

ACROSS ASIA LIMITED

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

First Quarterly Report 2014

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This report, for which the Directors of AcrossAsia Limited (the “Company”) (namely, executive Director: Mr. Vicente Binalhay ANG; and independent non-executive Directors: Mr. Albert Saychuan CHEOK, Dr. Boh Soon LIM and Mr. Thomas Yee Man LAW) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

FIRST QUARTERLY REPORT 2014

For the three months ended 31st March 2014

HIGHLIGHTS

- AcrossAsia Group's financial and operational results improved substantially during the first quarter of 2014.
- AcrossAsia Group's turnover increased by 20.3% to HK\$381.3 million compared to HK\$317.1 million for the same period in 2013, mainly contributed by the increase in demand for broadband Internet, data communication and cable TV services and income from leasing of its wireless network equipment.
- Internet and cable TV subscribers increased by 8% in the first quarter of 2014 and cable coverage has now surpassed 1,250,000 homes.
- AcrossAsia Group's gross profit increased by 40.5% to HK\$303.9 million from HK\$216.3 million and its gross margin increased to 79.7% from 68.2% for the same period in 2013, mainly attributable to increased revenue and better cost management.
- AcrossAsia Group recorded a profit from operations of HK\$105.6 million compared to a loss of HK\$7.5 million for the same period in 2013, mainly due to increase in gross profit, exchange gains and lower operating expenses.
- Overall, AcrossAsia Group recorded a profit attributable to the owners of the Company of HK\$3.5 million compared to a loss of HK\$48.1 million for the same period in 2013.
- Notwithstanding the substantially improved financial and operational performance, the AcrossAsia Group continues to be burdened by the high legal costs arising from its litigations in Hong Kong and Indonesia.

FIRST QUARTERLY RESULTS (UNAUDITED)

The Directors of the Company are pleased to announce the unaudited condensed consolidated statement of profit or loss and condensed consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (collectively "AcrossAsia Group") for the three months ended 31st March 2014 (the "Three-month Period") together with comparative figures for the corresponding period ended 31st March 2013 as follows:

Condensed Consolidated Statement of Profit or Loss of AcrossAsia Group

	Note	Three months ended 31st March	
		2014 HK\$'000	2013 HK\$'000
Turnover	3	381,299	317,050
Cost of services rendered		(77,387)	(100,799)
Gross profit		303,912	216,251
Interest income		2,548	8,180
Net exchange gains/(losses)		18,151	(1,166)
Selling and distribution costs		(28,857)	(26,967)
General and administrative expenses		(190,113)	(203,760)
Profit/(loss) from operations		105,641	(7,462)
Finance costs		(19,030)	(18,333)
Share of results of associates		(4,624)	26
Profit/(loss) before tax		81,987	(25,769)
Income tax expense	4	(34,031)	(12,975)
Profit/(loss) for the period		47,956	(38,744)
Profit/(loss) attributable to:			
Owners of the Company	5	3,523	(48,050)
Non-controlling interests		44,433	9,306
		47,956	(38,744)
Profit/(loss) per share attributable to owners of the Company			
Basic (HK cents)	5	0.07	(0.95)
Diluted (HK cents)	5	N/A	N/A

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income of AcrossAsia Group

	Three months ended 31st March	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period	47,956	(38,744)
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	84,464	(17,822)
Total comprehensive income for the period	132,420	(56,566)
Total comprehensive income attributable to:		
Owners of the Company	19,856	(52,432)
Non-controlling interests	112,564	(4,134)
	132,420	(56,566)

Notes:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated statement of profit or loss and condensed consolidated statement of profit or loss and other comprehensive income (the "Financial Statements") have been prepared in accordance with the applicable disclosures required by the GEM Listing Rules. They should be read in conjunction with the Annual Report 2013 of the Company (the "Annual Report").

The accounting policies and basis of preparation adopted in the preparation of the Financial Statements are consistent with those used in the Annual Report.

The audit committee has reviewed the Financial Statements of AcrossAsia Group for the Three-month Period.

The Financial Statements have been prepared on a consolidated and going concern basis.

(a) Consolidation of results of PT First Media Tbk ("First Media")

As disclosed in the Annual Report and Note 7, First Media, a 55.1% owned subsidiary of the Company, brought proceedings against the Company in Indonesia to recover the debt due under a facility agreement. On 5th March 2013, the Indonesian Court issued a bankruptcy order (the "Indonesian Bankruptcy Order") against the Company. On the same date, the Indonesian Court appointed the Company's administrators as the receivers (the "Receivers") and curators.

Whilst the Directors recognise that the appointment of the Receivers may have resulted in an apparent loss of control over First Media, the Directors emphasize that until the due legal process in Indonesia has fully run its course, the powers of the Receivers are unlikely to be enforced.

The Directors have been advised by the Company's Indonesian lawyer that, despite the appointment of the Receivers, the Company is still the registered owner of 55.1% shares in First Media and therefore is still the parent company and First Media remains a subsidiary of the Company. Even after the Receivers were appointed, the Directors have been given full access to the books and records of First Media for the purposes of preparation of these Financial Statements. In addition, in the financial statements of First Media for this Three-month period, First Media regards AcrossAsia as its parent company and thus the relationship remains unchanged.

Therefore the Directors believe that only a consolidated basis of financial reporting will represent a true picture to shareholders of their investment in First Media through their shareholdings in the Company.

In view of the above, the Directors believe that it would still be appropriate to continue to prepare these Financial Statements on a consolidated basis pending final determination of all litigations in Hong Kong and Indonesia.

(b) Going concern basis

AcrossAsia Group has accumulated losses of HK\$377,185,000 as at 31st March 2014. In addition, as disclosed in the Annual Report and Note 7, the Company is still involved in litigations concerning garnishee proceedings in Hong Kong and the Indonesian Bankruptcy Order. These conditions indicate the existence of a material uncertainty which may impinge on AcrossAsia Group's ability to continue as a going concern.

The Financial Statements have been prepared on a going concern basis, the validity of which depends upon the continued support of AcrossAsia Group's bankers and the outcome of the litigations. The Directors are confident that banking facilities will be renewed and available, and as disclosed in the Annual Report and Note 7, based on legal opinions obtained from the Company's Hong Kong lawyer and Indonesian lawyer respectively, there is a good prospect of success in appealing against the garnishee proceedings in Hong Kong and the Indonesian Bankruptcy Order.

2. Adoption of new and revised International Financial Reporting Standards

In the current period, 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 2014. IFRSs comprise International Financial Reporting Standards, International Accounting Standards ("IAS") 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 period and prior years.

In addition there are new IFRSs that have been issued but are not yet effective. AcrossAsia Group has not applied these new IFRSs. However, 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.

As disclosed in the Annual Report, AcrossAsia Group has adopted and applied IAS 19 (as revised in 2011) retrospectively, which results in the following changes to the following audited balances as at 1st January 2013:

	<i>HK\$'000</i>
Increase in accumulated losses	(9,122)
Decrease in translation reserve	380
Decrease in non-controlling interests	(12,547)

The Directors are of the opinion that, due to the immaterial effect on these financial statements, no adjustment to the comparative Three-month results for 2013 would be made.

With respect to the application of IFRS 10 "Consolidated Financial Statements", the Annual Report provides a full explanation, including the Directors' view of the matter.

3. Turnover and segment information

	Three months ended 31st March	
	2014 HK\$'000	2013 HK\$'000
Subscription fees for cable television	117,973	97,810
Subscription fees for fast speed broadband Internet	147,101	142,429
Data communication	35,217	33,009
Media sales	13,768	17,136
Others	67,240	26,666
	381,299	317,050

No segment information is presented for the Three-month Period and the corresponding period in 2013 as AcrossAsia Group principally engages in the single operating segment of 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.

Revenue of approximately HK\$47,900,000 (2013: Nil), representing approximately 12.6% (2013: Nil) of total revenue, was mainly derived from the leasing of wireless network equipment to a single customer.

4. Income tax expense

	Three months ended 31st March	
	2014 HK\$'000	2013 HK\$'000
Current tax – overseas	32,875	31,018
Deferred tax expense/(benefit)	1,156	(18,043)
	34,031	12,975

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 (2013: Nil).

Taxes charged on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which AcrossAsia Group operates, based on existing legislation, interpretation and practices in respect thereof.

The Company's subsidiaries incorporated and operating in Indonesia are subject to Indonesian income tax at a maximum rate of 25% of the individual entities' respective assessable profits in accordance with Indonesian income tax law.

5. Profit/(loss) per share

The calculation of basic profit/(loss) per share attributable to owners of the Company is based on the profit attributable to owners of the Company for the Three-month Period of HK\$3,523,000 (2013: loss of HK\$48,050,000) and 5,064,615,385 ordinary shares in issue for the Three-month Period and the corresponding period in 2013.

No diluted profit/(loss) per share are presented as the Company did not have any dilutive potential ordinary share for the Three-month Period and the corresponding period in 2013.

6. Condensed Consolidated Statement of Changes in Equity of AcrossAsia Group

For the Three-month Period

	Attributable to owners of the Company				Non-controlling		Total equity
	Issued capital	Share premium	Translation reserve	Accumulated losses	Total	interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2013, as previously reported	50,646	414,318	(77,626)	(219,047)	168,291	1,195,655	1,363,946
Effects of changes in accounting policies (Note 2)	—	—	380	(9,122)	(8,742)	(12,547)	(21,289)
At 1st January 2013, as restated	50,646	414,318	(77,246)	(228,169)	159,549	1,183,108	1,342,657
Total comprehensive income for the period	—	—	(4,382)	(48,050)	(52,432)	(4,134)	(56,566)
At 31st March 2013	50,646	414,318	(81,628)	(276,219)	107,117	1,178,974	1,286,091
At 1st January 2014	50,646	414,318	(144,775)	(380,708)	(60,519)	987,303	926,784
Total comprehensive income for the period	—	—	16,333	3,523	19,856	112,564	132,420
At 31st March 2014	50,646	414,318	(128,442)	(377,185)	(40,663)	1,099,867	1,059,204

7. Litigation

Details of the Company's legal proceedings up to 21st March 2014 have been disclosed in the Annual Report, which should be read in conjunction with this note. The following is an update of the events subsequent to 21st March 2014.

Hong Kong Garnishee Order to Show Cause

As noted in the Annual Report, on 21st March 2014, the Hong Kong High Court dismissed with costs Astro Group's summons of 7th February 2014 seeking leave to appeal against Hong Kong High Court's order of 24th January 2014 granting the Company an unconditional stay of execution of the Garnishee Order Absolute pending the determination of First Media's application to set aside the Hong Kong Judgement dated 9th December 2010 (the "Hong Kong Judgment") obtained by the Astro Group against First Media.

Subsequently, on 4th April 2014, the Astro Group has taken out a further summons seeking leave to appeal to the Hong Kong Court of Appeal against the decision of the Hong Kong High Court on 24th January 2014. This further summons is still pending.

As stated in the Annual Report, based on the Hong Kong High Court's comment at the hearing on 24th January 2014 and on a legal opinion from the Company's Hong Kong lawyer, the Directors of the Company are of the view that there is a good prospect that the Hong Kong Judgment will be set aside, and consequently, the Garnishee Order Absolute will no longer be in place as the underlying orders and judgment (orders dated 3rd August 2010 and 9th September 2010 and the Hong Kong Judgment) will be set aside. Further, based on a legal opinion obtained from the Company's Hong Kong lawyer, the Directors of the Company are of the opinion that the Company has a good prospect of success in its appeal against the Garnishee Order Absolute.

Appeal against Indonesian Bankruptcy Order

The Company has yet to receive an official notice of dismissal of the Company's appeal to the Supreme Court of Indonesia (the "Appeal") against the Indonesian bankruptcy order made against the Company on 5th March 2013 (the "Indonesian Bankruptcy Order"). The Company's Indonesian lawyer has advised that the Company is entitled to make a final appeal (which can only be made after the receipt of an official notice of dismissal from the Supreme Court of Indonesia) and this would be by way of a petition for judicial review against the decision of the Supreme Court of Indonesia of 31st July 2013 (the "Judicial Review").

As stated in the Annual Report, based on a legal opinion obtained from the Company's Indonesian lawyer, the Directors of the Company are of the opinion that there are good grounds for the Judicial Review against the Indonesian Bankruptcy Order to be successful. If the Company's Judicial Review is successful, the Indonesian Bankruptcy Order will be set aside.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Three-month Period (2013: Nil).

FINANCIAL REVIEW

AcrossAsia Group's results for the Three-month Period were analysed as follows:

Turnover

AcrossAsia Group's turnover increased by 20.3% to HK\$381.3 million compared to HK\$317.1 million for the same period in 2013 mainly contributed by the increase in demand for broadband Internet and data communication services by HK\$6.9 million in aggregate to HK\$182.3 million compared to HK\$175.4 million in the same period in 2013 and cable TV services by HK\$20.2 million in aggregate to HK\$118.0 million compared to HK\$97.8 million in the same period in 2013 as well as HK\$47.9 million income generated from leasing of its wireless network equipment during this period.

Gross Profit

AcrossAsia Group's gross profit increased by 40.5% to HK\$303.9 million from HK\$216.3 million and its gross profit margin increased to 79.7% from 68.2% for the same period in 2013 mainly attributable to increased revenue and better cost management.

Profit from Operations

AcrossAsia Group recorded a profit from operations of HK\$105.6 million compared to a loss of HK\$7.5 million for the same period in 2013 mainly due to increase in gross profit, exchange gains of HK\$18.2 million (2013: losses of HK\$1.2 million) and lower operating expenses. Total operating expenses (excluding other income and expenses) decreased to HK\$219.0 million from HK\$230.7 million for the same period in 2013.

Profit attributable to Owners

AcrossAsia Group recorded a profit attributable to the owners of the Company of HK\$3.5 million compared to a loss of HK\$48.1 million for the same period in 2013.

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") maintained its growth momentum. First Media Group is the unrivalled 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 major 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. The service is being enhanced and upgraded continuously which has allowed for higher subscription rates to be charged. Packages offered currently range from 30 Mbps to 100 Mbps with minimum subscription fees raised to Rp2,035,000 per month. With 100 Mbps 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 ready access to high-end customer segments. First Media Group also takes care of kids' Internet needs by providing innovative and content-protected FastNet KIDS packages.

HomeCable now offers a total of 117 SD (standard definition) channels of local and international TV plus 56 HD (high definition) channels covering news, education, movies, lifestyle, entertainment, sports and music channels. Packages offered include HomeCable Ultimate HD and attractive selection packs/add-ons with minimum subscription fees at Rp369,000 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. DataComm uses “Metro Ethernet technology” as the network backbone to allow corporate customers simple and flexible connectivity. Through its DataComm business, First Media Group remains the market leader of high capacity and high speed data communications solutions with its use of cutting-edge technology in the 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 ten years.

First Media Group continues to focus on improving its services and customer satisfaction in order to grow its customer base as well as expanding its infrastructure to cover untapped areas. The results have been continued growth of its customer base, and the strengthening of the dominance of its major Triple-play megamedia services. The First Media Group has implemented marketing campaign to promote its expanding service offerings.

First Media Group’s second-phase network coverage expansion is underway. During the first quarter of 2014, it has added over 59,000 home pass to its HFC network. By 31st March 2014, HFC Network passed more than 1,250,000 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. As at 31st March 2014, the number of cable TV subscribers and broadband Internet subscribers continued their increase trend reaching over 347,000 and over 348,000 respectively. First Media Group is rolling out its new high speed 4G service to cope with rising demand for mobile data service driven by affluence of smartphones and tablet devices. The network already covers the prominent areas of Jabodetabek (Jakarta, Bogor, Depok, Tangerang and Bekasi).

First Media Group is also developing new businesses such as Berita Satu channel, film TV and advertisement content. Berita Satu as a news content service provider is broadcasted through the HomeCable with HD broadcast quality. Right after its broadcast, Berita Satu has become the main choice for HomeCable pay-TV network subscribers in searching for the best and balanced information.

PROSPECTS

Indonesia's economic growth during the Three-month Period is mainly due to strong domestic consumption and foreign and domestic investment. This positive trend is expected to continue through 2014 with Indonesia expected to lead Southeast Asian countries in GDP growth. The substantial expansion and enhancement of AcrossAsia Group's broadband Internet, cable TV and the 4G service networks and services in the first quarter of 2014 will facilitate higher penetration rates and further growth of its customer base.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 31st March 2014, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as notified to the Company and the Stock Exchange under Rule 5.46 of the GEM Listing Rules or as otherwise required by Rule 23.07 of the GEM Listing Rules were as follows:

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

Mr. Albert Saychuan CHEOK was interested in 1,000,000 shares of the Company (representing approximately 0.02% of the issued share capital thereof).

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

Long Position in Underlying Shares of the Company and Associated Corporations

(i) Physically settled equity derivatives

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.

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 March 2014, 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%
Cyport Limited	3,169,094,788	62.57%
Lippo Cayman Limited ("Lippo Cayman")	3,669,576,788	72.46%
Dr. Mochtar RIADY ("Dr. Riady")	3,669,576,788	72.46%
Madam Lidya SURYAWATY ("Madam Suryawaty")	3,669,576,788	72.46%

Notes:

1. Lippo Cayman is the wholly-owned subsidiary of Lanius Limited. Lanius Limited is the trustee of a discretionary trust, which was founded by Dr. Riady who does not have any interest in the shares of Lanius Limited. The beneficiaries of the trust include his family members of Dr. Riady. Dr. Riady and his wife, Madam Suryawaty, are taken to be interested in the Shares that Lanius Limited is interested under the provisions of the SFO.
2. Lippo Cayman holds in aggregate 3,669,576,788 Shares, representing approximately 72.46% issued share capital of the Company, through its wholly-owned subsidiaries.
3. Cyport Limited has direct beneficial interest in 2,669,094,788 Shares.

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 March 2014, 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.

COMPETING INTERESTS

The Lippo Group (a general reference to the companies (including Lippo Cayman) in which Dr. Riady and his family have a direct or indirect interest; the Lippo Group is not a legal entity and does not operate as one; each of the companies in the Lippo Group operates within its own legal, corporate and financial framework) might have had or developed interests in businesses in Hong Kong and other parts in Asia similar to those of AcrossAsia Group during the Three-month Period. There was a chance that such businesses might have competed with AcrossAsia Group during the Three-month Period.

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.

AUDIT COMMITTEE

The Board established an audit committee (the "Audit Committee") on 23rd June 2000 with written terms of reference in accordance with Rules 5.28 and 5.29 of the GEM Listing Rules. 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 twice this year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

By Order of the Board

Vicente B. ANG

Director and Chief Executive Officer

Hong Kong, 9th May 2014