Third Quarterly Report 2001

AcrossAsia Multimedia Limited

(Incorporated in the Cayman Islands with limited liability)

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For the nine months ended 30th September 2001

HIGHLIGHTS

- AAM Group's turnover grew by a significant 117% to HK$525.4 million compared to the same period in 2000 despite a Rupiah depreciation of 25%.

- AAM Group recorded a profit from operations of HK$2.8 million for the third quarter ended September 2001 as the improvement of Core units began to show results.

- Fixed Line Broadband Communication Services continued its strong expansion as it increased its cable TV subscribers to 71,637, broadband Internet subscribers to 5,187 and corporate Internet customers to over 400. Revenue for the Nine-month Period doubled to HK$75.9 million.

- Cellular Communication Services recorded revenue of HK$9.6 million for the Nine-month Period from the newly launched GSM 1800 cellular service of Natrindo, AAM Group's cellular unit in East Java. The number of subscribers extended to over 56,000 at the end of September 2001.

- Internet Enabling Services continued to achieve robust growth. Revenue increased by 100% to HK$378.1 million compared to the same period in 2000.

- Matahari, AAM Group's 44% owned associate and the largest retail chain in Indonesia, continued its strong performance. Revenue grew by 29% to HK$2.7 billion compared with the same period in 2000 and net profit reached HK$129.8 million for the Nine-month Period.

- AAM Group has separated its business into Core and Non-core units. Core units are those promising businesses experiencing or expecting strong returns and growth. Current strategy is focused on developing the Core units along the four lines of business.

- The restructuring of Non-core units started in July 2001. The B2C business of the Commerce unit, LippoShop has ceased operations. AsiaPay, AAM Group's Hong Kong e-payment service provider, has merged with KeyTrend, an associate of AAM Group and a leading e-security provider in Asia.

- AAM Group's restructuring has reduced headcount by 348 or by 17% for the third quarter. Total headcount was 1,655 at the end of September 2001.

THIRD QUARTERLY RESULTS (UNAUDITED)

The Directors of AcrossAsia Multimedia Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together "AAM Group") for the nine months ended 30th September 2001 (the "Nine-month Period") and three months ended 30th September 2001 together with comparative figures for the corresponding periods ended 30th September 2000, as follows:

		Nine months ended 30th September		Three months ended 30th September	
		2001	2000	**2001**	2000
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover		**525,449**	242,661	**180,054**	51,119
Cost of sales and services rendered		**(426,665)**	(185,337)	**(154,623)**	(40,833)
Gross profit		**98,784**	57,324	**25,431**	10,286
Other income		**39,900**	43,401	**36,214**	2,275
Selling and distribution expenses		**(41,762)**	(24,010)	**(10,444)**	(13,966)
General and administrative expenses		**(204,045)**	(134,062)	**(48,374)**	(71,824)
(Loss)/Profit from operations		**(107,123)**	(57,347)	**2,827**	(73,229)
Interest income		**6,810**	8,950	**1,942**	7,163
Interest expenses		**(26,385)**	(35,955)	**(18,110)**	(10,897)
Loss before share of profit of associates		**(126,698)**	(84,352)	**(13,341)**	(76,963)
Share of profit of associates		**59,779**	89,198	**17,890**	24,659
(Loss)/Profit before taxation		**(66,919)**	4,846	**4,549**	(52,304)
Taxation	*2*	**(33,617)**	(44,725)	**(19,774)**	(13,247)
Loss after taxation but before minority interests		**(100,536)**	(39,879)	**(15,225)**	(65,551)
Minority Interests		**(19,281)**	(20,597)	**(10,640)**	8,318
Loss attributable to shareholders		**(119,817)**	(60,476)	**(25,865)**	(57,233)
Loss per share – Basic *(HK cents)*	*3*	**(2.37)**	(1.25)	**(0.51)**	(1.13)

Notes:

1. Basis of presentation

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 GEM of the Stock Exchange since 13th July 2000.

On 22nd May 2000, the Company became the holding company of the other companies comprising AAM Group pursuant to a group reorganisation (the "Reorganisation"). The Reorganisation involved companies under common control. The Company and its subsidiaries resulting from the Reorganisation are regarded as a continuing group. Accordingly, the Reorganisation has been accounted for on the basis of merger accounting, under which the comparative figures for the corresponding periods have been prepared as if the Company had been the holding company of the other companies comprising AAM Group throughout that period, rather than from the date on which the Reorganisation was completed.

The unaudited consolidated results are prepared in accordance with International Accounting Standards issued by International Accounting Standards Committee. Significant transactions and balances among the companies comprising AAM Group have been eliminated on consolidation.

2. Taxation

Taxation consisted of:

	Nine months ended 30th September		**Three months ended 30th September**	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
(Provision for) Write-back of current taxation				
– The Company and its subsidiaries	**(3,776)**	(4,991)	**456**	991
– Associates	**(21,174)**	(5,760)	**(11,047)**	15,637
	(24,950)	(10,751)	**(10,591)**	16,628
(Provision for) Write-back of deferred taxation				
– The Company and its subsidiaries	**(6,133)**	(6,969)	**(9,161)**	(17,217)
– Associates	**(2,534)**	(27,005)	**(22)**	(12,658)
	(8,667)	(33,974)	**(9,183)**	(29,875)
	(33,617)	(44,725)	**(19,774)**	(13,247)

During the periods covered by this Report, AAM Group's profit was substantially derived from subsidiaries and associates incorporated and operating in Indonesia. These subsidiaries and associates were subject to Indonesian income tax at a maximum of 35% of the individual entities' respective assessable profits in accordance with the Indonesian income tax law.

No provision for Hong Kong profits tax was made, as AAM Group had no assessable profits arising in or derived from Hong Kong.

3. **Loss per share**
The calculation of basic loss per share is based on the loss attributable to shareholders for the respective periods and on the weighted average number of 5,064,615,000, 5,064,615,000, 4,850,982,000 and 5,064,615,000 shares deemed to be in issue during the nine months ended 30th September 2001, three months ended 30th September 2001, nine months ended 30th September 2000 and three months ended 30th September 2000 respectively, on the assumption that the Reorganisation had been completed on 1st January 1999.

Diluted loss per share for the periods ended 30th September 2001 and 30th September 2000 is not presented because the effect was anti-dilutive.

FINANCIAL REVIEW

Turnover
AAM Group's turnover grew by a significant 117% from HK$242.7 million to HK$525.4 million for the Nine-month Period, compared to the same period in 2000 despite a Rupiah depreciation of 25%.

Gross Profit
AAM Group's gross profit increased by 72% to HK$98.8 million for the Nine-month Period compared to HK$57.3 million for the corresponding period in 2000.

Gross profit margin lowered to 19% for the Nine-month Period due to the depreciation of the Rupiah, the higher programming cost of PT Broadband Multimedia Tbk ("Broadband Multimedia") which was denominated in US dollars and the promotional offering for the newly launched GSM cellular service of PT Natrindo Telepon Seluler ("Natrindo").

(Loss)/Profit from Operations
Total operating expenses excluding other income increased to HK$245.8 million for the Nine-month Period compared to HK$158.1 million for the same period in 2000. This was attributed to the launch of several new businesses during the Nine-month Period: cellular communication, Internet services, wireless ASP, on-line payment, etc. These new initiatives incurred substantial development and start-up costs such as expenses in marketing and recruitment.

For the third quarter ended September 2001, total operating expenses excluding other income reduced by 31% to HK$58.8 million compared to HK$85.8 million for the third quarter ended September 2000. An impairment in value of investment in associates of HK$5.7 million was included in such expenses. The reduction in operating loss is due to the stringent control of operating expenses and the gradual easing of the high initial costs of new businesses. Other income of HK$36.2 million for the third quarter of 2001 was mainly contributed by net exchange gain.

Total loss from operations for the Nine-month Period was HK$107.1 million compared to a loss from operations of HK$57.3 million for the same period in 2000, which included a one-time insurance claim income of HK$34.0 million. AAM Group's quarter-on-quarter operating results continued the trend of improvement that began in the first quarter of 2001. It recorded a profit from operations of HK$2.8 million for the third quarter of 2001, compared to a loss from operations of HK$44.7 million for the second quarter of 2001 and a loss from operations of HK$73.2 million for the third quarter of 2000.

Share of Profit of Associates

AAM Group's share of profit of associates lowered to HK$59.8 million for the Nine-month Period compared to HK$89.2 million for the corresponding period in 2000. PT Matahari Putra Prima Tbk ("Matahari") was the main contributor with its effect being offset by the losses of start-up associates.

Matahari, the largest publicly listed retailer in Indonesia and a 44% owned associate of AAM Group, continued its strong performance with total revenue of HK$2.7 billion and net profit of HK$129.8 million for the Nine-month Period.

Loss Attributable to Shareholders

Loss attributable to shareholders was HK$119.8 million for the Nine-month Period compared to a net loss of HK$60.5 million for the same period in 2000.

Interest expense was HK$26.4 million for the Nine-month Period compared to HK$36.0 million for the same period in 2000. The rise in interest expense for the third quarter of 2001 was due to an increase in loan financing.

Quarter-on-quarter net results continued to improve. The net loss for the third quarter of 2001 lowered to HK$25.9 million compared to a net loss of HK$40.9 million for the second quarter of 2001 and a net loss of HK$57.2 million for the third quarter of 2000.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Nine-month Period (2000 – nil), in line with the statement in the Company's Prospectus dated 6th July 2000 (the "Prospectus").

BUSINESS REVIEW

AAM Group has separated its business into two groups: Core units and Non-core units. Core units are businesses either experiencing robust returns or expecting to have strong market growth and returns. AAM Group's strategy is focused on developing the Core units along the four lines of business. Non-core units are currently being restructured, with the aim of improving the overall performance of AAM Group.

An analysis of the (loss)/profit from operations during the Nine-month Period of the two groups, Core units and Non-core units plus Headquarters overhead, is set out below. It highlights the disparity between Core and Non-core units.

	Nine months ended 30th September 2001			
	Core units	Non-core units	Headquarters and others	Total
(in HK$ million)				
Turnover	463.6	61.8	0	525.4
(Loss)/Profit from operations	2.4	(71.4)	(38.1)	(107.1)
Headcount	1,137	484	34	1,655
Headcount changes (third quarter vs. second quarter of 2001)	2	(352)	2	(348)

Core units achieved HK$463.6 million in revenue (88% of AAM Group's turnover) and a profit from operations of HK$2.4 million for the Nine-month Period, whereas Non-core units recorded HK$61.8 million in revenue but a loss from operations of HK$71.4 million. Non-core units accounted for 12% of AAM Group's turnover but 67% of AAM Group's loss from operations.

Operating Results – Core units

An analysis of the quarterly (loss)/profit from operations of Core units during the periods is set out below:

	Three months ended			Nine months ended
	31st March 2001	30th June 2001	30th September 2001	30th September 2001
(in HK$ million)				
Turnover	105.5	194.6	163.5	463.6
(Loss)/Profit from operations	(15.6)	(17.0)	35.0	2.4

Operating results maintained an improvement trend from the first quarter of 2001 onwards. Core units achieved profit from operations of HK$35.0 million for the third quarter of 2001.

Fixed Line Broadband Communication Services

An analysis of the quarterly (loss)/profit from operations of Fixed Line Broadband Communication Services during the periods is set out below:

	Three months ended			Nine months ended
	31st March 2001	30th June 2001	**30th September 2001**	**30th September 2001**
(in HK$ million)				
Turnover	21.7	21.6	**32.6**	**75.9**
(Loss)/Profit from operations	(19.4)	(21.2)	**22.2**	**(18.4)**

Fixed Line Broadband Communication Services contributed 15% to AAM Group's turnover. Revenue from cable TV and advertising service more than doubled to HK$75.9 million for the Nine-month Period from HK$37.3 million for the same period in 2000. Quarterly revenue increased to HK$32.6 million in the third quarter of 2001 as a result of the increase in cable TV advertising revenue and subscription. Revenue from Internet access service has grown to HK$7.6 million for the Nine-month Period from HK$4.3 million for the same period in 2000. Quarterly operating performance continued to improve. Results from operations turned around from a loss of HK$21.2 million for the second quarter of 2001 to a profit of HK$22.2 million for the third quarter of 2001. The turnaround was the result of the improvement of programming mix and the tight control of expenses.

Cable TV subscribers increased to 71,637 and its reach extended to 201,000 homes during the Nine-month Period. Broadband Multimedia is the dominant Cable TV operator in Indonesia offering 60 channels of Cable TV programming in 12 different languages under the brand name Kabelvision.

Fixed Line Broadband Communication Services is focused on selling premium channels and corporate access network. It has increased penetration through direct marketing from 25% in the first half of 2001 to 27% for the Nine-month Period. In addition, the advertising revenue increased from 9% in the second quarter of 2001 to 13% in the third quarter of 2001.

Fixed Line Broadband Communication Services also offers broadband Internet access service. During the Nine-month Period, total individual and corporate broadband Internet subscribers increased by 215% to 5,187.

Its two-way HFC (Hybrid Fibre Coaxial) broadband network now totals 2,366 km covering major residential and central business areas in five cities/locales including Jakarta, Surabaya and Bali.

Cellular Communication Services

An analysis of the quarterly (loss)/profit from operations of Cellular Communication Services during the periods is set out below:

	Three months ended			Nine months ended
	31st March 2001	30th June 2001	**30th September 2001**	**30th September 2001**
(in HK$ million)				
Turnover	0	8.6	**1.0**	**9.6**
(Loss)/Profit from operations	(4.1)	(5.3)	**13.1**	**3.7**

Cellular Communication Services launched its new GSM 1800 cellular service in East Java in April 2001 under the brand name "Lippo Telecom" through Natrindo. The new cellular service had an initial capacity of 70,000 subscribers and its subscriber base grew rapidly to over 56,000 by the end of September 2001. Its revenue reached HK$9.6 million for the Nine-month Period.

For the Nine-month Period, Natrindo recorded profit from operations primarily because of foreign exchange gains in other income. Natrindo is in its early stages of development. Investment to improve its market penetration, value added service offerings and operating efficiency are expected to help achieve positive profit from operations in the future.

Internet Enabling Services

An analysis of the quarterly (loss)/profit from operations of Internet Enabling Services during the periods is set out below:

	Three months ended			Nine months ended
	31st March 2001	30th June 2001	**30th September 2001**	**30th September 2001**
(in HK$ million)				
Turnover	83.8	164.4	**129.9**	**378.1**
(Loss)/Profit from operations	7.9	9.5	**(0.3)**	**17.1**

Revenue from Internet Enabling Services increased by 100% to HK$378.1 million for the Nine-month Period from HK$188.6 million for the same period in 2000. The major contributor was PT Multipolar Corporation Tbk ("Multipolar"). PT Link Net, AAM Group's ISP (Internet Services Provider), increased its revenue to HK$22.7 million for the Nine-month Period with its new subscription fee-based services.

Multipolar maintained its position as the leading provider of system integration and IT solution services to the financial services industry. It continues to strengthen its market position and looks to enter into new market segments such as oil & exploration, retail, distribution and telecommunication and higher margin value-added services. Multipolar has also started to implement the ESP (Enterprise Service Provider) model in cooperation with Oracle to enhance its service offerings.

Commerce

An analysis of the quarterly share of profit from Matahari during the periods is set out below:

	Three months ended			Nine months ended
	31st March 2001	30th June 2001	**30th September 2001**	**30th September 2001**
(in HK$ million)				
Share of profit of Matahari	28.2	22.1	**30.3**	**80.6**

Matahari, the top retail brand in Indonesia, is the largest retail company in Indonesia operating 79 department stores, including 63 supermarkets in over 35 cities. It offers one-stop shopping to middle and upper-income families with a customer base of over 10 million people nationwide.

Matahari continued its strong performance with total revenue of HK$2.7 billion and a net profit of HK$129.8 million for the Nine-month Period.

Operating Results – Non-core units

An analysis of the quarterly (loss)/profit from operations of Non-core units during the periods highlighting the challenges is set out below:

	Three months ended			Nine months ended
	31st March 2001	30th June 2001	**30th September 2001**	**30th September 2001**
(in HK$ million)				
Turnover	14.7	30.6	**16.5**	**61.8**
Loss from operations	(33.5)	(14.4)	**(23.5)**	**(71.4)**
Share of loss of Non-core associates	(7.8)	(0.6)	**(12.5)**	**(20.9)**

PT Lippo Shop ("LippoShop"), the e-commerce operator in Indonesia, contributed HK$31.0 million in revenue for the Nine-month Period.

PT Lippo On Line offers a top information and entertainment website, LippoStar, with 9 channels and 42 sub-channels. It also offers web hosting and online advertising services to corporate customers. The number of subscribers increased to 541,000 during the Nine-month Period.

AsiaPay (HK) Limited ("AsiaPay"), an e-payment service and solutions provider in Hong Kong, offers on-line payment service under the trade name "paydollar.com".

Asia MobileNet (HK) Limited, AAM Group's wireless ASP, is building closer ties with YesMobile Holdings Company Limited, an associate of AAM Group, to enhance the service offerings of both units. It has formed alliances with Standard & Poor's and Motorola to launch the first Java mobile phone based real-time online financial service in August 2001.

All Non-core units and Non-core associates are in their early stages of development and require continued funding support before they reached profitability.

For the Nine-month Period, Non-core units generated a total revenue of HK$61.8 million, whereas they generated HK$71.4 million in loss from operations. This accounted for 67% of AAM Group's loss from operations for the Nine-month Period. During the same period, Non-core associates recorded a share of loss of associates of HK$20.9 million.

To minimize the negative impact, AAM Group began the restructuring of the Non-core units in July 2001. AAM Group had set out to preserve the value of investments while curtailing cash burn. Among the many alternatives being exercised were merging Non-core units with complementary companies to accelerate their development, adjusting business models of Non-core units to improve cash income or simply ceasing the operations of those Non-core units with no viable business models.

In the third quarter of 2001, AAM Group had:

- stopped the B2C business of LippoShop at the end of August 2001; and
- merged AsiaPay with KeyTrend Technology Holdings Limited, a leading e-security solutions provider in Asia, in August 2001.

During the third quarter of 2001, the total number of AAM Group's employees was reduced to 1,655. That amounted to a reduction of 348 staff, representing 42% of the total headcount for Non-core units and 17% of the total headcount for AAM Group.

PROSPECTS

AAM Group will continue to build its four lines of business: Fixed Line Broadband Communication Services, Cellular Communication Services, Internet Enabling Services and Commerce. It aims to become an industry leader in each of these four lines of business in Asia.

In Broadband Communication Services, AAM Group is exploring avenues for Broadband Multimedia and its Internet Services Provider to join forces and collaborate, thereby enhancing their service offerings for data communication business. In Cellular Communication Services, Natrindo has gained a strong foothold in East Java and is now concentrating on increasing revenue and usage while exploring opportunities for network expansion. In Internet Enabling Services, AAM Group continues to experience strong growth and is moving into higher margin solution services businesses. In Commerce, Matahari continues to strengthen its professional management team to facilitate further growth. Furthermore, AAM Group is upgrading its management practices in general to further improve all of its operations.

AAM Group aims to increase its market penetration through ongoing expansion of its fixed-line broadband and cellular networks and its retail outlets and through effective joint marketing activities with bundled service offerings to residential and corporate customers.

DISCLOSURE OF INTERESTS IN SECURITIES

(1) DIRECTORS AND CHIEF EXECUTIVE

As at 30th September 2001, the interests of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as recorded in the register required to be kept by the Company under Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange under Rule 5.40 of the GEM Listing Rules were as follows:

(i) Interests in Securities of the Company and Associated Corporations

As at 30th September 2001, none of the Directors or the chief executive of the Company were interested in any equity or debt securities of the Company or any of its associated corporations.

(ii) *Rights to Acquire Shares of the Company*

Pursuant to the Pre-IPO Share Option Plan of the Company (the "Pre-IPO Plan"), the Directors and the chief executive of the Company were granted on 23rd June 2000 (the "Grant Date") options to subscribe for shares of the Company at an exercise price of HK$3.28 per share as follows:

	Number of underlying shares			
Name	**Granted**	**Lapsed**	**Outstanding as of 30th September 2001**	
Dr. Cheng Wen Cheng	13,150,000	–	13,150,000	*(Note 1)*
Mr. Canning Kin Ning Fok	7,091,000	–	7,091,000	*(Note 2)*
Mr. Richard Arthur Woolcott	3,546,000	–	3,546,000	*(Note 3)*
Mr. Davy Kwok Fai Lee	2,364,000	–	2,364,000	*(Note 4)*
Mr. Stephen Hung	2,364,000	–	2,364,000	*(Note 4)*
Mr. Gerard Joseph McMahon	2,364,000	–	2,364,000	*(Note 4)*
Mr. Christopher James Williams	2,364,000	–	2,364,000	*(Note 4)*
Mr. Kwok Ming Cheung	2,364,000	–	2,364,000	*(Note 4)*
Total	35,607,000	–	35,607,000	

Notes:

1. 1,330,000 shares shall become exercisable from 14th January 2001; 2,364,000 shares shall become exercisable from each of 1st June 2001, 1st June 2002, 1st June 2003, 1st June 2004 and 1st June 2005.

2. 709,100 shares shall become exercisable from each of 14th January 2001 and 1st April 2001; 1,418,200 shares shall become exercisable from each of 1st April 2002, 1st April 2003, 1st April 2004 and 1st April 2005.

3. 354,600 shares shall become exercisable from each of 14th January 2001 and 1st April 2001; 709,200 shares shall become exercisable from each of 1st April 2002, 1st April 2003, 1st April 2004 and 1st April 2005.

4. 236,400 shares shall become exercisable from each of 14th January 2001 and 1st April 2001; 472,800 shares shall become exercisable from each of 1st April 2002, 1st April 2003, 1st April 2004 and 1st April 2005.

5. Dr. Mochtar Riady resigned as a Director of the Company with effect from 14th May 2001. As a result, his option to subscribe for 6,618,400 shares lapsed and his remaining option to subscribe for 1,654,600 shares shall lapse on 14th November 2001.

6. Mr. Lak Chuan Ng resigned as a Director of the Company with effect from 1st August 2001. As a result, his option to subscribe for 6,618,184 shares lapsed with effect from 1st August 2001 and his remaining option to subscribe for 3,231,816 shares shall lapse on 1st February 2002.

7. The exercise period for all such shares (except those mentioned in Notes 5 and 6) shall end 10 years from the Grant Date (the "Expiry Date").

The Company also has a share option scheme (the "Post-IPO Scheme") under which the Directors and employees of AAM Group may be granted on or after 13th July 2000 options to subscribe for shares of the Company subject to the terms and conditions stipulated in the Post-IPO Scheme. No options had been granted to the Directors and the chief executive of the Company under the Post-IPO Scheme as at 30th September 2001.

Save as disclosed herein, as at 30th September 2001, none of the Directors nor the chief executive of the Company nor their spouses or children under 18 years of age was granted or had exercised any right to subscribe for any equity or debt securities of the Company.

(2) SUBSTANTIAL SHAREHOLDERS

As at 30th September 2001, according to the register required to be kept under Section 16(1) of the SDI Ordinance, the persons (other than the Directors or the chief executive of the Company) who were, directly or indirectly, interested in 10% or more of the issued share capital of the Company were as follows:

Name	Number of shares	Approximate percentage
Cyport Limited	3,692,062,218	72.90
Lippo Cayman Limited *(Note)*	3,973,997,724	78.47
Lanius Limited *(Note)*	3,973,997,724	78.47

Note:

The sole shareholder of Cyport Limited ("Cyport") was Lippo Cayman Limited ("Lippo Cayman") and the sole shareholder of Lippo Cayman was Lanius Limited ("Lanius"). The shares in which Lippo Cayman and Lanius were indirectly interested included the shares held by Cyport.

(3) MANAGEMENT SHAREHOLDERS

Save for the substantial shareholders and Mideast Pacific Strategic Holdings Limited which held 219,600,000 shares of the Company as at 30th September 2001, the Directors are not aware of any persons who, as at 30th September 2001, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were able, as a practical matter, to direct or influence the management of the Company.

SHARE OPTIONS

(1) PRE-IPO PLAN

Pursuant to the Pre-IPO Plan, 23 employees of AAM Group (other than the Directors of the Company) were granted on the Grant Date options to subscribe for an aggregate of 17,499,000 shares of the Company at an exercise price of HK$3.28 per share. The highest number of shares underlying the outstanding options granted to any one participant (other than the Directors of the Company) under the Pre-IPO Plan as at 30th September 2001 was 1,182,000. The option for each grantee is exercisable in accordance with the Pre-IPO Plan at any time during a period commencing from the respective commencement dates and ending on the Expiry Date in accordance with the following schedule:

Commencement date	**Percentage of underlying shares**
14th January 2001	10
1st April 2001	10
1st April 2002	20
1st April 2003	20
1st April 2004	20
1st April 2005	20

(2) POST-IPO SCHEME

Pursuant to the Post-IPO Scheme, 9 employees of AAM Group (other than the Directors of the Company) were granted options to subscribe for an aggregate of 6,915,676 shares of the Company on the respective dates of grant as shown in the following schedule. The highest number of shares underlying the outstanding options granted to any one participant (other than the Directors of the Company) under the Post-IPO Scheme as at 30th September 2001 was 1,000,000. The options for such grantees are exercisable in accordance with the Post-IPO Scheme at any time during the relevant periods commencing from the respective commencement dates and ending on 21st June 2010 at the respective exercise prices in accordance with the following schedule:

Date of grant	**No. of employees**	**Commencement date**	**Exercise price** *(HK$)*	**Approximate percentage of underlying shares**
17th January 2001	1	1st July 2001	3.11	33.4
		1st July 2002		33.3
		1st July 2003		33.3
17th January 2001	5	17th January 2002	3.11	50
		17th January 2003		50
11th May 2001	1	10th April 2002	2.42	30
		10th April 2003		30
		10th April 2004		40
14th August 2001	1	14th August 2001	1.80	100
4th September 2001	1	4th March 2002	1.266	100

The options granted under the Pre-IPO Plan and the Post-IPO Scheme in respect of 57,992,416 shares and 4,856,512 shares of the Company respectively (totalling 62,848,928 shares and representing approximately 1.23% of the enlarged issued share capital thereof) were outstanding as at 30th September 2001. Options granted under the Pre-IPO Plan and the Post-IPO Scheme to subscribe for an aggregate of 16,266,584 shares and 2,059,164 shares respectively were lapsed as at 30th September 2001.

The maximum number of shares subject to the Pre-IPO Plan and the Post-IPO Scheme must not exceed 30% of the total issued shares of the Company from time to time.

Save as disclosed herein, no options to subscribe for shares of the Company have been granted, exercised, lapsed, cancelled or re-issued since the listing of the Company's shares on GEM and up to the date of this Report under the Pre-IPO Plan and the Post-IPO Scheme. Summaries of the principal terms of the Pre-IPO Plan and the Post-IPO Scheme were set out in the Prospectus.

SPONSOR'S INTEREST

As updated and notified by the Company's sponsor, BNP Paribas Peregrine Capital Limited (the "Sponsor"), as at 30th September 2001 PT BNP Paribas Peregrine, an associate of the Sponsor, held 250 shares in Multipolar.

Save as disclosed above, neither the Sponsor nor its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the securities of the Company or any members of AAM, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any members of AAM Group.

Pursuant to a Sponsor Agreement dated 6th July 2000 between the Company and the Sponsor, the Sponsor is entitled to receive a fee for acting as the Company's sponsor for the period from 13th July 2000 to 31st December 2002.

COMPETING INTERESTS

Mr. Canning Kin Ning Fok, a non-executive Director, is also the group managing director of Hutchison Whampoa Limited ("Hutchison"), a company whose shares are listed on the Main Board of the Stock Exchange. Hutchison is the holding company of a group of companies which carry on a diverse range of businesses including telecommunications and e-Commerce, owning and operating Internet and telecommunications infrastructure, and offering or planning to offer related services. With the regional expansion plan of AAM Group in Asia to become one of Asia's leading fixed line broadband communication services, cellular communication services, Internet enabling services and Commerce providers, AAM Group will have a higher degree of competition with Hutchison in the future than it has now.

The Lippo Group (a general reference to the companies (including Lippo Cayman) in which Dr. Mochtar Riady and his family have a direct or indirect interest; the Lippo Group is not a legal entity and does not operate as one; each of the companies in the Lippo Group operates within its own legal, corporate and financial framework) may have or may develop interests in other technology related business, including telecommunications in Hong Kong and other parts in Asia. There is a chance that such businesses may compete with AAM Group.

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

AUDIT COMMITTEE

The Company has established an audit committee on 23rd June 2000 with written terms of reference in accordance with Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of AAM Group.

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

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

By Order of the Board
Richard Woolcott
Chairman

Hong Kong, 13th November 2001