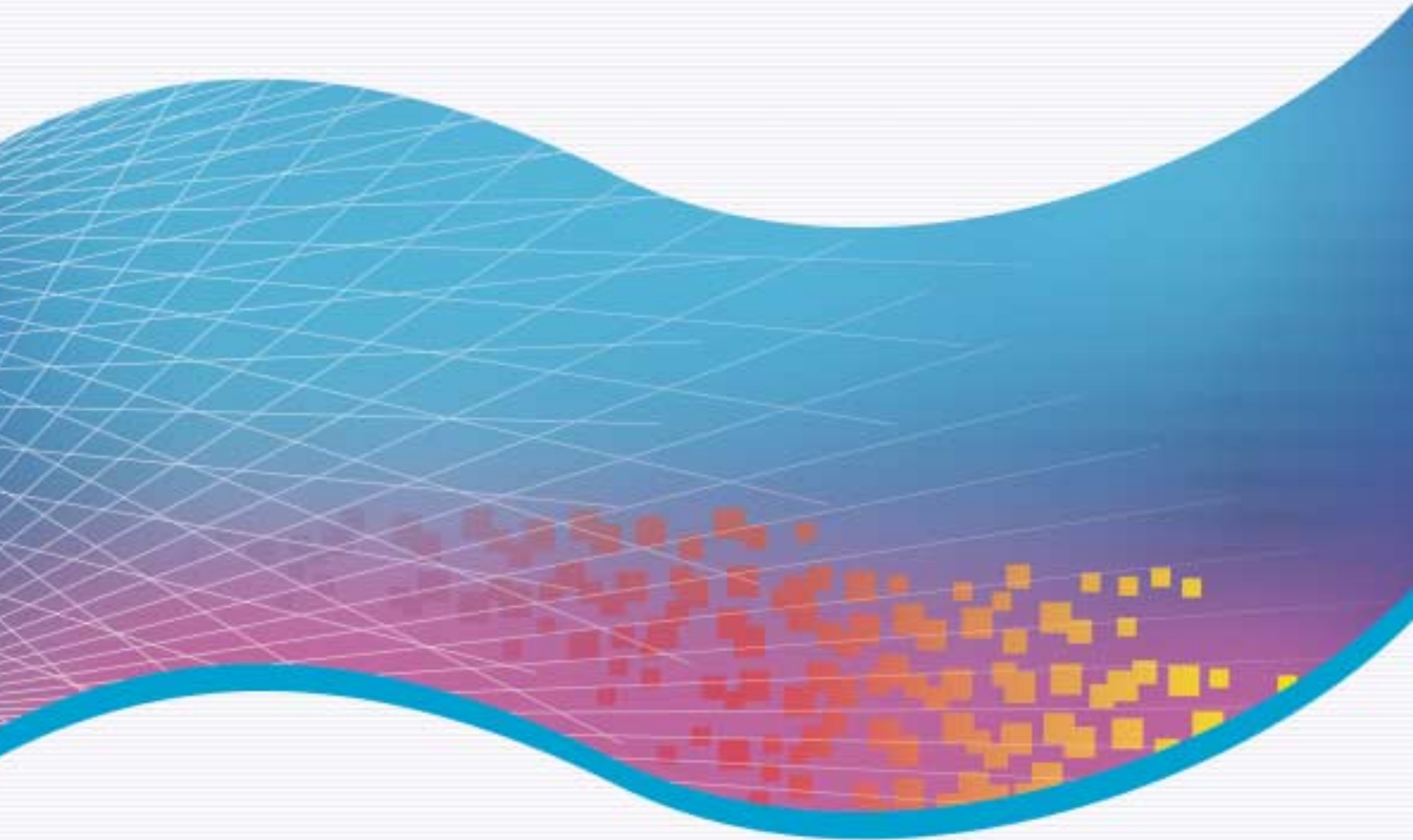


HALF-YEAR REPORT 2002



ACROSS ASIA MULTIMEDIA LIMITED
(Incorporated in the Cayman Islands with limited liability)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This document, for which the Directors of AcrossAsia Multimedia Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this document is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this document misleading; and (3) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Half-Year Report
For The Six Months Ended 30th June 2002

HIGHLIGHTS

- AAM Group continued to maintain a positive EBITDA (excluding other income and other expenses) for the second quarter; EBITDA reached HK\$8.2 million for the Half-year Period compared to a negative EBITDA of HK\$42.7 million for the corresponding period in 2001.
- AAM Group achieved positive operating results with a profit from continuing operations of HK\$1.3 million including a foreign exchange gain of HK\$36.4 million, compared to a loss from continuing operations of HK\$101.3 million for the corresponding period in 2001.
- Turnover lowered by HK\$27.8 million or 8% to HK\$317.6 million compared to the same period in 2001 as a result of lower sales of the project-based IT Solutions business and the discontinuation of the e-commerce business (the latter reduced revenue by HK\$24.5 million or 7%). The lower revenue was partly offset by the 45.7% increase in turnover of the Broadband Services totalling HK\$91.5 million.
- Ongoing cost control resulted in reduction of operating expenses by 25.5% to HK\$108.7 million compared to the corresponding period in 2001.
- Net loss narrowed to HK\$21.0 million, a significant improvement over a net loss of HK\$94.0 million for the same period in 2001.
- Total headcount reduced from 1,357 at the end of 31st March 2002 to approximately 1,240 at the end of the Half-year Period.

HALF-YEAR RESULTS (UNAUDITED)

The Directors of AcrossAsia Multimedia Limited (the "Company") are pleased to present the unaudited consolidated financial statements of the Company and its subsidiaries (collectively the "AAM Group") for the six months ended 30th June 2002 (the "Half-year Period") and three months ended 30th June 2002 together with comparative figures for the corresponding periods ended 30th June 2001, as follows:

Consolidated Income Statement

	Note	Six months ended 30th June		Three months ended 30th June	
		2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Continuing Operations					
Turnover	2	317,103	320,366	151,772	208,526
Cost of sales and services rendered		(257,796)	(254,802)	(121,222)	(170,989)
Gross profit		59,307	65,564	30,550	37,537
Other income		44,327	6,241	14,983	6,076
Other expenses		(413)	(45,107)	(411)	(25,374)
Selling and distribution expenses		(18,175)	(25,112)	(9,459)	(15,250)
General and administrative expenses		(83,742)	(102,891)	(41,546)	(48,189)
Profit (Loss) from continuing operations	2	1,304	(101,305)	(5,883)	(45,200)
Interest income		5,913	4,725	3,756	1,657
Interest expense		(30,263)	(7,427)	(14,787)	(4,502)
Loss from continuing operations before share of profit of associates		(23,046)	(104,007)	(16,914)	(48,045)
Discontinued Operation					
Turnover	2	503	25,029	28	16,677
Cost of sales		(372)	(17,240)	(21)	(10,395)
Gross profit		131	7,789	7	6,282
Other income		2,232	1,452	(1,274)	1,452
Other expenses		(78)	(38)	780	303
Selling and distribution expenses		(10)	(6,206)	(1)	(2,181)
General and administrative expenses		(6,780)	(11,642)	(4,841)	(5,319)
Loss from discontinued operation	2	(4,505)	(8,645)	(5,329)	537
Interest income		4	143	1	99
Interest expense		(1,059)	(848)	(579)	(42)

	Note	Six months ended 30th June		Three months ended 30th June	
		2002	2001	2002	2001
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss from discontinued operation before share of profit of associates		(5,560)	(9,350)	(5,907)	594
Loss before share of profit of associates		(28,606)	(113,357)	(22,821)	(47,451)
Share of profit of associates		27,201	41,889	17,474	21,497
Profit (Loss) before taxation		(1,405)	(71,468)	(5,347)	(25,954)
Taxation	4	(6,916)	(13,843)	736	(11,117)
Loss from ordinary activities but before minority interests		(8,321)	(85,311)	(4,611)	(37,071)
Minority interests		(12,649)	(8,641)	(6,437)	(3,815)
Loss attributable to shareholders		(20,970)	(93,952)	(11,048)	(40,886)
Loss per share — Basic (<i>HK cents</i>)	5	(0.41)	(1.86)	(0.22)	(0.81)

Consolidated Balance Sheet

		(Unaudited) As at 30th June 2002	(Audited) As at 31st December 2001
	Note	HK\$'000	HK\$'000
Non-current assets			
Property and equipment		659,242	598,701
Investment in associates		692,253	565,578
Long-term investments		14,133	14,092
Goodwill		200,343	173,867
Intangible assets		761	22,841
Deferred tax assets		39,794	35,828
Non-current prepayments and receivables		29,252	18,065
Due from related companies		11,361	1,330
Total non-current assets		1,647,139	1,430,302
Current assets			
Inventories		46,913	68,790
Trade receivables	6	115,872	65,573
Prepayments, deposits and other current assets		152,854	101,985
Short-term investments		125,567	60,098
Pledged bank deposits		8,521	39,108
Cash and bank deposits		19,931	33,227
Total current assets		469,658	368,781
Current liabilities			
Long-term borrowings, current portion		(89,970)	(87,587)
Short-term loans		(144,458)	(235,042)
Finance lease obligations, current portion		(195)	(676)
Trade payables	7	(137,065)	(94,369)
Receipts in advance		(21,925)	(15,951)
Accruals and other payables		(113,150)	(113,781)
Estimated liabilities for losses of discontinued operations		(147,108)	(123,447)
Taxation payable		(21,652)	(16,167)
Due to related companies		(4,945)	(6,578)
Total current liabilities		(680,468)	(693,598)
Net current liabilities		(210,810)	(324,817)

		(Unaudited) As at 30th June 2002 HK\$'000	(Audited) As at 31st December 2001 HK\$'000
Total assets less current liabilities		1,436,329	1,105,485
<hr/>			
Non-current liabilities			
Long-term borrowings, non-current portion		(128,090)	(87,561)
Promissory notes		(22,667)	(41,805)
Non-current other payables		(146,230)	(10,709)
Finance lease obligations, non-current portion		(111)	(911)
Due to related companies, non-current portion		(10,405)	(7,224)
<hr/>			
Total non-current liabilities		(307,503)	(148,210)
<hr/>			
Minority interests		(475,539)	(370,633)
<hr/>			
Net assets		653,287	586,642
<hr/>			
Capital and reserves			
Share capital		506,462	506,462
Reserves	8	862,371	774,757
Accumulated losses	8	(715,546)	(694,577)
<hr/>			
Total shareholders' equity		653,287	586,642
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Condensed Consolidated Statement of Cash Flows

	Six months ended 30th June	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing Operations		
Net cash inflow (outflow) from operating activities	14,812	(92,531)
Net cash outflow from investing activities	(6,633)	(194,016)
Net cash provided by financing activities	13,322	184,660
<hr/>		
(Decrease) Increase in cash and bank deposits from continuing operations	21,501	(101,887)
Discontinued Operation		
Net cash outflow from operating activities	(2,876)	(9,860)
Net cash inflow (outflow) from investing activities	510	(6,043)
Net cash provided by financing activities	2,134	16,567
<hr/>		
(Decrease) Increase in cash and bank deposits from discontinuing operation	(232)	664
Total (Decrease) Increase in cash and bank deposits	21,269	(101,223)
Cash and bank deposits, beginning of period	33,227	189,374
Effect of foreign exchange rate changes	(34,565)	(26,083)
<hr/>		
Cash and bank deposits, end of period	19,931	62,068
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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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM") since 13th July 2000. The unaudited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as published by the International Accounting Standards Board, which are supplemented by the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"). Significant transactions and balances among the companies comprising AAM Group have been eliminated on consolidation.

2. Segment information

An analysis of AAM Group's results from operations for the Half-year Period by business segment is as follows:

	Broadband Services HK\$'000	Cellular Services HK\$'000	IT Solutions HK\$'000	Retail HK\$'000	Others HK\$'000	Total HK\$'000
Turnover						
— Continuing	91,501	9,550	216,052	—	—	317,103
— Discontinued	—	—	—	503	—	503
Total	91,501	9,550	216,052	503	—	317,606
Profit (Loss) from operations						
— Continuing	7,279	70	12,213	—	(18,258)	1,304
— Discontinued	—	—	—	(4,505)	—	(4,505)
Total	7,279	70	12,213	(4,505)	(18,258)	(3,201)
Depreciation of property and equipment	28,733	9,885	5,813	2,827	250	47,508
Bad debts expense/Provision for doubtful debts	—	7	—	—	—	7
Amortisation of goodwill/intangible assets	—	—	547	5,746	—	6,293

An analysis of AAM Group's results of operations for the corresponding period in 2001 by business segment is as follows:

	Broadband Services HK\$'000	Cellular Services HK\$'000	IT Solutions HK\$'000	Retail HK\$'000	Others HK\$'000	Total HK\$'000
Turnover						
— Continuing	62,837	8,575	248,954	—	—	320,366
— Discontinued	—	—	—	25,029	—	25,029
Total	62,837	8,575	248,954	25,029	—	345,395
Profit (Loss) from operations						
— Continuing	(57,447)	(9,350)	5,521	—	(40,029)	(101,305)
— Discontinued	—	—	—	(8,645)	—	(8,645)
Total	(57,447)	(9,350)	5,521	(8,645)	(40,029)	(109,950)
Depreciation of property and equipment	20,977	1,507	4,035	3,969	409	30,897
Bad debts expense/Provision for doubtful debts	102	—	—	—	—	102
Amortisation of goodwill/intangible assets	—	—	444	5,202	3,029	8,675

3. An analysis of turnover by geographical location is as follows:

All revenue of AAM Group for the Half-year Period was derived from Indonesian operations.

4. Taxation

Taxation (consolidated) consisted of:

	Six months ended		Three months ended	
	30th June		30th June	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Provision for current taxation				
— AAM Group	117	(4,232)	7	(1,344)
— Associates	(1,760)	(10,127)	(297)	(6,386)
	(1,643)	(14,359)	(290)	(7,730)
Write-back of (Provision for) deferred taxation				
— AAM Group	(2,735)	3,028	2,907	(3,930)
— Associates	(2,538)	(2,512)	(1,881)	543
	(5,273)	516	1,026	(3,387)
	(6,916)	(13,843)	736	(11,117)

During the Half-year Period covered by this Report, substantially all of AAM Group's profit (loss) was derived from subsidiaries and associates incorporated and operating in Indonesia. These subsidiaries and associates were subject to Indonesian income tax at a maximum of 30% 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. No Indonesian income tax was provided for the discontinued operation, as it had no assessable profit.

5. Loss per share

The calculation of basic loss per share is based on the loss attributable to shareholders for the Half-year Period of approximately HK\$20,970,000 (2001 - HK\$93,952,000) and on the weighted average of approximately 5,064,615,000 shares (2001 - 5,064,615,000 shares) in issue.

Diluted loss per share for the Half-year Period and the corresponding period in 2001 is not presented because the effect of the outstanding employee share options was anti-dilutive.

6. Trade Receivables

The aging analysis of trade receivables (consolidated) is as follows:

	(Unaudited)	(Audited)
	30th June 2002	31st December 2001
	HK\$'000	HK\$'000
Less than 1 month	90,688	49,410
1-2 months	9,085	8,789
2-3 months	6,965	6,157
3-6 months	10,371	3,673
6 months-1 year	8,493	5,021
	125,602	73,050
Less: Provision for doubtful debts	(9,730)	(7,477)
	115,872	65,573

7. Trade Payables

The aging analysis of trade payables (consolidated) is as follows:

	(Unaudited) 30th June 2002 HK\$'000	(Audited) 31st December 2001 HK\$'000
Less than 1 month	57,324	29,029
1-2 months	11,834	22,537
2-3 months	12,107	4,443
3-4 months	765	8,161
4-5 months	11,226	2,179
5-6 months	4,848	6,434
6-7 months	1,165	1,263
7-8 months	2,500	2,559
8-9 months	6,129	9,885
9 months-1 year	29,167	7,879
	137,065	94,369

8. Movements of reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Equity translation of associates HK\$'000	Cumulative transactions adjustments HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance as at 1st January 2001	32,877	1,464,802	782	(687,416)	(478,117)	332,928
Loss attributable to shareholders	—	—	—	—	(216,460)	(216,460)
Translation adjustments	—	—	—	(36,288)	—	(36,288)
Balance as at 31st December 2001	32,877	1,464,802	782	(723,704)	(694,577)	80,180
Loss attributable to shareholders	—	—	—	—	(20,970)	(20,970)
Translation adjustments	—	—	—	87,614	—	87,614
Balance as at 30th June 2002	32,877	1,464,802	782	(636,090)	(715,547)	146,824

9. Material changes

During the Half-year Period, there were no material changes in status to the information relating to liquidity and financial resources, capital structure, charges on assets, exposure to fluctuations in exchange rates and any related hedges, contingent liabilities and other information of AAM Group disclosed in the Annual Report 2001 of the Company, save as mentioned in this Report.

10. Comparative figures

Certain comparative figures have been reclassified to conform to the Half-year Period's presentation.

FINANCIAL REVIEW

Continuing Operations

Turnover

Turnover of the core business groups, Broadband Services, Cellular Services and IT Solutions, remained stable at HK\$317.1 million for the Half-year Period compared to HK\$320.4 million for the same period in 2001.

For the Half-year Period, Broadband Services' revenue grew by 45.7% to HK\$91.5 million from HK\$62.8 million for the corresponding period in 2001; Cellular Services recorded revenue of HK\$9.6 million from the GSM 1800 cellular operations that commenced in East Java in April 2001. Revenue from IT Solutions, which are project based, lowered to HK\$216.1 million compared to HK\$248.9 million for the same period in 2001.

Gross Profit

Gross profit was HK\$59.3 million for the Half-year Period compared to HK\$65.6 million for the corresponding period in 2001.

Gross profit margin lowered to 18.7% for the Half-year Period mainly due to the increased depreciation of cable and cellular networks. Depreciation accounted for 10.1% of revenue for the Half-year Period compared to 4.1% for the same period in 2001. A relatively large proportion of hardware sales by IT Solutions also contributed to lower margins.

Profit from Continuing Operations

Total operating expenses (excluding other income and other expenses) reduced by 20.4% to HK\$101.9 million for the Half-year Period compared to HK\$128 million for the same period in 2001, demonstrating that AAM Group's restructuring and tight cost control measures are effective.

Corporate headquarters cost reduced by 67.6% to HK\$14.9 million for the Half-year Period compared to HK\$46.0 million in 2001.

Total headcount for AAM Group reduced from 1,357 at the end of 31st March 2002 to approximately 1,240 at the end of the Half-year Period.

Other income of HK\$44 million for the Half-year Period was mainly contributed by foreign exchange gain and gain from disposal of property and equipment.

AAM Group achieved a profit from continuing operations of HK\$1.3 million for the Half-year Period in comparison with a loss from continuing operations of HK\$101.3 million for the same period in 2001.

For the Half-year Period, Broadband Services' operating results turned into a profit of HK\$7.3 million from a loss of HK\$57.4 million for the same period of 2001, while Cellular Services recorded a profit of HK\$ 0.1 million from a loss of HK\$9.3 million for the same period in 2001 due to foreign exchange fluctuation. Operating results from IT Solutions increased by 121.8% to HK\$12.2 million for the Half-year Period from HK\$5.5 million in the same period of 2001.

Loss from Discontinued Operation

PT Lippo Shop discontinued its operations in November 2001. The costs of winding down the unit in the Half-year Period resulted in a loss from discontinued operation of HK\$5.6 million. For the corresponding period in 2001, the unit recorded HK\$25.0 million in revenue and a loss from operations of HK\$8.6 million.

EBITDA

AAM Group achieved a positive EBITDA (excluding other income and other expenses) of HK\$8.2 million for the Half-year Period compared to a negative EBITDA of HK\$42.7 million for the same period in 2001.

Share of Profit of Associates

AAM Group's share of profit of associates decreased to HK\$27.2 million for the Half-year Period compared to HK\$41.9 million for the same period in 2001 mainly due to lower profit reported by PT Matahari Putra Prima Tbk ("Matahari").

Loss attributable to Shareholders

Loss attributable to shareholders of AAM Group for the Half-year Period reduced by 78% to HK\$21.0 million compared to HK\$94.0 million for the same period in 2001.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Half-year Period (2001 - Nil).

BUSINESS REVIEW

The management continues to focus on profitability by growing AAM Group's four core Business Groups while tightening its expenses.

Broadband Services

Broadband Services offers corporate and residential consumer broadband services, including cable TV, broadband Internet access and other network services. The HFC cable network now totals 2,525 km, passing more than 207,000 homes and covering major residential and central business districts in five cities/locales including Jakarta, Surabaya and Bali.

PT Broadband Multimedia Tbk ("Broadband Multimedia") continues to be the dominant cable TV operator in Indonesia offering 62 channels of programming under the brand name "Kabelvision." In an ongoing effort to improve the quality of its content offering, Broadband Multimedia is negotiating for sole distributorship of a number of international channels for Indonesia.

Cable TV subscribers totalled 66,314 during the Half-year Period, a reduction of 3.2% from the same period in 2001 largely attributable to a 22% rate increase in January 2002.

Total corporate and individual broadband Internet subscribers increased by 121.5% from the end of 2001 to 8,171 at the end of the Half-year Period.

Cellular Services

Cellular Services has a GSM 1800 cellular network in East Java under PT Natrindo Telepon Seluler (“Natrindo”), with the aim to become a nationwide cellular operator. Natrindo’s network uses state-of-the-art technology and is designed to deliver both voice and data communication services.

Natrindo had 61,749 activated subscribers as of 30th June 2002. It has established direct interconnections and inter-operator SMS with all GSM operators in Indonesia, and international roaming with Hong Kong, India, Malaysia, Philippines, Singapore and Thailand. Natrindo also has over 600 sales distribution outlets.

IT Solutions

IT Solutions further consolidated its position as a leading provider of IT system integration and solution services to the financial services industry. It continues to foray into higher value-added business solutions, consulting and outsourcing services. It has started to implement the ESP (Enterprise Services Provider) model in cooperation with Oracle. For the market expansion, it is expanding into cross-industry sectors including telecommunications, gas & oil exploration, retail and manufacturing.

Retail

Matahari, an associate of AAM Group, is the top retail brand and the largest publicly listed modern retailer in Indonesia. It operates 77 department stores and 64 supermarkets in 38 cities, offering one-stop shopping to middle and upper-income families with a customer base of over 10 million people nationwide. Matahari has started to reorganise the department stores and supermarkets under separate units to be headed by separate professional teams to optimize the businesses.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

AAM Group generally finances its operations with operational revenue, internally generated resources and borrowings such as vendor financing. As at 30th June 2002, AAM Group had cash and bank balances and short-term investments of HK\$154.0 million (31st December 2001: HK\$132.4 million), net assets of HK\$653.3 million (31st December 2001: HK\$586.6 million), and net current liabilities of HK\$210.8 million (31st December 2001: HK\$324.8 million).

AAM Group’s gearing ratio, representing total borrowings divided by shareholders’ equity was 59.0% as at 30th June 2002 compared to 77.3% as at 31st December 2001.

PROSPECTS

AAM Group aims to be a leader in the consumer services industry in Indonesia and focuses on the four core Business Groups: Broadband Services, Cellular Services, IT Solutions and Retail. After the completion of its restructuring of non-core business that started in 2001, AAM Group is well positioned to further strengthen its market leadership position in its core businesses over the coming periods.

AAM Group continues to improve its operations and enhance its competitiveness by tight management of its operating and capital expenditures and by optimisation of its resources.

AAM Group will continue to seek strategic growth opportunities in the region prudently.

COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The following is a comparison of the actual business progress to the business objectives set out in the Prospectus of the Company dated 6th July 2000 (the "Prospectus") for the Half-year Period:

Business Objectives	Actual Business Progress
1. Broadband Services	
<i>(i) Technology Development</i>	
Continue network expansions acquisitions and upgrades	Total number of homes passed reached over 207,000
Develop further applications	In progress
Expand VSAT capacity by circa 10 cities with 3-10 nodes in every city	VSAT terminals have been installed in 17 cities throughout Indonesia
Expand Wireless Application Protocol services	Deferred due to market response
<i>(ii) Market and Business Development</i>	
Expand network services offerings	In progress
Expand TV channels	Currently 62 channels available
Expand marketing of bundled services including WAP and other wireless services	Deferred due to market response
Advertising and marketing campaign activities	Ongoing
Continued expansion of telemarketing centre	Operational
Pursue alliance & investment opportunities	Ongoing
2. Cellular Services	
<i>(i) Technology Development</i>	
Develop further applications	In progress
<i>(ii) Market and Business Development</i>	
Expand prepaid telephony offerings	Awaiting regulatory approvals
Expand network services offerings	In progress
Advertising and marketing campaign activities	Ongoing

Pursue alliance & investment opportunities

Ongoing

Continued expansion of telemarketing centre

Operational

3. IT Solutions

(i) *Technology Development*

Focus on development of the phase of innovative consumer interface

Deferred due to market response

Enhance content and CRM technology applications

Deferred due to market response

Develop further technology ideas & alliances

In progress

Source & review technology based investment opportunities

In progress

(ii) *Market and Business Development*

Continue to broaden and enrich scope of content

The portal is continuously being repositioned in response to market conditions

Enhance stickiness of portal with new “killer applications” features

Deferred due to market response

Partnership with global/regional companies in providing business component services

In progress

Develop partnership and alliances with advance technology vendors to strengthen image and competitiveness in the selected Asian market

In progress

Increase market penetration across industries by providing more higher value added service specifically in business component services

In progress

Increase market penetration for outsourcing services

In progress

E-business modelling consulting services

Deferred due to market response

Establish business (software) component services

Deferred due to market response

Initiate business (software) component service to enrich software management services

Deferred due to market response

Initiate outsourcing services on: disaster recovery services, quality assurance services, facility management services

In progress

Continue to explore and develop new media and technology for content development

Deferred due to market response

4. Retail

(i) *Technology Development*

Add advanced e-commerce features

Discontinued due to restructuring in response to the market

Upgrade and improve fulfilment capabilities

Discontinued due to restructuring in response to the market

Actively look out for regional B2B & B2C technology and idea opportunities

Discontinued due to restructuring in response to the market

(ii) *Market and Business Development*

Refine B2B and B2C target market focus & product offerings

Discontinued due to restructuring in response to the market

Continue to recruit B2C e-commerce partnerships to expand e-commerce offerings

Discontinued due to restructuring in response to the market

Continue to develop and deepen B2B e-commerce offerings

Discontinued due to restructuring in response to the market

Continue to expand and improve efficiency of fulfilment operations

Discontinued due to restructuring in response to the market

Employ additional personnel as required for business growth

Discontinued due to restructuring in response to the market

Actively look out for regional B2B ideas, opportunities and partnership.

Discontinued due to restructuring in response to the market

EMPLOYEES

As at 30th June 2002, AAM Group employed approximately 1,240 staff. The staff costs including Directors' emoluments, were approximately HK\$43.9 million for the Half-year Period.

DISCLOSURE OF INTERESTS IN SECURITIES

(1) Directors and Chief Executive

As at 30th June 2002, 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 June 2002, 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 a subscription price of HK\$3.28 per share as follows:—

Name	Number of underlying shares		Outstanding as of 30th June 2002
	Granted	Lapsed	
Dr. Cheng Wen Cheng	13,150,000	—	13,150,000 (Note 1)
Mr. Richard Arthur Woolcott	3,546,000	—	3,546,000 (Note 2)
Mr. Stephen Hung	2,364,000	—	2,364,000 (Note 3)
Mr. Kwok Ming Cheung	2,364,000	—	2,364,000 (Note 3)
Mr. Marshall Wallace Cooper	355,000	—	355,000 (Note 4)
Total	21,779,000	—	21,779,000

Notes:

- 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.
- 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.
- 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.

4. *35,500 shares shall become exercisable from each of 14th January 2001 and 1st April 2001; 71,000 shares shall become exercisable from each of 1st April 2002, 1st April 2003, 1st April 2004 and 1st April 2005.*
5. *Mr. Christopher James Williams resigned as a Director of the Company with effect from 11th March 2002. As a result, his option to subscribe for 1,891,200 shares lapsed with effect from 11th March 2002. His remaining option to subscribe for 472,800 shares was waived by him on 21st May 2002.*
6. *Mr. Canning Kin Ning Fok resigned as a Director of the Company with effect from 12th March 2002. As a result, his option to subscribe for 5,672,800 shares lapsed with effect from 12th March 2002 and his remaining option to subscribe for 1,418,200 shares shall lapse on 11th September 2002.*
7. *Mr. Davy Kwok Fai Lee resigned as a Director of the Company with effect from 14th May 2002. Pursuant to the Pre-IPO Plan, he is still entitled to his share options in the following manner: 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.*
8. *Mr. Gerard Joseph McMahon retired as a Director of the Company with effect from 14th May 2002. As a result, his option to subscribe for 1,418,400 shares lapsed with effect from 14th May 2002 and his remaining option to subscribe for 945,600 shares shall lapse on 13th November 2002.*
9. *The exercise period for all such shares (except those mentioned in Notes 5, 6, and 8) shall end 10 years from the Grant Date (the "Expiry Date").*

The share option scheme of the Company adopted on 22nd June 2000 (the "2000 Scheme") was terminated on 15th May 2002. No options had been granted to the Directors and the chief executive of the Company under the 2000 Scheme. A new share option scheme of the Company was adopted on 14th May 2002 (the "2002 Scheme") under which the Directors and other persons (including employees of AAM Group) may be granted on or after 15th May 2002 options to subscribe for shares of the Company subject to the terms and conditions stipulated in the 2002 Scheme. No options had been granted to the Directors and the chief executive of the Company under the 2002 Scheme as at 30th June 2002.

Save as disclosed herein, as at 30th June 2002, 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 June 2002, 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	2,811,257,218	55.51
Lippo Cayman Limited (<i>Note</i>)	3,481,769,218	68.75
Lanius Limited (<i>Note</i>)	3,481,769,218	68.75

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 June 2002, the Directors are not aware of any persons who, as at 30th June 2002, 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, 22 employees of AAM Group (other than the Directors of the Company) were granted on the Grant Date options to subscribe for an aggregate of 17,144,000 shares of the Company at a subscription 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 June 2002 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

Options granted under the Pre-IPO Plan in respect of 42,870,200 shares of the Company (representing approximately 0.84% of the enlarged issued share capital thereof) were outstanding as at 30th June 2002. Options granted under the Pre-IPO Plan to subscribe for an aggregate of 31,388,800 shares were lapsed as at 30th June 2002.

(2) **2000 Scheme**

Pursuant to the 2000 Scheme, 11 employees of AAM Group (other than the Directors of the Company) were granted options to subscribe for an aggregate of 10,635,676 shares of the Company on the respective dates of grant as shown in the following schedule:

Date of grant	No. of employees	Commencement date	Subscription price (HK\$)	Approximate percentage of underlying shares per option
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
28th December 2001	1	28th December 2001	0.5	100
28th December 2001	1	28th December 2002	0.5	50
		28th December 2003		50

No options granted under the 2000 Scheme were outstanding as at 30th June 2002 since all remaining options in respect of 3,914,341 shares of the Company granted under the 2000 Scheme lapsed on 15th June 2002 (apart from options in respect of 6,721,335 shares lapsed before) following the termination of the 2000 Scheme.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Plan and the 2002 Scheme must not exceed 30% of the total issued shares of the Company from time to time.

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, the 2000 Scheme and the 2002 Scheme. Summaries of the principal terms of the Pre-IPO Plan and the 2000 Scheme were set out in the Prospectus and a summary of the principal terms of the 2002 Scheme was set out in the Company's Circular dated 28th March 2002.

SPONSOR'S INTEREST

As updated and notified by the Company's sponsor, BNP Paribas Peregrine Capital Limited (the "Sponsor"), as at 30th June, 2002, an associate of the Sponsor held 250 shares in PT Multipolar Corporation Tbk.

Save as disclosed above, neither the Sponsor nor its directors or 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 the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any members of the 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, who resigned as a non-executive Director on 12th March 2002, is 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 businesses of AAM Group in Asia covering broadband services, cellular services, IT solutions and retail, AAM Group might have had competition with Hutchison during the period from 1st January 2002 to 11th March 2002.

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

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

AUDIT COMMITTEE

The Company 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. The audit committee has met twice during the Half-year Period.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Rules 5.28 to 5.39 of the GEM Listing Rules regarding board practices and procedures throughout the Half-year Period.

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

During the Half-year 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 August 2002