# AcrossAsia Limited

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

# Annual Report 2011

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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

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# Corporate Information

## DIRECTORS

### Executive Director

Marshall Wallace COOPER
*(Chief Executive Officer)*

### Independent non-executive Directors

Albert Saychuan CHEOK
*(Chairman of the Board)*
Dr. Boh Soon LIM
Thomas Yee Man LAW

## COMPANY SECRETARY

Kelsch Woon Kun WONG, FCIS, FCS

## COMPLIANCE OFFICER

Marshall Wallace COOPER

## AUDIT COMMITTEE

Albert Saychuan CHEOK
*(Chairman of the Audit Committee)*
Dr. Boh Soon LIM
Thomas Yee Man LAW

## REMUNERATION COMMITTEE

Albert Saychuan CHEOK
*(Chairman of the Remuneration Committee)*
Dr. Boh Soon LIM

## NOMINATION COMMITTEE

Albert Saychuan CHEOK
*(Chairman of the Nomination Committee)*
Dr. Boh Soon LIM

## AUTHORISED REPRESENTATIVES

Marshall Wallace COOPER
Kelsch Woon Kun WONG

## AUTHORISED PERSON TO ACCEPT SERVICE OF PROCESS AND NOTICES

Kelsch Woon Kun WONG

## REGISTERED OFFICE

The offices of Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
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 Fulcrum Group (Cayman) Limited
P.O. Box 705, Butterfield House
Fort Street, George Town
Grand Cayman
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

## LEGAL ADVISERS TO THE COMPANY

### As to Hong Kong Law:

Howse Williams Bowers
29th Floor, Two Exchange Square
Central
Hong Kong

Reed Smith Richards Butler
20th Floor, Alexandra House
16–20 Chater Road, Central
Hong Kong

### As to Cayman Islands Law:

Maples and Calder
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

## AUDITOR

RSM Nelson Wheeler
Certified Public Accountants
29th Floor, Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

## PRINCIPAL BANKER

CITIC Bank International Limited
Lippo Centre, 89 Queensway
Hong Kong

## STOCK CODE

8061

## WEBSITES OF THE COMPANY AND MAJOR SUBSIDIARIES

www.across-asia.com
www.firstmedia.com
www.link.net.id

# Chairman's Statement

On behalf of the Board of Directors (the "Board") of the Company, I have pleasure in presenting the annual report of the Company and its subsidiaries (collectively "AcrossAsia Group") for the year ended 31st December 2011 to our shareholders.

In 2011, the fear of global economic recession and the spread of financial crisis amongst European countries cast a shadow on the growth of world's economy. Despite this, Asia-Pacific remains as the locomotive of world economic growth. The GDP (Gross Domestic Product) growth of Indonesia in 2011 reached 6.5%, the fastest pace since late 1990s and the highest amongst major Southeast Asian countries. The year was also a memorable and critical year of corporate development for AcrossAsia Group as the Company's subsidiary, PT First Media Tbk ("First Media"), and its subsidiaries successfully completed the subscription by the CVC (a world class fund) group of minority interests in their broadband Internet and cable TV businesses and a bond issued by First Media for an aggregate price of approximately HK$2 billion. With such fresh funding, AcrossAsia Group substantially has improved its financial position and gearing and continues to strengthen the development of its promising broadband Internet and cable TV businesses and expand its 4G broadband Sitra WiMAX business.

AcrossAsia Group posted record turnover from broadband Internet business and cable TV business of HK$534 million and HK$233 million in 2011, representing year-on-year increases of 25% and 5% respectively.

In the light of consecutive years of booming economy, rich natural resources, expansion of the middle class and relatively young population in Indonesia, the domestic consumption and foreign investment continue to be strong. It is estimated that there would be ample room for growth in the number of broadband Internet, cable TV and Sitra WiMAX users in coming years as the relevant penetration rate, in Indonesia are still far less than those in other major Asian economies. The rising trend will facilitate the positioning of First Media as the premier Quadruple-play, Megamedia service provider in Indonesia.

Indonesia is forecasted to enjoy a GDP growth of over 6% in 2012 amidst an uncertain and unstable global economic outlook. AcrossAsia Group will continue to focus on its leading broadband Internet and cable TV businesses while rolling out Sitra WiMAX service, and prudently explore new business development opportunities and alliances by capitalising on the business models and platforms it has established.

On behalf of the Board, I would like to extend our heartfelt thanks to the dedicated work, trust and collaboration of the staff, customers and business partners of AcrossAsia Group. I would also take this opportunity to thank our shareholders and my fellow Directors for their valuable support, guidance and direction.

**Albert Saychuan CHEOK**
*Chairman*

Hong Kong, 22nd March 2012

# Financial Summary

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

| | **2011** | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| CONSOLIDATED RESULTS | | | | | |
| Continuing operations | | | | | |
| Turnover* | **920,648** | 708,984 | 537,147 | 428,548 | 9,194,939 |
| Gross profit* | **724,985** | 554,464 | 320,247 | 222,441 | 2,508,476 |
| (Loss)/profit for the year from continuing operations* | **(64,189)** | (17,720) | 137,922 | (137,087) | 454,485 |
| Discontinued operations | | | | | |
| Profit/(loss) for the year from discontinued operations | **—** | — | 159,515 | (88,271) | — |
| (Loss)/profit after tax but before non-controlling interests | **(64,189)** | (17,720) | 297,437 | (225,358) | 454,485 |
| (Loss)/profit attributable to owners of the Company | **(80,431)** | (33,145) | 162,234 | (119,656) | 63,337 |
| CONSOLIDATED ASSETS & LIABILITIES | | | | | |
| Owners' equity | **298,545** | (92,422) | (61,364) | 419,225 | 631,571 |
| Non-current assets | **1,749,460** | 1,261,363 | 1,191,146 | 4,616,954 | 4,399,395 |
| Current assets | **1,070,538** | 232,187 | 191,472 | 4,235,610 | 4,609,871 |
| Current liabilities | **603,811** | 801,938 | 761,348 | 3,914,189 | 2,917,756 |
| Non-current liabilities | **725,308** | 501,694 | 595,782 | 2,614,898 | 3,002,792 |

* Turnover and results of Retail and IT Solutions remained as items under continuing operations for 2007.

# Management Review

## FINANCIAL REVIEW

AcrossAsia Group's results for 2011 were analysed as follows:

### Turnover

AcrossAsia Group's total turnover sharply increased by 29.9% to HK$920.6 million compared to HK$709.0 million in 2010 mainly contributed by a growth in number of Internet service subscribers and demand for data communications services amounting to HK$533.8 million in aggregate from HK$428.4 million in 2010. AcrossAsia Group also generated other revenue of HK$105.9 million compared to HK$25.1 million in 2010 from another stream of business comprising income from WiMAX of HK$10.6 million, sale of modems and converters, leasing out equipment, joining fee and other related services.

### Gross Profit

AcrossAsia Group's gross profit increased by 30.8% to HK$725.0 million from HK$554.5 million in 2010 mainly attributable to additional demand for services and the aforesaid other revenue. The profit margin rose to 78.7% from 78.2% for 2010 because cable TV and broadband businesses remain operating cost-effectively on existing infrastructure and capacity.

### Profit from Operations

AcrossAsia Group recorded a profit from operations of HK$18.4 million compared to HK$75.9 million for 2010.

Total operating expenses (excluding other income and expenses) increased to HK$771.3 million from HK$508.1 million for 2010 mainly as a result of depreciation charge of HK$172.4 million (2010: HK$122.9 million), sales promotion of HK$22.4 million (2010: HK$7.5 million) as incentive for pushing up revenue, rental for office and WiMAX Base Stations of HK$58.5 million (2010: HK$24.5 million), bad debts of HK$34.8 million (2010: HK$4.3 million), legal and professional fees of HK$60.5 million (2010: HK$28.5 million) mainly for the transaction in respect of the deemed disposal of certain interests in subsidiaries, and staff salaries and benefits of HK$184.1 million (2010: HK$120.5 million) resulting from recruitment of additional staff to support the WiMAX business and rapid growth of broadband Internet.

### Profit Attributable to Owners

AcrossAsia Group recorded a loss attributable to owners of the Company of HK$80.4 million compared to HK$33.1 million for 2010.

### Finance Resources and Capital Structure

AcrossAsia Group primarily financed its operations with internally generated cash flows, capital injection from investors and borrowings during 2011. As at 31st December 2011, AcrossAsia Group had bank and cash balances of HK$691.6 million. The total borrowings amounted to HK$927.2 million compared to HK$1,103.6 million as at 31st December 2010. Borrowings were mainly denominated in Indonesian Rupiah and United States Dollar 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 property, plant and equipment and trade receivables of AcrossAsia Group.

During the year, AcrossAsia Group implemented and is continuing to implement the following management plan to further improve its financial position: restructuring of current borrowings to long-term loans; enhancement of operational efficiency; procurement of long-term debt/equity financing; extension of the penetration of the cable TV, broadband Internet and other services; and exploration of new business opportunities. AcrossAsia Group's gearing ratio, representing total borrowings divided by equity attributable to owners of the Company, was 3.1 times as at 31st December 2011. The accumulated losses of AcrossAsia Group also reduced to HK$128.8 million as at 31st December 2011 from HK$560.3 million as at 31st December 2010. Such improvement was attributable to the completion of a transaction resulting in a gain from deemed disposal of minority interests of subsidiaries.

As a result of substantial operations in Indonesia, AcrossAsia Group has exposed foreign currency risk from borrowings denominated in Indonesian Rupiah and United States Dollar and funds received and spent mainly denominated in Indonesian Rupiah. During the year, the foreign currency exposure had positive impact on AcrossAsia Group's results. AcrossAsia Group will continue to monitor and manage its foreign exchange exposure.

# Management Review

## BUSINESS REVIEW

AcrossAsia Group through First Media (a subsidiary of the Company listed on the Indonesia Stock Exchange in which the Company has a 55.1% interest) and its subsidiaries (collectively "First Media Group") recorded growth in their services. First Media Group is the only multimedia service provider in Indonesia to offer broadband Internet and digital-quality cable TV services through a two-way HFC (Hybrid Fibre Coaxial) network, and the first pay-TV network in Indonesia to offer High-Definition TV programmes. With its Triple-play services, namely FastNet, HomeCable and DataComm, First Media Group offers a new edutainment and lifestyle of experience and high speed, 24/7 broadband Internet connectivity as well as digital quality pay-TV access to its valuable residential and business 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 currently range from 1.5 Mbps to 20 Mbps with minimum subscription fees Rp235,000/month. With 20Mbps of unlimited access, First Media Group offers the fastest truly broadband Internet service in Indonesia. It has the unique opportunity to sell premium products to its target customers by leveraging its exclusive access to high-end customer segments. First Media Group also takes care of kids' Internet access needs by providing innovative and content-protected FastNet KIDS package.

With the addition of more SD (standard definition) and HD (high definition) channels, HomeCable now offers a total of 100 SD channels of local and international TV plus 21 HD channels covering news, education, movies, lifestyle, entertainment, sports and music channels. Packages offered include HomeCable Family, HomeCable Family Plus, HomeCable Ultimate, Sport Channels and attractive selection packs/add-ons with minimum subscription fees increased to Rp90,000 per month, depending on the number of channels/selections.

DataComm services provide excellent connectivity and availability for decision making process and business continuity. DataComm continues to serve the demand from 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 flexible technology to adapt. Through its DataComm business, First Media Group is presently the market leading provider of high capacity and high speed data communications solutions to its commercial subscribers with cutting-edge technology in coverage of key commercial office buildings and hotels in Jakarta region. DataComm has been the sole network provider to the Indonesia Stock Exchange for its JATS-Remote Trading for over nine years now.

During 2011, First Media Group continued its focus on improvement of its services and customer satisfaction in order to grow its customer base as well as its new rollout on the infrastructure to cover untapped areas. The results were healthy growth of its customer base, strengthening of the dominance of its Triple-Play Megamedia services, together with achievement of satisfactory operating results. First Media Group has implemented more aggressive marketing campaign to promote its service offerings and introduced more channels and packages as aforesaid to meet market needs.

In late June 2011, First Media Group completed the subscription by Asia Link group (part of the world class fund, CVC) of minority equity interests in PT Link Net and PT First Media Television (operating broadband Internet and cable TV businesses) and a bond issued by First Media for an aggregate price of approximately HK$2 billion (collectively the "CVC Transactions"). It also completed the purchase of 4 floors of office space at Gedeng Citra Graha in Jakarta, Indonesia for a consideration of approximately HK$106 million (the "Purchase") for its self-use and leasing.

First Media Group continued its second phase network coverage expansions particularly with the benefits of the CVC Transactions. It has added over 148,000 home pass to its HFC network. By the end of 2011, its fiber optic cable reached over 4,272 km whilst its coaxial cable network reached over 5,954 km, passing more than 654,000 homes. This HFC network covers major residential and central business districts in Greater Metropolitan Jakarta and other prime cities in Indonesia such as Surabaya and Bali. By the end of 2011, the number of cable TV subscribers and broadband Internet subscribers reached over 190,700 and over 192,900 respectively. First Media Group has been expanding into the most advanced wireless broadband operation after successful soft launch of its new high speed 4G WiMAX service "Sitra" to cope with rising demand for mobile data service driven by affluence of smartphones and tablet devices. The network already covers some prominent areas in West and South Jakarta. Sitra has started to accumulate subscribers and generate revenue.

# Management Review

## PROSPECTS

Indonesia is forecasted to attain a GDP growth of over 6% in 2012 though slightly lower than the 6.5% in 2011. This continuous growth momentum will foster expansion of the middle class and demand for higher living standards of the 240 million population, and will also provide sound environment for domestic consumption and foreign investment which in turn will spiral up the demand for good quality broadband Internet and cable TV services that First Media Group is offering. The CVC Transactions provide First Media Group with the right financial resources to promptly expand its well established HFC network to tap the huge potential of the broadband Internet and cable TV businesses (such as HD TV channels) given the relatively low penetration rates in Indonesia and to roll out its Sitra WiMAX service thereby consummating its goal of becoming a Quadruple-play service provider. AcrossAsia Group will stay alert towards the global economic situations while continuing to optimize and broaden its operations through First Media Group.

## EMPLOYEES

As at 31st December 2011, AcrossAsia Group had approximately 750 employees (2010: 630). 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 options granted or to be granted under the share option scheme, incentive bonus and training schemes.

# Directors and Senior Management

## EXECUTIVE DIRECTOR

**Mr. Marshall Wallace COOPER**, aged 52, 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 the CEO, a director and a commissioner of First Media, a commissioner of PT Multipolar Tbk, and a director of Asia Now Resources Corp. listed on TSX Venture Exchange. 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.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Albert Saychuan CHOEK**, aged 61, joined the Board as an independent non-executive Director in February 2006 and was appointed the Chairman of the Board in October 2008. He is also the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee of the Board.

He is a Fellow of CPA Australia Ltd. He graduated from the University of Adelaide, Australia with First Class Honours in Economics. He is a banker with over 30 years experience in banking in the Asia-Pacific region. Between May 1979 and February 1982, he was an adviser to the Australian Government Inquiry into the Australian financial system which introduced comprehensive reforms to the Australian banking system. He was Chief Manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the Deputy Commissioner of Banking of Hong Kong for about three and a half years. He was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995.

From September 1995 to November 2005, he was the Chairman of Bangkok Bank Berhad in Malaysia, a wholly-owned subsidiary of Bangkok Bank of Thailand. He also served as the Deputy Chairman of Asia Life (M) Berhad, a major life insurer in Malaysia from January 1999 to June 2008.

He is currently the non-executive Chairman of Auric Pacific Group Limited ("Auric"), a diversified food group listed on Singapore Exchange Securities Trading Limited (the "Singapore Exchange") with operations in Singapore, China and Malaysia.

He is a member of the Board of Governors of the Malaysian Institute of Corporate Governance, and the Vice Chairman of the Export and Industry Bank of the Philippines.

He is also the Chairman of Bowsprit Capital Corporation Limited, the Manager of First Real Estate Investment Trust; independent non-executive Chairman of LMIRT Management Ltd., the Manager of Lippo Malls Indonesia Retail Trust; and non-executive director of Amplefield Limited. First Real Estate Investment Trust, Lippo Malls Indonesia Retail Trust and Amplefield Limited are listed in Singapore.

He is an independent non-executive director of Metal Reclamation Bhd., a company listed in Malaysia. In May 2011, he was appointed a director of IPP Financial Services Holdings Ltd.

He is also the independent non-executive director of Hongkong Chinese Limited, a company listed on the Stock Exchange.

**Dr. Boh Soon LIM**, aged 56, has been an independent non-executive Director of the Company since May 2006. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. He is an independent non-executive director of Auric and CSE Global Limited, both of which are listed on the Singapore Exchange. He is also an independent non-executive director of Smartag Solutions Berhad, which is listed on the ACE Market of Bursa Malaysia Securities Berhad. He was the first non-Muslim CEO of Kuwait Finance House in Singapore and first foreign CEO of Vietcombank Fund Management Company in Vietnam. 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 the United Kingdom with a Bachelor of Science degree (First Class Honours) and a PhD degree in Mechanical Engineering, and was a winner of Professor Mellanby Prize. 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 the United Kingdom.

# Directors and Senior Management

**Mr. Thomas Yee Man LAW**, aged 54, has been an independent non-executive Director and a member of the Audit Committee of the Board since May 2010. He is an independent non-executive director of Sage International Group Limited, a company listed on the Stock Exchange. He was the Managing Director of Hunter Douglas China/Hong Kong Limited and had been a director of various Hunter Douglas companies over a 20-year period in Singapore and Shanghai, Beijing, Shenzhen and Xiamen in the People's Republic of China. Prior to that, he was the deputy general manager of a subsidiary of K.Wah Stones Group in Hong Kong. He graduated from the University of Melbourne in Australia with a Bachelor of Architecture degree, and from the University of Warwick in the United Kingdom with a Master of Science degree in Engineering Business. He is an associate member of the Royal Australian Institute of Architects.

## SENIOR MANAGEMENT

**Mr. Irwan DJAJA**, aged 40, has been the President Director of First Media since October 2011. He was previously the Finance Director/Chief Financial Officer of First Media. He was a Director/Deputy CEO of PT Clipan Finance Indonesia, Tbk, a public listed multi-finance company in Indonesia, from 2006 to 2009. Prior to that, he worked as an auditor and corporate finance consultant in the accounting firms of Arthur Andersen Co. SC (1994 to 1996) and KPMG (1998 to 2005). He was Director/Associate Partner Corporate Finance of KPMG Indonesia from 2001 to 2005. He graduated from Universitas Trisakti, with a Bachelor of Economics degree majoring in accountancy and from the University of Melbourne with a Master degree in Applied Finance.

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The Company has implemented measures to meet the Code on Corporate Governance Practices set out in Appendix 15 of 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 a certain extent, of the recommended best practices thereof and are not aware of any non-compliance with the CG Code during 2011 save as disclosed herein.

First Media entered into a sale and purchase agreement with a seller on 27th June 2011 for the Purchase. The Purchase constituted a discloseable transaction for the Company under the GEM Listing Rules. The Company did not fully comply with the GEM Listing Rules to announce the Purchase in a timely manner and could only publish the relevant announcement on 11th August 2011 as soon as it had become aware of the Purchase.

## 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 2011.

## BOARD OF DIRECTORS

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

During 2011, the Board held 5 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. Albert Saychuan CHEOK ("Mr. Cheok") | 5/5 | 100% |
| Mr. Marshall Wallace COOPER ("Mr. Cooper") | 5/5 | 100% |
| Dr. Boh Soon LIM ("Dr. Lim") | 5/5 | 100% |
| Mr. Thomas Yee Man LAW ("Mr. Law") | 5/5 | 100% |

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

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.

# Corporate Governance Report

## 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, Mr. Cheok, is an independent non-executive Director and generally chairs all the Board meetings and general meetings. The Chief Executive Officer, Mr. Cooper, is an 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.

## NON-EXECUTIVE DIRECTORS

The term of office of Mr. Cheok was extended for two years from 22nd February 2012 pursuant to a letter dated 20th February 2012.

The term of office of Dr. Lim was extended for two years from 2nd May 2010 pursuant to a letter dated 1st May 2010.

Mr. Law was appointed as an independent non-executive Director pursuant to a letter of appointment dated 28th May 2010 for a term of two years from 28th May 2010.

## REMUNERATION OF DIRECTORS

The Board established the Remuneration Committee which currently comprises two independent non-executive Directors, namely, Mr. Cheok (being the Chairman of the Remuneration Committee) and Dr. Lim. 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.

The Remuneration Committee has met two times during 2011 and the attendance of the members is as follows:

| Name of Member | Number of Attendance | Percentage of Attendance |
|---|---|---|
| Mr. Cheok | 2/2 | 100% |
| Dr. Lim | 2/2 | 100% |

The Remuneration Committee approved certain remuneration matter in the meetings and 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.

## NOMINATION OF DIRECTORS

The Board has the power to appoint Director(s) pursuant to the Articles. During 2011, the Board did not consider any appointment of Directors.

## AUDITOR’S REMUNERATION

The remuneration of the audit services rendered by the auditor of the Company was mutually agreed in view of the scope of services in the sum of HK$630,000. During 2011, the auditor of the Company also provided non-audit services for the preparation of an accountants’ report in connection with the CVC Transactions to the Company in the sum of HK$300,000.

# Corporate Governance Report

## AUDIT COMMITTEE

The Board established 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 Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Cheok (being the Chairman of the Audit Committee), Dr. Lim and Mr. Law. 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 2011 and the attendance of the members is as follows:

| Name of Member | Number of Attendance | Percentage of Attendance |
|---|---|---|
| Mr. Cheok | 4/4 | 100% |
| Dr. Lim | 4/4 | 100% |
| Mr. Law | 4/4 | 100% |

During 2011, 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 Director, management and the auditor 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 effectiveness of the system. The Audit Committee enquires of the management and AcrossAsia Group's audit officers and/or the external auditor about significant risks or exposures facing AcrossAsia Group.

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 organisation structure and delegations of authority and responsibility to individual employees are key aspects of the internal control system. Internal controls are 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 control system also extends to those of its subsidiaries. To monitor the effectiveness of the internal control 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 control 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.

# Corporate Governance Report

## INTERNAL CONTROLS (Continued)

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 auditors as well as those by the Audit Committee and senior management.

The period of the review of the system of internal controls covers 2011 and the Board is of the view that save as noted below, there is no significant area of concern which may suggest material deficiencies in the effectiveness of AcrossAsia Group's internal control system.

The Board also reviews with the management and the external auditor 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 consolidated financial statements of AcrossAsia Group for 2011 (the "Financial Statements") and the auditor of the Company also sets out its reporting responsibilities on the Financial Statements in its Independent Auditor's Report in the Annual Report.

AcrossAsia Group incurred a loss attributable to owners of the Company of approximately HK$80,431,000 for the year ended 31st December 2011 and had net current assets and net assets attributable to owners of the Company of approximately HK$466,727,000 and HK$298,545,000 respectively as at 31st December 2011.

## COMMUNICATION WITH SHAREHOLDERS

The rights of Shareholders and the procedure for demanding a poll on resolutions at general meetings are contained in the Company's Articles. Pursuant to the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll, except where the chairman thereof, in good faith, decides to allow a resolution which relates purely to procedural or administrative matter to be voted on by a show of hands. In addition, an announcement on the poll vote results will be made by the Company following the relevant general meeting.

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board.

# Report of the Directors

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

## PRINCIPAL ACTIVITIES

AcrossAsia Group is engaged principally in the provision of cable TV, broadband network, broadband Internet access and WiMAX services.

AcrossAsia Group's business segment is set out in Note 7 to the Financial Statements.

## CUSTOMERS AND SUPPLIERS

For 2011, the five largest customers of AcrossAsia Group accounted for approximately 2.30% of AcrossAsia Group's total turnover (2010: 3.02%), while the five largest suppliers of AcrossAsia Group accounted for approximately 36.87% (2010: 44.07%) of AcrossAsia Group's total purchases. The largest customer of AcrossAsia Group accounted for 1.08% (2010: 2.05%) of AcrossAsia Group's total turnover while the largest supplier accounted for 8.82% (2010: 16.40%) 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 2011 are set out in the Consolidated Income Statement on page 21 of the Annual Report.

The Directors do not recommend the payment of a final dividend in respect of 2011.

## PENSION COSTS

Particulars of pension costs for 2011 are set out in Note 12 to the Financial Statements.

## SHARE CAPITAL

Details of share capital are set out in Note 27 to the Financial Statements.

## RESERVES

Movements in reserves and accumulated losses of AcrossAsia Group during 2011 are set out in the Consolidated Statement of Changes in Equity on page 25 of the Annual Report.

# Report of the Directors

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

During 2011, 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 Financial Statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during 2011 are set out in Note 16 to the Financial Statements.

## INTEREST-BEARING BORROWINGS, NOTES PAYABLE AND BOND PAYABLE

Particulars of interest-bearing borrowings, notes payable and bond payable as at 31st December 2011 are set out in Notes 31, 32 and 33 respectively to the Financial Statements.

## RELATED PARTY TRANSACTIONS

The related party transactions are set out in Note 40 to the Financial Statements.

## DIRECTORS

The Directors who held office during 2011 and up to the date of this report were:

**Executive Director**
Mr. Marshall Wallace COOPER

**Independent non-executive Directors**
Mr. Albert Saychuan CHEOK
Dr. Boh Soon LIM
Mr. Thomas Yee Man LAW

In accordance with Article 116 of the Articles, Mr. Cheok and Mr. Law will retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

# Report of the Directors

## DIRECTORS' SERVICE CONTRACTS

Mr. Cooper entered into a service contract dated 2nd May 2010 with the Company for a term of two years from 2nd May 2010 which shall be continuing thereafter unless terminated by either party by not less than three calendar months' prior notice in writing or in accordance with other relevant terms of the service contract.

The term of office of Mr. Cheok was extended for two years from 22nd February 2012 pursuant to a letter dated 20th February 2012.

The term of office of Dr. Lim was extended for two years from 2nd May 2010 pursuant to a letter dated 1st May 2010.

Mr. Law was appointed pursuant to a letter of appointment dated 28th May 2010 for a term of two years from 28th May 2010.

## DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in Note 9 to the 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 2011 or at any time during 2011.

## DISCLOSURE OF INTERESTS IN SECURITIES

### Directors and Chief Executive

As at 31st December 2011, 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 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

None of the Directors or the chief executive of the Company were interested in any physically settled equity derivatives of the Company or any of its associated corporations.

(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.

# Report of the Directors

***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 31st December 2011, 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 ("Madam Suryawaty") | 3,669,576,788 | 72.45 |

*Notes:*

*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 is the trustee of a discretionary trust, which was founded by Dr. Riady who does not have any interest in the shares of Lanius. The beneficiaries of the trust include his family members.*

*Dr. Riady and his wife, Madam Suryawaty, are taken to be interested in the shares of the Company under the provisions of the SFO.*

***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 2011, 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.

# Report of the Directors

## SHARE OPTIONS

The Company 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 29 to the Financial Statements.

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 2002 Scheme.

## 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 2011. There was a chance that such businesses might have competed with AcrossAsia Group during 2011.

Save as disclosed herein, the Directors are not aware of any business or interest of the Directors, the substantial 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.

## AUDITOR

The Financial Statements have been audited by RSM Nelson Wheeler. A resolution for the re-appointment of RSM Nelson Wheeler as the auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
**Albert Saychuan CHEOK**
*Chairman*

Hong Kong, 22nd March 2012

# Independent Auditor's Report

RSM Nelson Wheeler
中瑞岳華(香港)會計師事務所
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 (collectively referred to as the "Group") set out on pages 21 to 76, which comprise the consolidated and Company statements of financial position as at 31st December 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

# Independent Auditor's Report

## 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 2011, 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.

## EMPHASIS OF MATTER RELATING TO THE GARNISHEE PROCEEDINGS

Without qualifying our opinion, we draw attention to the following matter:

As explained in note 41 to the financial statements, garnishee proceedings have been brought against the Company in Hong Kong as part of the attempts to enforce certain arbitration awards issued by the Singapore International Arbitration Centre in Singapore against PT First Media Tbk ("First Media"), a 55.1% owned subsidiary of the Company, PT Ayunda Prima Mitra ("Ayunda"), the then wholly owned subsidiary of First Media, and PT Direct Vision, an associate of Ayunda. Based on the information available to the directors of the Company, details of which are set out in note 41 to the financial statements, the directors of the Company are of the view that no provision is required to be made in the Group's consolidated financial statements for the year ended 31st December 2011.

**RSM Nelson Wheeler**
*Certified Public Accountants*
Hong Kong

22nd March 2012

# Consolidated Income Statement

For the year ended 31st December 2011

| | Note | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|---|
| **Turnover** | 5 | **920,648** | 708,984 |
| Cost of services rendered | | **(195,663)** | (154,520) |
| Gross profit | | **724,985** | 554,464 |
| Other income | 6 | **17,754** | 5,384 |
| Gain on disposal of a subsidiary | 37(b) | **18,411** | — |
| Fair value loss on derivative financial instruments | | **—** | (502) |
| Net foreign exchange gains | | **28,492** | 24,757 |
| Selling and distribution costs | | **(77,408)** | (44,912) |
| General and administrative expenses | | **(693,875)** | (463,244) |
| **Profit from operations** | | **18,359** | 75,947 |
| Finance costs | 8 | **(54,355)** | (73,197) |
| **(Loss)/profit before tax** | | **(35,996)** | 2,750 |
| **Income tax expense** | 11 | **(28,193)** | (20,470) |
| **Loss for the year** | 12 | **(64,189)** | (17,720) |
| **Attributable to:** | | | |
| Owners of the Company | 13 | **(80,431)** | (33,145) |
| Non-controlling interests | | **16,242** | 15,425 |
| | | **(64,189)** | (17,720) |
| **Loss per share** | 15 | | |
| — basic *(HK cents)* | | **(1.59)** | (0.65) |
| — diluted *(HK cents)* | | **N/A** | N/A |

# Consolidated Statement of Comprehensive Income

For the year ended 31st December 2011

| | 2011<br>HK$'000 | 2010<br>HK$'000 |
|---|---|---|
| **Loss for the year** | **(64,189)** | (17,720) |
| **Other comprehensive income:** | | |
| Exchange differences on translating foreign operations | **(105,101)** | 5,445 |
| Exchange differences reclassified to income statement on disposal of a subsidiary | **(348)** | — |
| **Other comprehensive income for the year, net of tax** | **(105,449)** | 5,445 |
| **Total comprehensive income for the year** | **(169,638)** | (12,275) |
| **Attributable to:** | | |
| Owners of the Company | **(120,981)** | (31,058) |
| Non-controlling interests | **(48,657)** | 18,783 |
| | **(169,638)** | (12,275) |

# Statements of Financial Position

As at 31st December 2011

| | | AcrossAsia Group | | Company | |
|---|---|---|---|---|---|
| | | **2011** | 2010 | **2011** | 2010 |
| | Note | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 16 | **1,388,449** | 1,030,282 | **—** | — |
| Interests in subsidiaries | 17 | **—** | — | **430,849** | 430,849 |
| Available-for-sale financial assets | 18 | **4,326** | 4,403 | **67** | 67 |
| Other intangible assets | 19 | **99,778** | 104,733 | **—** | — |
| Deferred tax assets | 20 | **30,999** | 12,070 | **—** | — |
| Non-current prepayments, deposits and receivables | 21 | **225,908** | 109,875 | **354** | 793 |
| | | **1,749,460** | 1,261,363 | **431,270** | 431,709 |
| **Current assets** | | | | | |
| Trade receivables | 22 | **85,679** | 97,727 | **—** | — |
| Due from related companies | 23 | **3,587** | — | **323** | — |
| Financial assets at fair value through profit or loss | 24 | **—** | — | **26,790** | 8,058 |
| Prepayments, deposits and other current assets | 25 | **289,704** | 67,373 | **50,031** | 50,742 |
| Bank and cash balances | 26 | **691,568** | 67,087 | **650** | 1,632 |
| | | **1,070,538** | 232,187 | **77,794** | 60,432 |
| **TOTAL ASSETS** | | **2,819,998** | 1,493,550 | **509,064** | 492,141 |

# Statements of Financial Position

As at 31st December 2011

| | | AcrossAsia Group | | Company | |
|---|---|---|---|---|---|
| | | **2011** | 2010 | **2011** | 2010 |
| | Note | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| **Capital and reserves** | | | | | |
| Share capital | 27 | **50,646** | 50,646 | **50,646** | 50,646 |
| Reserves | 28 | **247,899** | (143,068) | **3,953** | 227,115 |
| Equity attributable to owners of the Company | | **298,545** | (92,422) | **54,599** | 277,761 |
| Non-controlling interests | | **1,192,334** | 282,340 | **—** | — |
| **Total equity** | | **1,490,879** | 189,918 | **54,599** | 277,761 |
| **Non-current liabilities** | | | | | |
| Employees' benefits obligations | 30 | **24,426** | 17,209 | **—** | — |
| Interest-bearing borrowings | 31 | **61,257** | 220,057 | **—** | 202,800 |
| Notes payable | 32 | **—** | 217,442 | **—** | — |
| Bond payable | 33 | **612,210** | — | **—** | — |
| Finance lease payables | 34 | **2,509** | 21,631 | **—** | — |
| Due to related companies | 35 | **24,906** | 25,355 | **—** | — |
| | | **725,308** | 501,694 | **—** | 202,800 |
| **Current liabilities** | | | | | |
| Interest-bearing borrowings | 31 | **246,293** | 629,229 | **93,600** | — |
| Notes payable | 32 | **4,240** | 6,338 | **—** | — |
| Finance lease payables | 34 | **689** | 8,861 | **—** | — |
| Due to a subsidiary | 17 | **—** | — | **352,393** | — |
| Due to a related company | 35 | **4,000** | 4,000 | **4,000** | 4,000 |
| Derivate financial instruments | | **—** | 509 | **—** | — |
| Trade payables | 36 | **165,778** | 29,895 | **—** | — |
| Receipts in advance | | **21,298** | 15,950 | **—** | — |
| Other payables and accruals | | **118,678** | 97,071 | **4,472** | 7,580 |
| Current tax payable | | **42,835** | 10,085 | **—** | — |
| | | **603,811** | 801,938 | **454,465** | 11,580 |
| **Total liabilities** | | **1,329,119** | 1,303,632 | **454,465** | 214,380 |
| **TOTAL EQUITY AND LIABILITIES** | | **2,819,998** | 1,493,550 | **509,064** | 492,141 |
| **Net current assets/(liabilities)** | | **466,727** | (569,751) | **(376,671)** | 48,852 |
| **Total assets less current liabilities** | | **2,216,187** | 691,612 | **54,599** | 480,561 |

**Albert Saychuan CHEOK**
*Director*

**Marshall Wallace COOPER**
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31st December 2011

| | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Issued capital** | **Share premium account** | **Translation reserve** | **Accumulated losses** | **Total** | **Non-controlling interests** | **Total equity** |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At 1st January 2010 | 506,462 | 414,318 | 798 | (982,942) | (61,364) | 86,852 | 25,488 |
| Total comprehensive income for the year | — | — | 2,087 | (33,145) | (31,058) | 18,783 | (12,275) |
| Capital reduction *(Note 27(a))* | (455,816) | — | — | 455,816 | — | — | — |
| Rights issue of a subsidiary *(Note 17(a))* | — | — | — | — | — | 176,705 | 176,705 |
| Changes in equity for the year | (455,816) | — | 2,087 | 422,671 | (31,058) | 195,488 | 164,430 |
| At 31st December 2010 and 1st January 2011 | 50,646 | 414,318 | 2,885 | (560,271) | (92,422) | 282,340 | 189,918 |
| Total comprehensive income for the year | — | — | (40,550) | (80,431) | (120,981) | (48,657) | (169,638) |
| Deemed disposal of subsidiaries *(Note 37(c))* | — | — | — | 511,948 | 511,948 | 958,651 | 1,470,599 |
| Changes in equity for the year | — | — | (40,550) | 431,517 | 390,967 | 909,994 | 1,300,961 |
| At 31st December 2011 | 50,646 | 414,318 | (37,665) | (128,754) | 298,545 | 1,192,334 | 1,490,879 |

# Consolidated Statement of Cash Flows

For the year ended 31st December 2011

| | 2011<br>HK$'000 | 2010<br>HK$'000 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **(Loss)/profit before tax** | **(35,996)** | 2,750 |
| Adjustments for: | | |
| Finance costs | **54,355** | 73,197 |
| Interest income | **(17,752)** | (5,056) |
| Depreciation | **172,393** | 122,949 |
| Amortisation of other intangible assets | **15,548** | 12,993 |
| Fair value loss on derivative financial instruments | **—** | 502 |
| Loss/(gain) on disposal of property, plant and equipment | **101** | (327) |
| Gain on disposal of a subsidiary | **(18,411)** | — |
| Increase in employees' benefits obligations | **7,840** | 6,510 |
| Operating profit before working capital changes | **178,078** | 213,518 |
| Decrease/(increase) in trade receivables | **12,061** | (27,989) |
| Increase in amounts due from related companies | **(3,587)** | — |
| (Increase)/decrease in prepayments, deposits and other current assets | **(338,044)** | 28,101 |
| Increase in amounts due to related companies | **—** | 1,137 |
| Increase/(decrease) in trade payables | **152,694** | (46,133) |
| Increase/(decrease) in receipts in advance | **5,348** | (3,310) |
| Decrease in derivative financial instruments | **(509)** | — |
| Increase in other payables and accruals | **20,609** | 35,469 |
| **Cash generated from operations** | **26,650** | 200,793 |
| Income taxes paid | **(12,469)** | (4,034) |
| Net cash generated from operating activities | **14,181** | 196,759 |

# Consolidated Statement of Cash Flows

For the year ended 31st December 2011

| | 2011<br>HK$'000 | 2010<br>HK$'000 |
|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchases of property, plant and equipment | **(563,087)** | (162,448) |
| Purchases of other intangible assets | **(4,502)** | (2,879) |
| Proceeds from disposal of property, plant and equipment | **16,669** | 22,569 |
| Acquisition of a subsidiary *(Note 37(a))* | **(8,614)** | — |
| Disposal of a subsidiary *(Note 37(b))* | **(958)** | — |
| Interest received | **17,752** | 5,056 |
| Net cash used in investing activities | **(542,740)** | (137,702) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Repayment of interest-bearing borrowings and notes payable | **(1,106,981)** | (516,349) |
| New interest-bearing borrowings and notes payable | **362,350** | 418,556 |
| Repayment of capital element of finance lease payables | **(42,786)** | (25,943) |
| Interest paid | **(54,355)** | (73,197) |
| Rights issue of a subsidiary *(Note 17(a))* | **—** | 176,705 |
| Proceeds from issuance of bond instrument | **652,193** | — |
| Deemed disposal of subsidiaries *(Note 37(c))* | **1,470,599** | — |
| Net cash generated from/(used in) financing activities | **1,281,020** | (20,228) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **752,461** | 38,829 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | **67,087** | 28,591 |
| Effect of foreign exchange rate changes | **(127,980)** | (333) |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **691,568** | 67,087 |
| **ANALYSIS OF CASH AND CASH EQUIVALENTS** | | |
| Bank and cash balances | **691,568** | 67,087 |

# Notes to the Financial Statements

For the year ended 31st December 2011

## 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 (the "Stock Exchange") since 13th July 2000. The address of its registered office is the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, 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 provision of cable TV, broadband Internet and network services. The Company and its subsidiaries are collectively referred to as "AcrossAsia Group".

In the opinion of the Directors, as at 31st December 2011, 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 of the Company.

## 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, AcrossAsia Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1st January 2011. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to AcrossAsia Group's accounting policies, presentation of AcrossAsia Group's financial statements 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. AcrossAsia Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRSs and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 and derivative financial instruments which are carried at their fair values.

The preparation of financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the Directors to exercise their 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 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 that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated translation reserve.

Intragroup transactions, balances and unrealised profits 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.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (a) Consolidation (Continued)

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated income statement and consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

### (b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, available-for-sale investment), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (b) Business combination and goodwill (Continued)

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (u) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

### (c) 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 on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (c) Foreign currency translation (Continued)

*(iii) Translation on consolidation*

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

— assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— 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.

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 profit or loss 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.

### (d) 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 profit or loss during the period in which they are incurred.

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

| | |
|---|---|
| Land use rights and buildings | 7% |
| Building renovations and leasehold improvements | 25% |
| Office furniture, fixtures and equipment | 20% to 25% |
| Distribution network | 7% to 13% |
| Equipment for rent | 14% to 25% |
| Vehicles | 20% to 25% |

# Notes to the Financial Statements

For the year ended 31st December 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (d) Property, plant and equipment (Continued)

The depreciation policy of construction in progress is set out in (e) and (f) below.

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

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 profit or loss.

### (e) Construction in progress

Construction in progress consists mainly of 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 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 distribution network is set out in (f) below.

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

The prematurity period is defined as the period in which the 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. AcrossAsia Group determines 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 revenue, 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 profit or loss.

— Costs of network services incurred based on the actual number of subscribers are charged to the consolidated profit or loss.

# Notes to the Financial Statements

For the year ended 31st December 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (g) Leases

*(i) Operating leases*

Leases that do not substantially transfer to AcrossAsia Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense 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.

The corresponding liability to the lessor is included in the statement of financial position 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.

### (h) 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 as follows:

| | |
|---|---|
| Wireless broadband licence | 10 years |
| Application software licences | 4 years |
| TV channel brand name | 5 years |

### (i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when AcrossAsia Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; AcrossAsia Group transfers substantially all the risks and rewards of ownership of the assets; or AcrossAsia Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (j) 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.

*(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 profit or loss.

*(ii) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss 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.

The unlisted securities which do not have a quoted market price in an active market and their fair values cannot be reliably measured are stated at cost less any impairment losses.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (k) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and 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 profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss 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.

### (l) Cash and cash equivalents

For the purpose of the statement of cash flows, 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.

### (m) 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:

*(i) 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 reporting period.

*(ii) 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.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Financial liabilities and equity instruments (Continued)

*(iii) Equity instruments*

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

### (n) Derivative financial instruments

Derivatives are initially recognised and subsequently measured at fair value.

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

### (o) 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) media sales, when the advertisement is placed in the channel;

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

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

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

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

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

(vii) revenue from data communication services, at the time the connection takes place;

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

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

# Notes to the Financial Statements

For the year ended 31st December 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (p) 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 end of the reporting period.

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

*(ii) Pension obligations*

AcrossAsia Group contributes to defined contribution retirement schemes which are available to all employees in Indonesia. Contributions to the schemes by AcrossAsia Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by AcrossAsia Group to the funds.

Post-employment benefits are recognised at a discounted amount when an employee has rendered service to AcrossAsia Group during an accounting period. Liabilities and expenses are measured using actuarial techniques which include constructive obligation that arises from AcrossAsia Group's informal practices. In calculating the liabilities, benefits should be discounted by using projected-unit-credit method.

*(iii) Termination benefits*

Termination benefits are recognised when, and only when, AcrossAsia Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

### (q) 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 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (r) 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 profit or loss in the period in which they are incurred.

### (s) 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 recognised in profit or loss 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 end of the reporting period.

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. 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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 the end of each reporting period 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 end of each reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (s) Taxation (Continued)

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.

### (t) Related parties

A related party is a person or entity that is related to AcrossAsia Group.

(A) A person or a close member of that person's family is related to AcrossAsia Group if that person:

(i) has control or joint control over AcrossAsia Group;

(ii) has significant influence over AcrossAsia Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to AcrossAsia Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either AcrossAsia Group or an entity related to AcrossAsia Group. If AcrossAsia Group is itself such a plan, the sponsoring employers are also related to AcrossAsia Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

# Notes to the Financial Statements
For the year ended 31st December 2011

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (u) Impairment of assets

At the end of each reporting period, AcrossAsia Group reviews the carrying amounts of its tangible and other intangible assets except deferred tax assets, investments, inventories and receivables 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.

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 profit or loss, 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 profit or loss, 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.

### (v) 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.

### (w) Events after the reporting period

Events after the reporting period that provide additional information about AcrossAsia Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period 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 2011

## 4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

### Critical judgements in applying accounting policies

In the process of applying the accounting policies, the Directors have 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) Land and buildings*

Under the relevant rules and regulations of Indonesia, AcrossAsia Group can apply for the renewal of its land use rights upon the expiry. Accordingly the entire lease of land and buildings is classified as a finance lease and included under property, plant and equipment.

*(b) Available-for-sale financial assets*

AcrossAsia Group's investments in unlisted securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less any impairment losses.

### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

*(a) Property, plant and equipment and depreciation*

AcrossAsia Group determines the estimated useful lives, residual values 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 and residual values of property, plant and equipment of similar nature and functions. AcrossAsia Group will revise the depreciation charge where useful lives and residual values 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.

*(b) Income taxes*

AcrossAsia Group is subject to income taxes in Indonesia. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

# Notes to the Financial Statements

For the year ended 31st December 2011

## 5. TURNOVER

| | 2011<br>HK$'000 | 2010<br>HK$'000 |
|---|---|---|
| Subscription fees for cable television | **233,303** | 221,793 |
| Subscription fees for fast speed broadband internet | **430,442** | 348,568 |
| Data communication services | **103,321** | 79,826 |
| Media sales | **47,669** | 33,665 |
| Others | **105,913** | 25,132 |
| | **920,648** | 708,984 |

## 6. OTHER INCOME

| | 2011<br>HK$'000 | 2010<br>HK$'000 |
|---|---|---|
| Interest income | **17,752** | 5,056 |
| Dividend income from listed investments | **2** | 1 |
| Gain on disposal of property, plant and equipment | **—** | 327 |
| | **17,754** | 5,384 |

## 7. SEGMENT INFORMATION

No segment information is presented for the years ended 31st December 2011 and 2010 as AcrossAsia Group only engages in the provision of broadband network services, broadband Internet services and cable television services in Indonesia and all revenue, expenses, results, assets and liabilities and capital expenditures are predominately attributable to this single operating segment.

None of AcrossAsia Group's customers contributed 10% or more of AcrossAsia Group's revenue during the years ended 31st December 2011 and 2010 accordingly, no major customers information is presented.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 8. FINANCE COSTS

| | 2011<br>HK$'000 | 2010<br>HK$'000 |
|---|---|---|
| Interest on: | | |
| Bank loans and overdrafts | **27,860** | 26,511 |
| Notes payable wholly repayable within five years | **7,256** | 40,075 |
| Other borrowings wholly repayable within five years | **17,236** | 4,104 |
| Finance lease charges | **2,003** | 2,507 |
| | **54,355** | 73,197 |

## 9. DIRECTORS' REMUNERATION

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

| | Fees | | Salaries, allowances and benefits in kind | | Total | |
|---|---|---|---|---|---|---|
| | 2011<br>HK$'000 | 2010<br>HK$'000 | 2011<br>HK$'000 | 2010<br>HK$'000 | 2011<br>HK$'000 | 2010<br>HK$'000 |
| ***Executive Director*** | | | | | | |
| Mr. Marshall Wallace COOPER | **10** | 10 | **2,051** | 2,003 | **2,061** | 2,013 |
| ***Independent non-executive Directors*** | | | | | | |
| Mr. Albert Saychuan CHEOK | **260** | 180 | **—** | — | **260** | 180 |
| Dr. Boh Soon LIM | **160** | 120 | **—** | — | **160** | 120 |
| Mr. Thomas Yee Man LAW (1) | **160** | 72 | **—** | — | **160** | 72 |
| Mr. Kwong Yiu MAK (2) | **—** | 47 | **—** | — | **—** | 47 |
| | **590** | 429 | **2,051** | 2,003 | **2,641** | 2,432 |

*Notes:*

(1) Appointed on 28th May 2010
(2) Resigned on 24th May 2010

There was no arrangement under which a Director waived or agreed to waive any remuneration during the year ended 31st December 2011 (2010: Nil).

During the year ended 31st December 2011, 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 (2010: Nil).

# Notes to the Financial Statements
For the year ended 31st December 2011

## 10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees in AcrossAsia Group during the years ended 31st December 2011 and 2010 included a Director whose remuneration is reflected in the analysis presented above. The remuneration of the remaining 4 (2010: 4) employees are set out below.

| | **2011**<br>**HK$'000** | 2010<br>HK$'000 |
|---|---|---|
| Salaries, allowances and benefits in kind | **7,029** | 7,423 |

The remuneration fell within the following bands:

| | **Number of employees** | |
|---|---|---|
| | **2011** | 2010 |
| HK$1,000,001 to HK$1,500,000 | **2** | — |
| HK$1,500,001 to HK$2,000,000 | **—** | 4 |
| HK$2,000,001 to HK$2,500,000 | **2** | — |
| | **4** | 4 |

During the year ended 31st December 2011, 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 (2010: Nil).

## 11. INCOME TAX EXPENSE

| | **2011**<br>**HK$'000** | 2010<br>HK$'000 |
|---|---|---|
| Current tax — Overseas | **46,789** | 12,894 |
| Deferred tax *(Note 20)* | **(18,596)** | 7,576 |
| Income tax expense | **28,193** | 20,470 |

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 (2010: Nil).

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 25% (2010: 25%) of the individual entities' respective assessable profits in accordance with Indonesian income tax law.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 11. INCOME TAX EXPENSE (Continued)

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

| | 2011<br>% | 2010<br>% |
|---|---|---|
| Indonesian income tax rate | **25** | 25 |
| Deferred tax assets not recognised | **(41)** | 9 |
| Non-deductible items | **(64)** | 720 |
| Non-taxable items | **2** | (10) |
| Effective tax rate | **(78)** | 744 |

## 12. LOSS FOR THE YEAR

AcrossAsia Group's loss for the year is stated after charging/(crediting) the following:

| | 2011<br>HK$'000 | 2010<br>HK$'000 |
|---|---|---|
| Depreciation of property, plant and equipment | **172,393** | 122,949 |
| Amortisation of other intangible assets* | **15,548** | 12,993 |
| Staff costs, including Directors' remuneration: | | |
| Salaries, allowances and benefits in kind | **183,732** | 119,884 |
| Retirement benefit scheme contributions (defined contribution schemes) | **350** | 590 |
| Provision for employees' benefits | **12,309** | 6,576 |
| | **196,391** | 127,050 |
| Loss/(gain) on disposal of property, plant and equipment | **101** | (327) |
| Operating lease charges for land and buildings | **58,498** | 24,452 |
| Bad debts expense/allowance for receivables | **34,770** | 4,329 |
| Auditors' remuneration | **1,191** | 967 |

* 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 2011

## 13. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the year attributable to owners of the Company included a loss of approximately HK$223,162,000 (2010: profit of HK$8,536,000) which has been dealt with in the financial statements of the Company.

## 14. DIVIDENDS

The Directors do not recommend the payment of any dividend.

## 15. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$80,431,000 (2010: HK$33,145,000) and 5,064,615,385 (2010: 5,064,615,385) ordinary shares in issue during the year.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary share during the years ended 31st December 2011 and 2010.

# Notes to the Financial Statements

For the year ended 31st December 2011

## 16. PROPERTY, PLANT AND EQUIPMENT

### AcrossAsia Group

| | Land use rights and buildings | Building renovations and leasehold improvements | Office furniture, fixtures and equipment | Distribution network | Construction in progress | Equipment for rent | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Cost** | | | | | | | | |
| At 1st January 2010 | 10,767 | 16,519 | 76,928 | 1,178,282 | — | 163,408 | 2,219 | 1,448,123 |
| Additions | — | 5,877 | 7,992 | 107,893 | 15,236 | 46,561 | — | 183,559 |
| Disposals | — | — | (6,994) | (18,868) | — | (2,453) | (761) | (29,076) |
| Translation differences | 514 | 867 | 3,646 | 57,427 | 202 | 8,386 | 86 | 71,128 |
| At 31st December 2010 and 1st January 2011 | 11,281 | 23,263 | 81,572 | 1,324,734 | 15,438 | 215,902 | 1,544 | 1,673,734 |
| Acquisition of a subsidiary | — | — | 514 | — | — | — | — | 514 |
| Additions | 105,632 | 2,947 | 118,372 | 164,165 | 127,533 | 59,928 | — | 578,577 |
| Disposals | — | — | (6,086) | (10,202) | — | (9,135) | (881) | (26,304) |
| Reclassification | — | — | 59,946 | 20,197 | (4,385) | (76,052) | 294 | — |
| Translation differences | (4,481) | (531) | (8,434) | (31,251) | (2,221) | (2,832) | (3) | (49,753) |
| At 31st December 2011 | 112,432 | 25,679 | 245,884 | 1,467,643 | 136,365 | 187,811 | 954 | 2,176,768 |
| **Accumulated depreciation** | | | | | | | | |
| At1st January 2010 | 4,066 | 13,185 | 66,578 | 341,305 | — | 75,100 | 1,649 | 501,883 |
| Charge for the year | 1,913 | 1,303 | 1,795 | 76,943 | — | 40,762 | 233 | 122,949 |
| Disposals | — | — | (2,788) | (915) | — | (2,453) | (678) | (6,834) |
| Translation differences | 220 | 647 | 3,125 | 17,302 | — | 4,094 | 66 | 25,454 |
| At 31st December 2010 and 1st January 2011 | 6,199 | 15,135 | 68,710 | 434,635 | — | 117,503 | 1,270 | 643,452 |
| Charge for the year | 3,341 | 4,710 | 29,581 | 98,699 | — | 35,934 | 128 | 172,393 |
| Disposals | — | — | (166) | (3,051) | — | (5,612) | (705) | (9,534) |
| Reclassification | — | — | 9,590 | 24,188 | — | (33,912) | 134 | — |
| Translation differences | (246) | (1,079) | (2,790) | (11,649) | — | (2,226) | (2) | (17,992) |
| At 31st December 2011 | 9,294 | 18,766 | 104,925 | 542,822 | — | 111,687 | 825 | 788,319 |
| **Carrying amount** | | | | | | | | |
| At 31st December 2011 | 103,138 | 6,913 | 140,959 | 924,821 | 136,365 | 76,124 | 129 | 1,388,449 |
| At 31st December 2010 | 5,082 | 8,128 | 12,862 | 890,099 | 15,438 | 98,399 | 274 | 1,030,282 |

# Notes to the Financial Statements
For the year ended 31st December 2011

## 16. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31st December 2011, the carrying amount of property, plant and equipment held by AcrossAsia Group under finance leases amounted to approximately HK$5,400,000 (2010: HK$53,163,000).

At 31st December 2011 the carrying amount of property, plant and equipment pledged as security for AcrossAsia Group's bank loans amounted to approximately HK$106,406,000 (2010: HK$Nil).

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

| | **2011**<br>**HK$'000** | 2010<br>HK$'000 |
|---|---|---|
| Medium term leases | **99,975** | 1,862 |
| Short term leases | **3,163** | 3,220 |
| | **103,138** | 5,082 |

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

| **Company** | **Office furniture, fixtures and equipment**<br>HK$'000 |
|---|---|
| **Cost** | |
| At 1st January 2010 | 1,209 |
| Disposals | (595) |
| At 31st December 2010, 1st January 2011 and 31st December 2011 | 614 |
| **Accumulated depreciation** | |
| At 1st January 2010 | 1,101 |
| Charge for the year | 19 |
| Disposals | (506) |
| At 31st December 2010, 1st January 2011 and 31st December 2011 | 614 |
| **Carrying amount** | |
| At 31st December 2011 | — |
| At 31st December 2010 | — |

# Notes to the Financial Statements
For the year ended 31st December 2011

## 17. INTERESTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2011 HK$'000 | 2010 HK$'000 |
| Listed shares, at cost | 430,849 | 430,849 |
| Unlisted shares, at cost | 9,862 | 9,862 |
| | 440,711 | 440,711 |
| Due from a subsidiary | 349,978 | — |
| | 790,689 | 440,711 |
| Less: Impairment losses | (359,840) | (9,862) |
| | 430,849 | 430,849 |
| Market value of listed shares | 471,917 | 786,866 |

The amount due from a subsidiary is unsecured, interest-free and has no fixed terms of repayment but repayment is not expected to be within the next twelve months from the end of the reporting period.

The amount due to a subsidiary is unsecured, interest bearing at the prevailing LIBOR plus 4.75% per annum and repayable within one year.

Particulars of the principal subsidiaries as at 31st December 2011 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 |
|---|---|---|---|---|---|---|---|
| | | | 2011 | | 2010 | | |
| | | | Direct | Indirect | Direct | Indirect | |
| PT First Media Tbk ("First Media") (a) | Indonesia | Rp870,948,489,000 (2010: Rp870,947,700,000) | 55.1 | — | 55.1 | — | Operation of broadband network and cable television |
| PT Ayunda Prima Mitra ("Ayunda") (b) | Indonesia | Rp35,000,000 | — | — | — | 55.1 | Investment holding |
| PT AsiaNet Multimedia | Indonesia | US$1,333,333 | 95.0 | — | 95.0 | — | Investment holding |
| PT Natrindo Global Telekomunikasi | Indonesia | Rp25,000,000,000 | — | 76.0 | — | 76.0 | Inactive |
| PT Inti Mitratama Abadi | Indonesia | Rp60,000,000,000 | — | 50.7 | — | 50.7 | Investment holding |

# Notes to the Financial Statements
For the year ended 31st December 2011

## 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 | | | | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | **2011** | | 2010 | | |
| | | | **Direct** | **Indirect** | Direct | Indirect | |
| PT Link Net ("Link Net") (c) | Indonesia | Rp304,264,938,400 (2010: Rp65,000,000,000) | **—** | **36.4** | — | 55.1 | Provider of fixed local packet-switched based network and internet service provider |
| PT Tirta Mandiri Sejahtera | Indonesia | Rp5,000,000 | **—** | **76.0** | — | 76.0 | Investment holding |
| PT First Media News | Indonesia | Rp7,500,000,000 (2010: Rp2,500,000,000) | **—** | **55.1** | — | 55.1 | Investment holding |
| PT First Media Production | Indonesia | Rp7,500,000,000 (2010: Rp2,500,000,000) | **—** | **54.6** | — | 54.6 | Film production and video recording |
| PT First Media Television ("FMTV") (d) | Indonesia | Rp3,125,000,000 (2010: Rp2,500,000,000) | **—** | **44.1** | — | 55.1 | Subscription broadcasting |
| PT Jaring Data Interaktif ("JDI") (e) | Indonesia | Rp35,000,000,000 | **—** | **55.1** | — | — | Multimedia contents production |

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

*Notes:*

(a) First Media is listed on the Indonesian Stock Exchange. On 6th March 2010, First Media announced its proposed rights issue on the basis of 11 new rights shares for every 10 existing shares of First Media held by a qualifying shareholder of First Media at an exercise price of Rp500 (equivalent to approximately HK$0.42) per rights share. The rights issue was completed on 24th May 2010.

(b) Ayunda was disposed of during the year at a consideration of approximately Rp35,000,000 (equivalent to approximately HK$32,000) (Note 37(b)).

(c) Link Net issued 1,032,649,384 ordinary shares to an independent third party (the "Investor") during the year (Note 37(c)).

(d) FMTV issued 2,500 ordinary shares to the Investor during the year (Note 37(c)).

(e) AcrossAsia Group acquired the entire issued share capital in JDI on 20th January 2011 (Note 37(a)).

(f) None of the subsidiaries had any loan capital in issue at any time during the year ended 31st December 2011 (2010: Nil).

# Notes to the Financial Statements

For the year ended 31st December 2011

## 18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | AcrossAsia Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Equity securities, at fair value | | | | |
| Listed outside Hong Kong | **67** | 67 | **67** | 67 |
| Unlisted equity securities, at cost | **13,111** | 13,347 | **—** | — |
| Less: Impairment losses | **(8,852)** | (9,011) | **—** | — |
| | **4,259** | 4,336 | **—** | — |
| | **4,326** | 4,403 | **67** | 67 |

# Notes to the Financial Statements
For the year ended 31st December 2011

## 19. OTHER INTANGIBLE ASSETS

### AcrossAsia Group

| | TV channel brand name | Wireless broadband licence | Application software licences | Total |
|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Cost** | | | | |
| At 1st January 2010 | — | 105,746 | — | 105,746 |
| Additions | — | — | 8,044 | 8,044 |
| Translation differences | — | 5,048 | 384 | 5,432 |
| At 31st December 2010 and 1st January 2011 | — | 110,794 | 8,428 | 119,222 |
| Acquisition of a subsidiary *(Note 37(a))* | 7,536 | — | — | 7,536 |
| Additions | — | — | 4,502 | 4,502 |
| Translation differences | (133) | (1,963) | (235) | (2,331) |
| At 31st December 2011 | 7,403 | 108,831 | 12,695 | 128,929 |
| **Accumulated amortisation** | | | | |
| At 1st January 2010 | — | 1,263 | — | 1,263 |
| Amortisation for the year | — | 10,934 | 2,059 | 12,993 |
| Translation differences | — | 206 | 27 | 233 |
| At 31st December 2010 and 1st January 2011 | — | 12,403 | 2,086 | 14,489 |
| Amortisation for the year | 1,543 | 11,343 | 2,662 | 15,548 |
| Translation differences | (62) | (679) | (145) | (886) |
| At 31st December 2011 | 1,481 | 23,067 | 4,603 | 29,151 |
| **Carrying amount** | | | | |
| At 31st December 2011 | 5,922 | 85,764 | 8,092 | 99,778 |
| At 31st December 2010 | — | 98,391 | 6,342 | 104,733 |

The remaining amortisation period of the wireless broadband licence is 7.9 (2010: 8.9) years. The weighted average remaining amortisation period of the application software licences is 2.7 (2010: 3.0) years. The remaining amortisation period of the TV channel brand name is 4 years.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 20. DEFERRED INCOME TAX

The following are the major deferred tax assets and liabilities recognised by AcrossAsia Group:

| | Accelerated tax depreciation | Allowance for receivables | Tax losses | Others | Total |
|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At 1st January 2010 | 5,061 | 2,884 | — | 10,902 | 18,847 |
| Credit/(charge) to profit or loss for the year *(Note 11)* | 3,542 | (1,910) | — | (9,208) | (7,576) |
| Translation differences | 289 | 112 | — | 398 | 799 |
| At 31st December 2010 and 1st January 2011 | 8,892 | 1,086 | — | 2,092 | 12,070 |
| Credit/(charge) to profit or loss for the year *(Note 11)* | 864 | 4,493 | 17,823 | (4,584) | 18,596 |
| Acquisition of a subsidiary *(Note 37(a))* | — | — | — | 1,324 | 1,324 |
| Translation differences | (193) | (201) | (722) | 125 | (991) |
| At 31st December 2011 | 9,563 | 5,378 | 17,101 | (1,043) | 30,999 |

Deferred tax assets that are expected to realise in the next accounting year amounted to approximately HK$3,173,000 (2010: HK$1,726,000).

## 21. NON-CURRENT PREPAYMENTS, DEPOSITS AND RECEIVABLES

| | AcrossAsia Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Rental and other deposits | **10,747** | 15,342 | **—** | — |
| Prepaid rental for communication system | **135,273** | 50,383 | **—** | — |
| Advance payments for acquisition of property, plant and equipment | **78,693** | 36,529 | **—** | — |
| Loans to employees | **319** | 279 | **—** | — |
| Prepaid expenses and others | **876** | 7,342 | **354** | 793 |
| | **225,908** | 109,875 | **354** | 793 |

The loans to employees are unsecured and interest-free.

# Notes to the Financial Statements

For the year ended 31st December 2011

## 22. TRADE RECEIVABLES

AcrossAsia Group's trading terms with its customers are mainly on credit. AcrossAsia Group allows an average general credit period of 60 days to its customers, except for certain well-established customers, where the terms are extended beyond 60 days.

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

The ageing analysis of trade receivables, based on invoice date and net of allowance, is as follows:

| | AcrossAsia Group | |
|---|---|---|
| | **2011** | 2010 |
| | **HK$'000** | HK$'000 |
| Within 1 month | **53,000** | 36,770 |
| 1 to 2 months | **14,981** | 10,203 |
| 2 to 3 months | **9,917** | 4,171 |
| Over 3 months | **7,781** | 46,583 |
| | **85,679** | 97,727 |

At 31st December 2011, trade receivables of approximately HK$17,698,000 (2010: HK$50,754,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

| | AcrossAsia Group | |
|---|---|---|
| | **2011** | 2010 |
| | **HK$'000** | HK$'000 |
| 2 to 3 months | **9,917** | 4,171 |
| Over 3 months | **7,781** | 46,583 |
| | **17,698** | 50,754 |

At 31st December 2011, trade receivables of AcrossAsia Group included receivables from certain related companies, which are directly or indirectly owned, controlled or influenced by the principal beneficial shareholder of the Company, totalling approximately HK$2,167,000 (2010: HK$9,402,000). These balances are unsecured, interest-free and are repayable principally in accordance with normal trading terms.

At 31st December 2011, trade receivables of approximately HK$63,568,000 (2010: HK$42,763,000) were pledged to a bank to secure interest-bearing borrowings as set out in note 31 to the financial statements.

# Notes to the Financial Statements

For the year ended 31st December 2011

## 23. DUE FROM RELATED COMPANIES

The amounts due from related companies of AcrossAsia Group and the Company are unsecured, interest-free and have no fixed terms of repayment.

The related companies are, directly or indirectly, owned, controlled or influenced by the principal beneficial shareholder of the Company.

## 24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Company | |
|---|---|---|
| | **2011** | 2010 |
| | **HK$'000** | HK$'000 |
| Listed warrants of a subsidiary, at fair value | **26,790** | 8,058 |

## 25. PREPAYMENTS, DEPOSITS AND OTHER CURRENT ASSETS

| | AcrossAsia Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Deposits | **31** | 31 | **31** | 31 |
| Prepaid operating expenses | **111,029** | 7,899 | **—** | 711 |
| Prepaid taxes | **127,707** | 8,347 | **—** | — |
| Other receivables | **50,937** | 51,096 | **50,000** | 50,000 |
| | **289,704** | 67,373 | **50,031** | 50,742 |

Other receivables of AcrossAsia Group and the Company include an amount due from an independent third party of approximately HK$50,000,000 (2010: HK$50,000,000) which is unsecured, interest-free and repayable within one year.

## 26. BANK AND CASH BALANCES

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 2011, the bank and cash balances of AcrossAsia Group denominated in Indonesian Rupiah amounted to approximately HK$688,390,000 (2010: HK$62,575,000).

# Notes to the Financial Statements

For the year ended 31st December 2011

## 27. SHARE CAPITAL

| | Note | Number of shares | Amount HK$'000 |
|---|---|---|---|
| Authorised: | | | |
| At 1st January 2010 (ordinary shares of HK$0.10 each) | | 150,000,000,000 | 15,000,000 |
| Sub-division | *(b)* | 1,350,000,000,000 | — |
| At 31st December 2010, 1st January 2011 and 31st December 2011 (ordinary shares of HK$0.01 each) | | 1,500,000,000,000 | 15,000,000 |
| Issued and fully paid: | | | |
| At 1st January 2010 (ordinary shares of HK$0.10 each) | | 5,064,615,385 | 506,462 |
| Capital reduction | *(a)* | — | (455,816) |
| At 31st December 2010, 1st January 2011 and 31st December 2011 (ordinary shares of HK$0.01 each) | | 5,064,615,385 | 50,646 |

*Notes:*

(a) On 24th July 2009, the Company announced a proposed capital reduction (the "Capital Reduction") by reducing the nominal value of all issued shares of the Company from HK$0.10 each to HK$0.01 each and cancelling paid up capital of HK$0.09 on each issued shares. The credit arising from such reduction of approximately HK$455,816,000 was applied towards cancelling the accumulated losses of the Company. The amount of issued share capital cancelled is made available for issue of new shares of the Company so that the authorised capital of the Company of HK$15,000,000 remains unchanged.

(b) On 17th August 2009, the Company announced that immediately following the Capital Reduction, each of the authorised but unissued shares in the capital of the Company of par value HK$0.10 each be sub-divided into 10 shares of par value HK$0.01 each (the "Sub-Division").

At an extraordinary general meeting of the Company held on 9th September 2009, a special resolution was passed to approve the Capital Reduction and Sub-Division. The Capital Reduction and Sub-Division were completed on 23rd March 2010.

AcrossAsia Group's objectives when managing capital are to safeguard AcrossAsia Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

AcrossAsia Group review the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. AcrossAsia Group will balance its overall capital structure through new share issues, the issue of new debts, redemption of existing debts or selling assets to reduce debts.

The only externally imposed capital requirement is that for AcrossAsia Group to maintain its listing on the Stock Exchange it has to have a public float of at least 15% of the shares. AcrossAsia Group receives reports from the share registrars on substantial share interests showing the non-public float and it demonstrated continuing compliance with the 15% limit throughout the year.

# Notes to the Financial Statements

For the year ended 31st December 2011

## 28. RESERVES

### (a) AcrossAsia Group

The amounts of AcrossAsia Group's reserves and movements therein are presented in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

### (b) Company

| | Share premium account HK$'000 | Accumulated losses HK$'000 | Total HK$'000 |
|---|---|---|---|
| At 1st January 2010 | 414,318 | (651,555) | (237,237) |
| Capital Reduction *(Note 27(a))* | — | 455,816 | 455,816 |
| Profit for the year | — | 8,536 | 8,536 |
| At 31st December 2010 and 1st January 2011 | 414,318 | (187,203) | 227,115 |
| Loss for the year | — | (223,162) | (223,162) |
| At 31st December 2011 | 414,318 | (410,365) | 3,953 |

### (c) Nature and purpose of reserves

*(i) Share premium account*

Under the Companies Law (1998 Revision) 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) Translation reserve*

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3(c) to the financial statements.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 29. SHARE OPTION SCHEME

The Company adopted 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 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 2011.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under 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.

## 30. EMPLOYEES' BENEFITS OBLIGATIONS

| | AcrossAsia Group | |
|---|---|---|
| | **2011** | 2010 |
| | **HK$'000** | HK$'000 |
| At beginning of year | **17,209** | 10,129 |
| Addition provision | **12,309** | 6,576 |
| Provision used | **(4,469)** | (66) |
| Translation differences | **(623)** | 570 |
| At end of year | **24,426** | 17,209 |

Provision for employees' benefits was recognised in accordance with the requirements of the Labor Law in Indonesia for employment termination, gratuity and compensation benefits of employees. The provision was determined based on actuarial calculations as at 31st December 2011 prepared by an independent actuary, adopting the projected-unit-credit method.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 30. EMPLOYEES' BENEFITS OBLIGATIONS (Continued)

The amount recognised in the statement of financial position is as follows:

| | AcrossAsia Group | |
|---|---|---|
| | **2011** | 2010 |
| | **HK$'000** | HK$'000 |
| Present value of funded obligations | **40,197** | 24,962 |
| Net unrecognised actuarial losses | **(15,682)** | (7,640) |
| Unrecognised past service cost | **(89)** | (113) |
| | **24,426** | 17,209 |

Expense recognised in profit or loss is as follows:

| | AcrossAsia Group | |
|---|---|---|
| | **2011** | 2010 |
| | **HK$'000** | HK$'000 |
| Current service cost | **8,815** | 4,628 |
| Interest cost | **2,702** | 1,693 |
| Net actuarial losses recognised | **792** | 255 |
| | **12,309** | 6,576 |

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 2011 (expressed as weighted average) are as follows:

| | AcrossAsia Group | |
|---|---|---|
| | **2011** | 2010 |
| Discount rate at 31st December | **6.8%** | 8.8% |
| Expected rate of return on plan assets | **N/A** | N/A |
| Future salary increases | **9.0%** | 9.0% |
| Future pension increases | **N/A** | N/A |

# Notes to the Financial Statements
For the year ended 31st December 2011

## 31. INTEREST-BEARING BORROWINGS

| | AcrossAsia Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Bank loans: | | | | |
| Secured | **150,252** | 56,086 | **—** | — |
| Unsecured | **93,600** | 745,861 | **93,600** | 202,800 |
| | **243,852** | 801,947 | **93,600** | 202,800 |
| Other borrowings: | | | | |
| Unsecured | **63,698** | 47,339 | **—** | — |
| | **307,550** | 849,286 | **93,600** | 202,800 |

Interest-bearing borrowings are repayable as follows:

| | AcrossAsia Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Bank loans: | | | | |
| Within one year | **182,595** | 581,890 | **93,600** | — |
| In the second year | **21,190** | 202,800 | **—** | 202,800 |
| In the third to fifth years, inclusive | **40,067** | 17,257 | **—** | — |
| | **243,852** | 801,947 | **93,600** | 202,800 |
| Other borrowings: | | | | |
| Within one year | **63,698** | 47,339 | **—** | — |
| | **307,550** | 849,286 | **93,600** | 202,800 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | **(246,293)** | (629,229) | **(93,600)** | — |
| Amount due for settlement after 12 months | **61,257** | 220,057 | **—** | 202,800 |

# Notes to the Financial Statements
For the year ended 31st December 2011

## 31. INTEREST-BEARING BORROWINGS (Continued)

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

| | AcrossAsia Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Bank loans: | | | | |
| United States dollar | **132,003** | 745,861 | **93,600** | 202,800 |
| Indonesian Rupiah | **111,849** | 56,086 | **—** | — |
| | **243,852** | 801,947 | **93,600** | 202,800 |
| Other borrowings: | | | | |
| United States dollar | **5,793** | 4,389 | **—** | — |
| Indonesian Rupiah | **57,905** | 42,950 | **—** | — |
| | **63,698** | 47,339 | **—** | — |

The effective interest rates were as follows:

| | AcrossAsia Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| Bank loans: | | | | |
| United States dollar | **0.95%–5%** | 1.45%–4.05% | **0.95%** | 1.45% |
| Indonesian Rupiah | **11%–13%** | 15% | **—** | — |
| Other borrowings: | | | | |
| United States dollar | **5%** | 6% | **—** | — |
| Indonesian Rupiah | **13.75%–14.25%** | 16%–16.25% | **—** | — |

# Notes to the Financial Statements
For the year ended 31st December 2011

## 32. NOTES PAYABLE

| | AcrossAsia Group | |
|---|---|---|
| | **2011** | 2010 |
| | **HK$'000** | HK$'000 |
| Within one year | **4,240** | 6,338 |
| In the third to fifth years, inclusive | **—** | 217,442 |
| | **4,240** | 223,780 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | **(4,240)** | (6,338) |
| Amount due for settlement after 12 months | **—** | 217,442 |

Notes payable of AcrossAsia Group are unsecured, denominated in Indonesian Rupiah and arranged at fixed interest rate of 12% (2010: 8%–18%) per annum.

## 33. BOND PAYABLE

| | AcrossAsia Group | |
|---|---|---|
| | **2011** | 2010 |
| | **HK$'000** | HK$'000 |
| Proceeds from issuance of bond instrument | **652,193** | — |
| Translation differences | **(39,983)** | — |
| At end of year | **612,210** | — |

On 27th June 2011, First Media issued a 5-year bond instrument of Rp722,310,112,156 (equivalent to approximately HK$652,193,000) to the Investor. The bond payable is secured by the shares of Link Net and interest bearing at 1% per annum.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 34. FINANCE LEASE PAYABLES

### AcrossAsia Group

| | Minimum lease payments | | Present value of minimum lease payments | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Within one year | **825** | 9,840 | **689** | 8,861 |
| In the second to fifth years, inclusive | **3,002** | 24,025 | **2,509** | 21,631 |
| | **3,827** | 33,865 | **3,198** | 30,492 |
| Less: Future finance charges | **(629)** | (3,373) | | |
| Present value of lease obligations | **3,198** | 30,492 | | |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | **(689)** | (8,861) | | |
| Amount due for settlement after 12 months | **2,509** | 21,631 | | |

The lease term is 3 years (2010: 1 to 3 years). At 31st December 2011, the effective borrowing rate is 15% (2010: 9.92%–20%). Interest rates are fixed at the contract dates and thus expose AcrossAsia Group to fair value interest rate risk.

Finance lease payables are denominated in Indonesian Rupiah.

## 35. DUE TO RELATED COMPANIES

The amounts due to related companies of AcrossAsia Group are unsecured, interest-free and have no fixed terms of repayment except for an amount of approximately HK$4,000,000 (2010: HK$4,000,000) which bears interest at Hong Kong dollar prime lending rate plus 1% per annum and is repayable within twelve months from the end of the reporting period.

The amount due to a related company of the Company is unsecured, bears interest at Hong Kong dollar prime leading rate plus 1% per annum and is repayable within twelve months from the end of the reporting period.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 36. TRADE PAYABLES

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

| | AcrossAsia Group | |
|---|---|---|
| | **2011** | 2010 |
| | **HK$'000** | HK$'000 |
| Within 1 month | **58,545** | 12,092 |
| 1 to 2 months | **12,620** | 3,198 |
| 2 to 3 months | **2,850** | 383 |
| Over 3 months | **91,763** | 14,222 |
| | **165,778** | 29,895 |

At 31st December 2011, trade payables of AcrossAsia Group included payables to certain related companies, which are directly or indirectly owned, controlled or influenced by the principal beneficial shareholder of the Company, totalling approximately HK$71,884,000 (2010: HK$3,536,000). These balances are unsecured, interest-free and are repayable principally in accordance with normal trading terms.

## 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Acquisition of a subsidiary

On 20th January 2011, AcrossAsia Group acquired the entire issued share capital of JDI at a consideration of Rp10,000,000,000 (equivalent to approximately HK$8,628,000). JDI is engaged in the provision of dial-up and broadband Internet services. JDI holds the Internet marketing rights for 15 radio stations across Indonesia. JDI also provides web hosting and web development services. The acquisition was considered as an asset acquisition for a TV channel brand name.

# Notes to the Financial Statements

For the year ended 31st December 2011

## 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### (a) Acquisition of a subsidiary (Continued)

The amount of the identifiable assets and liabilities of JDI acquired as at its date of acquisition is as follows:

| | HK$'000 |
|---|---|
| Property, plant and equipment | 514 |
| Deferred tax assets | 1,324 |
| Trade receivables | 13 |
| Prepayments, deposits and other current assets | 320 |
| Bank and cash balances | 14 |
| Trade payables | (92) |
| Other payables and accruals | (1,001) |
| Other intangible assets *(Note 19)* | 7,536 |
| Total consideration — satisfied by cash | 8,628 |

Net cash outflow arising on acquisition:

| | |
|---|---|
| Cash consideration paid | (8,628) |
| Cash and cash equivalents acquired | 14 |
| | (8,614) |

# Notes to the Financial Statements
For the year ended 31st December 2011

## 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### (b) Disposal of a subsidiary

On 8th July 2011, AcrossAsia Group disposed of its entire equity interest in Ayunda to certain independent third parties at a cash consideration of Rp35,000,000 (equivalent to approximately HK$32,000). Ayunda was engaged investment holding and held 49% equity interest in PT Direct Vision ("Direct Vision"). Direct Vision was inactive since its incorporation.

Net liabilities at the date of disposal were as follows:

| | HK$'000 |
|---|---|
| Bank and cash balances | 990 |
| Notes payable | (2,115) |
| Other payables and accruals | (16,906) |
| Net liabilities disposed | (18,031) |
| Release of translation reserve | (348) |
| Gain on disposal of a subsidiary | 18,411 |
| Total consideration — satisfied by cash | 32 |
| Net cash outflow arising on disposal: | |
| Cash consideration received | 32 |
| Cash and cash equivalents disposed of | (990) |
| | (958) |

No tax charge or credit arose on gain on disposal of Ayunda.

### (c) Deemed disposal of subsidiaries

On 21st March 2011, First Media, Link Net, FMTV (all being subsidiaries of the Company), and the Investor entered into an investment agreement for the following:

(i) the Investor (or its designee) subscribed for 1,032,649,384 ordinary shares in the capital of Link Net, representing 33.94% of the enlarged issued share capital of Link Net, at a consideration of IDR1,627,703,265,037 (equivalent to approximately HK$1,469,696,000);

(ii) the Investor (or its designee) subscribed for 2,500 ordinary shares in the capital of FMTV, representing 20% of the enlarged issued share capital of FMTV, at a consideration of IDR1,000,000,000 (equivalent to approximately HK$903,000); and

(iii) First Media granted an option (the "Option") to the Investor (or its designee) in respect of 458,248,815 option shares in the capital of Link Net, representing 15.06% of the enlarged issued share capital of Link Net, and the Investor (or its designee) subscribed for the Bond for the sum of IDR722,310,112,156 (equivalent to approximately HK$652,193,000). The proceeds receivable from the exercise of the Option shall be used to fully settle the Bond.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### (c) Deemed disposal of subsidiaries (Continued)

The effect of the above transactions on the equity attributable to the owners of the Company is as follows:

| | Link Net | FMTV |
|---|---|---|
| | HK$'000 | HK$'000 |
| Net assets of subsidiaries before Capital Injection | 124,151 | 2,550 |
| Capital injected by the Investor | 1,469,696 | 903 |
| Net assets of subsidiaries after Capital injection | 1,593,847 | 3,453 |
| AcrossAsia Group's share of net assets in the subsidiaries after Capital Injection | 580,251 | 1,522 |
| AcrossAsia Group's share of net assets in the subsidiaries before Capital Injection | 68,420 | 1,405 |
| Gain on deemed disposal of subsidiaries | 511,831 | 117 |

### (d) Major non-cash transactions

During the year ended 31st December 2011, additions to property, plant and equipment of approximately HK$15,490,000 (2010: HK$21,111,000) were financed by finance leases.

## 38. 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$67,000 (2010: HK$67,000) which are stated at quoted market price, their carrying amounts approximate their fair values. For long term investments in unlisted shares of approximately HK$4,259,000 (2010: HK$4,336,000), 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.

Except as stated above, the carrying amounts of AcrossAsia Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 38. 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 | In the second year | In the third to fifth years, inclusive | Total |
|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **As at 31st December 2011** | | | | |
| Fixed rate | | | | |
| Bank and cash balances | **639,549** | **—** | **—** | **639,549** |
| Bank loans | **88,995** | **21,190** | **40,067** | **150,252** |
| Other borrowings | **5,793** | **—** | **—** | **5,793** |
| Notes payable | **4,240** | **—** | **—** | **4,240** |
| Bond payable | **—** | **—** | **612,210** | **612,210** |
| Finance lease payables | **689** | **1,152** | **1,357** | **3,198** |
| Floating rate | | | | |
| Bank and cash balances | **51,605** | **—** | **—** | **51,605** |
| Bank loans | **93,600** | **—** | **—** | **93,600** |
| Other borrowings | **57,905** | **—** | **—** | **57,905** |
| Due to a related company | **4,000** | **—** | **—** | **4,000** |
| **As at 31st December 2010** | | | | |
| Fixed rate | | | | |
| Bank loans | 38,829 | — | 17,257 | 56,086 |
| Other borrowings | 4,390 | — | — | 4,390 |
| Notes payable | 6,338 | — | 217,442 | 223,780 |
| Finance lease payables | 8,861 | 14,197 | 7,434 | 30,492 |
| Floating rate | | | | |
| Bank and cash balances | 67,087 | — | — | 67,087 |
| Bank loans | 543,061 | 202,800 | — | 745,861 |
| Other borrowings | 42,949 | — | — | 42,949 |
| Due to a related company | 4,000 | — | — | 4,000 |

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.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 38. FINANCIAL INSTRUMENTS (Continued)

### Categories of financial instruments at 31st December 2011

| | AcrossAsia Group | |
|---|---|---|
| | **2011** | 2010 |
| | **HK$'000** | HK$'000 |
| **Financial assets:** | | |
| Loans and receivables (including cash and cash equivalents) | **842,867** | 231,562 |
| Available-for-sale financial assets | **4,326** | 4,403 |
| **Financial liabilities:** | | |
| Derivative financial instruments | **—** | 509 |
| Financial liabilities at amortised cost | **652,776** | 1,277,088 |

### Fair values

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Disclosures of level in fair value hierarchy at 31st December 2011:

| | Fair value measurement using: | | | |
|---|---|---|---|---|
| **Description** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | **HK$'000** | **HK$'000** | **HK$'000** | **HK$'000** |
| Available-for-sale financial assets | | | | |
| Equity investments | **67** | **—** | **—** | **67** |

# Notes to the Financial Statements
For the year ended 31st December 2011

## 38. FINANCIAL INSTRUMENTS (Continued)

Disclosures of level in fair value hierarchy at 31st December 2010:

| Description | Fair value measurement using: Level 1 HK$'000 | Level 2 HK$'000 | Level 3 HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| Available-for-sale financial assets | | | | |
| Equity investments | 67 | — | — | 67 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivative financial instruments | — | — | 509 | 509 |

Reconciliation of liabilities measured at fair value based on level 3:

| | AcrossAsia Group 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| At 1st January | **509** | — |
| Total gains or losses recognised in profit or loss | **—** | 502 |
| Settlement | **(509)** | — |
| Translation differences | **—** | 7 |
| At 31st December | **—** | 509 |

# Notes to the Financial Statements
For the year ended 31st December 2011

## 39. 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 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 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.

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.

## 39. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Foreign currency risk

As a result of significant operations in Indonesia, AcrossAsia Group's statement of financial position can be affected significantly by movements in Indonesian Rupiah/United States 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 purchases or borrowings by the Company's subsidiaries in currencies other than the subsidiaries' functional currency.

A substantial portion of AcrossAsia Group's cost of services rendered are denominated in United States dollar. AcrossAsia Group also generates expenses and liabilities in United States dollar. As a result, AcrossAsia Group is required to convert Indonesian Rupiah into 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.

At 31st December 2011, if Indonesian Rupiah had weakened/strengthened 10% against the United States dollar with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$3,928,000 (2010: HK$34,148,000) higher/lower, arising mainly as a result of the foreign exchange loss/gain on borrowings denominated in the United States dollar.

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 2011, approximately 84% of AcrossAsia Group's interest-bearing borrowings were arranged at fixed rates.

Further details of interest rate risk of AcrossAsia Group are set out in Note 38 to the financial statements.

At 31st December 2011, if interest rates at that date had been 100 basis points lower/higher with all other variables held constant, consolidated loss after tax for the year would have been HK$1,136,000 (2010: HK$5,916,000) lower/higher, arising mainly as a result of lower/higher interest expense on bank and other borrowings.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 39. 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 lease payables, other payables and balances with related companies. AcrossAsia Group's total borrowings of approximately HK$61,257,000 at the end of the reporting period 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.

The following table sets out the amounts of contractual undiscounted cash flows, by maturity, of AcrossAsia Group's financial liabilities:

| | 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 2011** | | | | |
| Bank loans | **194,164** | **26,581** | **49,297** | **270,042** |
| Other borrowings | **72,094** | **—** | **—** | **72,094** |
| Notes payable | **4,749** | **—** | **—** | **4,749** |
| Finance lease payables | **825** | **1,331** | **1,671** | **3,827** |
| Due to related companies | **4,240** | **—** | **24,906** | **29,146** |
| Trade payables | **165,778** | **—** | **—** | **165,778** |
| **As at 31st December 2010** | | | | |
| Bank loans | 602,612 | 214,107 | 30,183 | 846,902 |
| Other borrowings | 54,528 | — | — | 54,528 |
| Notes payable | 7,162 | — | 354,533 | 361,695 |
| Finance lease payables | 9,840 | 15,132 | 8,893 | 33,865 |
| Due to related companies | 4,240 | — | 25,355 | 29,295 |
| Derivative financial instruments | 509 | — | — | 509 |
| Trade payables | 29,895 | — | — | 29,895 |

# Notes to the Financial Statements

For the year ended 31st December 2011

## 40. 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 | |
|---|---|---|
| | **2011** | 2010 |
| | **HK$'000** | HK$'000 |
| Data communication services: | | |
| — PT Lippo Karawaci Tbk | **—** | 753 |
| — PT Jakarta Globe Media | **—** | 833 |
| — PT Visionet International | **—** | 638 |
| — PT Matahari Putra Prima Tbk | **1,970** | 110 |
| Insurance expense charged by: | | |
| — PT Lippo General Insurance | **—** | 630 |
| Purchases of equipment: | | |
| — PT Multipolar Technology | **201,871** | — |

The related companies are, directly or indirectly, owned, controlled or influenced by the principal beneficial shareholder of the Company.

## 41. GARNISHEE PROCEEDINGS

As stated in the annual report of the Company for the year ended 31st December 2009, on 6th October, 2008, (i) Astro Nusantara International B.V., (ii) Astro Nusantara Holdings B.V., (iii) Astro Multimedia Corporation N.V., (iv) Astro Multimedia N.V., (v) Astro Overseas Limited (formerly known as AAAN (Bermuda) Limited), (vi) Astro All Asia Networks Limited (formerly known as Astro All Asia Networks PLC), (vii) Measat Broadcast Network Systems SDN BHD and (viii) All Asia Multimedia Networks FZ-LLC (hereinafter collectively referred to as "Astro Group") filed a Notice of Arbitration against Ayunda, First Media and Direct Vision under the rules of Singapore International Arbitration Centre ("SIAC") in Singapore.

SIAC issued several awards in 2009 and 2010 ruling in favour of Astro Group. Based on legal opinions obtained from First Media's Indonesian lawyer dated 10th March 2011 and 29th February 2012, the Interim Final Award (as amended by the Amendment of Interim Final Award), Partial Costs Award and Final Costs Award (hereinafter collectively referred to as the "Awards") are against the Indonesian law and therefore, could not be enforced in Indonesia according to the New York Convention and the Indonesia Regulation of Arbitration No. 30/1999. Moreover, the Awards are continuance of the Interim Arbitration Award as the Interim Arbitration Award was determined to be unenforceable by the Central Jakarta District Court which has been affirmed by the Supreme Court.

# Notes to the Financial Statements
For the year ended 31st December 2011

## 41. GARNISHEE PROCEEDINGS (Continued)

In July 2011, a Garnishee Order to Show Cause was served on the Company (as garnishee) ordering that all sums due or accruing due from the Company to First Media (being a judgement debtor) be attached to answer a Hong Kong Court judgement dated 9th December 2010 against First Media by Astro Group for certain judgement sums (the "Hong Kong Judgement"), and that the Company attended before the Hong Kong Court on 17th August 2011 relating to the application by Astro Group that the Company shall pay to Astro Group all debts due or accruing due from the Company to First Media, or so much thereof as may be sufficient to satisfy the judgement debt owed by First Media to Astro Group, together with the costs of the garnishee proceedings. At the directions hearing on 17th August 2011 (which was attended by the Company and Astro Group), the Hong Kong Court ordered, amongst other things, that the application by Astro Group be adjourned for argument. The adjourned hearing was subsequently fixed to be heard on 3rd February 2012. After a further directions hearing on 27th January 2012 (which was attended by the Company and Astro Group), the Hong Kong Court vacated the hearing scheduled to be held on 3rd February 2012 and adjourned it to a date to be fixed.

For the sake of completeness, it is noted that First Media has made an application to the Hong Kong Court, amongst other things, to set aside the Hong Kong Judgement, and Astro Group has made an application to stay all further Hong Kong proceedings and to require the Company to pay any amounts due or accruing due from the Company to First Media as they fall due into Court in Hong Kong pending the determination of proceedings in Singapore pursuant to which First Media seeks to challenge judgements obtained by Astro Group against it. On 15th March 2012, the Hong Kong Court ordered a stay of the Hong Kong proceedings pending the determination of proceedings in Singapore. On 21st March 2012, the Hong Kong Court ordered the Company to pay all sums due and payable to First Media into Court in Hong Kong, as they become due and payable, pending the outcome of the proceedings in Singapore. The Company is currently considering whether or not to appeal this decision. The Company anticipates that the garnishee proceedings will be heard following the determination of First Media's application to set aside the Hong Kong Judgement but no date has been fixed for the hearing of that application.

Based on a legal opinion obtained from the Company's Hong Kong lawyer, the Directors of the Company are of the opinion that there is a reasonable prospect of resisting the garnishee proceedings in Hong Kong. As a result, no provision has been made in the consolidated financial statements of AcrossAsia Group for the year ended 31st December 2011.

## 42. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 22nd March 2012.

AcrossAsia Limited