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First Quarterly Report 2004

ACROSSASIA 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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The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the Directors of AcrossAsia Multimedia Limited (the “Company”) (namely, Dr. Cheng Wen CHENG and Messrs. Marshall Wallace COOPER, Richard Arthur WOOLCOTT, Stephen HUNG, Jonathan Limbong PARAPAK and Kwok Ming CHEUNG) 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

**First Quarterly Report
For the three months ended 31st March 2004**

HIGHLIGHTS

- AAM Group recorded profit from operations of HK\$6.9 million compared with loss from operations of HK\$3.3 million for the same period in 2003.
- Turnover increased by 17.3% to HK\$216.8 million compared to HK\$184.8 million for the same period in 2003.
- Gross profit rose by 63.5% to HK\$62.6 million from HK\$38.3 million for the corresponding period in 2003. Gross profit margin increased to 28.9% from 20.7% for the corresponding period in 2003.
- AAM Group extended its positive EBITDA trend (excluding other income and expenses) into the third consecutive year; EBITDA surged by 71.6% to HK\$36.9 million compared to HK\$21.5 million for the corresponding period in 2003.
- AAM Group's net loss decreased by 44.3% to HK\$11.2 million from HK\$20.1 million for the same period in 2003.
- Broadband Services' revenue rose by 40.3% to HK\$74.2 million from HK\$52.9 million for the corresponding period in 2003.
- Cellular Services' revenue from the GSM 1800 cellular operation increased to HK\$8.6 million, 30.3% higher than HK\$6.6 million for the same period in 2003.
- IT Solutions booked revenue of HK\$134.0 million, 6.9% higher compared to HK\$125.3 million for the corresponding period in 2003.
- Matahari, the core of Retail, increased its revenue by 12.9% to HK\$1.05 billion from HK\$928 million for the same period in 2003.

FIRST QUARTERLY RESULTS (UNAUDITED)

The Directors of AcrossAsia Multimedia Limited (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (collectively “AAM Group”) for the three months ended 31st March 2004 (the “Three-month Period”) together with comparative figures for the corresponding period ended 31st March 2003, as follows:

	Notes	Three months ended 31st March	
		2004 HK\$'000	2003 HK\$'000
Turnover	2	216,778	184,830
Cost of sales and services rendered		(154,207)	(146,536)
Gross profit		62,571	38,294
Other operating income and gains		314	9,620
Selling and distribution costs		(12,359)	(11,234)
General and administrative expenses		(43,624)	(39,976)
Profit/(Loss) from operations		6,902	(3,296)
Finance costs		(23,714)	(26,133)
Share of results of associates		10,040	(1,489)
Amortisation of goodwill on acquisition of associates		(3,208)	(3,068)
		6,832	(4,557)
Loss before income tax		(9,980)	(33,986)
Income tax expense	3	(3,920)	4,432
Loss before minority interests		(13,900)	(29,554)
Minority interests		2,661	9,497
Net loss from ordinary activities attributable to shareholders		(11,239)	(20,057)
Loss per share – (HK cents)	4		
Basic		(0.22)	(0.4)
Diluted		N/A	N/A

- (a)(ii) An analysis of AAM Group's revenue and results for the corresponding period in 2003 by business segment is as follows:

	Broadband Services HK\$'000	Cellular Services HK\$'000	IT Solutions HK\$'000	Retail HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Segment revenue:							
Sales to external customers	52,906	6,588	125,336	-	-	-	184,830
Intersegment sales	1,908	-	364	-	-	(2,272)	-
Total	54,814	6,588	125,700	-	-	(2,272)	184,830
Segment results	(11,904)	(7,080)	10,754	-	(3,219)	2,184	(9,265)
Interest income							5,969
Loss from operating activities							(3,296)
Finance costs							(26,133)
Share of results of associates (Less: amortisation of goodwill on acquisition of associates)	-	-	-	(5,369)	812	-	(4,557)
Loss before income tax							(33,986)
Income tax expense							4,432
Loss before minority interests							(29,554)
Minority interests							9,497
Net loss from ordinary activities attributable to shareholders							(20,057)

- (b) Geographical segments

Over 90% of AAM Group's revenue, results, assets and capital expenditure are attributable to its operations in Indonesia. Accordingly, no analysis by geographical segment is presented.

3. Income tax expense

No Hong Kong profits tax has been provided, as AAM Group had no assessable profits arising in Hong Kong during the Three-month Period (2003: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which AAM Group operates, based on existing legislation, interpretations and practices in respect thereof.

AAM Group's subsidiaries and associates incorporated and operating in Indonesia are subject to Indonesian income tax at a maximum rate of 30% (2003: 30%) of the individual entities' respective assessable profits in accordance with Indonesian income tax law.

	Three months ended	
	31st March	
	2004	2003
	HK\$'000	HK\$'000
AAM Group		
Deferred tax benefits*	(2,309)	(3,300)
	(2,309)	(3,300)
Share of tax attributable to associates		
Current income tax*	2,175	2,615
Deferred income tax/(tax benefits)*	4,054	(3,747)
	6,229	(1,132)
	3,920	(4,432)

* Imposed outside Hong Kong

4. Loss per share

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the Three-month Period of HK\$11,239,000 (2003: HK\$20,057,000) and 5,064,615,385 (2003: 5,064,615,385) ordinary shares in issue during the Three-month Period.

Diluted loss per share for the Three-month Period and the corresponding period in 2003 are not disclosed as there were no dilutive potential ordinary shares.

5. Reserves

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Equity transactions of associates <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January 2003	32,877	1,464,802	2,707	(650,684)	(769,816)	79,886
Currency translation differences	-	-	-	1,765	-	1,765
Net gain not recognised in the income statement	-	-	-	1,765	-	1,765
Net loss from ordinary activities attributable to Shareholders	-	-	-	-	(20,057)	(20,057)
At 31st March 2003	32,877	1,464,802	2,707	(648,919)	(789,873)	61,594
At 1st January 2004	32,877	1,464,802	2,925	(608,888)	(819,401)	72,315
Currency translation differences	-	-	-	(4,613)	-	(4,613)
Net gain not recognised in the income statement	-	-	-	(4,613)	-	(4,613)
Net loss from ordinary activities attributable to Shareholders	-	-	-	-	(11,239)	(11,239)
At 31st March 2004	32,877	1,464,802	2,925	(613,501)	(830,640)	56,463

FINANCIAL REVIEW

Turnover

AAM Group's turnover increased by 17.3% to HK\$216.8 million compared to HK\$184.8 million for the same period in 2003.

For the Three-month Period, Broadband Services' revenue rose by 40.3% to HK\$74.2 million from HK\$52.9 million for the corresponding period in 2003 mainly contributed by the increase in penetration of both cable TV and broadband Internet services. Cellular Services' revenue from the GSM 1800 cellular operation increased to HK\$8.6 million, 30.3% higher than HK\$6.6 million for the same period in 2003 due to the growth in the number of subscribers. IT Solutions booked revenue of HK\$134.0 million, 6.9% higher compared to HK\$125.3 million for the corresponding period in 2003 because of the contribution from higher value-added services.

Gross Profit

Gross profit rose by 63.5% to HK\$62.6 million from HK\$38.3 million for the corresponding period in 2003.

Gross profit margin increased to 28.9% from 20.7% for the corresponding period in 2003 mainly attributable to the higher-margin services of Broadband Services and IT Solutions.

Profit/(Loss) from Operations

AAM Group continued its profitability from operations first achieved in 2003 with a profit from operations of HK\$6.9 million for the Three-month Period compared to loss from operations of HK\$3.3 million for the same period in 2003.

Total operating expenses (excluding other income and expenses) increased at a slower pace than the revenue growth to HK\$56.0 million, 9.4% higher compared to HK\$51.2 million for the same period in 2003.

AAM Group extended its positive EBITDA trend (excluding other income and expenses) into the third consecutive year. EBITDA surged by 71.6% to HK\$36.9 million compared to HK\$21.5 million for the corresponding period in 2003.

Share of Results of Associates

AAM Group recorded a share of profit of associates (net of goodwill amortization) of HK\$6.8 million for the Three-month Period compared to a share of loss of HK\$4.6 million for the same period in 2003. The improvement was due to the net profit growth of 13.6% of PT Matahari Putra Prima Tbk (“Matahari”), a 47.4% owned associate of AAM Group listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange.

Net Loss from Ordinary Activities attributable to Shareholders

Net loss from ordinary activities attributable to shareholders of AAM Group for the Three-month Period decreased by 44.3% to HK\$11.2 million from HK\$20.1 million for the same period in 2003.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Three-month Period (2003 – Nil).

BUSINESS REVIEW

During the Three-month Period, the four Business Groups, namely Broadband Services, Cellular Services, IT Solutions and Retail of AAM Group has achieved encouraging performance.

Broadband Services

Broadband Services offers corporate and consumer broadband services including cable TV, broadband Internet access and other network services. Its HFC (Hybrid Fibre Coaxial) cable network has expanded to over 2,564

km, passing more than 219,230 homes as at the end of the Three-month Period and covering major residential and central business districts in five cities/locales including Jakarta, Surabaya and Bali.

Broadband Services' core operation, PT Broadband Multimedia Tbk (a subsidiary of the Company listed on the Surabaya Stock Exchange), continues to be the dominant cable TV operator in Indonesia. It now offers 67 national and international channels of programming under the brand name "Kabelvision" which include a second pay-per-view sports channel launched in March 2004. The number of cable TV subscribers increased by 34.6% to 105,272 as at the end of the Three-month Period compared to that as at 31st March 2003. Furthermore, the total number of individual and corporate broadband Internet subscribers grew by 35.5% to 14,182 as at the end of the Three-month Period compared to that as at 31st March 2003. The broadband network is also being used by the Jakarta Stock Exchange to provide remote trading services to stockbrokers. As at the end of the Three-month Period, the total number of corporate links was 118.

Cellular Services

Cellular Services, through PT Natrindo Telepon Seluler ("Natrindo"), provides GSM 1800 cellular services under the brand name "Lippo Telecom" in East Java. With the national GSM 1800 licence, Natrindo has been devising plans for the rollout of its services nationwide in Indonesia.

Natrindo's subscriber base grew by 20.9% to approximately 96,920 subscribers as at the end of the Three-month Period compared to that as at 31st March 2003.

IT Solutions

IT Solutions focuses on providing higher value-added and recurring revenue services to its existing and new clients. Its system integration unit which mainly supplies hardware and software solutions has successfully reacted to the ongoing price war by working closely with its principal suppliers and

providing quality services to its clients. As a result, it has maintained the margin levels despite the competition. This enables IT Solutions to better weather the peaks and troughs in the industry.

Retail

Matahari, the core of AAM Group's Retail, holds its position as the top retail brand and the largest publicly listed modern retailer in Indonesia offering one-stop shopping to middle and upper-income families with a customer base of over 10 million people nationwide. It had 75 department stores and 54 supermarkets in over 37 cities as at the end of the Three-month Period.

Matahari has been focusing on inventory management, efficient merchandise procurement as well as promotion strategy. Furthermore, while controlling its expenses tightly, Matahari continues to revitalise its store portfolio by renovating certain existing stores and by closing down unprofitable stores and opening newer and better ones in prime locations to meet demographic and geographical needs.

Matahari has just completed successfully two bond issues raising a total of Rp.450 billion (approximately HK\$405 million) instead of the originally planned Rp.300 billion due to good market response. The funds will foster the above store portfolio revitalisation and further fortify Matahari's leading position in Indonesia.

PROSPECTS

International financial organisations have affirmed the positive trend in global economic recovery in 2004 that has been marked by an especially rapid upturn in the emerging Asia (including Indonesia, China and India) and the United States of America. Against this backdrop of promising economic growth, AAM Group will stay alert towards the operating environment of its

four Business Groups particularly the political elections in Indonesia this year while considering to increase its stake in and control over those businesses which are expected to benefit most from the economic growth. AAM Group will continue to broaden its revenue sources, improve its operating efficiency, focus on achieving profitability and concurrently seek growth opportunities in Asia.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 31st March 2004, 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

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

Long Position in Underlying Shares of the Company and Associated Corporations

(i) Physically settled equity derivatives

Pursuant to the Pre-IPO Share Option Plan of the Company (the "Pre-IPO Plan"), the 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			Percentage of enlarged issued share capital
	Granted	Lapsed	Outstanding as of 31st March 2004	
Dr. Cheng Wen Cheng	13,150,000	–	13,150,000 <i>(Note 1)</i>	0.25
Mr. Richard Arthur Woolcott	3,546,000	–	3,546,000 <i>(Note 2)</i>	0.07
Mr. Stephen Hung	2,364,000	–	2,364,000 <i>(Note 3)</i>	0.04
Mr. Kwok Ming Cheung	2,364,000	–	2,364,000 <i>(Note 3)</i>	0.04
Mr. Marshall Wallace Cooper	355,000	–	355,000 <i>(Note 4)</i>	0.01
Total	21,779,000	–	21,779,000	

Notes:

- 1,330,000 shares became exercisable from 14th January 2001 and 2,364,000 shares from each of 1st June 2001, 1st June 2002 and 1st June 2003; 2,364,000 shares shall become exercisable from each of 1st June 2004 and 1st June 2005.*
- 354,600 shares became exercisable from each of 14th January 2001 and 1st April 2001 and 709,200 shares from each of 1st April 2002, 1st April 2003 and 1st April 2004; 709,200 shares shall become exercisable from 1st April 2005.*
- 236,400 shares became exercisable from each of 14th January 2001 and 1st April 2001 and 472,800 shares from each of 1st April 2002, 1st April 2003 and 1st April 2004; 472,800 shares shall become exercisable from 1st April 2005.*
- 35,500 shares became exercisable from each of 14th January 2001 and 1st April 2001 and 71,000 shares from each of 1st April 2002, 1st April 2003 and 1st April 2004; 71,000 shares shall become exercisable from 1st April 2005.*

5. *The exercise period for all such shares shall end 10 years from the Grant Date (the "Expiry Date").*

(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 2004, the interests and short positions of the substantial shareholders of the Company in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Position in Shares of the Company

Name	Number of shares	Percentage of issued share capital
Grandhill Asia Limited	500,000,000	9.87
Lippo Cayman Limited	3,669,576,788	72.45
Lanius Limited	3,669,576,788	72.45
Dr. Mochtar Riady	3,669,576,788	72.45
Madam Lidya Suryawaty	3,669,576,788	72.45

Note:

The shares of the Company were held by direct and indirect wholly-owned subsidiaries (including Cyport Limited and its wholly-owned subsidiary, Grandhill Asia Limited) of Lippo Cayman Limited ("Lippo Cayman") and Mideast Pacific Strategic Holdings Limited in which Lippo Cayman controlled a 30% interest. Lanius Limited ("Lanuis") was the registered shareholder of the entire issued share capital of Lippo Cayman. Lanius was the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder. The beneficiaries of the trust included Dr. Mochtar Riady and his family members. Dr. Mochtar Riady was not the registered holder of any shares in the issued share capital of Lanius.

Long Position in Underlying Shares of the Company

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

Short Position in Shares and Underlying Shares of the Company

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

Other Persons

As at 31st March 2004, no other persons had any interests or short positions in the shares or underlying shares (in respect of positions held pursuant to equity derivatives) of the Company according to the registers required to be kept by the Company under the SFO.

SHARE OPTIONS

As at 31st March 2004, options granted on the Grant Date to 12 participants (other than the Directors of the Company) to subscribe for an aggregate of 12,885,000 shares of the Company at a subscription price of HK\$3.28 per share were outstanding. 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

The following options under the Pre-IPO Plan were outstanding during the Three-month Period:

Participant	Number of underlying shares		
	As at 1st January 2004	Lapsed during the period	As at 31st March 2004
Directors	21,779,000	–	21,779,000
Others	12,885,000	–	12,885,000
Total	34,664,000	–	34,664,000

The Company also has a share option scheme adopted on 14th May 2002 (the “2002 Scheme”) under which employees of AAM Group (including the Directors of the Company) and other persons may be granted on or after 15th May 2002 options to subscribe for shares of the Company subject to the terms and conditions stipulated in the 2002 Scheme. No options had been granted under the 2002 Scheme as at 31st March 2004.

COMPETING INTERESTS

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 Three-month Period. There was a chance that such businesses might have competed with AAM Group during the Three-month Period.

Save as disclosed herein, the Directors are not aware of any business or interest of the Directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that have competed or may compete with the business of 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 5.28 and 5.29 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 this year.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules regarding board practices and procedures throughout the Three-month Period.

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

Richard Woolcott

Chairman

Hong Kong, 11th May 2004