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Half-Year Report 2004

ACROSSASIA LIMITED

(Incorporated in the Cayman Islands with limited liability)

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This report, for which the Directors of AcrossAsia Limited (the “Company”) (namely, Dr. Cheng Wen CHENG and Messrs. Marshall Wallace COOPER, Richard Arthur WOOLCOTT, 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.

Half-year Report**For the six months ended 30th June 2004****HIGHLIGHTS**

- Turnover rose by 26.3% to HK\$405.7 million compared to HK\$321.1 million for the same period in 2003.
- Gross profit increased by 89.3% to HK\$120.4 million from HK\$63.6 million for the same period in 2003. Gross profit margin improved to 29.7% from 19.8% for the corresponding period in 2003.
- EBITDA (excluding other income and expenses) increased 91.9% to HK\$57.2 million from HK\$29.8 million for the comparison period in 2003.
- Net loss (including foreign exchange loss of HK\$35.2 million) was HK\$51.2 million compared to HK\$39.5 million (including foreign exchange gain of HK\$25.8 million) for the same period in 2003.
- Excluding foreign exchange loss/gain: total operating expenses only increased 6.7% to HK\$119.8 million from HK\$112.2 million for the corresponding period in 2003; operations recorded a profit of HK\$9.7 million compared to a loss of HK\$34.8 million for the same period in 2003; net loss reduced to HK\$16.0 million compared to HK\$65.3 million for the corresponding period in 2003.
- Broadband Services' revenue grew by 35.2% to HK\$149.1 million from HK\$110.3 million for the same period in 2003.
- Cellular Services' revenue from the GSM 1800 cellular operation increased to HK\$17.5 million, 30.6% higher than HK\$13.4 million for the corresponding period in 2003.
- IT Solutions posted revenue of HK\$239.1 million, 21.1% higher compared to HK\$197.5 million for the same period in 2003.
- Matahari, the core of Retail, increased its revenue by 10.5% to HK\$2.1 billion from HK\$1.9 billion for the comparison period in 2003.

HALF-YEAR RESULTS (UNAUDITED)

The Directors of AcrossAsia Limited (the "Company") announce the unaudited condensed consolidated financial statements (the "Financial Statements") of the Company and its subsidiaries (collectively "AcrossAsia Group") for the six months ended 30th June 2004 (the "Half-year Period") and three months ended 30th June 2004 together with comparative figures for the corresponding periods ended 30th June 2003, as follows:

Condensed Consolidated Income Statement

	Notes	Six months ended 30th June		Three months ended 30th June	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Turnover	2	405,669	321,135	188,891	136,305
Cost of sales and services rendered		(285,255)	(257,497)	(131,048)	(110,961)
Gross profit		120,414	63,638	57,843	25,344
Other operating income and gains		9,040	39,537	4,292	29,917
Selling and distribution costs		(26,916)	(23,010)	(14,557)	(11,776)
General and administrative expenses		(128,087)	(89,164)	(80,028)	(49,188)
Loss from operations	4	(25,549)	(8,999)	(32,450)	(5,703)
Finance costs		(46,813)	(42,837)	(23,099)	(16,704)
Share of results of associates		18,748	7,288	8,708	8,777
Amortisation of goodwill on acquisition of associates		(6,201)	(7,880)	(2,993)	(4,812)
		12,547	(592)	5,715	3,965
Loss before income tax		(59,815)	(52,428)	(49,834)	(18,442)
Income tax expense	5	(8,190)	(2,012)	(4,270)	(6,444)
Loss before minority interests		(68,005)	(54,440)	(54,104)	(24,886)
Minority interests		16,775	14,977	14,114	5,480
Net loss from ordinary activities attributable to shareholders		(51,230)	(39,463)	(39,990)	(19,406)
Loss per share – (HK cents)	6				
Basic		(1.01)	(0.78)	(0.79)	(0.38)
Diluted		N/A	N/A	N/A	N/A

Condensed Consolidated Balance Sheet

		(Unaudited) As at 30th June 2004 HK\$'000	(Audited) As at 31st December 2003 HK\$'000
ASSETS			
Non-current assets			
Property and equipment	7	509,366	560,388
Investment properties		43,694	48,927
Interests in associates		857,697	934,954
Long term investments		3,968	6,297
Goodwill		124,884	139,423
Intangible assets		25,737	29,251
Deferred tax assets		25,766	28,499
Non-current prepayments, deposits and receivables		35,660	22,974
Due from related companies		17,152	2,420
		<hr/> 1,643,924	<hr/> 1,773,133
Current assets			
Inventories		42,528	29,386
Trade receivables	8	179,190	189,444
Prepayments, deposits and other current assets		93,021	68,237
Short term investments		147,130	148,112
Pledged bank deposits		5,592	9,179
Cash and bank deposits		50,638	40,617
		<hr/> 518,099	<hr/> 484,975
TOTAL ASSETS		<hr/> 2,162,023	<hr/> 2,258,108

		(Unaudited) As at 30th June 2004 <i>HK\$'000</i>	(Audited) As at 31st December 2003 <i>HK\$'000</i>
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		506,462	506,462
Accumulated losses		(870,631)	(819,401)
Reserves	9	856,097	891,716
		<hr/> 491,928	<hr/> 578,777
Minority interests		<hr/> 433,646	<hr/> 485,470
Non-current liabilities			
Interest-bearing borrowings		482,538	468,421
Notes payable		76,084	52,870
Due to related companies		4,000	6,717
Non-current trade and other payables		34,606	8,865
		<hr/> 597,228	<hr/> 536,873
Current liabilities			
Interest-bearing borrowings		276,580	280,221
Notes payable		48,070	62,882
Due to related companies		49,068	49,910
Trade payables	10	95,936	114,484
Receipts in advance		22,808	18,151
Other payables and accruals		104,151	100,057
Tax payable		42,608	31,283
		<hr/> 639,221	<hr/> 656,988
TOTAL EQUITY AND LIABILITIES		<hr/> 2,162,023	<hr/> 2,258,108

Condensed Consolidated Cash Flow Statement

	Six months ended 30th June	
	2004 HK\$'000	2003 HK\$'000
Net cash inflow from operating activities	43,165	76,890
Net cash outflow from investing activities	(33,074)	(13,849)
Net cash inflow/(outflow) from financing activities	4,717	(44,086)
Net increase in cash and cash equivalents	14,808	18,955
Cash and cash equivalents, beginning of period	40,617	26,406
Effect of foreign exchange rate changes	(4,787)	(9,136)
Cash and cash equivalents, end of period	50,638	36,225

Condensed Consolidated Statement of Changes in Equity

	Six months ended 30th June	
	2004 HK\$'000	2003 HK\$'000
At beginning of the period – Total equity	578,777	586,348
Net gain / (loss) not recognised in the Income Statement		
– Change in equity transactions of associates	9,675	336
– Currency translation differences	(45,294)	35,508
Loss for the period	(51,230)	(39,463)
At end of the period – Total equity	491,928	582,729

*Notes:***1. Basis of preparation**

The Financial Statements have been prepared in accordance with International Financial Reporting Standard 34 "Interim Financial Reporting" approved by the International Accounting Standards Committee and the disclosure requirements set out in the GEM Listing Rules. All significant intra-group transactions and balances have been eliminated on consolidation.

The Financial Statements should be read in conjunction with AcrossAsia Group's audited consolidated financial statements for the year ended 31st December 2003 (the "2003 Financial Statements").

The accounting policies and methods of computation used in the preparation of the Financial Statements are consistent with those used in the 2003 Financial Statements.

The audit committee has reviewed the Financial Statements.

2. Turnover, revenue and gains

Turnover represents fees/revenue earned for the provision of broadband services, cellular services and IT solutions.

An analysis of AcrossAsia Group's turnover, other revenue and gains is as follows:

	Six months ended 30th June		Three months ended 30th June	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Turnover				
Broadband Services	149,056	110,285	74,819	57,379
Cellular Services	17,530	13,365	8,971	6,777
IT Solutions	239,083	197,485	105,101	72,149
	405,669	321,135	188,891	136,305
Other revenue and gains				
Interest income	8,603	7,167	4,266	1,200
Foreign exchange gains, net	–	25,812	–	25,232
Others	437	6,558	26	3,485
	9,040	39,537	4,292	29,917
Total	414,709	360,672	193,183	166,222

- (a)(ii) An analysis of AcrossAsia 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	110,285	13,365	197,485	-	-	-	321,135
Intersegment sales	4,930	-	2,684	-	-	(7,614)	-
Total	115,215	13,365	200,169	-	-	(7,614)	321,135
Segment results	(12,329)	(5,331)	97	-	(3,761)	5,158	(16,166)
Interest income							7,167
Loss from operating activities							(8,999)
Finance costs							(42,837)
Share of results of associates (Less: amortisation of goodwill on acquisition of associates)	-	-	-	(634)	42	-	(592)
Loss before income tax							(52,428)
Income tax expense							(2,012)
Loss before minority interests							(54,440)
Minority interests							14,977
Net loss from ordinary activities attributable to shareholders							(39,463)

- (b) Geographical segments

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

4. Loss from operations

AcrossAsia Group's loss from operations is arrived at after charging:

	Six months ended 30th June		Three months ended 30th June	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Cost of sales and services rendered	285,255	257,497	131,048	110,961
Depreciation of property and equipment	40,361	55,995	19,414	30,041
Depreciation of investment properties	363	344	181	172
Amortisation of goodwill	7,329	7,880	3,537	4,812
Amortisation of intangible assets	741	375	359	319
Bad debts expense/provision for doubtful debts	400	484	388	–
Net loss/(gain) on disposal of property and equipment	(274)	(140)	203	(49)

5. Income tax expense

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

AcrossAsia 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.

	Six months ended 30th June		Three months ended 30th June	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
AcrossAsia Group				
Deferred income tax/(tax benefits)*	(25)	3,488	2,284	6,788
Share of tax attributable to associates				
Current income tax*	3,922	5,170	1,747	2,555
Deferred income tax/(tax benefits)*	4,293	(6,646)	239	(2,899)
	8,215	(1,476)	1,986	(344)
	8,190	2,012	4,270	6,444

* Imposed outside Hong Kong

6. Loss per share

The calculations of basic loss per share for the Half-year Period and the three months ended 30th June 2004 are based on the unaudited net loss from ordinary activities attributable to shareholders of HK\$51,230,000 (2003: HK\$39,463,000) and HK\$39,990,000 (2003: HK\$19,406,000) respectively, and the weighted average of 5,064,615,385 (2003: 5,064,615,385) ordinary shares in issue.

Diluted loss per share for the Half-year Period and the three months ended 30th June 2004 and the corresponding periods in 2003 are not disclosed as there were no dilutive potential ordinary shares.

7. Property and equipment

The movements of property and equipment of AcrossAsia Group were as follows:

	<i>HK\$'000</i>
Net book value at 1st January 2004	560,388
Additions	44,156
Disposals	(6,767)
Depreciation	(40,361)
Translation adjustments	(48,050)
	<hr/>
Net book value at 30th June 2004	509,366
	<hr/>

8. Trade receivables

AcrossAsia Group's trading terms with its customers are mainly on credit. AcrossAsia Group allows an average general credit period ranging from 30 to 90 days to its customers, except for certain well-established customers, where the terms are extended beyond 90 days. AcrossAsia Group seeks to maintain strict control over its outstanding receivables. Senior management reviews overdue balances regularly.

An aged analysis of the trade receivables, based on invoice date, is as follows:

	As at 30th June 2004 HK\$'000	As at 31st December 2003 HK\$'000
Within 3 months	156,049	181,542
3 to 6 months	26,262	3,196
Over 6 months	2,903	14,483
	<hr/>	<hr/>
	185,214	199,221
Less: Provision for doubtful debts	(6,024)	(6,437)
	<hr/>	<hr/>
Total trade receivables	179,190	192,784
Portion classified as current assets	(179,190)	(189,444)
	<hr/>	<hr/>
Non-current portion	–	3,340
	<hr/>	<hr/>

9. 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>	Total <i>HK\$'000</i>
At 1st January 2003	32,877	1,464,802	2,707	(650,684)	849,702
Net gain on available-for- sale financial assets of associates	-	-	218	-	218
Currency translation differences	-	-	-	41,796	41,796
Net gain not recognised in the income statement	-	-	218	41,796	42,014
At 31st December 2003 and 1st January 2004	32,877	1,464,802	2,925	(608,888)	891,716
Net gain on available-for- sale financial assets of associates	-	-	9,675	-	9,675
Currency translation differences	-	-	-	(45,294)	(45,294)
Net gain / (loss) not recognised in the income statement	-	-	9,675	(45,294)	(35,619)
At 30th June 2004	32,877	1,464,802	12,600	(654,182)	856,097

10. Trade payables

An aged analysis of the trade payables, based on invoice date, is as follows:

	As at 30th June 2004 <i>HK\$'000</i>	As at 31st December 2003 <i>HK\$'000</i>
Within 3 months	62,129	78,022
3 to 6 months	32,383	13,179
6 to 12 months	1,424	23,293
	95,936	114,484

11. Commitments

AcrossAsia Group had no material capital commitments in respect of acquisition of property and equipment.

12. Material changes

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 contingent liabilities of AcrossAsia Group disclosed in the Annual Report 2003 of the Company, save as mentioned in this Report.

13. Related party transactions

Significant related party transactions of AcrossAsia Group are summarised as follows:

	Six months ended 30th June	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Services fee from distribution and maintenance of hardware equipment and software packages and services fee for technology solutions rendered to:		
– PT Bank Lippo Tbk	12,335	3,658
– PT Matahari Putra Prima Tbk	214	1,052
– PT AIG Lippo	795	647
Subscription fee income for fast speed Internet access:		
– PT Lippo Bank Tbk	548	–
Insertion fee income for services rendered to:		
– PT Matahari Putra Prima Tbk	7,030	1,909
– PT JO Metropolitan	8,470	–
Operating lease rentals charged by:		
– PT Matahari Putra Prima Tbk	1,176	642
Insurance expense charged by:		
– PT Lippo General Insurance Tbk	515	–
Interest expense on loans obtained from:		
– PT Bank Lippo Tbk	–	2,143
Pension fund expense charged by:		
– PT AIG Lippo	442	402

The above related party transactions were conducted in the ordinary course of business, and were made according to terms similar to those offered to the major customers of AcrossAsia Group or those offered by the related parties to their major customers, or based on mutually agreed terms.

14. Comparative amounts

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

FINANCIAL REVIEW

Turnover

For the Half-year Period, AcrossAsia Group's turnover rose by 26.3% to HK\$405.7 million compared to HK\$321.1 million for the same period in 2003.

Broadband Services' revenue grew by 35.2% to HK\$149.1 million from HK\$110.3 million for the corresponding period in 2003 mainly attributable to the increase in penetration of cable TV and advertising generated sales. Cellular Services' revenue from the GSM 1800 cellular operation increased to HK\$17.5 million, 30.6% higher than HK\$13.4 million for the same period in 2003 due to the growth in the number of subscribers. IT Solutions posted revenue of HK\$239.1 million, 21.2% higher compared to HK\$197.5 million for the corresponding period in 2003 because of the contribution from higher value-added services.

Gross Profit

Gross profit surged by 89.3% to HK\$120.4 million from HK\$63.6 million for the corresponding period in 2003.

Gross profit margin improved to 29.7% from 19.8% for the same period in 2003 mainly attributable to the higher-margin services of Broadband Services and IT Solutions.

Loss from Operations

Total operating expenses (excluding other income and expenses) increased to HK\$155.0 million, 38.2% higher compared to HK\$112.2 million for the same period in 2003. This was primarily due to foreign exchange loss of HK\$35.2 million (equivalent to 22.7% of total operating expenses) resulting from the 13.6% depreciation of Indonesian Rupiah against United States dollar during the Half-year Period as compared to the corresponding period in 2003. The foreign exchange loss mainly arose from converting United States dollar into Indonesia Rupiah for certain monetary assets and liabilities as of 30th June 2004 that was in line with AcrossAsia Group's accounting policies, but was recorded under general and administrative expenses for accounting presentation. The actual increase in operating expenses excluding the foreign exchange loss was only HK\$7.6 million (equivalent to 6.7%) brought by increase in marketing expenses (that contributed to the rise in turnover) and retrenchment costs.

Other income decreased to HK\$9.0 million for the Half-year Period, 77.2% lower compared to HK\$39.5 million for the same period in 2003. The reduction was largely due to the absence of the HK\$25.8 million foreign exchange gain that was posted in first-half 2003.

AcrossAsia Group recorded loss from operations of HK\$25.5 million for the Half-year Period compared to HK\$9.0 million for the same period in 2003.

Excluding the aforesaid foreign exchange factor, AcrossAsia Group recorded profit from operations of HK\$9.7 million for the Half-year Period as compared with loss from operations of HK\$34.8 million for the same period in 2003.

The continued improvement in the operating results enabled AcrossAsia Group to extend its positive EBITDA trend (excluding other income and expenses and foreign exchange translation) into the third consecutive year. AcrossAsia Group showed strong year-on-year EBITDA growth of 91.9% reaching HK\$57.2 million for the Half-year Period compared to HK\$29.8 million for the corresponding period in 2003.

Share of Results of Associates

AcrossAsia Group recorded a share of profit of associates (net of goodwill amortization) of HK\$12.5 million for the Half-year Period compared to a share of loss of HK\$0.6 million for the same period in 2003. PT Matahari Putra Prima Tbk (“Matahari”), a 47.4% owned associate of AcrossAsia Group listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange, was the main profit contributor.

Net Loss from Ordinary Activities attributable to Shareholders

Net loss from ordinary activities attributable to shareholders of AcrossAsia Group for the Half-year Period was HK\$51.2 million (including the aforesaid HK\$35.2 million foreign exchange loss) compared to HK\$39.5 million (including the aforesaid HK\$25.8 million foreign exchange gain) for the same period in 2003.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Half-Year Period (2003- Nil).

BUSINESS REVIEW

During the Half-year Period, the four Business Groups, namely Broadband Services, Cellular Services, IT Solutions and Retail of AcrossAsia Group have achieved encouraging performance.

Broadband Services

Broadband Services’ core operation, PT Broadband Multimedia Tbk (“Broadband Multimedia”) 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. Broadband Multimedia’s Corporate Access Network service offers data communication services to corporations as well as total communication solutions for high-speed data transfer and intranet applications. Using a combination of fibre optic and satellite systems, Broadband Multimedia provides an IP (Internet Protocol)-based broadband network that allows point-to-point or point-to-multipoint communications throughout Indonesia. The broadband network is being used by the Jakarta Stock Exchange to provide remote trading services to stockbrokers.

Broadband Services’ HFC (Hybrid Fibre Coaxial) cable networks have expanded to over 2,564 km, passing more than 220,363 homes as at the end of June 2004, covering major residential and central business districts in five cities/locales including Jakarta, Surabaya and Bali.

The number of cable TV subscribers increased to 110,924 as of 30th June 2004. The total number of individual and corporate broadband Internet subscribers slightly decreased by 2% in the second quarter of 2004 to 13,915 mainly due to a 51.5% increase in subscription fees. The number of corporate links of Corporate Access Network increased to 122 at the end of the Half-year Period.

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 is exploring options for the nationwide rollout of its services in Indonesia, including a strategic partnership.

Natrindo’s subscriber base grew to approximately 101,274 subscribers. Direct interconnections and inter-operator SMS with all GSM operators in Indonesia as well as international roaming with countries in Asia-Pacific, Middle East and Europe have been established.

IT Solutions

IT Solutions focuses on providing higher value-added services and recurring revenue services to its existing and new clients. To this end, it has re-organised itself to allow better focus for these opportunities.

Its system integration unit, which mainly supplies hardware and software solutions, has surpassed the price war through closer interaction with its principal suppliers and maintaining quality services to its clients. IT Solutions has taken a major initiative to better define and build the competencies of its staff to meet the changing and more demanding needs of its clients in the future. As a result, it has maintained its margin levels notwithstanding the increased competition.

Retail

Matahari, the core of AcrossAsia Group’s Retail, continues to be a 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 77 department stores, 56 supermarkets (including 1 compact hypermarket “Hypermart”) and 108 “Timezone” family entertainment centres at the end of the Half-year Period.

Matahari continued its focus on inventory management, efficient merchandise procurement and promotion strategy. It has successfully maintained its competitive advantage by maximizing the overall store productivity level and capital utilization without compromising its tight expenditure measures. It has been undergoing revitalisation of its store portfolio by renovating existing stores, closing down unprofitable ones and opening newer and better stores in prime locations to meet demographic and geographical needs.

Matahari continues to develop new retail concepts such as “Market Place” and “Hypermart” targeting specific market segments. It has introduced the first Hypermart in April 2004.

Matahari has successfully completed in May 2004 two bond issues raising a total of Rp450 billion (approximately HK\$405 million), larger than the originally planned Rp300 billion (approximately HK\$270 million) due to better than expected market response. The funds will foster the above store portfolio revitalisation and further boost Matahari's leading position in Indonesia.

PROSPECTS

On 26th July 2004, the Company obtained shareholders' approval at the Extraordinary General Meeting of the Company for the acquisition by PT Multipolar Corporation Tbk ("Multipolar"), a 50.1% owned subsidiary of the Company, of additional shares in Matahari so as to increase its shareholding in Matahari to over 50% (the "Acquisition") thereby consolidating Matahari as a subsidiary. The Acquisition will strengthen the strategic and financial position of AcrossAsia Group and will also accelerate its growth. Multipolar plans to complete the Acquisition within 2004. Upon completion, Matahari will become a direct non-wholly owned subsidiary of Multipolar and an indirect non-wholly owned subsidiary of the Company. AcrossAsia Group's consolidated revenue and asset bases will then be much bigger and stronger.

The name of the Company has been changed to "AcrossAsia Limited" from "AcrossAsia Multimedia Limited" with effect from 26th July 2004 to reflect the consumer services positioning and potential regional development of AcrossAsia Group.

After the Acquisition, Matahari's large customer base of over 10 million will be the most valuable asset of AcrossAsia Group. This strong base will serve as a unique platform for AcrossAsia Group to offer multiple consumer services to customers. The Acquisition and the name change represent this direction.

On the macro-front, the emerging Asia (including Indonesia, China and India) has enjoyed a rapid growth that marked the global economic recovery in 2004. The first round of Indonesian presidential election was smooth. Political stability has started to improve international and domestic investment sentiment. AcrossAsia Group will remain vigilant towards the operating environment of its businesses. It will continue to take measures to boost revenue, efficiency and profitability while exploring new business opportunities in Asia.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

AcrossAsia Group primarily financed its operations with its internally generated cash flow and borrowings. As at 30th June 2004, AcrossAsia Group had cash and bank balances and short-term investments of HK\$203.4 million (31st December 2003: HK\$197.9 million), net assets of HK\$491.9 million (31st December 2003: HK\$578.8 million), and net current liabilities of HK\$121.1 million (31st December 2003: HK\$172.0 million). As at 30th June 2004, the total borrowings were HK\$812.2 million (31st December 2003: HK\$805.3 million) and mainly denominated in Indonesia Rupiah and United States dollar. The gearing ratio, representing total borrowings divided by shareholders' equity, was 165.1% as at 30th June 2004 compared to 139.1% as at 31st December 2003. AcrossAsia Group has been implementing a management plan to further improve its financial position.

As a result of significant operations in Indonesia, AcrossAsia Group has foreign currency exposure mainly in transaction and conversion risks. Any adverse movements in exchange rates would have an adverse effect on the results of AcrossAsia Group. AcrossAsia Group will continue to take measures to minimize its foreign exchange exposure.

EMPLOYEES

As at 30th June 2004, AcrossAsia Group employed approximately 720 staff. The staff costs (including Directors' emoluments) were approximately HK\$48.9 million for the Half-year Period.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 30th June 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	Granted	Lapsed	Number of underlying shares		Percentage of enlarged issued share capital
			Outstanding as of 30th June 2004		
Dr. Cheng Wen Cheng	13,150,000	–	13,150,000	(Note 1)	0.25
Mr. Richard Arthur Woolcott	3,546,000	–	3,546,000	(Note 2)	0.07
Mr. Kwok Ming Cheung	2,364,000	–	2,364,000	(Note 3)	0.04
Mr. Marshall Wallace Cooper	355,000	–	355,000	(Note 4)	0.01
Total	19,415,000	–	19,415,000		

Notes:

1. 1,330,000 shares became exercisable from 14th January 2001 and 2,364,000 shares from each of 1st June 2001, 1st June 2002, 1st June 2003 and 1st June 2004; 2,364,000 shares shall become exercisable from 1st June 2005.
2. 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.
3. 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.
4. 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. Mr. Stephen Hung resigned as a Director of the Company with effect from 15th June 2004. As a result, his option to subscribe for 472,800 shares lapsed with effect from 15th June 2004. His remaining option to subscribe for 1,891,200 shares shall lapse on 14th December 2004.
6. 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 30th June 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 ("Lanius") 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 30th June 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 30th June 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 Half-year Period:

Participant	Number of underlying shares		
	As at 1st January 2004	Lapsed during the period	As at 30th June 2004
Directors	21,779,000	472,800	21,306,200
Others	12,885,000	–	12,885,000
Total	34,664,000	472,800	34,191,200

The Company also has a share option scheme adopted on 14th May 2002 (the "2002 Scheme") under which employees of AcrossAsia Group (including the Directors of the Company) and other persons may be granted on or after 15th May 2002 options to subscribe for shares of the Company subject to the terms and conditions stipulated in the 2002 Scheme. No options had been granted under the 2002 Scheme as at 30th June 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 Half-year Period. There was a chance that such businesses might have competed with AcrossAsia 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 AcrossAsia Group and any other conflicts of interests which any such person had or may have with AcrossAsia 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 AcrossAsia Group. The audit committee has met three times this year.

BOARD PRACTICES AND PROCEDURES AND CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules. The Company, having made specific enquiry of all the Directors, was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the Half-year Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the Half-year 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 August 2004