

ACROSS ASIA LIMITED

(Incorporated in the Cayman Islands with limited liability)



third quarterly report
2005

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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 Limited (the “Company”) (namely, executive Directors: Dr. Cheng Wen CHENG and Mr. Marshall Wallace COOPER; non-executive Director: Mr. Jonathan Limbong PARAPAK; and independent non-executive Directors: Messrs. Richard Arthur WOOLCOTT, Kwok Ming CHEUNG and King Fai TSUI) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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.

Address: Room 4302, 43rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong
Tel: (852) 2868 1400 Fax: (852) 2868 2340 Website: www.across-asia.com
Stock Code: 8061

For the nine months ended 30th September 2005

HIGHLIGHTS

- AcrossAsia Group's turnover increased to HK\$4,170.5 million for the Nine-month Period from HK\$572.2 million for the same period in 2004.
- Gross profit rose to HK\$1,195.4 million from HK\$162.2 million for the corresponding period in 2004. Gross profit margin was 28.7%, roughly the same as that for the comparison period in 2004.
- A profit from operations of HK\$233.3 million was achieved against a loss of HK\$14.8 million for the same period in 2004.
- Total operating expenses (excluding other income and expenses) increased to HK\$1,101.8 million compared to HK\$191.0 million for the corresponding period in 2004.
- EBITDA (excluding other income and expenses) increased to HK\$300.7 million from HK\$77.8 million for the same period in 2004.
- Loss attributable to shareholders of the Company reduced to HK\$8.3 million from HK\$44.9 million for the corresponding period in 2004.

THIRD QUARTERLY RESULTS (UNAUDITED)

The Directors of AcrossAsia Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively "AcrossAsia Group") for the nine months ended 30th September 2005 (the "Nine-month Period") together with comparative figures for the corresponding period ended 30th September 2004, as follows:

	Notes	Nine months ended 30th September		Three months ended 30th September	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	2	4,170,468	572,187	1,519,959	166,518
Cost of sales and services rendered		(2,975,030)	(409,969)	(1,105,948)	(124,714)
Gross profit		1,195,438	162,218	414,011	41,804
Other operating income and gains		82,226	13,982	15,592	4,942
Gain on disposal of an investment		57,441	-	57,441	-
Selling and distribution costs		(389,224)	(39,508)	(123,476)	(12,592)
General and administrative expenses		(712,580)	(151,493)	(251,428)	(23,406)
Profit/(Loss) from operations		233,301	(14,801)	112,140	10,748
Finance costs		(157,356)	(70,628)	(56,487)	(23,815)
Share of results of associates		3,415	46,663	2,139	27,915
Amortisation of goodwill on acquisition of associates		-	(9,156)	-	(2,955)
		3,415	37,507	2,139	24,960
Profit/(loss) before income tax		79,360	(47,922)	57,792	11,893
Income Tax expense	3	(13,340)	(6,343)	(8,724)	1,847
Profit/(loss)		66,020	(54,265)	49,068	13,740
Profit/(loss) attributable to:					
Shareholders of the Company	4	(8,324)	(44,897)	224	6,333
Minority interests		74,344	(9,368)	48,844	7,407
		66,020	(54,265)	49,068	13,740
Loss per share attributable to shareholders of the Company (HK cents)	4				
Basic		(0.16)	(0.89)	0.00	0.13
Diluted		N/A	N/A	N/A	N/A

Notes:

1. Basis of preparation

The unaudited consolidated results have been prepared in accordance with International Financial Reporting Standards (the "IFRS") and the disclosure requirements set out in the GEM Listing Rules. All significant intra-group transactions have been eliminated on consolidation.

The audit committee has reviewed the unaudited consolidated results of AcrossAsia Group for the Nine-month Period.

2. Segment information

(a)(i) An analysis of AcrossAsia Group's revenue and results for the Nine-month Period by business segment is as follows:

	Broadband		IT	Cellular	Others	Elimination	Consolidated
	Retail	Services	Solutions	Services			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:							
Sales to external customers	3,635,321	213,326	321,821	-	-	-	4,170,468
Intersegment sales	-	5,734	26,020	-	-	(31,754)	-
Total	<u>3,635,321</u>	<u>219,060</u>	<u>347,841</u>	<u>-</u>	<u>-</u>	<u>(31,754)</u>	<u>4,170,468</u>
Segment results	<u>131,116</u>	<u>(365)</u>	<u>21,707</u>	<u>-</u>	<u>(6,578)</u>	<u>(1,309)</u>	144,571
Gain on disposal of an investment							57,441
Interest income							31,289
Profit from operations							233,301
Finance costs							(157,356)
Share of results of associates	-	-	-	-	3,415	-	3,415
Profit before income tax							79,360
Income tax expense							(13,340)
Profit							<u>66,020</u>

- (a)(ii) An analysis of AcrossAsia Group's revenue and results for the corresponding period in 2004 by business segment is as follows:

	Retail	Broadband Services	IT Solutions	Cellular Services	Others	Elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:							
Sales to external customers	-	216,279	327,837	28,071	-	-	572,187
Intersegment sales	-	2,707	4,195	-	-	(6,902)	-
Total	-	<u>218,986</u>	<u>332,032</u>	<u>28,071</u>	-	<u>(6,902)</u>	<u>572,187</u>
Segment results	-	<u>14,095</u>	<u>12,708</u>	<u>(30,055)</u>	<u>(24,207)</u>	<u>(362)</u>	<u>(27,821)</u>
Interest income							13,020
Loss from operations							(14,801)
Finance costs							(70,628)
Share of results of associates (Less: amortisation of goodwill on acquisition of associates)	35,651	-	-	-	1,856	-	37,507
Loss before income tax							(47,922)
Income tax expense							(6,343)
Loss							<u>(54,265)</u>

- (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.

3. Income tax expense

No Hong Kong profits tax has been provided, as AcrossAsia Group had no assessable profits arising in Hong Kong during the Nine-month Period (2004: 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% (2004: 30%) of the individual entities' respective assessable profits in accordance with Indonesian income tax law.

	Nine months ended 30th September		Three months ended 30th September	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
AcrossAsia Group				
Current income tax*	6,599	–	1,529	–
Deferred income tax/ (tax benefits)*	6,741	(1,885)	7,195	(1,860)
	13,340	(1,885)	8,724	(1,860)
Share of tax attributable to associates				
Current income tax*	–	6,724	–	2,802
Deferred income tax/(tax benefits)*	–	1,504	–	(2,789)
	–	8,228	–	13
	13,340	6,343	8,724	(1,847)

* Imposed outside Hong Kong

4. Loss per share

The calculation of basic loss per share is based on the loss attributable to shareholders of the Company for the Nine-month Period of HK\$8,324,000 (2004: HK\$44,897,000) and 5,064,615,385 (2004: 5,064,615,385) ordinary shares in issue during the Nine-month Period.

Diluted loss per share for the Nine-month Period and the corresponding period in 2004 are not disclosed as there were no dilutive potential ordinary shares.

5. Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Equity transactions of associates HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January 2004	32,877	1,464,802	2,925	(608,888)	(819,401)	72,315
Change in equity transactions of associates	-	-	(185)	-	-	(185)
Currency translation differences	-	-	-	(34,552)	-	(34,552)
Total expense for the period recognised directly in reserves	-	-	(185)	(34,552)	-	(34,737)
Net loss attributable to shareholders	-	-	-	-	(44,897)	(44,897)
At 30th September 2004 and 1st October 2004	32,877	1,464,802	2,740	(643,440)	(864,298)	(7,319)
Change in equity transactions of associates	-	-	791	-	-	791
Currency translation differences	-	-	-	(19,320)	-	(19,320)
Total income/(expense) for the period recognised directly in reserves	-	-	791	(19,320)	-	(18,529)
Net gain attributable to shareholders	-	-	-	-	83,348	83,348
At 31st December 2004 and 1st January 2005	32,877	1,464,802	3,531	(662,760)	(780,950)	57,500
Change in equity transactions of associates	-	-	3,913	-	-	3,913
Currency translation differences	-	-	-	(47,485)	-	(47,485)
Total income/(expense) for the period recognised directly in reserves	-	-	3,913	(47,485)	-	(43,572)
Net loss attributable to shareholders	-	-	-	-	(8,324)	(8,324)
At 30th September 2005	<u>32,877</u>	<u>1,464,802</u>	<u>7,444</u>	<u>(710,245)</u>	<u>(789,274)</u>	<u>5,604</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Nine-month Period (2004 : Nil).

FINANCIAL REVIEW

The results of AcrossAsia Group for the Nine-month Period were analysed based on business segments namely, Retail, Broadband Services and IT Solutions.

Turnover

AcrossAsia Group's turnover increased to HK\$4,170.5 million (including HK\$3,635.3 million from PT Matahari Putra Prima Tbk ("Matahari"), an indirect subsidiary of the Company listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange in which the Company has a 25.6% effective interest) from HK\$572.2 million for the same period in 2004. Excluding the said turnover of Matahari which was consolidated only from the fourth quarter in 2004, AcrossAsia Group's turnover decreased by 6.5% to HK\$535.2 million due to the deconsolidation of PT Natrindo Telepon Seluler (and hence its results) at the end of 2004 and the depreciation of Indonesia Rupiah by approximately 13.0% in the Nine-month Period compared to the same period in 2004. By business segment, Retail recorded a revenue of HK\$3,635.3 million; Broadband Services' revenue slightly decreased by 1.3% to HK\$213.3 million from HK\$216.2 million for the same period in 2004 mainly as a result of a drop in advertising revenue in the Nine-month Period; and IT Solutions posted a revenue of HK\$321.8 million, 1.8% lower than the HK\$327.8 million for the same period in 2004 mainly due to a drop in sales of hardware equipment and the project-based nature of the business.

Gross Profit

AcrossAsia Group's gross profit rose to HK\$1,195.4 million from HK\$162.2 million for the corresponding period in 2004 with Matahari being the main contributor. Gross profit margin was 28.7%, roughly the same as that for the corresponding period in 2004.

Profit from Operations

AcrossAsia Group achieved a profit from operations of HK\$233.3 million which included a gain of HK\$57.4 million from the disposal of an investment in PT Hero Supermarket Tbk (“Hero”) in September 2005. Excluding such disposal gain, the profit from operations was HK\$175.9 million against a loss of HK\$14.8 million for the same period in 2004.

Other operating income and gains increased to HK\$82.2 million from HK\$13.9 million for the same period in 2004 mainly due to increase in interest income, gains on other short-term investments and rental income.

Total operating expenses (excluding other income and expenses) increased to HK\$1,101.8 million of which HK\$915.6 million was from Matahari. Excluding the said operating expenses of Matahari, the total operating expenses actually decreased by 2.5% to HK\$186.2 million from HK\$191.0 million for the corresponding period in 2004. The decrease was mainly due to cost control and cessation of goodwill amortization following the adoption of IFRS 3 from 1st January 2005. For the corresponding period in 2004, the goodwill amortisation charged to the income statement was HK\$9.1 million.

EBITDA (excluding other income and expenses) increased to HK\$300.7 million from HK\$77.8 million for the same period in 2004.

Share of Results of Associates

AcrossAsia Group’s share of the results of associates, excluding amortisation of goodwill, decreased to HK\$3.4 million from HK\$46.6 million for the corresponding period in 2004. The decrease was mainly due to the change of status of Matahari from a then 47.4% owned associate of PT Multipolar Corporation Tbk (“Multipolar”) to a 50.1% owned subsidiary of Multipolar in September 2004.

Loss attributable to Shareholders

AcrossAsia Group booked a loss attributable to the shareholders of the Company of HK\$8.3 million as compared with the loss of HK\$44.9 million for the comparison period in 2004.

BUSINESS REVIEW

AcrossAsia Group, as a consumer-oriented service provider, offers value, fashion and quality services catering to the rising middle and upper-income market in Asia, particularly in Indonesia and China. It also offers IT related services to enterprises and institutions in Indonesia. The business performance of the flagships of AcrossAsia Group during the Nine-month Period is as follows:

Matahari

Matahari, the flagship of Retail, is the largest publicly listed modern retailer in Indonesia with a total network of more than 240 outlets nationwide, including Matahari Department Stores' 81 outlets, Matahari Supermarkets' 37 conventional supermarkets, 13 compact hypermarkets under the brand name "hypermart" and 5 soft discount stores under the brand name "Cut Price" as well as 103 TimeZone family entertainment centres as of 30th September 2005. In September, Matahari group disposed of its entire approximately 7.9% equity interest in Hero, a non-core investment, for a total consideration of Rp164,649,675,000 (approximately HK\$123,444,000) as part of its strategy to focus on its core retail businesses.

Matahari benefited from its continuous improvement in merchandise procurement, inventory management and promotion strategy. During the third quarter 2005, four new Matahari Department Stores, five new "hypermart" stores and several other format stores were opened in Indonesia. Its first department store in China was also opened in Shenzhen in October, a milestone for its official entry into the most potential retail market in the world. Matahari has expanded its "hypermart" chain to capture the change in shopping favour of consumers to hypermarkets from traditional supermarkets. In addition to the launch of a new concept through transforming several existing stores to "TimeZone Celebrates Disney" stores during the Nine-month Period, TimeZone has added a new game machine called "Dino Duel". Dino Duel brought a great excitement to game fans and became a mega hit.

Matahari received 2005 Top Retailer in Indonesia Award for the second consecutive year. The Award is a recognition of the top retailer in its visionary entrepreneurship, compelling future growth strategy, technology advancement as well as outstanding operational disciplines. Matahari continued its efforts to serve the community through its extensive store network, employees and valued customers and made contribution to the victims of the catastrophic natural disasters in Indonesia.

Broadband Multimedia

PT Broadband Multimedia Tbk (“Broadband Multimedia”, a subsidiary of the Company listed on the Surabaya Stock Exchange in which the Company has a 66.34% effective interest), the flagship of Broadband Services, is the largest cable TV operator in Indonesia offering national and international channels of programming with 63 channels under the brand name “Kabelvision” and 88 channels under the brand name “Digital 1”. It also offers satellite TV, data communication, Internet access, leased line and VPN (Virtual Private Network) services. Its largest two-way HFC (Hybrid Fibre Coaxial) network in Indonesia continued to expand and reached over 2,826 km as at 30th September 2005, passing more than 242,880 homes and covering major residential and central business districts in prime cities in Indonesia. The number of cable TV subscribers was on the rise to approximately 131,850 with penetration reaching 61.1%, and the total number of broadband Internet consumer subscribers was approximately 15,270 as of 30th September 2005.

Broadband Multimedia is migrating to a full digital platform that is expected to be completed in two years by 2007. The digitisation of its cable network has commenced with phase 1 focusing on 120,000 homes in new areas. That would facilitate the expansion of the number and types of services offered and enhancement of the development of current and future revenue sources. “MyNet” is one of such new services that provides users with high speed broadband Internet access. The joint venture between the Broadband Multimedia group and the Astro group for the provision of Direct-to-Home multi-channel digital satellite pay television, radio and interactive multimedia services in Indonesia has been progressing despite some delay.

Multipolar

Multipolar (a 51.15% owned subsidiary of the Company listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange), the flagship of IT Solutions, is one of the prominent IT system integration and services providers in Indonesia. It experienced margin pressure for its hardware related system integration solutions amidst sales competition. During the Nine-month Period, its Banking Solutions unit successfully completed risk management application projects for a couple of banks. On the other hand, its Consulting Services unit continued to implement IT Master Plan and maintained strategic clients such as state-owned telecommunications and electricity companies.

Multipolar successfully completed its rights issue in early July 2005 and raised a total of approximately Rp292.5 billion (approximately HK\$231.9 million).

PROSPECTS

The fourth quarter each year is traditionally a high season for retail in Indonesia from which Matahari benefits noticeably with its dominant position. Yet, the hikes in interest rates and fuel prices from the beginning of the quarter this year may have some impacts on consumer spending. Despite this, Matahari cautiously plans to open 1 new Matahari Department Store and 1 new “hypermart” store towards the end of 2005.

On the other hand, Broadband Multimedia is rolling out its new digital cable TV network and other value-added Internet services in response to market demand. Multipolar will continuously improve its IT Solutions services to boost revenue growth.

AcrossAsia Group is pursuing strategic investors and partners for its operations to foster their growth and dominance and is, at the same time, exploring new markets with China as one of its top priorities.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 30th September 2005, 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

The spouse of Mr. King Fai Tsui was interested in 50,000 shares of Hongkong Chinese Limited, an associated corporation of the Company (representing approximately 0.00% in the issued share capital thereof).

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

Long Position in Underlying Shares of the Company and Associated Corporations

(i) *Physically settled equity derivatives*

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	Number of underlying shares		Percentage of enlarged issued share capital
		Lapsed	Outstanding as of 30th September 2005	
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. 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	<u>19,415,000</u>	<u>–</u>	<u>19,415,000</u>	

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, 1st June 2003, 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, 1st April 2004 and 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, 1st April 2004 and 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, 1st April 2004 and 1st April 2005.*
- 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 September 2005, 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 September 2005, 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 September 2005, options granted on the Grant Date to 11 participants (other than the Directors of the Company) to subscribe for an aggregate of 12,766,000 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 Nine-month Period:

Participant	Number of underlying shares		
	As at 1st January 2005	Lapsed during the period	As at 30th September 2005
Directors	19,415,000	–	19,415,000
Others	12,789,800	23,800	12,766,000
Total	<u>32,204,800</u>	<u>23,800</u>	<u>32,181,000</u>

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 September 2005.

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 Nine-month Period. There was a chance that such businesses might have competed with AcrossAsia Group during the Nine-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 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, inter alia, to review and monitor the financial reporting and audit matters as well as the financial control, internal control and risk management systems of AcrossAsia Group. The audit committee has met four times this year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the Nine-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 November 2005