

Third Quarterly Report 2010

ACROSS ASIA LIMITED

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

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This report, for which the Directors of AcrossAsia Limited (the “Company”) (namely, executive Director: Mr. Marshall Wallace COOPER; and independent non-executive Directors: Mr. Albert Saychuan CHEOK, Dr. Boh Soon LIM and Mr. Thomas Yee Man LAW) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

THIRD QUARTERLY REPORT 2010

For the nine months ended 30th September 2010

HIGHLIGHTS

- AcrossAsia Group recorded an increase in revenue of 23.6% to HK\$514.4 million compared to HK\$416.2 million for the same period in 2009 due to a rapid growth in number of Internet service subscribers and demand for data communication service.
- AcrossAsia Group's gross profit increased by 72.9% to HK\$394.7 million from HK\$228.3 million for the corresponding period in 2009.
- Gross profit margin rose to 76.7% from 54.9% for the corresponding period in 2009.
- AcrossAsia Group recorded a profit from operations of HK\$70.7 million compared to HK\$218.1 million for the corresponding period in 2009. The difference was due to a gain from waiver of other payables amounting to HK\$135.4 million for the corresponding period in 2009.
- Total operating expenses (excluding other income and expenses) increased to HK\$359.8 million from HK\$222.4 million for the same period in 2009 mainly due to expenses incurred for new WiMAX business.
- AcrossAsia Group recorded a loss attributable to the owners of the Company of HK\$17.6 million compared to a profit of HK\$14.1 million (excluding the profit from discontinued operations) for the same period in 2009.

THIRD QUARTERLY RESULTS (UNAUDITED)

The Directors of AcrossAsia Limited (the "Company") announce the unaudited consolidated income statement and consolidated statement of comprehensive income of the Company and its subsidiaries (collectively "AcrossAsia Group") for the nine months ended 30th September 2010 (the "Nine-month Period") together with comparative figures for the corresponding period ended 30th September 2009 as follows:

CONSOLIDATED INCOME STATEMENT

	Note	Nine months ended 30th September		Three months ended 30th September	
		2010 HK\$'000	2009 HK\$'000 (restated)	2010 HK\$'000	2009 HK\$'000 (restated)
Continuing Operations					
Turnover	2	514,363	416,157	177,218	163,343
Cost of services rendered		(119,624)	(187,840)	(37,580)	(66,243)
Gross profit		394,739	228,317	139,638	97,100
Other income		5,623	6,152	(2,770)	5,953
Net exchange gain		30,210	70,677	8,123	31,284
Waiver of other payables		-	135,403	-	135,403
Selling and distribution expenses		(31,447)	(29,339)	(10,412)	(10,854)
General and administrative expenses		(328,381)	(193,099)	(111,342)	(72,356)
Profit from operations		70,744	218,111	23,237	186,530
Finance costs		(60,336)	(52,382)	(21,599)	(20,335)
Profit before tax		10,408	165,729	1,638	166,195
Income tax expense	3	(18,190)	(15,203)	(9,561)	(9,841)
(Loss)/profit for the period from continuing operations		(7,782)	150,526	(7,923)	156,354
Discontinued Operations					
Profit for the period from discontinued operations	4	-	159,515	-	110,722
(Loss)/profit for the period		(7,782)	310,041	(7,923)	267,076
(Loss)/profit attributable to:					
Owners of the Company	5	(17,622)	47,413	(16,100)	56,286
Minority interests		9,840	262,628	8,177	210,790
		(7,782)	310,041	(7,923)	267,076
(Loss)/earnings per share attributable to owners of the Company					
Basic (HK cents)					
- For (loss)/profit for the period	5	(0.35)	0.94	(0.32)	1.11
- For (loss)/profit for the period from continuing operations	5	(0.35)	0.28	(0.32)	0.39
Diluted (HK cents)					
- For (loss)/profit for the period	5	N/A	N/A	N/A	N/A
- For (loss)/profit for the period from continuing operations	5	N/A	N/A	N/A	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Nine months ended 30th September		Three months ended 30th September	
	2010 HK\$'000	2009 HK\$'000 (restated)	2010 HK\$'000	2009 HK\$'000 (restated)
(Loss)/profit for the period	(7,782)	310,041	(7,923)	267,076
Other comprehensive income/(loss):				
Rights issue of a subsidiary	180,442	–	–	–
Available-for-sale financial assets	–	31,473	–	25,375
Cash flow hedges	–	4,401	–	1,783
Currency translation differences	3,895	50,824	8,236	(112,394)
Total comprehensive income for the period	176,555	396,739	313	181,840
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(12,905)	77,162	(11,745)	90,537
Minority interests	189,460	319,577	12,058	91,303
	176,555	396,739	313	181,840

Notes:

1. Principal accounting policies

The unaudited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and International Accounting Standards ("IASs") issued by the International Accounting Standards Board and the applicable disclosures required by the GEM Listing Rules and the Hong Kong Companies Ordinance. AcrossAsia Group has adopted certain new/revised IFRSs and IASs and these adoptions have no material impact on the accounting policies of AcrossAsia Group and the methods of computation of AcrossAsia Group's consolidated results.

The audit committee has reviewed the unaudited consolidated financial statements of AcrossAsia Group for the Nine-month Period.

2. Segment information

(a) Operating segments

Information about reportable operating segment profit or loss for the Nine-month Period and the corresponding period in 2009 is as follows:

	Discontinued operations			Total HK\$'000
	Broadband services HK\$'000	Retails HK\$'000	IT solutions HK\$'000	
For Nine-month Period				
Revenue from external customers	514,363	-	-	514,363
Segment profit	147,484	-	-	147,484
Interest revenue	3,194	-	-	3,194
Interest expense	(42,135)	-	-	(42,135)
Depreciation and amortisation	(99,510)	-	-	(99,510)
Income tax expense	(18,190)	-	-	(18,190)

The corresponding period in 2009

Revenue from external customers	416,157	8,085,231	293,264	8,794,652
Intersegment revenue	-	1,465	10,268	11,733
Segment profit	103,622	210,379	55,549	369,550
Interest revenue	156	115,031	19,434	134,621
Interest expense	(36,627)	(266,718)	(64,950)	(368,295)
Depreciation and amortisation	(75,336)	(226,664)	(80,425)	(382,425)
Share of profits of associates	-	221	-	221
Income tax expense	(15,203)	(53,710)	(3,063)	(71,976)

Reconciliations of reportable segment revenue and profit or loss:

	Nine months ended	
	30th September	
	2010	2009
	HK\$'000	HK\$'000
Revenue		
Total revenue of reportable segments	514,363	8,806,385
Elimination of intersegment revenue	–	(11,733)
Consolidated revenue	514,363	8,794,652
Profit or loss		
Total profit or loss of reportable segment	147,484	369,550
Unallocated amounts:		
Interest revenue	3,238	134,812
Interest expense	(60,336)	(384,050)
Depreciation and amortisation	(99,563)	(382,464)
Share of profits of associates	–	221
Income tax expense	(18,190)	(71,976)
Net foreign exchange gain	30,210	217,084
Waivers of other payables	–	135,403
Fair value gain on derivative financial instruments	–	97,818
Fair value gain on revaluation of financial assets at fair value through profit and loss	2,385	141,753
Loss on disposal of property, plant and equipment	–	(6,068)
Gain on disposal of financial assets at fair value through profit and loss	–	3,801
Rental income	–	67,711
Other corporate expenses	(13,010)	(13,554)
Consolidated profit for the period	(7,782)	310,041

(b) Geographical segments

Over 90% of AcrossAsia Group's revenue is derived from customers and operations based in Indonesia and accordingly, no further analysis of AcrossAsia Group's geographical segments is disclosed.

3. Income tax expense

	Nine months ended 30th September		Three months ended 30th September	
	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax – overseas	10,314	4,695	10,049	855
Deferred tax expense/(benefit)	7,876	10,508	(488)	8,986
	18,190	15,203	9,561	9,841

No provision for Hong Kong Profits Tax is required since AcrossAsia Group's income is derived from overseas sources which is not liable to Hong Kong Profits Tax (2009: Nil).

Taxes charged 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 28% of the individual entities' respective assessable profits in accordance with Indonesian income tax law.

4. Discontinued operations

In July 2009, the Company announced a proposed reorganisation of AcrossAsia Group whereby the Company would declare a special dividend by way of a distribution in specie (the "Distribution") of all the Company's shareholdings in PT Multipolar Tbk ("Multipolar"). At the Extraordinary General Meeting of the Company held on 9th September 2009, the Distribution was approved by the shareholders of the Company. As a result, Multipolar and its subsidiaries including PT Matahari Putra Prima Tbk ("Matahari") (collectively "Multipolar Group") ceased to be subsidiaries of the Company in September 2009, and Retail and IT Solutions which have been operated by Multipolar Group became discontinued operations. The results of Multipolar Group ceased to be accounted for in the consolidated results of AcrossAsia Group following the Distribution.

Profit for the Nine-month Period from Retail and IT Solutions is presented below:

	Nine months ended 30th September		Three months ended 30th September	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Turnover	–	8,378,495	–	3,839,257
Cost of goods sold and services rendered	–	(6,205,183)	–	(2,819,260)
Gross profit	–	2,173,312	–	1,019,997
Other income	–	453,669	–	66,393
Selling and distribution expenses	–	(726,810)	–	(292,327)
General and administrative expenses	–	(1,352,436)	–	(588,318)
Profit from operations	–	547,735	–	205,745
Finance costs	–	(331,668)	–	(48,151)
Share of profits/(losses) of associates	–	221	–	(89)
Profit before tax	–	216,288	–	157,505
Income tax expense	–	(56,773)	–	(46,783)
Profit for the period	–	159,515	–	110,722
Profit attributable to:				
Owners of the Company	–	33,265	–	36,329
Minority interests	–	126,250	–	74,393
	–	159,515	–	110,722

5. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the (loss)/earnings attributable to owners of the Company for the Nine-month Period from continuing operations and discontinued operations of loss of HK\$17,622,000 (2009: profit of HK\$14,148,000) and nil (2009: profit of HK\$33,265,000) respectively and 5,064,615,385 (2009: 5,064,615,385) ordinary shares in issue for the Nine-month Period.

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary shares for the Nine-month Period and the corresponding period in 2009.

6. Special dividend and distribution

In 2009, the Company declared a special dividend which was satisfied by the Distribution amounting to approximately HK\$211,598,000.

7. Consolidated statement of changes in equity

For the Nine-month Period:

	Attributable to owners of the Company											
	Issued capital	Share premium	Capital reserve	Equity		Investment			Accumulated losses	Total	Minority interests	Total equity
				transactions of associates	Hedging reserve	revaluation reserve	Translation reserve					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st January 2009	506,462	32,877	1,464,802	7,659	(6,517)	(20,310)	(736,371)	(829,377)	419,225	1,904,252	2,323,477	
Total comprehensive income for the period	-	-	-	-	2,251	8,057	13,801	53,053	77,162	319,577	396,739	
Transfer	-	593,039	(631,394)	-	-	-	-	38,355	-	-	-	
Effect of distribution in specie*	-	(211,598)	(833,408)	(7,659)	4,266	12,253	722,761	(354,154)	(667,539)	(1,988,831)	(2,656,370)	
At 30th September 2009	506,462	414,318	-	-	-	-	191	(1,092,123)	(171,152)	234,998	63,846	
At 1st January 2010	506,462	414,318	-	-	-	-	798	(982,942)	(61,364)	86,852	25,488	
Capital reduction	(455,816)	-	-	-	-	-	-	455,816	-	-	-	
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	4,717	(17,622)	(12,905)	189,460	176,555	
At 30th September 2010	50,646	414,318	-	-	-	-	5,515	(544,748)	(74,269)	276,312	202,043	

* The Distribution, which was detailed in the Circular of the Company dated 17th August 2009 and represented a return of investment as dividend to the owners of the Company, has resulted in a net liabilities position.

8. Comparative figures

Certain comparative figures have been reclassified to confirm to the current period's presentation.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Nine-month Period (2009: Nil).

FINANCIAL REVIEW

AcrossAsia Group's results for the Nine-month Period were analysed based on the continuing operations namely Broadband Services.

Turnover

AcrossAsia Group recorded an increase in revenue of 23.6% to HK\$514.4 million compared to HK\$416.2 million for the same period in 2009 due to a rapid growth in number of Internet service subscribers and demand for data communication service.

Gross Profit

AcrossAsia Group's gross profit increased by 72.9% to HK\$394.7 million from HK\$228.3 million for the corresponding period in 2009 mainly attributable to additional demand for services as well as reduction in Cable TV programme fees and Internet bandwidth by HK\$47.8 million and access fees by HK\$4.7 million. Gross profit margin rose to 76.7% from 54.9% for the corresponding period in 2009.

Profit from Operations

AcrossAsia Group recorded a profit from operations of HK\$70.7 million compared to HK\$218.1 million for the corresponding period in 2009. The difference was due to a gain from waiver of other payables amounting to HK\$135.4 million for the corresponding period in 2009.

Total operating expenses (excluding other income and expenses) increased to HK\$359.8 million from HK\$222.4 million for the same period in 2009 mainly as a result of recognition and amortisation of prepaid annual and upfront fees on WiMAX of HK\$82.5 million and increase in staff salaries and benefits by HK\$29.8 million due to recruitment of additional staff to support the WiMAX business and rapid growth of other Broadband Services. Finance costs increased to HK\$60.3 million from HK\$52.4 million for the same period in 2009.

Loss attributable to Owners

AcrossAsia Group recorded a loss attributable to the owners of the Company of HK\$17.6 million compared to a profit of HK\$14.1 million (excluding the profit from discontinued operations) for the same period in 2009.

BUSINESS REVIEW

PT First Media Tbk (“First Media”, a subsidiary of the Company listed on the Indonesia Stock Exchange in which the Company has a 55.1% effective interest) is the flagship of Broadband Services. Through Triple-play, namely FastNet, HomeCable and DataComm, First Media offers a new edutainment and lifestyle of experience and broadband Internet connectivity to its valued customers in Indonesia.

FastNet is an unlimited high-speed Internet access service offering a variety of connection speeds with smart values and best deals. Packages offered range from 1 Mbps to 10 Mbps with subscription fees starting from Rp195,000/month. First Media also offers SME market with its FastNet SOHO (1.5 Mbps) and children with FastNet KIDS.

HomeCable offers a wide range of local and international TV channels covering news, education, movies, lifestyle, entertainment, sports, music and kids channels. Packages offered include HomeCable Family, HomeCable Ultimate, New D’lite (combo with FastNet) and Elite (combo with FastNet) coupled with attractive selection packs/add-ons with subscription fees starting from Rp60,000/month.

DataComm services provide connectivity and availability for decision making process and business continuity. DataComm serves demanding corporate customers for high reliability connection using the latest technology of fibre optic cable. The Metro Ethernet technology applied in the network backbone gives the corporate customers the very simple and flexibility technology to adapt.

As of 30th September 2010, First Media’s fibre optic cable reached approximately 4,000 km whilst its coaxial cable network reached over 4,850 km, passing more than 502,000 homes. This two-way HFC (Hybrid Fibre Coaxial) network covers major residential and central business districts in Greater Metropolitan Jakarta and other prime cities in Indonesia such as Surabaya and Bali.

First Media has undergone a successful trial run for broadcasting high definition (HD) TV programmes through its HFC network since August 2010. In early November 2010, it became the first cable TV operator in Indonesia to offer HD programmes by including two HD channels, HBO and ESPN, in its cable packages for which channels subscribers have to pay extra fee of Rp100,000 a month. A few more HD channels are expected to be launched by the end of 2010. Subscription fees for First Media's cable TV packages without HD service range from Rp60,000 to Rp300,000 per month, depending on the number of channels.

Cable TV subscribers reached a total of approximately 150,000 representing a penetration rate of 30%. Meanwhile, the number of broadband Internet subscribers increased to approximately 173,000, representing a 34% penetration rate. In addition, First Media's DataComm continues to be the sole network provider to Indonesia Stock Exchange for its JATS-Remote Trading since 2002.

During the Nine-month Period, First Media has implemented more aggressive marketing campaign to elevate its products, introducing more new channels and packages to meet market needs as well as more prudent and efficient cost management.

In June 2010, First Media soft launched its new WiMAX product "Sitra". Infrastructure work and deployment of WiMAX are still ongoing and already covers some prominent areas in West Jakarta.

PROSPECTS

First Media will maintain its focus on penetration of its core businesses via the Triple-play services through its current HFC network. The captive market with relatively low penetration rates offers considerable growth potential to First Media without its incurring any substantial investment costs.

Indonesia enjoys year-on-year growth in its economy in 2010. With the continuous improvements in its political and economic conditions that facilitate domestic investments and influx of foreign investments, and hence consumption power, the demand for First Media's Broadband Services is expected to increase further. AcrossAsia Group is also exploring opportunities to strengthen and rationalise its businesses and to broaden the capital base of its operating subsidiaries.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 30th September 2010, 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. Albert Saychuan CHEOK was interested in 1,000,000 shares of the Company (representing approximately 0.02% of the issued share capital thereof).

Save 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 Director (being also the chief executive) of the Company was granted on 23rd June 2000 (the "Grant Date") an option to subscribe for shares of the Company at a subscription price of HK\$3.28 per share as follows:

Name	Number of underlying shares		Outstanding as of 30th September 2010	Percentage of enlarged issued share capital
	Granted	Lapsed		
Mr. Marshall Wallace COOPER	355,000	(355,000) ^(Note)	–	–
Total	355,000	(355,000)	–	–

Note: The exercise period for all such shares ended on 22nd June 2010.

(ii) *Cash settled and other equity derivatives*

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

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

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

Substantial Shareholders

As at 30th September 2010, 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 ("Dr. 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. Riady is the founder. The beneficiaries of the trust included Dr. Riady and his family members. Dr. Riady was not the registered holder of any shares in the issued share capital of Lanius.

Long Position in Underlying Shares of the Company

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

Short Position in Shares and Underlying Shares of the Company

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

Other Persons

As at 30th September 2010, no other persons had any interests or short positions in the shares or underlying shares (in respect of positions held pursuant to equity derivatives) of the Company according to the registers required to be kept by the Company under the SFO.

SHARE OPTIONS

As at 30th September 2010, options granted on the Grant Date to 10 participants (other than the Directors of the Company) to subscribe for an aggregate of 11,584,000 shares of the Company at a subscription price of HK\$3.28 per share lapsed.

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

Participant	Number of underlying shares		
	As at 1st January 2010	Lapsed during the period	As at 30th September 2010
Directors	355,000	(355,000)	–
Others	11,584,000	(11,584,000)	–
Total	11,939,000	(11,939,000)	–

The Company also has a share option scheme adopted on 14th May 2002 (the "2002 Scheme") under which employees of AcrossAsia Group (including the Directors of the Company) and other persons may be granted on or after 15th May 2002 options to subscribe for shares of the Company subject to the terms and conditions stipulated in the 2002 Scheme. No options had been granted under the 2002 Scheme as at 30th September 2010.

COMPETING INTERESTS

The Lippo Group (a general reference to the companies (including Lippo Cayman) in which Dr. 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 businesses in Hong Kong and other parts in Asia similar to those of AcrossAsia Group during the Nine-month Period. There was a chance that such businesses might have competed with AcrossAsia Group during the Nine-month Period.

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

AUDIT COMMITTEE

The Board of Directors 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. 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 this year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

By Order of the Board
Marshall Wallace COOPER
Director and Chief Executive Officer

Hong Kong, 9th November 2010