate proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.*

2. *To be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the Company's Head Office and Principal Place of Business in Hong Kong at Room 4302, 43rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting.*

3. *Delivery of a form of proxy shall not preclude a member from attending and voting in person at the meeting and in such event, the form of proxy shall be deemed to be revoked.*

AcrossAsia Limited