ACROSSASIA LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8061)

Annual 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.

This Annual 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 Albert Saychuan CHEOK) 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 (the "GEM Listing Rules") 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 Annual 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 Annual Report misleading; and (3) all opinions expressed in this Annual Report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Corporate Information

DIRECTORS

Executive Directors

Dr. Cheng Wen CHENG
Marshall Wallace COOPER

Non-executive Director

Jonathan Limbong PARAPAK

Independent non-executive Directors

Richard Arthur WOOLCOTT
(Chairman of the Board)
Kwok Ming CHEUNG
Albert Saychuan CHEOK

COMPANY SECRETARY

Kelsch Woon Kun WONG, FCIS, FCS

COMPLIANCE OFFICER

Dr. Cheng Wen CHENG

QUALIFIED ACCOUNTANT

Yick Lun SUEN, CPA, CPA (Aust.)

AUDIT COMMITTEE

Richard Arthur WOOLCOTT
(Chairman of the Audit Committee)
Kwok Ming CHEUNG
Albert Saychuan CHEOK

REMUNERATION COMMITTEE

Richard Arthur WOOLCOTT
(Chairman of the Remuneration Committee)
Kwok Ming CHEUNG

AUTHORISED REPRESENTATIVES

Dr. Cheng Wen CHENG
Kelsch Woon Kun WONG

AUTHORISED PERSON TO ACCEPT SERVICE OF PROCESS AND NOTICES

Kelsch Woon Kun WONG

REGISTERED OFFICE

P.O. Box 309GT, Ugland House
George Town, Grand Cayman
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 4302, 43rd Floor, Tower One
Lippo Centre, 89 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
P.O. Box 705, Butterfield House
Fort Street, George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tengis Limited
Level 25, Three Pacific Place,
1 Queen's Road East
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law:
Richards Butler
20th Floor, Alexandra House
16-20 Chater Road, Central
Hong Kong

As to Cayman Islands Law:
Maples and Calder Asia
Suite 1504, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

AUDITORS

RSM Nelson Wheeler
Certified Public Accountants
7th Floor, Allied Kajima Building
138 Gloucester Road
Hong Kong

PRINCIPAL BANKERS

CITIC Ka Wah Bank Limited
Lippo Centre, 89 Queensway
Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

STOCK CODE

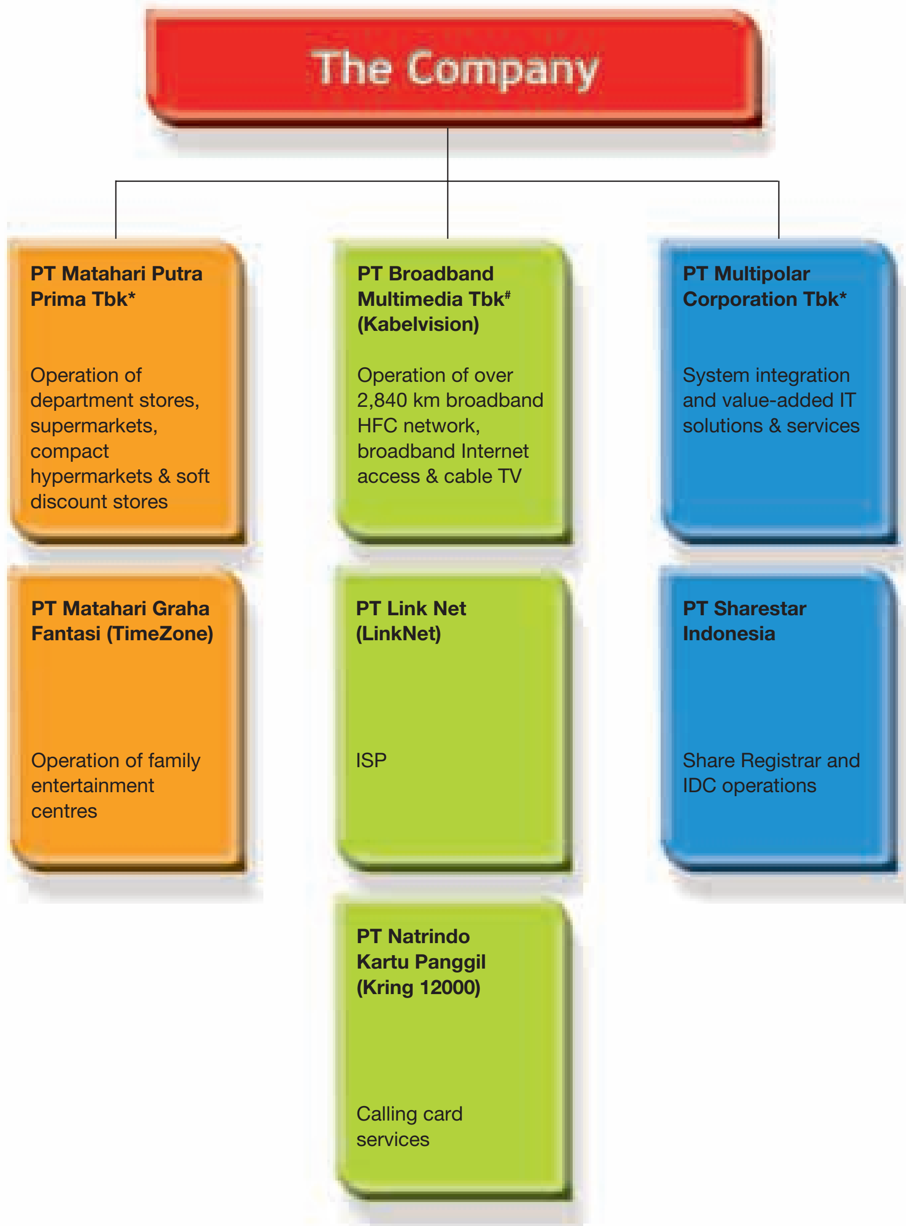
8061

WEBSITES OF THE COMPANY AND MAJOR SUBSIDIARIES

www.across-asia.com
www.matahari.co.id
www.kabelvision.com
www.multipolar.com
www.link.net.id

Corporate Structure

As at 31st December 2005



* *Listed on the Jakarta Stock Exchange and Surabaya Stock Exchange*

\# *Listed on the Surabaya Stock Exchange*

Chairman's Statement

"With better economic outlook and possible relaxation of foreign investment laws of Indonesia in 2006, we are cautiously optimistic towards the overall Indonesian business environment and shall seek higher return from such market."

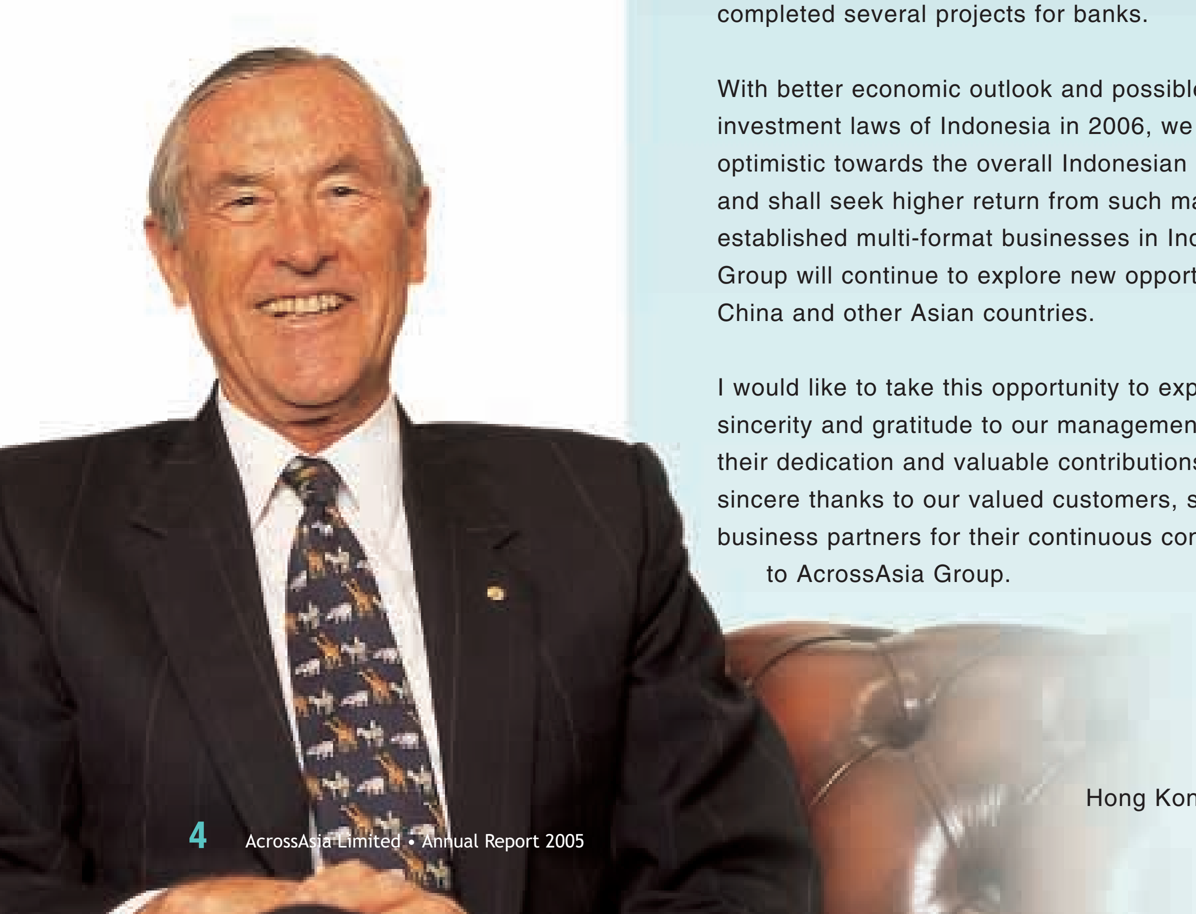
It is my pleasure, on behalf of the Board of Directors (the "Board") of AcrossAsia Limited (the "Company"), to present the Annual Report of the Company and its subsidiaries (collectively, "AcrossAsia Group") for the year ended 31st December 2005 ("2005") which for the first time consolidated the full year results of PT Matahari Putra Prima Tbk ("Matahari"), the largest listed modern retail chain in Indonesia.

During 2005, the economy in Indonesia saw satisfactory growth which, however, was somewhat inhibited by increases in fuel prices and interest rate hikes that affected consumer and corporate spending. The right strategy of AcrossAsia Group to position itself as a leading consumer-oriented service provider offering value, fashion and quality services to the middle and upper-income customers in Asia, particularly in Indonesia and China, has mitigated the adverse effects. AcrossAsia Group continued improvement in the performance of its core business operations by doubling the profit from operations to HK$364.9 million and achieving a 23% increase in Matahari's turnover as compared with 2004.

To realize our vision to become a leading consumer centred service provider in Asia, Matahari opened its first store in China in Shenzhen in October 2005 and expanded its operations in Indonesia by opening 10 department stores, 1 supermarket, 13 hypermarkets, 4 children specialty stores and 4 soft discount stores. PT Broadband Multimedia Tbk ("Broadband Multimedia"), being the largest cable TV operator in Indonesia, has commenced phase 1 of digitalization of its cable network to facilitate the expansion of number and types of services. PT Multipolar Corporation Tbk ("Multipolar") also successfully completed several projects for banks.

With better economic outlook and possible relaxation of foreign investment laws of Indonesia in 2006, we are cautiously optimistic towards the overall Indonesian business environment and shall seek higher return from such market. Backed by well-established multi-format businesses in Indonesia, AcrossAsia Group will continue to explore new opportunities in fast growing China and other Asian countries.

I would like to take this opportunity to express my deepest sincerity and gratitude to our management team and staff for their dedication and valuable contributions, and to extend my sincere thanks to our valued customers, shareholders and business partners for their continuous confidence and support to AcrossAsia Group.



Richard Woolcott
Chairman

Hong Kong, 24th March 2006

Financial Summary

A summary of the consolidated results and of the consolidated assets and liabilities of AcrossAsia Group for the last five financial years is set out below:

	2005	2004	2003	2002	2001
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Consolidated results					
Turnover	**6,276,514**	2,483,147	819,313	690,412	663,468
Gross profit	**1,830,982**	711,034	202,956	141,142	124,947
Profit (loss) after taxation but before minority interests	**117,562**	66,742	(53,030)	(118,087)	(169,570)
(Loss) profit attributable to shareholders	**(3,760)**	38,451	(49,585)	(75,239)	(216,460)
Consolidated assets and liabilities					
Shareholders' equity	**541,474**	563,962	578,777	586,348	586,642
Non-current assets	**3,332,775**	2,757,820	1,773,133	1,706,831	1,430,302
Current assets	**1,668,781**	1,870,199	484,975	506,307	368,781
Current liabilities	**1,700,332**	1,534,217	656,988	811,161	693,598
Non-current liabilities	**1,338,082**	1,238,458	536,875	349,141	148,210

AcrossAsia Group
is strengthening its position as a
leading
consumer-oriented
service provider.

As of December 31, 2005

Total Number of Matahari Department Stores	83
Total Number of Matahari Supermarkets	37
Total Number of Hypermart Stores	17
Total Numer of TimeZone Entertainment Centres	106

RETAIL

Matahari, the flagship of Retail, is the
largest publicly listed modern retailer
with nationwide retail networks of department stores, multi-format supermarkets and family entertainment centres in Indonesia.

FINANCIAL REVIEW

AcrossAsia Group's results for 2005 were analysed based on three main business segments namely, Retail, Broadband Services and IT Solutions.

Turnover

The turnover of AcrossAsia Group for 2005 amounted to HK$6,276.5 million, representing an increase of 1.5 times from HK$2,483.1 million in 2004. The growth was mainly attributable to consolidation of the full-year turnover of 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. Matahari posted a turnover of HK$5,515.1 million in 2005, whereas only the last three months' turnover of HK$1,666.1 million was consolidated in 2004 after Matahari became an indirect subsidiary of the Company on 27th September 2004.

Excluding the turnover of Matahari for the purpose of comparison, AcrossAsia Group's turnover decreased by 6.8% to HK$761.4 million from HK$817.0 million in 2004. That was mainly 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 6.1% in 2005 compared to 2004.

Categorised by business segment, Retail posted an annual revenue of HK$5,515.1 million in 2005 compared to HK$4,871.9 million (assuming that Matahari's full-year revenue was taken for comparison) in 2004. The 13.2% increase was mainly due to its aggressive expansion which advocated the market trend of shifting of consumer

shopping favour to hypermarkets from traditional supermarkets. Broadband Services' revenue increased by 11.1% to HK$305.0 million from HK$274.5 million in 2004 mainly as a result of increase in subscribers and advertising revenue in 2005. IT Solutions recorded a revenue of HK$456.5 million, 9.0% lower than HK$501.5 million 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 increased by 1.6 times to HK$1,831.0 million from HK$711.0 million in 2004. Gross profit margin improved to 29.2% from 28.6% in 2004.

Profit from Operations

AcrossAsia Group achieved a profit from operations of HK$364.9 million that included a gain of HK$61.1 million from the disposal of an investment in PT Hero Supermarket Tbk ("Hero Supermarket") in September 2005 and other short-term investments during 2005. This represented an increase by 1.1 times from the profit from operations of HK$173.5 million in 2004, which included gains of HK$44.7 million and HK$63.2 million as a result of the disposal of a subsidiary and an associate.

Other operating income and gains increased by 89.1% to HK$116.5 million from HK$61.6 million in 2004 mainly due to the increase in interest income, rental income and unrealised gain on revaluation of short term investments.

Total operating expenses (excluding other income and expenses) increased to HK$1,577.4 million (2004: HK$702.4 million) of which HK$1,286.8 million (2004: HK$397.3 million) came from Matahari. Excluding the said operating expenses of Matahari, the total operating expenses of AcrossAsia Group actually decreased by 4.8% to HK$290.6 million from HK$305.1 million in 2004. Such decrease was mainly due to cost control and cessation of goodwill amortization following the adoption of IFRS 3 from 1st January 2005. As a reference, the goodwill amortisation from the acquisition of subsidiaries charged to the consolidated income statement in 2004 was HK$5.7 million.

EBITDA (excluding other income and expenses) increased by 1.4 times to HK$527.3 million from HK$222.5 million in 2004.

In 2006, Matahari **plans to open** 10 department stores, 10 Hypermart stores and several soft discount stores and family entertainment centres.

Share of Results of Associates

AcrossAsia Group's share of the results of associates, excluding amortisation of goodwill, decreased to HK$4.7 million from HK$40.2 million in 2004. The decrease was mainly due to the change of status of Matahari from a then 47.4% owned associate of Multipolar to a 50.1% owned subsidiary of Multipolar in September 2004.

(Loss)/Profit attributable to Shareholders

AcrossAsia Group recorded a loss attributable to the shareholders of the Company of HK$3.8 million compared to a profit of HK$38.5 million in 2004 which was mainly due to a higher gain from the disposal of a subsidiary and an associate.

Financial Resources and Capital Structure

AcrossAsia Group primarily financed its operations with internally generated cash flows and borrowings during 2005. As at 31st December 2005, AcrossAsia Group had cash and bank balances and short-term investments of HK$739.4 million, and had net current liabilities of HK$31.6 million as compared to net current assets of HK$335.9 million as at 31st December 2004. The total borrowings amounted to HK$1,653.2 million compared to HK$1,530.1 million as at 31st December 2004. The increase was mainly due to the issue of commercial notes for projects. Borrowings were mainly denominated in Indonesian Rupiah and United States Dollars with interest generally chargeable at market rates, and had maturity dates ranging from less than a year to 5 years. Part of the borrowings were secured by certain current assets, land use rights and buildings, machinery and equipment, and long-term investments of AcrossAsia Group. During 2005, AcrossAsia Group implemented and is continuing to implement the following management plan to further improve its financial position: restructuring of current liabilities into non-current liabilities; reduction of operating expenses and improvement of operational efficiency; procurement of long term debt/equity financing; identification and securing of strategic investors as business partners; upgrading of the cable network and increase of the penetration of the cable TV and other broadband services; development of high margin IT solutions and service offerings; and exploration of new business opportunities that will enhance/implement existing operations. AcrossAsia Group's gearing ratio, representing total borrowings divided by shareholders' funds, was 3.1 times as at 31st December 2005. The Company provided a corporate guarantee of approximately HK$113.6 million to a bank for its financing to a subsidiary as at 31st December 2005.

As a result of significant operations in Indonesia, AcrossAsia Group has foreign currency exposure mainly in transaction and conversion risks. During 2005, the foreign currency exposure had no adverse impact on AcrossAsia Group's results. AcrossAsia Group will continue to take measures to minimize its foreign exchange exposure.

BROADBAND SERVICES

Broadband Multimedia is the
largest cable TV operator
in Indonesia offering 24-hour on-air national and international channels of programming.

BUSINESS REVIEW

AcrossAsia Group has been implementing its strategy to strength its position as a leading consumer-oriented service provider and offers value, fashion and quality services catering to the rising middle and upper-income market in Asia, particularly in Indonesia and China through the following major subsidiaries:

Matahari

Matahari, the flagship of Retail, is the largest publicly listed modern retailer with nationwide retail networks of department stores, multi-format supermarkets and family entertainment centres in Indonesia. As of 31st December 2005, Matahari Department Stores operated 83 stores, whereas Matahari Supermarkets operated 37 supermarkets, 17 hypermarkets under the brand name "Hypermart" and 5 soft discount stores under the brand name "Cut Price", and TimeZone family entertainment centres had a total of 106 outlets throughout Indonesia.

During 2005, 10 Matahari Department Stores, 13 "Hypermart" stores, 1 supermarket store, 4 children specialty stores and 4 soft discount stores were opened that was one of the fastest and most aggressive expansion plans implemented in Indonesia. In October 2005, Matahari opened its first department store in China in Shenzhen, a milestone for its official entry into the most potential retail market in the world. Matahari expanded its "Hypermart" chain to capture the change in shopping favour of consumers to hypermarkets from traditional supermarkets. The "Hypermart" chain enjoys average patronage of over one million per month. In addition, the growth in sales and turnaround strategies across different retail formats gave on-going improvements to Matahari's financial and operational performance. Thanks to the staff of Matahari who has put in their best efforts that enabled Matahari to win the Top Retailer in Indonesia award for 2005 from Retail Asia Publication for the second consecutive year. The award is in recognition of the top retailer in its visionary entrepreneurship, compelling future

growth strategy, technology advancement as well as outstanding operational disciplines. This recognition does not only set a milestone of achievement for Matahari but also confirms its consistent performance in the highly competitive international retail businesses.

Being the third core business aside from Matahari Department Stores and Matahari Supermarkets, TimeZone, which is the market leader in family entertainment centres in Indonesia, offers customers of all ages the chance to experience real-life thrills on various driving, skiing, motorbike riding and other action-packed video games along with conventional mechanical games. During 2005, TimeZone added some new features to attract more customers such as: transformation of several existing stores to “TimeZone Celebrates Disney” stores which are totally themed with Disney’s intellectual property; introduction of a new game machine called “Dino Duel” which brings great excitement to game fans and has become a mega hit; and installation of TimeZone Bite Corner, selling light snacks and drinks to customers to complement their TimeZone experience.

In September 2005, Matahari group disposed of its entire non-core equity interest of approximately 7.9% in Hero Supermarket for Rp.164.6 billion (approximately HK$57.4 million).

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 during 2005.

Broadband Multimedia

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, offers its customers total solutions using the well-established cable (both fibre-optic and coaxial) and latest satellite network technologies. It operates the largest two-way HFC (Hybrid Fibre Coaxial) network in Indonesia, offering digital cable and satellite TV, data communication, Internet access, leased line and VPN (Virtual Private Network) services. As of 31st December 2005, the network reached over 2,840 km, passing 244,478 homes and covering major residential and central business districts in prime cities in Indonesia.

IT SOLUTIONS

Multipolar, the flagship of IT Solutions, is one of the prominent IT system integration and services providers in Indonesia.

Broadband Multimedia is the largest cable TV operator in Indonesia offering 24-hour on-air national and international channels of programming with 88 channels under the brand name "Digital 1" and 63 channels under the brand name "Kabelvision". Channels are categorized by education, entertainment, International, kids, news, local terrestrial, sports and premium channels. The number of cable TV subscribers was on the rise to approximately 135,120 with penetration reaching 56.5%.

Broadband Multimedia is migrating to a full digital platform that is expected to be completed in 2007. The digitisation of its cable network has commenced with phase 1 focusing on 120,000 homes in new areas. That will facilitate the expansion of the number and types of services offered and enhancement of the development of current and future revenue sources. Its data communication and leased line services serve more than 110 corporations and cover industrial and commercial areas as well as major housing estates in Jakarta. "MyNet", a new high-speed broadband Internet access service, was launched during 2005. It provides a platform for users to enjoy online applications and access to data, games, audio and movies. The total number of broadband Internet consumer subscribers was approximately 16,140 as of 31st December 2005.

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. If offers extensively total IT solutions, ranging from hardware and software to consultancy, for the

banking, telecommunications, government, utilities, distribution and retail industries in Indonesia. It has three major units- hardware and infrastructure, banking solutions and consulting services.

Customers, particularly corporate ones, have changed their spending behaviour because of recent years' economic conditions in Indonesia from outright purchase to leasing, resulting in thinner margins in both hardware and software products. However, Multipolar managed to share a substantial part of the hardware market. This is not only because of its competitive pricing strategies, but also its offering of the high quality services in town. The banking solutions unit successfully captured more market share by signing up more small and medium banking customers as well as financial institutions. Its successful development of risk management products received recognition. Moreover, its unique Syariah banking application has shown promising growth in line with the increasing demand for Islamic banking products. Revenue from this service has been steadily increasing and Multipolar believes the banking solutions will continue to play a significant role for revenue and profit growth in the future. The consulting services unit also has successfully completed a number of strategic partnerships. Multipolar, as the only Indonesian IT company to have its AML (Anti-Money Laundering) solution implemented in the country, has assisted two banks to develop effective policies, procedures, and appropriate technology to mitigate their risks in terms of money laundering activities in the growing complexity of financial instruments. This success and other strategic projects will certainly increase the role of Multipolar's consulting services, thus strengthening its leadership in the industry.

With the optimal combination of IT professionals, wider range of products and value-added services, Investor Magazine awarded Multipolar with "The Best Public Listed Company in Electronics Sector in 2005". Furthermore, it was Microsoft Gold Certified Partner in 2005. Multipolar has been business partner of Microsoft, IBM, Cisco Systems,

AcrossAsia Group is pursuing strategic investors and partners for its operations to foster their **growth and dominance** and is exploring new markets.

System Access, ORACLE and other multinational IT corporations for many years and received a number of awards.

Multipolar successfully completed its five-for-four rights issue in early July 2005 and raised a total of approximately Rp292.5 billion (approximately HK$231.9 million). As a result, the Company's interest in Multipolar after the rights issue increased to 51.15% from 50.10%. This has strengthened Multipolar's capital base to enhance its future competitiveness and development.

PROSPECTS

Matahari is well on its track to foster its leadership in multi-format retailing in Indonesia and is starting a new page on retail in China. Its valuable suppliers and business partners continue to support its direction and growth to enjoy a win/win relationship. In 2006, Matahari plans to open 10 department stores, 10 Hypermart stores and several soft discount stores and family entertainment centres.

Broadband Multimedia is rolling out its new digital cable TV network, Direct-to-Home services and other value-added Internet services in response to market demand which is expected to increase the penetration of its cable TV coverage as well as broadband and multimedia services.

Multipolar will continue to amplify sales from the non-hardware business units and expand its range of products and services. This strategy will foster Multipolar's revenue sources and leading position part of goal to be the best company in the industry.

With the improving business environment as evidenced by a forecast 12% increase in foreign investment and high 6% growth in GDP (Gross Domestic Product) as well as the restoration of confidence in rupiah in Indonesia in 2006, AcrossAsia Group is cautiously optimistic towards Indonesia's outlook and hence its overall performance in 2006. It 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.

EMPLOYEES

As at 31st December 2005, AcrossAsia Group had approximately 14,160 employees (2004: 14,750). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. AcrossAsia Group's employees in Hong Kong joined the Mandatory Provident Fund Scheme. Other benefits include share option granted or to be granted under the share option schemes, incentive bonus and training schemes.

Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Cheng Wen CHENG, aged 61, has been an executive Director and the President and Chief Executive Officer ("CEO") of the Company since June 2000. He concurrently serves as the President Commissioner of Matahari and Multipolar and a Commissioner of Broadband Multimedia. He has over 30 years of international experience in research and development, marketing and general management. Prior to joining AcrossAsia Group, he was the Chief Executive of the Provisional Hong Kong Science Park Corporation. He has served as the Chief Operating Officer and Executive Vice President of Philips Electronics Group in China/Hong Kong and Taiwan, President of Taiwan Gadelius Limited (an ABB subsidiary) and other executive positions in Belgium and the United States of America ("USA"). He holds a Bachelor of Science degree from National Cheng Kung University, Taiwan, and Master of Science and PhD degrees in Electrical Engineering from Iowa State University, USA.

Mr. Marshall Wallace COOPER, aged 46, has been an executive Director of the Company since May 2002 and the Chief Financial Officer of the Company. He is also a Director and the CEO of Broadband Multimedia and a Commissioner of Multipolar. He joined AcrossAsia Group in April 1999. He has over 20 years' experience in Asia. Prior to joining AcrossAsia Group, he served as Asia-Pacific controller for an oil and gas service company and as regional controller for a mining company. He holds a diploma from Perth Institute of Technology, Australia.

NON-EXECUTIVE DIRECTOR

Mr. Jonathan Limbong PARAPAK, aged 63, has been a non-executive Director of the Company since May 2002. He has also been the Chairman of the Company's Indonesia Office since February 2000 and of PT Natrindo Global Telekomunikasi since March 2000 and the President Commissioner of Broadband Multimedia and a Commissioner of Multipolar and Matahari. He has been the Chairman of the Council of Professionals and Association of the Indonesian Infocom Society as well as a member of the Indonesian Council of Research and Development and the E-Asean Task Force. He was appointed Secretary General of the Department of Tourism, Posts and Telecommunications in 1991 and then the Secretary General of the Department of Tourism, Arts and Culture in 1998. He was the President and CEO of Indosat for 10 years and the Chairman of the board of Indosat for 9 years until April 2000. He was also the Chairman of International Satellite Organisation, a member of the High Level Committee of International Telecommunication Union and the Chairman of PT INTI, a state-owned telecommunications manufacturing company. He graduated from the National Resilience Institute (Lemhanas), Indonesia and holds a Master of Engineering Science degree from the University of Tasmania, Australia.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Richard Arthur WOOLCOTT, aged 78, has been the Chairman of the Board and an independent non-executive Director of the Company since June 2000. He is presently on the Advisory Boards of several Australian and Asia Pacific based organisations, and is the Founding Director of AustralAsia Centre of the Asia Society. He was Secretary (Head) of the Department of Foreign Affairs and Trade (1988 - 1992) in Australia and served as the Ambassador and Permanent Representative to the United Nations where he represented Australia on the Security Council and held several senior postings throughout South East Asia. He was closely involved with the formation of the Asia Pacific Regional Economic Forum ("APEC") and was the Prime Minister's special envoy charged with developing the APEC concept.

Mr. Kwok Ming CHEUNG, aged 44, has been an independent non-executive Director of the Company since June 2000. He is a partner of Or, Ng & Chan, Solicitors. His areas of practice include corporate finance, merger and acquisition, banking and securities. He qualified and was admitted as a solicitor in Hong Kong in 1991. He holds a Bachelor of Laws degree from the University of Hong Kong.

Mr. Albert Saychuan CHEOK, aged 55, has been an independent non-executive Director of the Company since February 2006. He is a banker with over 30 years of experience in banking in the Asia-Pacific region, particularly in Australia, Hong Kong, Thailand and Malaysia. He is an independent non-executive director of Hongkong Chinese Limited (a fellow subsidiary of the Company listed on the Stock Exchange) and Auric Pacific Group Limited (an associate listed on Singapore Exchange Securities Trading Limited of a fellow subsidiary of the Company listed on the Stock Exchange). He is also a director of Asia Commercial Bank Limited and several other public companies. He was the Chairman of Bangkok Bank Berhad in Malaysia for the period from September 1995 to November 2005. He graduated from the University of Adelaide, Australia with a First Class Honour degree in Economics. He is a Fellow of the Australian Society of Certified Practising Accountants.

SENIOR MANAGEMENT

Mr. Jeffrey Koes WONSONO, aged 46, joined AcrossAsia Group in September 1994 and is the Vice President of the Company, CEO of the Company's Indonesia Office and the President Director of Multipolar and a Commissioner of Broadband Multimedia and Matahari. Prior to joining AcrossAsia Group, he was an executive director and Deputy President of various multinational joint venture banks. He is a graduate of Centre for Business Studies of London, England in Marketing and also holds a Master degree in Business Administration from Golden Gate University, USA.

Mr. Bunjamin Jonatan MAILOOL, aged 45, joined AcrossAsia Group in January 2002 and is the President Director and CEO of Matahari. Prior to joining AcrossAsia Group, he was the CEO of PT Bukit Sentul Tbk. He started his professional career in Citibank N.A., Jakarta with his last position as Vice President - Risk Management Treasury Head. He holds a Master degree in Business Administration from San Edmund University, Oklahoma, USA.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Code on Corporate Governance Practices set out in Appendix 15 to the GEM Listing Rules (except the provisions thereof in respect of internal control) (the "CG Code") became effective for accounting periods commencing on or after 1st January 2005. The Company has implemented measures to meet the CG Code, including but not limited to, setting out the appointment terms of non-executive Directors in writing and amendments to the Articles of Association of the Company (the "Articles").

To the knowledge of the Directors, they consider that the Company has applied the principles of the CG Code and to certain extent, of the recommended best practices thereof and are not aware of any non-compliance with the CG Code during 2005.

SECURITIES TRANSACTIONS BY DIRECTORS

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 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 2005.

BOARD OF DIRECTORS

The composition of the Board and the biographical details of the Directors are set out in the Annual Report of the Directors and also Directors and Senior Management section of the Annual Report respectively.

During 2005, the Board held 4 physical meetings and the attendance of the Directors is as follows:

Name of Director	Number of Attendance in person or by proxy	Percentage of Attendance
Mr. Richard Arthur WOOLCOTT ("Mr. Woolcott")	4/4	100%
Dr. Cheng Wen CHENG ("Dr. Cheng")	3/4	75%
Mr. Marshall Wallace COOPER	4/4	100%
Mr. Jonathan Limbong PARAPAK ("Mr. Parapak")	4/4	100%
Mr. Kwok Ming CHEUNG ("Mr. Cheung")	4/4	100%
Mr. King Fai TSUI ("Mr. Tsui")	3/4	75%

In addition to physical meetings, the Board also approved matters by resolutions in writing of all the Directors.

The Board is responsible for the overall management of the Company in accordance with the Articles and is entitled to delegate its powers to any executive Director, committees of the Board and the management team. The Board is primarily responsible for approval and monitoring of the Group's major corporate matters, evaluation of the performance of the Group and oversight of the management.

The Company has received the annual confirmation of independence from all the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and considered them to be independent.

Following the resignation of Mr. Tsui as an independent non-executive Director (with appropriate professional qualifications or accounting or related financial management expertise) with effect from 1st December 2005, the Company appointed Mr. Albert Saychuan CHEOK ("Mr. Cheok") as an independent non-executive Director (with appropriate professional qualifications or accounting or related financial management expertise) with effect from 22nd February 2006 to fill the vacancy pursuant to Rule 5.05 of the GEM Listing Rules.

To the knowledge of the Directors, the Board members have no financial, business, family or other material/ relevant relationships with each other.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has two different persons for the posts of the Chairman of the Board and Chief Executive Officer. The Chairman of the Board, Mr. Woolcott, is an independent non-executive Director and chairs all the board meetings and general meetings. The Chief Executive Officer of the Company, Dr. Cheng, is a member of the Executive Committee of the Board and responsible for the day-to-day management of the Company and for carrying out the decisions of the Board with the assistance of other staff.

NON-EXECUTIVE DIRECTORS

The term of office of Mr. Cheung will expire on 31st December 2006 pursuant to a letter dated 22nd March 2005 between him and the Company. Since Mr. Woolcott and Mr. Parapak do not offer themselves for re-election at the forthcoming annual general meeting, their term of office (which would originally expire on 31st December 2006 pursuant to letters dated 22nd March 2005 between them and the Company respectively) will expire after the annual general meeting.

Mr. Tsui, who was appointed for a term of two years from 30th September 2004, resigned as an independent non-executive Director with effect from 1st December 2005. Mr. Cheok was appointed pursuant to a letter of appointment dated 20th February 2006 for a term of two years from 22nd February 2006.

REMUNERATION OF DIRECTORS

The Board established a remuneration committee (the "Remuneration Committee") which comprises two independent non-executive Directors (Mr. Woolcott and Mr. Cheung) with Mr. Woolcott as the Chairman thereof. The primary duties of the Remuneration Committee are, inter alia, to make necessary recommendations to the Board on, and review and approve remuneration matters of the Directors and the Senior Management and to administration the share option plan and scheme of the Company. During 2005, the Remuneration Committee did not hold any meeting as the relevant matters were considered by the Board and/or administered in accordance with previously signed service contracts, letters of appointment and/or set policies. In February 2006, the Remuneration Committee passed a resolution in writing recommending the director's fee of Mr. Cheok to the Board in connection with his appointment.

NOMINATION OF DIRECTORS

The Board has the power to appoint Director(s) pursuant to the Articles. During 2005, the Board has not considered any appointment of Directors. In February 2006, the Board appointed Mr. Cheok as an independent non-executive Director after referral and consideration by reference to his experience, expertise and professional qualifications as well as the GEM Listing Rules' requirements.

AUDIT COMMITTEE

The Board established an audit committee (the "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 during 2005 and the attendance of the members is as follows:

Name of Director	Number of Attendance	Percentage of Attendance
Mr. Woolcott	4/4	100%
Mr. Cheung	4/4	100%
Mr. Tsui	4/4	100%

During 2005, the Audit Committee discharged its duties by reviewing the financial matters, quarterly, half-year and annual financial reports and financial statements as well as audit matters of AcrossAsia Group, discussing with executive Directors, management and the auditors of the Company, and making recommendations to the Board.

Following the resignation of Mr. Tsui as an Audit Committee member with effect from 1st December 2005, the Company appointed Mr. Cheok with effect from 22nd February 2006 to fill the vacancy pursuant to Rule 5.28 of the GEM Listing Rules.

The remuneration of the audit services rendered by the auditors of the Company were mutually agreed in view of the scope of services. During 2005, the auditors of the Company did not provide any non-audit services to the Company.

PREPARATION OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing audited consolidated financial statements of AcrossAsia Group for 2005 (the "2005 Financial Statements") and the auditors of the Company also set out their reporting responsibilities on the 2005 Financial Statements in its Report of the Auditors in the Annual Report.

Report of the Directors

The Directors are pleased to present their report together with the 2005 Financial Statements.

PRINCIPAL ACTIVITIES

AcrossAsia Group is engaged principally in the provision of retail services through department stores, supermarkets, compact hypermarkets, soft discount stores and family entertainment centres as well as cable TV, broadband network, broadband Internet access and IT solutions services.

An analysis of AcrossAsia Group's business segments is set out in Note 3 to the accompanying consolidated financial statements.

CUSTOMERS AND SUPPLIERS

For 2005, the five largest customers of AcrossAsia Group accounted for approximately 3.5% of AcrossAsia Group's total turnover (2004 – 12.0%), while the five largest suppliers of AcrossAsia Group accounted for approximately 5.6% (2004 – 21.2%) of AcrossAsia Group's total purchases. The largest customer of AcrossAsia Group accounted for 1.0% (2004 – 4.8%) of AcrossAsia Group's total turnover while the largest supplier accounted for 3.0% (2004 – 7.0%) of AcrossAsia Group's total purchases.

None of the Directors, their associates (as defined under the GEM Listing Rules) or any shareholders (which, to the knowledge of the Directors, owned 5% or more of the Company's share capital) had a beneficial interest in the five largest customers and suppliers of AcrossAsia Group.

RESULTS AND APPROPRIATIONS

Details of AcrossAsia Group's results for 2005 are set out in the consolidated income statements on page 32 of the Annual Report.

The Directors do not recommend the payment of a dividend in respect of 2005 (2004: Nil).

PENSION COSTS

Particulars of pension costs for 2005 are set out in Note 5 to the accompanying consolidated financial statements.

SHARE CAPITAL

Details of share capital are set out in Note 27 to the accompanying consolidated financial statements.

RESERVES

Movements in reserves and accumulated losses of AcrossAsia Group during 2005 are set out in the consolidated statement of changes in equity on page 35 of the Annual Report.

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

During 2005, there was no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and no statutory provisions for the pre-emptive rights under the laws of the Cayman Islands.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 14 to the accompanying consolidated financial statements.

PROPERTY AND EQUIPMENT

Details of the movements in property and equipment during 2005 are set out in Note 12 to the accompanying consolidated financial statements.

INTEREST-BEARING BORROWINGS AND NOTES PAYABLE

Particulars of interest-bearing borrowings and notes payable as at 31st December 2005 are set out in Notes 30 and 31 respectively to the accompanying consolidated financial statements.

RELATED PARTY TRANSACTIONS

The related party transactions are set out in Note 44 to the accompanying consolidated financial statements.

CONTINUING CONNECTED TRANSACTIONS

The lease agreement (including all amendments and/or addenda) entered into between Matahari (an indirect non-wholly owned subsidiary of the Company) and PT Duta Wisata Loka ("DWL", a then fellow subsidiary and now an associate of a fellow subsidiary of the Company) (the "Matahari Lease Agreement"), and the two lease agreements (including all amendments and/or addenda) entered into between PT Matahari Graha Fantasi ("Matahari Fantasi", a non-wholly owned subsidiary of Matahari) and DWL (the "MF Lease Agreements") regarding the leasing of certain premises at Megamal Pluit, a shopping mall situated in North Jakarta, Indonesia (the "Mall") constituted continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules. Details of the said lease agreements are set out below:

(1) The Matahari Lease Agreement was entered into between DWL as lessor and Matahari as lessee for the period from 8th June 1996 to 7th June 2006 regarding the leasing of premises of a total area of 14,104.74 m^2 in the Mall. The monthly rental, service charges and outgoings for 2005 and for the period ending 7th June 2006 of approximately Rp1,211,563,000 (equivalent to approximately HK$992,000) are payable in cash.

(2) The MF Lease Agreements were both entered into between DWL as lessor and Matahari Fantasi as lessee for the period from 8th June 1996 to 7th June 2006 regarding the leasing of premises of a total area of 923.3 m^2 in the Mall. The monthly rental, service charges and outgoings for 2005 and for the period ending 7th June 2006 of approximately Rp128,140,000 (equivalent to approximately HK$105,000) are payable in cash.

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions, which had complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules, and considered that they were entered into:

1. in the ordinary and usual course of business of AcrossAsia Group;

2. on normal commercial terms; and

3. in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

COMMITMENTS AND CONTINGENT LIABILITIES

Particulars of commitments and contingent liabilities as at 31st December 2005 are set out in Notes 39 and 40 respectively to the accompanying consolidated financial statements.

POST BALANCE SHEET EVENTS

Particulars of post balance sheet events are set out in Note 45 to the accompanying consolidated financial statements.

DIRECTORS

The Directors who held office during 2005 and up to the date of this report were:

Executive Directors

Dr. Cheng Wen CHENG
Mr. Marshall Wallace COOPER

Non-executive Directors

Mr. Jonathan Limbong PARAPAK

Independent non-executive Directors

Mr. Richard Arthur WOOLCOTT
Mr. Kwok Ming CHEUNG
Mr. King Fai TSUI (resigned on 1st December 2005)
Mr. Albert Saychuan CHEOK (appointed on 22nd February 2006)

In accordance with Article 116 of the Articles, Mr. Woolcott and Mr. Parapak retire by rotation at the forthcoming annual general meeting. They do not offer themselves for re-election. In accordance with Article 99 of the Articles, Mr. Cheok retires and being eligible, offers himself for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Dr. Cheng has entered into a service contract with the Company for a term of two years commencing from 1st June 2003 which shall be continuing thereafter unless terminated by either party by not less than six calendar months' prior notice in writing, or in accordance with other relevant terms of the service contract.

The term of office of Mr. Cheung will expire on 31st December 2006 pursuant to a letter dated 22nd March 2005 between him and the Company. Since Mr. Woolcott and Mr. Parapak do not offer themselves for re-election at the forthcoming annual general meeting, their term of office (which would originally expire on 31st December 2006 pursuant to letters dated 22nd March 2005 between them and the Company respectively) will expire after the annual general meeting.

Mr. Cheok was appointed pursuant to a letter of appointment dated 20th February 2006 for a term of two years from 22nd February 2006.

Apart from the foregoing, no Director has a service contract with the Company.

DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in Note 7 to the accompanying consolidated financial statements, no contracts of significance in relation to AcrossAsia Group's business to which the Company or any of its subsidiaries was a party and in which any of the Company's Directors or members of its management had a material interest, whether directly or indirectly, subsisted at the end of 2005 or at any time during 2005.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 31st December 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

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:

	Number of underlying shares			
Name	Granted	Lapsed	Outstanding as of 31st December 2005	Percentage of enlarged issued share capital
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, 1st June 2004 and 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, 1st April 2004 and 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, 1st April 2004 and 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, 1st April 2004 and 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 December 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 31st December 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

In addition to the Pre-IPO Plan, 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. Details of the share options were set out in Note 36 to the accompanying consolidated financial statements.

The Directors consider it inappropriate to value the options granted under the Pre-IPO Plan as the market price of the shares as at 31st December 2005 was below the subscription price in respect of all the options granted. Any valuation based on assumptions would not be meaningful.

Save as disclosed herein, no options to subscribe for shares of the Company have been granted, exercised, lapsed, cancelled or re-issued since the listing of the Company's shares on GEM and up to the date of this Report under the Pre-IPO Plan and the 2002 Scheme.

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 2005. There was a chance that such businesses might have competed with AcrossAsia Group during 2005.

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.

AUDITORS

During 2003, Ernst & Young resigned as the auditors of the Company and RSM Nelson Wheeler were appointed by the Directors to fill the casual vacancy so arising.

The accompanying financial statements have been audited by RSM Nelson Wheeler. A resolution for the re-appointment of RSM Nelson Wheeler as the auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors
Richard Woolcott
Chairman

Hong Kong, 24th March 2006

RSM Nelson Wheeler
羅 申 美 會 計 師 行
Certified Public Accountants

TO THE SHAREHOLDERS
ACROSSASIA LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the accompanying balance sheet of AcrossAsia Limited (the "Company") and the consolidated balance sheet of the Company and its subsidiaries (the "Group") as at 31st December 2005, and the related consolidated statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Company and of the Group as of 31st December 2005, and of the results of the Group's operations and cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM NELSON WHEELER
Certified Public Accountants

Hong Kong, 24th March 2006

Consolidated Income Statement

For the year ended 31st December 2005

	Notes	2005 HK$'000	2004 HK$'000
TURNOVER	4	**6,276,514**	2,483,147
Cost of sales and services rendered		**(4,445,532)**	(1,772,113)
Gross profit		**1,830,982**	711,034
Other operating income and gains	4	**116,450**	61,580
Gain on disposal of short term investments		**61,139**	–
Gain on deemed disposal of a subsidiary		**–**	44,653
Gain on disposal of an associate		**–**	63,160
Selling and distribution costs		**(554,963)**	(242,490)
General and administrative expenses		**(1,022,409)**	(459,924)
Other operating expenses		**(66,287)**	(4,479)
PROFIT FROM OPERATIONS	5	**364,912**	173,534
Finance costs	6	**(212,774)**	(117,241)
Share of results of associates		**4,700**	40,216
Amortisation of goodwill on acquisition of associates		**–**	(9,156)
		4,700	31,060
PROFIT BEFORE INCOME TAX		**156,838**	87,353
Income tax expense	9	**(39,276)**	(20,611)
PROFIT FOR THE YEAR		**117,562**	66,742
(LOSS)/PROFIT ATTRIBUTABLE TO:			
Shareholders of the Company	10	**(3,760)**	38,451
Minority interests		**121,322**	28,291
		117,562	66,742
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	11		
Basic (HK cents)		**(0.07)**	0.76
Diluted (HK cents)		**N/A**	N/A

Balance Sheets

For the year ended 31st December 2005

	Notes	AcrossAsia Group		Company	
		2005	2004	**2005**	2004
		HK$'000	HK$'000	**HK$'000**	HK$'000
ASSETS					
Non-current assets					
Property and equipment	12	**1,818,728**	1,441,846	**–**	47
Investment properties	13	**107,055**	129,732	**–**	–
Interests in subsidiaries	14	**–**	–	**615,321**	561,103
Interests in associates	15	**31,333**	154,014	**–**	3,463
Long term investments	16	**129,105**	75,592	**–**	–
Goodwill	17	**201,079**	213,401	**–**	–
Intangible assets	18	**24,024**	5,257	**–**	–
Deferred tax assets	19	**17,530**	27,395	**–**	–
Non-current prepayments, deposits and receivables	20	**973,859**	688,503	**–**	–
Due from related companies	21	**30,062**	22,080	**–**	–
		3,332,775	2,757,820	**615,321**	564,613
Current assets					
Inventories	22	**580,152**	390,931	**–**	–
Trade receivables	23	**119,090**	142,596	**–**	–
Prepayments, deposits and other current assets	24	**230,135**	179,158	**468**	302
Short term investments	25	**179,453**	205,724	**–**	–
Pledged bank deposits	26	**4,679**	1,337	**–**	–
Cash and bank deposits	26	**555,272**	950,453	**2,064**	10,433
		1,668,781	1,870,199	**2,532**	10,735
TOTAL ASSETS		**5,001,556**	4,628,019	**617,853**	575,348

Balance Sheets

For the year ended 31st December 2005

	Notes	AcrossAsia Group 2005 HK$'000	AcrossAsia Group 2004 HK$'000	Company 2005 HK$'000	Company 2004 HK$'000
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the Company					
Issued capital	27	**506,462**	506,462	**506,462**	506,462
Accumulated losses		**(784,710)**	(780,950)	**(610,375)**	(606,003)
Reserves	28	**819,722**	838,450	**664,271**	664,271
		541,474	563,962	**560,358**	564,730
Minority interests		**1,421,668**	1,291,382	**–**	–
Total equity		**1,963,142**	1,855,344	**560,358**	564,730
Non-current liabilities					
Provisions	29	**66,293**	59,348	**–**	–
Interest–bearing borrowings	30	**428,055**	354,117	**–**	–
Notes payable	31	**93,443**	100,590	**–**	–
Bonds payable	32	**653,660**	688,181	**–**	–
Due to related companies	34	**4,000**	6,437	**4,000**	4,000
Non-current other payables		**86,100**	24,500	**–**	–
Deferred tax liabilities	19	**6,531**	5,285	**–**	–
		1,338,082	1,238,458	**4,000**	4,000
Current liabilities					
Provisions	29	**43,707**	64,168	**–**	–
Interest-bearing borrowings	30	**560,040**	472,584	**44,387**	–
Notes payable	31	**51,188**	38,037	**–**	–
Finance lease obligations	33	**–**	116	**–**	–
Due to related companies	34	**7,428**	8,634	**–**	–
Trade payables	35	**512,661**	453,729	**–**	–
Receipts in advance		**23,129**	15,483	**–**	–
Other payables and accruals		**424,642**	430,878	**9,108**	6,618
Tax payable		**77,537**	50,588	**–**	–
		1,700,332	1,534,217	**53,495**	6,618
TOTAL EQUITY AND LIABILITIES		**5,001,556**	4,628,019	**617,853**	575,348

Cheng Wen CHENG
Director

Marshall Wallace COOPER
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December 2005

	Attributable to shareholders of the Company								
	Issued capital	Share premium account	Capital reserve	Equity transactions of associates	Translation reserve	Accumulated losses	Total	Minority interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January 2004	506,462	32,877	1,464,802	2,925	(608,888)	(819,401)	578,777	485,470	1,064,247
Net fair value gain on available-for-sale financial assets of associates	–	–	–	606	–	–	606	–	606
Equity transactions of subsidiaries	–	–	–	–	–	–	–	(19,658)	(19,658)
Business combinations	–	–	–	–	–	–	–	869,896	869,896
Currency translation differences	–	–	–	–	(53,872)	–	(53,872)	(72,617)	(126,489)
Net gain/(loss) not recognised in the income statement	–	–	–	606	(53,872)	–	(53,266)	777,621	724,355
Net profit for the year	–	–	–	–	–	38,451	38,451	28,291	66,742
At 31st December 2004 and 1st January 2005	506,462	32,877	1,464,802	3,531	(662,760)	(780,950)	563,962	1,291,382	1,855,344
Net fair value gain on available-for-sale financial assets of associates	–	–	–	4,128	–	–	4,128	–	4,128
Equity transactions of subsidiaries	–	–	–	–	–	–	–	42	42
Dividends paid	–	–	–	–	–	–	–	(17,955)	(17,955)
Rights issue of a subsidiary	–	–	–	–	–	–	–	103,705	103,705
Currency translation differences	–	–	–	–	(22,856)	–	(22,856)	(76,828)	(99,684)
Net gain/(loss) not recognised in the income statement	–	–	–	4,128	(22,856)	–	(18,728)	8,964	(9,764)
Net (loss)/profit for the year	–	–	–	–	–	(3,760)	(3,760)	121,322	117,562
At 31st December 2005	506,462	32,877	1,464,802	7,659	(685,616)	(784,710)	541,474	1,421,668	1,963,142

Consolidated Cash Flow Statement

For the year ended 31st December 2005

	2005 HK$'000	2004 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**117,562**	66,742
Adjustments for:		
Finance costs	**212,774**	117,241
Amortisation of bonds issuance cost	**5,274**	1,118
Share of results of associates (less amortisation of goodwill on acquisition of associates)	**(4,700)**	(31,060)
Income tax expense	**39,276**	20,611
Depreciation	**256,480**	130,087
Amortisation of goodwill	**–**	5,653
Amortisation of intangible assets	**9,326**	1,450
Impairment of long term investments	**66,287**	4,479
Gain on disposal of short term investments	**(61,139)**	–
Unrealised gain on revaluation of short term investments	**(27,343)**	(10,467)
Net gain on disposal of property and equipment	**(6)**	(33)
Property and equipment written off	**–**	2,402
Bad debts expense/provision for impairment of receivables	**1,129**	2,438
Provision for inventories	**2,852**	297
Decrease in provisions	**(6,454)**	(1,576)
Gain on deemed disposal of a subsidiary	**–**	(44,653)
Gain on disposal of an associate	**–**	(63,160)
Interest income	**(38,846)**	(27,665)
Operating profit before working capital changes	**572,472**	173,904
Increase in amounts due from associates	**(11,014)**	(1,194)
Decrease/(increase) in amounts due from related companies	**1,655**	(1,229)
(Increase)/decrease in inventories	**(216,985)**	65,182
Decrease in trade receivables	**14,312**	39,259
Increase in prepayments, deposits and other current assets	**(411,346)**	(101,462)
Decrease in amounts due to related companies	**(707)**	(37,821)
Increase in trade payables	**86,071**	173,258
Increase/(decrease) in receipts in advance	**8,634**	(1,123)
Increase in other payables and accruals	**82,853**	201,124
Cash from operations	**125,945**	509,898
Income taxes refunded/(paid)	**23,546**	(21,924)
Net cash inflow from operating activities	**149,491**	487,974

	Notes	2005 HK$'000	2004 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment		**(711,692)**	(159,463)
Purchases of intangible assets		**(28,607)**	(247,342)
Purchases of short term investments		**(78,773)**	–
Purchase of an associate		**–**	(3,900)
Proceeds from disposal of property and equipment		**28,875**	20,218
Proceeds from disposal of short term investments		**181,278**	97,686
Net cash inflow attributable to acquisition of subsidiaries	37(a)	**–**	571,936
Net cash outflow attributable to deemed disposal of a subsidiary	37(b)	**–**	(2,723)
Dividends received from associates		**–**	13,406
Increase in pledged bank deposits		**(3,457)**	(1,810)
Interest received		**38,846**	27,665
Net cash (outflow)/inflow from investing activities		**(573,530)**	315,673
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest-bearing borrowings and notes payable		**(81,733)**	(525,508)
New interest-bearing borrowings and notes payable		**302,574**	737,409
Repayment of capital element of finance lease obligations		**(111)**	(43)
Interest paid		**(212,774)**	(117,241)
Proceeds of rights issue received from minority interests		**112,024**	–
Dividends paid to minority interests		**(17,955)**	–
Net cash inflow from financing activities		**102,025**	94,617
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(322,014)**	898,264
Cash and cash equivalents at beginning of year		**950,453**	40,617
Effect of foreign exchange rate changes, net		**(73,167)**	11,572
CASH AND CASH EQUIVALENTS AT END OF YEAR		**555,272**	950,453
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank deposits		**555,272**	950,453

1. ORGANISATION AND OPERATIONS

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 ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13th July 2000.

The Company and its subsidiaries (collectively "AcrossAsia Group") were engaged in the following principal activities:

- retail
- cable TV, broadband Internet and network services
- IT system integration and solution services

The Company is a subsidiary of Cyport Limited, a company incorporated in the British Virgin Islands. In the opinion of the Directors, the ultimate holding company is Lippo Cayman Limited, which is incorporated in the Cayman Islands.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments, as further explained below.

(b) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that AcrossAsia Group has adopted the following new and revised IFRSs which are effective for accounting periods beginning on or after 1st January 2005:

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Balance Sheet Date
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 24	Related Party Disclosures
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 32	Financial Instruments: Disclosure and Presentation
IAS 33	Earnings per Share
IAS 36	Impairment of Assets (for assets other than goodwill and intangible assets acquired in business combinations before 31st March 2004)
IAS 38	Intangible assets (for intangible assets other than intangible assets acquired in business combinations before 31st March 2004)
IAS 39	Financial Instruments: Recognition and Measurement
IAS 40	Investment Property
IFRS 2	Share-based Payment
IFRS 3	Business Combinations (for goodwill arising from acquisition before 31st March 2004)

The adoption of the aforesaid new and revised IFRSs did not result in substantial changes in AcrossAsia Group's accounting policies except for IFRSs 2 and 3. The impacts of IFRSs 2 and 3 on AcrossAsia Group are set out below:

IFRS 2 Share-Based Payment

IFRS 2 has resulted in a change in AcrossAsia Group's accounting policy for share-based payments. It requires an expense to be recognised where AcrossAsia Group buys goods or services in exchange for shares or rights over shares (equity-settled transactions), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (cash-settled transactions). The main impact of IFRS 2 on AcrossAsia Group is the expensing of employees' and directors' share options. AcrossAsia Group has chosen to adopt the transitional provisions of IFRS 2 in respect of equity-settled awards and has applied IFRS 2 only to equity-settled awards granted after 7th November 2002 that had not vested on or before 31st December 2004. Since no share options were granted for the period from 7th November 2002 to 31st December 2005, the adoption of IFRS 2 has not resulted in a charge to the consolidated income statements for prior years and the year ended 31st December 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

IFRS 3 Business Combinations

IFRS 3 has resulted in a change in AcrossAsia Group's accounting policy for goodwill arising from acquisition. As at 31st December 2004, goodwill arising from acquisition before 31st March 2004 was amortised on a straight-line basis over its estimated useful life of 20 years. In accordance with the transitional provisions of IFRS 3, AcrossAsia Group has applied the revised accounting policy for goodwill prospectively from 1st January 2005. From 1st January 2005, goodwill arising on acquisition before 31st March 2004 ceased to be amortised from 1st January 2005 in accordance with the provision of IFRS 3, and the transitional provision has required AcrossAsia Group to eliminate the carrying amount of the accumulated amortisation as at 31st December 2004 of approximately HK$223,739,000 with a corresponding decrease in the cost of goodwill. From 1st January 2005 onwards, goodwill is tested annually for impairment (unless an event occurs during the year which indicates that the carrying value may be impaired) in accordance with IAS 36 (revised).

In addition to the standards referred to above, the International Accounting Standards Board has also issued the following new and revised IFRSs which are effective for accounting periods beginning on or after 1st January 2006 and 2007:

IFRS 7	Financial Instruments: Disclosures
IAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
IAS 19 (Amendment)	Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures
IAS 21 (Amendment)	The Effect of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Intragroup Transactions
IAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – The Fair Value Option
IAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Amendment for financial guarantee contracts

AcrossAsia Group has not early adopted these new and revised IFRSs for the year ended 31st December 2005. AcrossAsia Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a significant impact on its results of operations and financial position.

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year. Subsidiaries are consolidated from the date on which control is transferred to AcrossAsia Group and cease to be consolidated from the date on which control is transferred out of AcrossAsia Group. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within AcrossAsia Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Subsidiaries

A subsidiary is an entity that is controlled by the Company. Control is the power, directly or indirectly, to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

(f) Associates

AcrossAsia Group's interests in associates are accounted for under the equity method of accounting. An associate is an entity, not being a subsidiary or a joint venture, over which AcrossAsia Group is in a position to exercise significant influence, but not control or joint control, through participation in its financial and operating policy decisions.

AcrossAsia Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. AcrossAsia Group's interests in associates are stated in the consolidated balance sheet at AcrossAsia Group's share of net assets under the equity method of accounting, less any impairment losses. Goodwill arising from the acquisition of associates is included as part of AcrossAsia Group's interests in associates, which is treated in accordance with the accounting policy for goodwill stated below.

(g) Goodwill

Goodwill arising on the acquisition of subsidiaries and associates represents the excess of the cost of the acquisition over AcrossAsia Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset. In the case of associates, goodwill is included in the carrying amount thereof, rather than as a separately identified asset in the consolidated balance sheet.

AcrossAsia Group adopted IFRS 3 "Business Combinations" in 2005. IFRS 3 has resulted in change in the accounting policy for goodwill arising on acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Goodwill (continued)

Goodwill arising on acquisition before 31st March 2004 was previously stated at cost less accumulated amortisation and any impairment losses and was amortised on the straight-line basis over its estimated useful life of 20 years. From 1st January 2005, goodwill arising on acquisition before 31st March 2004 ceased to be amortised and the transitional provision of IFRS 3 has required the entity to eliminate the carrying amount of the accumulated amortisation with a corresponding decrease in the cost of goodwill.

Goodwill arising on acquisition is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may by impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. The recoverable amount is either the higher of the value in use or the fair value less costs to sell. Where the recoverable amount of a cash-generating unit is less than its carrying amount including goodwill, an impairment loss is recognised. Any impairment in goodwill is recognised immediately in the consolidated income statement and is not subsequently reversed. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(h) Property and equipment, investment properties and depreciation

Property and equipment and investment properties are fixed assets and are stated at cost less accumulated depreciation and any impairment losses. The cost of a fixed asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent cost incurred after fixed assets have been put into operation or recognised, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the subsequent cost will result in future economic benefits expected to be obtained by the Group and the cost of the item can be measured reliably, the subsequent cost is recognised as a separate asset or included in the asset's carrying amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property and equipment, investment properties and depreciation (continued)

Depreciation is calculated on the straight-line basis or the double-declining balance basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Methods	Rates
Land use rights	Straight-line	0% to 1%
Buildings	Straight-line	5%
Building renovations and leasehold improvements	Straight-line	10% to 50%
Communication equipment	Straight-line	10%
Office furniture, fixtures and equipment		
– For Retail segment	Double-declining balance	15% to 25%
– For other segments	Straight-line	12% to 50%
Cable television distribution network	Straight-line	7%
Equipment for rent	Straight-line	33%
Vehicles		
– For Retail segment	Double-declining balance	25% to 50%
– For other segments	Straight-line	20% to 25%
Investment properties	Straight-line	0% to 5%

Improvements to leasehold buildings are depreciated over the shorter of the lease terms or the above rates.

The depreciation policy of construction in progress is set out in (i) and (p) below.

The gain or loss on disposal or retirement of a fixed asset recognised in the consolidated income statement is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Property and equipment held under finance leases are recorded and depreciated on the same basis as described above or, where shorter, over the term of the relevant lease.

(i) Construction in progress

Construction in progress consists mainly of cable television distribution networks and cellular communication network under construction. Expenditures relating to the construction, including direct costs of constructions and interest and other ancillary financing costs incurred on funds borrowed to finance the construction, if any, during the period of construction are capitalised as part of the costs of construction in progress. Capitalisation of interest and other ancillary financing costs cease upon completion or at the end of the prematurity period of a cable television distribution network. The accumulated costs are reclassified to the appropriate category of property and equipment when completed and ready for use or at the end of the prematurity period.

No depreciation is provided for a cellular communication network under construction until such time when the cellular communication network is completed and put into operational use The depreciation policy for the construction in progress of a cable television distribution network is set out in (p) below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Intangible assets other than goodwill

Intangible assets acquired separately are capitalised at cost and from a business acquisition are capitalised at fair value as at the date of acquisition.

Intangible assets other than goodwill are recognised if it is probable that the future economic benefits that are attributable to the assets will flow to AcrossAsia Group and the cost can be measured reliably. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. Intangible assets are stated at cost less accumulated amortisation and any impairment losses.

The useful lives of the intangible assets other than goodwill are assessed to be either finite or indefinite. Where amortisation is charged on intangible assets with finite useful lives on the straight-line basis over their estimated useful lives ranging from 1 to 10 years, the amortisation expenses is taken to the consolidated income statement through the "Other operating expenses" line item.

Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis.

(k) Impairment of tangible and intangible assets excluding goodwill

AcrossAsia Group reviews the carrying amounts of its tangible and intangible assets at the balance sheet date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, AcrossAsia Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the value in use or the fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to AcrossAsia Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the fair value of the leased property or, if lower at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property and equipment and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the consolidated income statement.

Assets held under capitalised finance leases are included in property and equipment and depreciated over the shorter of the estimated useful lives of the assets or the lease term. The finance costs of such leases are charged to the consolidated income statement so as to provide a constant periodic rate of charge over the lease term.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where AcrossAsia Group is the lessor, assets leased by AcrossAsia Group under operating leases are included in fixed assets and rentals receivable under the operating leases are credited to the consolidated income statement on the straight-line basis over the lease terms. Where AcrossAsia Group is the lessee, rentals payable under the operating leases are charged to the consolidated income statement on the straight-line basis over the lease terms.

(m) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value, except for unquoted equity instruments whose fair value cannot be reliably measured are stated at cost less any impairment losses. Gains or losses on investments held for trading are recognised in the consolidated income statement. Gains or losses on available-for-sale investments are recognised as a separate component of equity and are dealt with as movements in the investment revaluation reserve until the investments are sold, collected or otherwise disposed of, or until the investments are determined to be impaired, at which time the cumulative gains or losses previously reported in equity are included in the consolidated income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to relevant stock exchange quoted market bid prices at the close of business on the balance sheet date, on an individual investment basis.

All regular way purchases and sales of financial assets are recognised on the trade date which is the date AcrossAsia Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Inventories

Inventories are stated at the lower of cost and net realisable value, after due allowances for any obsolete or slow-moving items. Cost is determined on the weighted average basis, and in the case of merchandise inventories, determined on the conventional retail method. Net realisable value is based on estimated selling prices less any estimated costs to be incurred in the process of disposal.

(o) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Other receivables are recognised and carried at cost less allowance for any uncollectible amounts.

(p) Capitalisation, revenue and expense recognition during the prematurity period

The prematurity period is defined as the period in which the cable television distribution network is partially under construction and partially in service. Prematurity period begins when the first subscriber's revenue is earned and ends when the construction of the distribution network is completed, including a reasonable time to provide for installation of subscriber drops and related hardware. Management has determined the length of the prematurity period to be two to five years.

During the prematurity period:

- Costs of the network, including materials, direct labour and construction overheads, are fully capitalised. For projects already earning revenues, depreciation is computed monthly by dividing the project's total estimated capitalised cost at the end of the prematurity period by the estimated useful lives, with the quotient being multiplied by a certain percentage related to the number of subscribers. That certain percentage is calculated by dividing the actual or expected number of subscribers at the end of the month with the expected number of subscribers at the end of the prematurity period.

- Costs related to subscribers and general and administrative expenses are charged to the consolidated income statement.

- Costs of network services incurred based on the actual number of subscribers are charged to the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision reflecting the passage of time is included in the finance costs in the consolidated income statement.

(r) Trade and other payables

Trade and other payables are recognised at their nominal value which approximates to their fair values.

(s) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to AcrossAsia Group and when the revenue can be measured reliably, on the following basis:

(i) sale of merchandises, when the significant risks and rewards of ownership have been transferred to the buyer;

(ii) consignment sales, when consignment goods sold to customers;

(iii) sale of power cards (prepaid cards), on the actual usage and expiry of the power cards;

(iv) sale of tokens, upon direct sale to the buyer;

(v) insertion fees, when the advertisement is placed in the channel;

(vi) subscription fees for cable television programmes, on the time apportionment basis for subscription packages or upon rendering of programmes for pay-per-view programmes;

(vii) converter and fixed line broadband rental income, on a time apportionment basis;

(viii) income from installation, when the installation services have been completed;

(ix) cable television membership joining fees, upon commencement of programme delivery;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

(x) subscription fees for fast speed Internet access, upon rendering of the access to the Internet;

(xi) revenue from corporate and others access network, at the time the connection takes place;

(xii) service connection fees, on actual call usage and forfeiture of stored value upon expiry of prepaid cellular cards and calling cards;

(xiii) fees for distribution and maintenance of hardware equipment and software packages, and service fees for technology solutions rendered, when the underlying services are rendered;

(xiv) fees from shares' administration services, when the underlying services are rendered;

(xv) rental income, on a straight-line basis over the lease term of the ongoing lease;

(xvi) interest income, on a time proportionment basis taking into account the principal outstanding and at the effective interest rate applicable; and

(xvii) dividend income, when the shareholders' right to receive payment has been established.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs commences when the activities to prepare the assets are in progress and expenditure and borrowing costs are being incurred. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(u) Foreign currencies

Individual companies within AcrossAsia Group maintain their books and records in the primary currencies of their respective operations ("functional currencies"). In the financial statements of the individual companies, transactions in foreign currencies during the year are translated into the respective functional currencies at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the respective functional currencies at the applicable rates of exchange ruling at that date, non-monetary assets and liabilities denominated other currencies are translated at historical rates. Exchange gains or losses are dealt with in the income statement of the individual companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Foreign currencies (continued)

AcrossAsia Group prepares consolidated financial statements in Hong Kong dollar which is the Company's functional and presentation currency. On consolidation, all the assets and liabilities of the companies of AcrossAsia Group with functional currencies other than the presentation currency are translated into the presentation currency at the applicable rates of exchange ruling at the balance sheet date and all the income and expense items of the companies of AcrossAsia Group with functional currencies other than the presentation currency are translated at the applicable average exchange rates for the year. The resulting exchange differences are dealt with as movements of the translation reserve. On disposal of a foreign entity, accumulated exchange differences are recognised in the consolidated income statement as a component of the gain or loss on disposal.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into the presentation currency at the exchange rates ruling at the dates of the cash flow. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into the presentation currency at the applicable average exchange rates for the year.

(v) Employee benefits

Paid leave carried forward

AcrossAsia Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Retirement and other benefits scheme

AcrossAsia Group operates various defined contribution retirement benefits schemes (the "Schemes") under existing legislation in the countries in which AcrossAsia Group operates, for those employees who are eligible to participate in the Schemes. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the Schemes. The assets of the Schemes are held separately from those of AcrossAsia Group in an independently administered fund. AcrossAsia Group's employer contributions vest fully with the employees when contributed into the Schemes, except for AcrossAsia Group's employer voluntary contributions, which are refunded to AcrossAsia Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the Schemes.

AcrossAsia Group's Indonesian subsidiaries contribute to the Indonesian government's statutory issuance and retirement fund ("ASTEK") at 3.7% of the employees basic salaries and the Indonesian employees contribute another 2%. The ASTEK fund is responsible for the entire insurance claim relating to accidents incurred by the employees at the work place and for the entire retirement benefit obligations of the related employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Employee benefits (continued)

Retirement and other benefits scheme (continued)

AcrossAsia Group's Indonesian subsidiaries have made provision for employees' service entitlements in accordance with the Decree of the Ministry of Manpower of Indonesia relating to settlement arising from employment termination and determination of severance and compensation pay.

Share option schemes

The Company operates a number of share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of AcrossAsia Group's operations. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, and corresponding to adjustment to equity over the remaining vesting period.

AcrossAsia Group has chosen to adopt the transitional provisions of IFRS 2 Share-based Payment in respect of equity-settled awards and has applied IFRS 2 only to equity-settled awards granted after 7th November 2002 that had not vested as of 31st December 2004.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(w) Deferred tax

Deferred income tax is provided, using the liability method, on all significant temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Deferred tax (continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(x) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and at banks, demand deposits and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the balance sheet, cash and bank deposits comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

(y) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when AcrossAsia Group becomes a party to the contractual provisions of the instrument. The derecognition of a financial instrument takes place when AcrossAsia Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case which the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party. Further details of accounting and other policies for financial instruments are set out in Note 42 to the financial statements.

(z) Bonds issuance cost

Expenses incurred in connection with the issuance of bonds are deducted from the proceeds thereof and amortised over the term of the bonds using the straight-line method.

(aa) Treasury bonds

Repurchased instruments of indebtedness that are not retired are treated in the consolidated balance sheet as if they were retired. The difference between the face value of the instruments of indebtedness and the fair value which represents gain or loss on repurchase is credited or charged to the consolidated income statement.

(ab) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

(ad) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statements over the period of the borrowings using the effective interest method.

(ae) Use of estimates

The preparation of the financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the amounts reporting in the financial statements and accompanying notes. Actual results could differ from these estimates.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

AcrossAsia Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of AcrossAsia Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the 'Retail' segment primarily engages in retail operations;

(b) the 'Broadband Services' segment primarily engages in the provision of broadband network services, broadband Internet services and cable television services;

(c) the 'IT Solutions' segment primarily engages in the provision of IT systems integration and solution services; and

(d) the 'Cellular Services' segment primarily engages in the provision of GSM 1800 cellular services;

(e) the 'Others' segment comprises, principally, AcrossAsia Group's corporate management, administration and service operations.

3. SEGMENT INFORMATION (continued)

In determining AcrossAsia Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices or on mutually agreed terms.

AcrossAsia Group has no change in business segments during 2005.

(a) Business segments

The following tables present revenue and results and certain asset, liability and expenditure information of AcrossAsia Group's business segments.

AcrossAsia Group	Retail	Broadband Services	IT Solutions	Cellular Services	Others	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31st December 2005							
Segment revenue:							
Sales to external customers	**5,515,061**	**304,962**	**456,491**	**–**	**–**	**–**	**6,276,514**
Intersegment sales	**–**	**11,320**	**31,970**	**–**	**–**	**(43,290)**	**–**
Total	**5,515,061**	**316,282**	**488,461**	**–**	**–**	**(43,290)**	**6,276,514**
Segment results	**227,071**	**30,548**	**28,983**	**–**	**(19,862)**	**(1,813)**	**264,927**
Interest income							**38,846**
Gain on disposal of short term investments							**61,139**
Profit from operations							**364,912**
Finance costs							**(212,774)**
Share of results of associates (less amortisation of goodwill on acquisition of associates)	6,653	(1,953)	–	–	–	–	**4,700**

3. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

AcrossAsia Group	Retail	Broadband Services	IT Solutions	Cellular Services	Others	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Profit before income tax							**156,838**
Income tax expense							**(39,276)**
Profit for the year							**117,562**
At 31st December 2005							
Segment assets	3,731,563	593,744	404,408	–	657,412	(507,734)	4,879,393
Interests in associates	31,333	–	–	–	–	–	31,333
Unallocated assets							90,830
Total assets							**5,001,556**
Segment liabilities	928,729	132,540	135,740	–	67,426	(21,073)	1,243,362
Unallocated liabilities							1,795,052
Total liabilities							**3,038,414**
Year ended 31st December 2005							
Other segment information:							
Depreciation of property and equipment	**177,243**	**35,653**	**41,346**	**–**	**47**	**–**	**254,289**
Depreciation of investment properties	**1,609**	**–**	**582**	**–**	**–**	**–**	**2,191**
Amortisation of intangible assets	**8,160**	**–**	**1,166**	**–**	**–**	**–**	**9,326**
Impairment recognised in the income statement	**66,287**	**–**	**–**	**–**	**–**	**–**	**66,287**
Bad debt expense/ provision for doubtful debts	**–**	**68**	**758**	**–**	**303**	**–**	**1,129**
Provision for inventories	**–**	**–**	**2,796**	**–**	**56**	**–**	**2,852**
Capital expenditure:							
Property and equipment	**539,936**	**93,503**	**78,253**	**–**	**–**	**–**	**711,692**
Intangible assets	**28,607**	**–**	**–**	**–**	**–**	**–**	**28,607**

3. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

AcrossAsia Group	Retail	Broadband Services	IT Solutions	Cellular Services	Others	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31st December 2004							
Segment revenue:							
Sales to external customers	1,666,139	274,525	501,516	40,967	–	–	2,483,147
Intersegment sales	–	10,559	5,675	–	–	(16,234)	–
Total	1,666,139	285,084	507,191	40,967	–	(16,234)	2,483,147
Segment results	104,078	18,926	30,033	(72,319)	(38,626)	(4,036)	38,056
Interest income							27,665
Gain on deemed disposal of a subsidiary							44,653
Gain on disposal of an associate							63,160
Profit from operations							173,534
Finance costs							(117,241)
Share of results of associates (less amortisation of goodwill on acquisition of associates)	26,828	–	4,232	–	–	–	31,060
Profit before income tax							87,353
Income tax expense							(20,611)
Profit for the year							66,742
At 31st December 2004							
Segment assets	3,584,409	449,904	194,573	22,562	560,534	(570,297)	4,241,685
Interests in associates	31,806	–	–	122,208	–	–	154,014
Unallocated assets							232,320
Total assets							4,628,019
Segment liabilities	858,849	114,798	37,370	108,175	22,900	(95,525)	1,046,567
Unallocated liabilities							1,726,108
Total liabilities							2,772,675

3. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

AcrossAsia Group	Retail	Broadband Services	IT Solutions	Cellular Services	Others	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31st December 2004							
Other segment information:							
Depreciation of property and equipment	40,977	40,399	24,721	22,643	165	–	128,905
Depreciation of investment properties	569	–	613	–	–	–	1,182
Amortisation of intangible assets	–	–	1,267	183	–	–	1,450
Amortisation of goodwill	3,052	1,311	–	1,290	–	–	5,653
Impairment recognised in the income statement	–	–	–	–	4,479	–	4,479
Bad debt expense/ provision for doubtful debts	–	2,064	201	173	–	–	2,438
Provision for inventories	–	297	–	–	–	–	297
Capital expenditure:							
Property and equipment	62,141	32,766	60,658	3,898	–	–	159,463
Intangible assets	–	–	–	247,342	–	–	247,342

(b) Geographical segments

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

4. TURNOVER, REVENUE AND GAINS

Turnover represents: i) fees/revenue earned for the provision of broadband services, cellular services, IT solutions and share administration services; ii) the net invoiced value of goods sold, after allowances for returns and discounts; and iii) revenue generated from the operation of family entertainment centers.

An analysis of turnover, other operating income and gains is as follows:

	2005 HK$'000	2004 HK$'000
Turnover		
Retail		
– Store sales	**4,585,019**	1,244,832
– Consigned sales	**2,045,313**	697,673
– Family entertainment center operation	**259,250**	74,993
– Wholesales	**20,600**	5,349
Less : sales returns, allowances and discounts	**(1,395,121)**	(356,708)
	5,515,061	1,666,139
Broadband Services		
– Insertion fees	**30,729**	31,623
– Subscription fees for cable television programmes	**165,535**	144,232
– Converter and fixed line broadband rental income, installation income and cable television membership joining fees	**63,887**	53,706
– Subscription fees for high speed Internet access	**5,530**	6,387
– Corporate and other access network service fees	**39,281**	38,577
	304,962	274,525
IT Solutions		
– Fees for distribution and maintenance of hardware equipment and software packages and service fees for technology solutions rendered	**454,734**	499,886
Cellular Services		
– Service connection fees	**–**	40,967
Others		
– Share administration fee*	**1,757**	1,630
	6,276,514	2,483,147

* The financial information of the share administration business is classified under the IT Solutions segment.

4. TURNOVER, REVENUE AND GAINS (continued)

	2005 HK$'000	2004 HK$'000
Other operating income and gains		
Interest income	**38,846**	27,665
Rental income	**24,420**	9,947
Net gain on disposal of property and equipment	**6**	33
Unrealised gain on revaluation of short term investments	**27,343**	10,467
Others	**25,835**	13,468
	116,450	61,580
Total	**6,392,964**	2,544,727

5. PROFIT FROM OPERATIONS

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

	2005 HK$'000	2004 HK$'000
Cost of sales and services rendered	**4,445,532**	1,772,113
Depreciation of property and equipment:		
Owned assets	**254,240**	128,811
Leased assets	**49**	94
	254,289	128,905
Depreciation of investment properties	**2,191**	1,182
Amortisation of goodwill *	**–**	5,653
Amortisation of intangible assets *	**9,326**	1,450
	9,326	7,103
Staff costs, including Directors' remuneration (Note 7):		
Salaries, allowances and benefits in kind	**490,478**	176,844
Retirement benefits scheme contributions (defined contribution schemes)	**176**	146
	490,654	176,990
Impairment of long term investments	**66,287**	4,479
Minimum lease payments under operating leases in respect of land and buildings	**351,779**	112,698
Outgoings in respect of investment properties	**28,678**	2,889
Property and equipment written off	**–**	2,402
Repairs and maintenance expenditure on property and equipment	**15,817**	7,077
Bad debts expense/provision for doubtful debts	**1,129**	2,438
Provision for inventories	**2,852**	297
Provision for customer loyalty program	**9,390**	3,557
Provision for employees' benefits	**35,542**	3,939
Auditors' remuneration	**5,155**	3,251
Foreign exchange losses, net	**10,864**	20,468

5. PROFIT FROM OPERATIONS (continued)

	2005 **HK$'000**	2004 HK$'000
and crediting:		
Interest income	**38,846**	27,665
Rental income	**24,420**	9,947
Net gain on disposal of property and equipment	**6**	33
Unrealised gain on revaluation of short term investments	**27,343**	10,467

* The amortisation of goodwill and intangible assets is included in "General and administrative expenses" on the face of the consolidated income statement.

** The impairment of long term investments is included in "Other operating expenses" on the face of the consolidated income statement.

6. FINANCE COSTS

	2005 **HK$'000**	2004 HK$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**75,855**	51,260
Notes payable wholly repayable within five years	**23,814**	21,075
Bonds payable wholly repayable within five years	**106,618**	30,204
Other borrowings wholly repayable within five years	**6,478**	14,656
Finance leases	**9**	46
	212,774	117,241

7. DIRECTORS' REMUNERATION

Directors' remuneration, disclosed pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	2005 HK$'000	2004 HK$'000
Fees	333	75
Other emoluments:		
Salaries, allowances and benefits in kind	3,431	3,466
Performance related bonuses	478	–
Retirement benefits scheme contributions	12	12
	3,921	3,478
	4,254	3,553

The remuneration paid and payable, excluding share option benefit, to individual Directors for 2005 is as follows:

	Fees		Salaries, allowances and benefits in kind		Performance related bonuses		Retirement benefits scheme contributions		Total	
	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000
Dr. Cheng Wen CHENG	10	10	765	1,000	–	–	12	12	787	1,022
Mr. Marshall Wallace COOPER	10	10	2,044	1,517	–	–	–	–	2,054	1,527
Mr. Jonathan Limbong PARAPAK	80	10	622	832	478	–	–	–	1,180	842
Mr. Richard Arthur WOOLCOTT #	80	10	–	117	–	–	–	–	80	127
Mr. Kwok Ming CHEUNG #	80	10	–	–	–	–	–	–	80	10
Mr. King Fai TSUI *#	73	20	–	–	–	–	–	–	73	20
Mr. Stephen HUNG **	–	5	–	–	–	–	–	–	–	5
	333	75	3,431	3,466	478	–	12	12	4,254	3,553

There was no arrangement under which a Director waived or agreed to waive any remuneration during 2005 (2004: Nil).

During 2005, no share options were granted to the Directors in respect of their services to AcrossAsia Group (2004: Nil).

* Appointed on 30th September 2004 and resigned on 1st December 2005
** Resigned on 15th June 2004
\# Independence non-executive director

8. FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration of the five highest paid employees are as follows:

	2005 HK$'000	2004 HK$'000
Salaries, allowances and benefits in kind	**27,628**	12,542
Performance related bonuses	**–**	–
Retirement benefits scheme contributions	**–**	–
	27,628	12,542

The number of five highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2005	2004
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**–**	3
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**2**	–
HK$3,500,001 to HK$4,000,000	**–**	1
HK$7,500,001 to HK$8,000,000	**1**	–
HK$10,500,001 to HK$11,000,000	**1**	–
	5	5

During 2005, no share options were granted to the five (2004: five) non-director, highest paid employees in respect of their services to AcrossAsia Group (2004: Nil).

9. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided, as AcrossAsia Group had no assessable profits arising in Hong Kong during 2005 (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 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.

9. INCOME TAX EXPENSE (continued)

	2005	2004
	HK$'000	HK$'000
AcrossAsia Group:		
Current income tax *	**27,318**	473
Deferred income tax *	**11,958**	20,138
Income tax expense	**39,276**	20,611

* Imposed outside Hong Kong

A reconciliation of the weighted statutory tax rate to the effective tax rate is as follows:

	2005	2004
	%	%
Weighted statutory tax rate	**30**	30
Allowance on deferred tax assets	**19**	36
Non-deductible items	**15**	4
Non-taxable items	**(39)**	(37)
Others	**–**	(9)
Effective tax rate	**25**	24

10. NET (LOSS)/PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net (loss)/profit from ordinary activities attributable to shareholders for 2005 is dealt with in the financial statements of the Company to the extent of a loss of HK$4,372,000 (2004: a loss of HK$2,786,000).

11. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the net loss from ordinary activities of AcrossAsia Group attributable to shareholders for 2005 of HK$3,760,000 (2004: profit of HK$38,451,000), and 5,064,615,385 (2004: 5,064,615,385) ordinary shares in issue during 2005.

Diluted (loss)/earnings per share for the years ended 31st December 2005 and 2004 were not disclosed, as there were no potential dilutive ordinary shares.

12. PROPERTY AND EQUIPMENT

AcrossAsia Group

	Land use rights and buildings HK$'000	Building renovations and leasehold improve-ments HK$'000	Communi-cation equipment HK$'000	Office furniture, fixtures and equipment HK$'000	Cable television distribution network HK$'000	Construction in progress HK$'000	Equipment for rent HK$'000	Vehicles HK$'000	Total HK$'000
Cost:									
At 1st January 2004	32,095	18,026	226,934	66,644	425,604	21,827	46,591	1,167	838,888
Additions	1,940	14,355	158	57,791	20,297	27,668	36,440	814	159,463
Acquisition of subsidiaries (Note 37(a))	774,169	132,930	–	929,046	–	–	–	16,417	1,852,562
Deemed disposal of a subsidiary (Note 37(b))	–	(3,926)	(203,645)	(6,203)	–	(2,282)	–	(10)	(216,066)
Disposals	–	(2,440)	–	(8,867)	–	(19,267)	(2,566)	(122)	(33,262)
Transfers	–	–	–	158	–	(17,766)	17,608	–	–
Translation adjustments	(29,507)	(6,840)	(23,447)	(39,346)	(32,302)	2,840	(5,702)	(712)	(135,016)
At 31st December 2004	778,697	152,105	–	999,223	413,599	13,020	92,371	17,554	2,466,569
At 1st January 2005	778,697	152,105	–	999,223	413,599	13,020	92,371	17,554	2,466,569
Additions	246,860	37,747	–	265,234	83,109	21,999	52,449	4,294	711,692
Disposals	–	(31,933)	–	(14,149)	–	–	(415)	(2,287)	(48,784)
Transfers	–	–	–	–	–	(7,107)	7,107	–	–
Translation adjustments	(48,302)	(9,115)	–	(63,797)	(21,808)	(821)	(7,497)	(1,049)	(152,389)
At 31st December 2005	977,255	148,804	–	1,186,511	474,900	27,091	144,015	18,512	2,977,088
Accumulated depreciation and impairment:									
At 1st January 2004	2,246	14,375	53,804	41,751	125,201	12,797	27,554	772	278,500
Depreciation provided during the year	8,836	11,880	23,561	39,014	25,254	–	19,198	1,162	128,905
Acquisition of subsidiaries (Note 37(a))	126,705	65,252	–	557,174	–	–	–	11,962	761,093
Deemed disposal of a subsidiary (Note 37(b))	–	(3,492)	(73,537)	(4,336)	–	–	–	(5)	(81,370)
Disposals	–	(2,270)	–	(5,762)	–	–	(2,545)	(98)	(10,675)
Translation adjustments	(4,865)	(3,713)	(3,828)	(23,771)	(11,793)	(262)	(2,979)	(519)	(51,730)
At 31st December 2004	132,922	82,032	–	604,070	138,662	12,535	41,228	13,274	1,024,723
At 1st January 2005	132,922	82,032	–	604,070	138,662	12,535	41,228	13,274	1,024,723
Depreciation provided during the year	34,227	15,291	–	143,912	24,496	–	32,914	3,449	254,289
Disposals	–	(19,805)	–	(10,637)	–	–	(412)	(1,943)	(32,797)
Translation adjustments	(30,387)	(4,687)	–	(40,829)	(7,181)	(1,529)	(2,461)	(781)	(87,855)
At 31st December 2005	136,762	72,831	–	696,516	155,977	11,006	71,269	13,999	1,158,360
Net book value:									
At 31st December 2005	840,493	75,973	–	489,995	318,923	16,085	72,746	4,513	1,818,728
At 31st December 2004	645,775	70,073	–	395,153	274,937	485	51,143	4,280	1,441,846

12. PROPERTY AND EQUIPMENT (continued)

At 31st December 2004, the net book value of AcrossAsia Group's property and equipment held under finance leases included in the total amount of vehicles at 31st December 2005, amounted to HK$261,000.

AcrossAsia Group's land use rights and buildings included above are located in Indonesia and are held under the following lease terms:

	2005 HK$'000	2004 HK$'000
Medium term leases	**717,111**	511,308
Short term lease	**122,550**	133,525
Freehold	**832**	942
	840,493	645,775

Under the relevant rules and regulation of Indonesia, AcrossAsia Group can apply for the renewal of its land use rights and buildings upon their expiry.

At 31st December 2005, certain property and equipment with an aggregate carrying value of HK$75,290,000 (2004: HK$79,952,000) were pledged as security for certain banking and other borrowing facilities of AcrossAsia Group (Note 41).

Company	**Office furniture, fixtures and equipment** HK$'000
Cost:	
At 1st January 2004 and 31st December 2004	901
At 1st January 2005 and 31st December 2005	901
Accumulated depreciation:	
At 1st January 2004	700
Depreciation provided during the year	154
At 31st December 2004	854
At 1st January 2005	854
Depreciation provided during the year	47
At 31st December 2005	901
Net book value:	
At 31st December 2005	–
At 31st December 2004	47

13. INVESTMENT PROPERTIES

AcrossAsia Group

	HK$'000
At cost:	
At 1st January 2004	50,365
Acquisition of subsidiaries (Note 37(a))	93,622
Translation adjustments	(4,394)
At 31st December 2004	139,593
At 1st January 2005	139,593
Disposals	(12,965)
Translation adjustments	(7,948)
At 31st December 2005	118,680
Accumulated depreciation:	
At 1st January 2004	1,438
Depreciation provided during the year	1,182
Acquisition of subsidiaries (Note 37(a))	7,366
Translation adjustments	(125)
At 31st December 2004	9,861
At 1st January 2005	9,861
Depreciation provided during the year	2,191
Disposals	(83)
Translation adjustments	(344)
At 31st December 2005	11,625
Net book value:	
At 31st December 2005	107,055
At 31st December 2004	129,732
Fair value:	
At 31st December 2005	168,248
At 31st December 2004	257,937

13. INVESTMENT PROPERTIES (continued)

The fair values of the investment properties of AcrossAsia Group were determined individually at the balance sheet date by AcrossAsia Group, with reference to current prices on an active market from similar property, and if such current prices are not available, based on recent transaction prices or recent valuation of the investment properties by independent professionally qualified valuers or recent prices of less active market or comparable properties, after adjusting for any changes in economic conditions and other factors (such as differences in nature, condition or location) considered appropriate by the Directors.

The fair values of the investment properties to the extent of HK$168,248,000 (2004: HK$257,937,000) were determined based on recent valuations performed by independent professionally qualified valuers who hold recognised qualification and have recent experience in the location and category of the investment properties being valued.

The investment properties are situated in Indonesia and are held under the following lease terms:

	2005 **HK$'000**	2004 HK$'000
Medium term leases	**102,897**	122,497
Short term leases	**3,559**	6,574
Freehold	**599**	661
	107,055	129,732

At 31st December 2005, certain investment properties with an aggregate carrying value of approximately HK$41,962,000 (2004: HK$44,533,000) were pledged as security for certain banking and other borrowing facilities of AcrossAsia Group (Note 41).

Under the relevant rules and regulations of Indonesia, AcrossAsia Group can apply for the renewal of its investment properties upon their expiry.

14. INTERESTS IN SUBSIDIARIES

	Company	
	2005	2004
	HK$'000	HK$'000
Listed shares, at cost	**676,918**	554,549
Unlisted shares, at cost	**9,869**	9,869
	686,787	564,418
Due from subsidiaries	**425,620**	493,771
	1,112,407	1,058,189
Provision for impairment	**(497,086)**	(497,086)
	615,321	561,103
Market value of listed shares	**503,154**	501,907

The amounts due from subsidiaries are unsecured, interest-free and has no fixed terms of repayment but repayment is not expected to be within next twelve months from the balance sheet date, except for the amount due from PT Broadband Multimedia Tbk ("Broadband Multimedia") of approximately HK$87,326,000 (2004: HK$89,161,000), which bears interest at three-month LIBOR rate plus 2.5% (2004: three-month LIBOR rate plus 2.5%) per annum for the amount denominated in United States dollar and one-month SBI rate plus 2% (2004: one-month SBI rate plus 2%) per annum for the amount denominated in Indonesian Rupiah.

14. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries as at 31st December 2005 are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company 2005	Percentage of equity attributable to the Company 2004	Principal activities
PT Multipolar Corporation Tbk ("Multipolar") * (a) & (d)	Indonesia	Class A of Rp935,884,000,000 and Class B of Rp292,463,750,000	**51.2**	50.1	Investment holding, systems integration and application service provider
PT Sharestar Indonesia *#	Indonesia	Rp500,000,000	**51.2**	50.1	Shares registration, payroll and customer relationship management services
PT Reksa Puspita Karya *#	Indonesia	Rp25,000,000	**51.2**	50.1	Investment holding
PT Tryane Saptajagat *#	Indonesia	Rp50,000,000	**51.2**	50.1	Investment holding
PT Broadband Multimedia Tbk *# (a) & (b)	Indonesia	Rp187,150,000,000	**66.3**	66.1	Operation of last-mile broadband HFC network and cable television
PT Ayunda Prima Mitra ("Ayunda") *#	Indonesia	Rp5,000,000	**66.3**	66.1	Investment holding
PT AsiaNet Multimedia ("AsiaNet") *# (c)	Indonesia	US$1,333,333	**97.6**	97.5	Investment holding
PT Natrindo Global Telekomunikasi *#	Indonesia	Rp25,000,000,000	**88.3**	88.0	Operation of wireless VSAT network
PT Natrindo Kartu Panggil *#	Indonesia	Rp5,000,000	**87.9**	87.6	Provision of prepaid telephone calling cards
PT Inti Mitratama Abadi *#	Indonesia	Rp60,000,000,000	**58.9**	58.5	Investment holding
PT Link Net *#	Indonesia	Rp12,500,000,000	**97.1**	97.0	Internet service provider
PT Tirta Mandiri Sejahtera *#	Indonesia	Rp5,000,000	**88.3**	88.0	Investing holding
PT Matahari Putra Prima Tbk ("Matahari") *# (a)	Indonesia	Rp1,352,997,000,000	**25.6**	25.1	Operation of department stores and supermarket chains

14. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			2005	2004	
PT Matahari Super Ekonomi *#	Indonesia	Rp2,500,000,000	**25.4**	24.9	Retail business
PT Nadya Putra Investama *#	Indonesia	Rp2,000,000,000	**25.6**	25.1	General trading
PT Taraprima Reksabuana *#	Indonesia	Rp24,000,000,000	**25.6**	25.1	Sales and marketing of mineral water
PT Matahari Boston Drugstore *#	Indonesia	Rp2,000,000,000	**25.6**	25.1	Drugstore
PT Matahari Graha Fantasi *#	Indonesia	Rp40,000,000,000	**12.7**	12.6	Family entertainment
Prime Connection Limited *#	British Virgin Islands	US$50,000	**25.6**	25.1	Investment holding
Cyberworks Group Limited ("Cyberworks") *	British Virgin Islands	US$1,000	**100**	100	Investing holding
PT Multifiling Mitra Indonesia ("Multifiling") *#	Indonesia	Rp1,004,000,000	**25.7**	25.2	Provision of record filing services

* audited by certified public accountants other than RSM Nelson Wheeler, Hong Kong

\# As a result of an increase in interests in Multipolar during 2005, the percentage of equity attributable to the Company has increased accordingly.

Except for Multipolar, Broadband Multimedia, AsiaNet and Cyberworks, all the shares of the above subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for 2005 or formed a substantial portion of the net assets of AcrossAsia Group. To give details of other subsidiaries would, in the opinion of the Directors, results in particulars of excessive length.

Details of the acquisition and disposal of subsidiaries of AcrossAsia Group during the years ended 31st December 2005 and 2004 are set out in Note 37 to the financial statements.

14. INTERESTS IN SUBSIDIARIES (continued)

Notes:

(a) Multipolar and Matahari are listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange in Indonesia. Broadband Multimedia is listed on the Surabaya Stock Exchange in Indonesia.

(b) The Company directly owns 56.0% (2004: 56.0%) equity interest in Broadband Multimedia and Multipolar (a 51.2% (2004: 50.1%) owned subsidiary) owns 20.2% (2004: 20.2%) equity interest in Broadband Multimedia.

(c) The Company directly owns 95.0% (2004: 95.0%) equity interest in AsiaNet and Multipolar (a 51.2% (2004: 50.1%) owned subsidiary) owns 5.0% (2004: 5.0%) equity interest in AsiaNet.

(d) PT Multipolar Corporation Tbk ("Multipolar"), a then 50.1% subsidiary of the Company, successfully completed its rights issue of pre-emptive rights in the amount of 2,339,710,000 Class B shares (each a "Rights Share") with a nominal value of Rp125 each at a subscription price of Rp125 per Rights Share for a total of approximately Rp292,463,750,000 (approximately HK$231,930,000), details of which were disclosed in the Company's circular dated 24th May 2005. The Company has subscribed 1,712,910,375 and 42,949,484 Rights Shares pursuant to its pro-rata entitlement and a Standby Buyer Agreement dated 27th April 2005 for Rp146,613,796,875 (approximately HK$116,267,000) and Rp5,368,685,500 (approximately HK$4,257,000) respectively. The Company's interests in Multipolar increased to 51.2% immediately after the rights issue.

None of the subsidiaries had any loan capital in issue at any time during 2005 (2004: Nil).

At 31st December 2005, 2,052,578,000 shares (2004: 156,250,000 shares) in Multipolar, a subsidiary, with a quoted market value of approximately HK$250,930,000 (2004: HK$41,199,000) as at 31st December 2005 were pledged as security for banking and other borrowing facilities of AcrossAsia Group (Note 41).

At 31st December 2005, 136,879,310 shares (2004: 136,879,310) in Broadband Multimedia with a quoted market value of approximately HK$156,541,000 (2004: HK$166,134,000) as at 31st December 2005 were pledged as security for banking and other borrowing facilities of AcrossAsia Group (Note 41).

At 31st December 2005, 192,708,333 shares (2004: 373,913,000 shares) in Matahari with a market value of approximately HK$145,913,000 (2004: HK$207,029,000) were pledged as security for banking and other borrowing facilities of AcrossAsia Group (Note 41).

15. INTERESTS IN ASSOCIATES

	AcrossAsia Group		Company	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Share of net assets	**31,333**	154,014	**–**	3,463

Particulars of the principal associates as at 31st December 2005 are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			2005	2004	
PT Bintang Sidoraya *#	Indonesia	Rp10,000,000,000	**10.2**	10.0	Sales and marketing of beer
PT Matahari Leisure *#	Indonesia	Rp1,908,225,000	**12.8**	12.6	Manufacture of amusement machines
Canwick Limited ("Canwick") *	British Virgin Islands	US$2	**50.0**	50.0	Investment holding
PT Direct Vision ("PTDV") * (b)	Indonesia	Rp5,000,000	**32.5**	–	Provision of direct–to-home multimedia services
PT Aneka Tirta Nusa ("ATN") * (d)	Indonesia	Rp387,988,100,000	**–**	33.6	Investment holding
PT Natrindo Telepon Seluler ("NTS") *(c)	Indonesia	Rp391,982,240,500	**–**	33.6	Operation of GSM 1800 cellular network

* audited by certified public accountants other than RSM Nelson Wheeler, Hong Kong

\# As a result of an increase in interests in Multipolar during 2005, the percentage of equity attributable to the Company has increased accordingly.

Except for Canwick, all the shares of the above associates are indirectly held by the Company.

The above table lists the associates of AcrossAsia Group which, in the opinion of the Directors, principally affected the results for 2005 or formed a substantial portion of the net assets of AcrossAsia Group. To give details of other associates would, in the opinion of the Directors, results in particulars of excessive length.

15. INTERESTS IN ASSOCIATES (continued)

Notes:

(a) All associates are private limited companies.

(b) On 11th March 2005, Ayunda (a 66.3% (2004: 66.1%) owned subsidiary) entered into a conditional Subscription and Shareholders Agreement with, inter alia, Astro Multimedia Corporation N.V. and Astro Multimedia N.V. (collectively the "Astro Shareholders") whereby Ayunda and the Astro Shareholders agreed to subscribe 49.0% and 51.0% interests in PTDV, and thus PTDV became an associate of AcrossAsia Group.

(c) On 19th January 2005, ATN and NTS entered into a Subscription Agreement relating to shares in NTS with certain independent third parties to subscribe for new shares representing 51.0% of the enlarged capital in NTS for a cash consideration of US$100 million, equivalent to approximately HK$780 million. The effective interest of AcrossAsia Group in NTS decreased from 33.6% to 9.6%.

(d) On 24th January 2005, ATN and NTS entered into a Transfer Account Receivables Agreement with a third-party creditor (the "Creditor") for ATN to take over payable to the Creditor amounting Rp310,485,000,000, equivalent to approximately HK$260,000,000. The payable was converter into ATN's paid-up capital on 25th January 2005. The effective interest of AcrossAsia Group in ATN decreased from 33.6% to 19.5%, and thus ATN ceased to be an associate of AcrossAsia Group. The investment in ATN has been transferred to long term investments (Note 16).

Summarised financial information of the associates are as follows:

Share of revenue and profit of associates:

	2005 **HK$'000**	2004 HK$'000
Revenue	**52,044**	1,546,135
Profit*	**4,700**	40,216

Share of balance sheets of associates:

	2005 **HK$'000**	2004 HK$'000
Non-current assets	**23,369**	263,814
Current assets	**10,148**	21,775
Non-current liabilities	**(230)**	(12,092)
Current liabilities	**(1,954)**	(119,483)
Net assets	**31,333**	154,014
Carrying amount of investments	**31,333**	154,014

* share of profit is after tax and minority interest of associates

16. LONG TERM INVESTMENTS

Available-for-sale investments

	AcrossAsia Group	
	2005	2004
	HK$'000	HK$'000
Listed equity investments	**1,491**	1,469
Unlisted equity investments	**127,614**	74,123
	129,105	75,592

17. GOODWILL

The movements in the goodwill capitalised as an asset arising from the acquisition of subsidiaries are as follows:

	AcrossAsia Group	
	2005	2004
	HK$'000	HK$'000
At 1st January		
Cost	**437,140**	152,228
Accumulated amortisation	**(223,739)**	(12,805)
Net book amount	**213,401**	139,423
Year ended 31st December		
Opening net book value	**213,401**	139,423
Acquisition of subsidiaries (Note 37(a))	**–**	41,339
Reclassification	**–**	146,989
Deemed disposal of a subsidiary	**–**	(93,459)
Amortisation provided during the year	**–**	(5,653)
Translation adjustments	**(12,322)**	(15,238)
Closing net book value	**201,079**	213,401
At 31st December		
Cost	**201,079**	437,140
Accumulated amortisation	**–**	(223,739)
	201,079	213,401

Goodwill arising on acquisition before 31st March 2004 was amortised on the straight-line basis over its estimated useful life of 20 years up to 31st December 2004. From 1st January 2005, goodwill arising on acquisition before 31st March 2004 ceased to be amortised in accordance with the provision of IFRS 3, and the transitional provision has required AcrossAsia Group to eliminate the carrying amount of the accumulated amortisation of approximately HK$223,739,000 with a corresponding decrease in the cost of goodwill.

18. INTANGIBLE ASSETS

AcrossAsia Group

	Application software licenses HK$'000	Exclusive marketing and distribution rights HK$'000	GSM 1800 cellular license HK$'000	IMT 2000/3G license HK$'000	Patents HK$'000	Total HK$'000
Cost:						
At 1st January 2004	7,928	1,696	23,096	–	–	32,720
Additions	8	–	–	247,334	–	247,342
Acquisition of subsidiaries (Note 37(a))	–	–	–	–	1,454	1,454
Deemed disposal of a subsidiary (Note 37(b))	(916)	–	(21,834)	(247,334)	–	(270,084)
Translation adjustments	(660)	(121)	(1,262)	–	(51)	(2,094)
At 31st December 2004	6,360	1,575	–	–	1,403	9,338
At 1st January 2005	6,360	1,575	–	–	1,403	9,338
Additions	28,607	–	–	–	–	28,607
Translation adjustments	(488)	(379)	–	–	(81)	(948)
At 31st December 2005	34,479	1,196	–	–	1,322	36,997
Accumulated amortisation and impairment:						
At 1st January 2004	1,773	1,696	–	–	–	3,469
Amortisation provided during the year	1,450	–	–	–	–	1,450
Translation adjustments	(717)	(121)	–	–	–	(838)
At 31st December 2004	2,506	1,575	–	–	–	4,081
At 1st January 2005	2,506	1,575	–	–	–	4,081
Amortisation provided during the year	8,318	–	–	–	1,008	9,326
Translation adjustments	(44)	(379)	–	–	(11)	(434)
At 31st December 2005	10,780	1,196	–	–	997	12,973
Net book value:						
At 31st December 2005	23,699	–	–	–	325	24,024
At 31st December 2004	3,854	–	–	–	1,403	5,257

19. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The offset amounts are as follows:

	AcrossAsia Group	
	2005	2004
	HK$'000	HK$'000
Deferred tax assets	**17,530**	27,395
Deferred tax liabilities	**6,531**	5,285
	10,999	22,110

Deferred tax assets/liabilities of AcrossAsia Group as at the balance sheet date, without taking into consideration the offsetting of balances within the same jurisdiction, comprise of the following:

	AcrossAsia Group	
	2005	2004
	HK$'000	HK$'000
Deferred tax assets		
Accumulated tax losses carried forward	**76,716**	82,800
Provision for doubtful debts	**39,499**	20,511
Depreciation on construction in progress in relation to cable television distribution network during the prematurity period	**8,373**	8,850
Depreciation on other property and equipment	**4,759**	2,028
Provision for stores restructuring	**12,959**	26,841
Estimated liability for termination, gratuity and compensation benefits of employees	**5,449**	8,335
Provision for possible loss from uncollectible promissory notes	**2,366**	2,511
Unrealised holding loss on investments in debt and equity securities	**270**	1,932
Provision for possible loss on long– term investments	**154**	163
Others	**(3,121)**	4,021
	147,424	157,992
Less: Provision for unrealisable items	**(85,681)**	(80,655)
	61,743	77,337
Deferred tax liabilities		
Depreciation and amortisation	**49,810**	49,860
Unrealised increase in value of mutual funds	**–**	3,327
Fire loss	**934**	1,787
Others	**–**	253
	50,744	55,227

20. NON-CURRENT PREPAYMENTS, DEPOSITS AND RECEIVABLES

	AcrossAsia Group	
	2005	2004
	HK$'000	HK$'000
Rental and other deposits	**87,988**	87,375
Prepaid rent, net (a)	**309,427**	145,863
Advance payments for acquisition of property and equipment (b)	**444,571**	358,432
Deposits for investments	**27,585**	29,276
Loans to employees (c)	**7,658**	8,291
Prepaid expenses and others	**96,630**	59,266
	973,859	688,503

Notes:

(a) The amount represents rental rights on stores covering periods from more than one year up to 19 years (2004: 20 years), after net of allowance for possible loss from non-utilisation/recovery due to stores restructuring.

(b) The amount represented advances for purchases of store spaces and equipment to be used for AcrossAsia Group's retail operations. As at 31st December 2004, there were no advances to a related company (2004: HK$33,482,000) which were unsecured and interest-free.

(c) The loans to employees are unsecured and interest-free.

21. DUE FROM RELATED COMPANIES

AcrossAsia Group

	31st December 2005 HK$'000	1st January 2005 HK$'000	Maximum amounts outstanding during the year HK$'000
PT Lippo Securities Tbk	**17,709**	17,129	17,709
PT Karya Dinamika Investama * (formerly PT Sarana Karya Cemerlang)	**1,262**	1,339	1,339
PTDV *	**11,091**	–	11,091
NTS **	**–**	3,612	3,612
	30,062	22,080	

* Associates of AcrossAsia Group

** NTS ceased to be an associate of AcrossAsia Group during 2005.

The amounts due from related companies are unsecured, interest-free and has no fixed terms of repayment but repayment is not expected to be within next twelve months from the balance sheet date, except for the amount due from PT Lippo Securities Tbk which bears interest at 11% (2004: 11%) per annum.

22. INVENTORIES

	AcrossAsia Group	
	2005	2004
	HK$'000	HK$'000
Merchandise	**533,427**	343,428
Finished goods	**46,725**	47,503
	580,152	390,931

Merchandise represent inventory items for retailing. These consist of ladies', men's and children's wear, shoes, bags, cosmetics and accessories, electrical and hobby equipment, toys, stationery and sports gadgets, household appliances and bathroom accessories, daily needs, foods and beverages.

At 31st December 2005, inventories with carrying amount of approximately HK$352,095,000 (2004: HK$38,655,000) were pledged to secure certain banking and other borrowing facilities granted to AcrossAsia Group (Note 41).

AcrossAsia Group carries insurance on their merchandise inventory from fire and other risks for approximately HK$592,133,000 (2004: 463,000,000) at 31st December 2005.

23. TRADE RECEIVABLES

AcrossAsia Group's trading terms with its customers other than in the Retail segment 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's sales to customers in the Retail segment are mainly on cash basis, either in cash, debit card or credit card payments. There is no fixed credit policy as their major trade receivables arise from credit card sales and all age fall into one month.

AcrossAsia Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

23. TRADE RECEIVABLES (continued)

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

	AcrossAsia Group	
	2005 HK$'000	2004 HK$'000
Within 3 months	**113,089**	129,157
3 to 6 months	**3,084**	9,693
Over 6 months	**3,897**	10,718
	120,070	149,568
Less: Provision for impairment of receivables	**(980)**	(6,972)
Total trade receivables	**119,090**	142,596

The trade receivables of AcrossAsia Group at 31st December 2005 included trading receivables from certain related companies totalling HK$11,653,000 (2004: HK$17,794,000) which are unsecured, interest-free and are repayable principally in accordance with normal trading terms.

At 31st December 2005, trade receivables with a carrying value of approximately HK$75,561,000 (2004: HK$164,033,000) were pledged to secure certain banking and other borrowing facilities granted to AcrossAsia Group (Note 41).

24. PREPAYMENTS, DEPOSITS AND OTHER CURRENT ASSETS

	AcrossAsia Group		Company	
	2005 HK$'000	2004 HK$'000	**2005 HK$'000**	2004 HK$'000
Deposits	**31**	31	**31**	31
Prepaid operating expenses	**80,917**	31,220	**437**	271
Prepaid taxes	**40,067**	64,213	**–**	–
Advances/deposits to suppliers and contractors	**52,482**	46,278	**–**	–
Other receivables	**56,638**	37,416	**–**	–
	230,135	179,158	**468**	302

The advances/deposits to supplies and contractors are unsecured, interest-free and have no fixed terms of repayment.

25. SHORT TERM INVESTMENTS

Held for trading investments

	AcrossAsia Group	
	2005	2004
	HK$'000	HK$'000
Listed equity securities, at market value	**66,724**	61,565
Listed debt securities, at market value (a)	**21,417**	29,292
Managed funds (b)	**88,986**	87,831
Mutual funds (c)	**2,326**	27,036
	179,453	205,724

Notes:

(a) Investments in listed debt securities include bonds and floating rate notes which bear interest at annual rates ranging from 9.31% to 18.25% and 6.75% to 7.25%, respectively. The debt securities have maturity periods from 2006 to 2011.

(b) Investments in managed funds were intended to be used to purchase any investments such as bonds, promissory notes, commercial papers, receivables, other debentures and other securities.

(c) Investments in mutual funds were managed by certain licensed investment companies in Hong Kong.

26. CASH AND BANK DEPOSITS AND PLEDGED BANK DEPOSITS

Bank deposits earn interest at floating rates based on prevailing short term deposits rates. Short term bank deposits are made for varying periods, normally with an original maturity of less than one month, depending on the immediate cash requirements of AcrossAsia Group.

At 31st December 2005, certain cash and bank deposits (including pledged bank deposits) of AcrossAsia Group amounting to approximately HK$517,141,000 (2004: HK$933,546,000) were denominated in Indonesian Rupiah.

At 31st December 2005, certain bank deposits of AcrossAsia Group of HK$4,679,000 (2004: HK$1,337,000) were pledged to secure certain banking facilities of AcrossAsia Group (Note 41).

27. SHARE CAPITAL

Shares

	2005 **HK$'000**	2004 HK$'000
Authorised:		
150,000,000,000 (2004: 150,000,000,000) ordinary shares of HK$0.1 each	**15,000,000**	15,000,000
Issued and fully paid:		
5,064,615,385 (2004: 5,064,615,385) ordinary of HK$0.1 each	**506,462**	506,462

There were no movements in the Company's share capital, including the carrying amount and the number of ordinary shares in issue, during the years ended 31st December 2005 and 2004.

Share options

Details of the Company's share option schemes and the share options issued under the schemes are set out in Note 36 to the financial statements.

28. RESERVES

(a) AcrossAsia Group

The amounts of AcrossAsia Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 35 of the financial statements.

(b) Company

	2005 **HK$'000**	2004 HK$'000
Share premium	**32,877**	32,877
Capital reserve	**631,394**	631,394
	664,271	664,271

There were no movements in the Company's reserves during the years ended 31st December 2005 and 2004.

The capital reserve was principally arising from the capitalisation of certain shareholders' loans and the corporate reorganisation of AcrossAsia Group in preparation for the listing of the Company's shares on GEM in 2000 as also detailed in the prospectus of the Company dated 6th July 2000 (the "Prospectus").

29. PROVISIONS

AcrossAsia Group

	Store restructuring (a) HK$'000	Customer loyalty program (b) HK$'000	Employees' benefits (c) HK$'000	Total HK$'000
At 1st January 2004	–	–	3,985	3,985
Acquisition of subsidiaries (Note 37 (a))	24,661	48,538	52,535	125,734
Provided during the year	–	3,557	3,939	7,496
Utilised	–	(6,034)	(3,038)	(9,072)
Translation adjustments	(850)	(1,587)	(2,190)	(4,627)
At 31st December 2004	23,811	44,474	55,231	123,516
Current	23,811	22,236	18,121	64,168
Non-current	–	22,238	37,110	59,348
At 31st December 2004	23,811	44,474	55,231	123,516
At 1st January 2005	23,811	44,474	55,231	123,516
Provided during the year	–	9,390	35,542	44,932
Utilised	(19,591)	(14,784)	(17,012)	(51,387)
Translation adjustments	(1,162)	(2,508)	(3,391)	(7,061)
At 31st December 2005	3,058	36,572	70,370	110,000
Current	3,058	18,286	22,363	43,707
Non-current	–	18,286	48,007	66,293
At 31st December 2005	3,058	36,572	70,370	110,000

Notes:

(a) Certain of AcrossAsia Group's subsidiaries engaged in retail operations make provisions for store restructuring which mainly consisted of severance pay for employees and rental related expenses.

(b) Certain of AcrossAsia Group's subsidiaries engaged in retail operations operate a customer loyalty program under which subsidiaries provides credit points to customers for their purchases in the subsidiaries' department stores and supermarkets. The credit points can be converted into purchase vouchers for purchases in the subsidiaries' department stores and supermarkets. The provision represents management's best estimation of AcrossAsia Group's liability on the customer loyalty program based on past experience and current information available for the credit points provided to the customers.

(c) Provisions for employees' benefits were computed in accordance with the requirements of the Decree/Law of the Ministry of Manpower of Indonesia relating to settlement arising from employment termination and determination of severance and compensation benefits of employees.

Provisions for employees' benefits were determined based on actuarial calculations as at 31st December 2005 prepared by an independent actuary, adopting the projected unit credit method.

30. INTEREST-BEARING BORROWINGS

	AcrossAsia Group		Company	
	2005 HK$'000	2004 HK$'000	**2005 HK$'000**	2004 HK$'000
Bank loans:				
Secured	**735,292**	666,656	**–**	–
Other borrowings:				
Secured	**252,803**	43,954	**44,387**	–
Unsecured	**–**	116,091	**–**	–
	252,803	160,045	**44,387**	–
	988,095	826,701	**44,387**	–
The maturities of the borrowings are as follows:				
Bank loans repayable:				
Within one year	**307,237**	438,646	**–**	–
In the second year	**342,184**	90,601	**–**	–
In the third to fifth years, inclusive	**85,871**	137,409	**–**	–
	735,292	666,656	**–**	–
Other borrowings:				
Within one year	**252,803**	33,938	**44,387**	–
In the second year	**–**	126,107	**–**	–
In the third to fifth years, inclusive	**–**	–	**–**	–
	252,803	160,045	**44,387**	–
Total bank and other borrowings	**988,095**	826,701	**44,387**	–
Portion classified as current liabilities	**(560,040)**	(472,584)	**(44,387)**	–
Non-current portion	**428,055**	354,117	**–**	–

Approximately HK$139,533,000 (2004: HK$167,348,000) of AcrossAsia Group's bank loans are denominated in United States dollar and bear interest at 8.04% to 9.5% (2004: 6% to 9.5%) per annum. Approximately HK$595,759,000 (2004: HK$499,308,000) of AcrossAsia Group's bank loans and overdrafts are denominated in Indonesian Rupiah and bear interest at rates ranging from 10.4% to 19.5% (2004: 13% to 16%) per annum.

30. INTEREST-BEARING BORROWINGS (continued)

Approximately HK$5,582,000 (2004: HK$40,215,000) of AcrossAsia Group's other borrowings are denominated in United States dollar and bear interest at rates ranging from 3.4% to 4.5% (2004: 3.0% to 8.75%) per annum. Approximately HK$247,221,000 (2004: HK$119,830,000) of AcrossAsia Group's other borrowings are denominated in Indonesia Rupiah and bear interest at rates ranging from 4.5% to 19.0% (2004: 11.5% to 23.0%) per annum.

The Company's other borrowing is denominated in Indonesian Rupiah and bear interest at 16.0% (2004: Nil) per annum.

Details of the assets pledged to secure AcrossAsia Group's banking and other borrowing facilities are set out in Note 41 to the financial statements.

31. NOTES PAYABLE

Notes payable of AcrossAsia Group, including amounts payable under debentures, promissory notes and bearer notes issued by AcrossAsia Group, are unsecured, bear interest at rates ranging from 3.5% to 25.0% (2004: 3.4% to 25.0%) per annum and are repayable as follows:

	AcrossAsia Group	
	2005	2004
	HK$'000	HK$'000
Within one year or on demand	**51,188**	38,037
In the second year	**73,725**	75,478
In the third to fifth years, inclusive	**19,718**	25,112
	144,631	138,627
Portion classified as current liabilities	**(51,188)**	(38,037)
Non-current portion	**93,443**	100,590

32. BONDS PAYABLE

	AcrossAsia Group	
	2005	2004
	HK$'000	HK$'000
Nominal value	**709,846**	753,346
Treasury bonds	**(42,591)**	(45,201)
	667,255	708,145
Unrealised bonds issuance cost	**(13,595)**	(19,964)
Amounts payable in the second to fourth years, inclusive	**653,660**	688,181
Bonds payable are repayable as follows:		
In the second year	**326,830**	344,090
In the third to fifth years, inclusive	**326,830**	344,091
	653,660	688,181

32. BONDS PAYABLE (continued)

Details of the bonds payable are as follows:

Name of issuer	:	PT Matahari Putra Prima Tbk	PT Matahari Putra Prima Tbk
Issuance date	:	11th May 2004	25th September 2002
Nature of the bond	:	"Second Matahari Bonds" ("Obligasi II Matahari Putra Prima Tahun 2004 Dengan Tingkat Bunga Tetap") and "First Matahari Syariah Ijarah Bonds" ("Obligasi Syariah Ijarah I Matahari Putra Prima Tahun 2004")	"First Matahari Bonds" ("Obligasi I Matahari Putra Prima Tahun 2002 Dengan Tingkat Bunga Tetap")
Trustee	:	PT Bank Negara Indonesia (Persero) Tbk	PT Bank Negara Indonesia (Persero) Tbk
Face value	:	Rp450 billion in Rp50 million denomination	Rp450 billion in Rp50 million denomination
Maturity date	:	Lump sum on 11th May 2009	Lump sum on 25th September 2007
Rating for the year 2005/2006 by Pefindo	:	idA+ (Stable Outlook) for "Second Matahari Bonds", and idA+ (sy) (Stable Outlook) for "First Matahari Syariah Ijarah Bonds"	idA+ (Stable Outlook)
Bond listing	:	Surabaya Stock Exchange, Indonesia	Surabaya Stock Exchange, Indonesia
Effective interest rate	:	13.8% per annum for 5 years quarterly repayable starting 11th August 2004 until 11th May 2009	17.875% per annum for 5 years quarterly repayable starting 25th December 2002 until 25th September 2007
Payment agent	:	PT Kustodian Sentral Efek Indonesia	PT Kustodian Sentral Efek Indonesia
Collateral	:	Certain land rights, buildings and equipment with fair values representing 115% of the total face amount of the bonds.	Certain land rights, buildings and equipment with fair values representing 125% of the total face amount of the bonds.

Based on the Bonds Indentures, Matahari is required to comply with certain conditions, such as maintaining several financial ratios.

33. FINANCE LEASE OBLIGATIONS

AcrossAsia Group leased certain of its motor vehicles under finance leases.

The total future minimum lease payments under finance leases with the present value of the net minimum lease payments are as follows:

AcrossAsia Group

	Minimum lease payments 2005 HK$'000	Minimum lease payments 2004 HK$'000	**Present value of minimum lease payments 2005 HK$'000**	Present value of minimum lease payments 2004 HK$'000
Amounts payable:				
Within one year	**–**	131	**–**	116
In the second year	**–**	–	**–**	–
Total minimum finance lease payments	**–**	131	**–**	116
Future finance charges	**–**	(15)		
Present value of finance lease obligations	**–**	116		
Portion classified as current liabilities	**–**	(116)		
Non–current portion	**–**	–		

34. DUE TO RELATED COMPANIES

The amounts due to related companies of AcrossAsia Group are unsecured and interest-free, except for an amount of HK$4,000,000 at 31st December 2005 which bears interest at Hong Kong dollar prime lending rate plus 1% per annum (2004: an amount of HK$4,000,000 which bears interest at Hong Kong dollar prime leading rate plus 1% per annum and an amount of HK$2,437,000 which bears interest at 10% per annum).

The amounts due to related companies of AcrossAsia Group have no fixed terms of repayment, except for certain amounts totalling approximately HK$4,000,000 (2004: HK$6,437,000) which are not repayable within twelve months from the balance sheet date.

The amount due to a related company of the Company amounted to HK$4,000,000 (2004: HK$4,000,000) is unsecured, bears interest at Hong Kong dollar prime leading rate plus 1% per annum (2004: Hong Kong dollar prime lending rate plus 1% per annum) and is not repayable within twelve months from the balance sheet date.

35. TRADE PAYABLES

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

	AcrossAsia Group	
	2005	2004
	HK$'000	HK$'000
Within 3 months	**472,095**	423,936
3 to 6 months	**15,452**	9,515
6 to 12 months	**25,114**	20,278
	512,661	453,729

The trade payables of AcrossAsia Group at 31st December 2005 included payable to certain related companies totalling HK$262,000 (2004: HK$2,387,000). The balances are unsecured, interest-free and are repayable principally in accordance with normal trading terms.

36. SHARE OPTION SCHEMES

The Company adopted the Pre-IPO Plan and the 2002 Scheme under which the participants (including the Directors) were or may be granted options to subscribe for shares of the Company subject to the terms and conditions stipulated in the respective plan and scheme.

36. SHARE OPTION SCHEMES (continued)

(a) Pre-IPO Plan

The Pre-IPO Plan was adopted on 23rd June 2000. The purpose of the Pre-IPO Plan is to recognise the contribution of participants to the growth of AcrossAsia Group and/or to the listing of the Company's shares on GEM. The participants of the Pre-IPO Plan include full-time and part-term employees (including executive and non-executive Directors), consultants and advisers of AcrossAsia Group and its associates. The subscription price for the shares under the Pre-IPO Plan is equal to the offer price of HK$3.28 per share in connection with the listing of the Company's shares on GEM.

As at 31st December 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 22nd June 2010 in accordance with the following schedule:

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

A summary of the principal terms of the Pre-IPO Plan and details of the options granted under the Pre-IPO Plan are set out in the Prospectus.

The following options were outstanding under the Pre-IPO Plan during 2005:

	Number of underlying shares		
Participant	**As at 1st January 2005**	**Lapsed during 2005**	**As at 31st December 2005**
Directors	19,415,000	–	19,415,000
Others	12,789,800	(23,800)	12,766,000
Total	32,204,800	(23,800)	32,181,000

36. SHARE OPTION SCHEMES (continued)

(a) Pre-IPO Plan (continued)

Options granted under the Pre-IPO in respect of 32,181,000 shares of the Company represented approximately 0.63% of the enlarged issued share capital thereof.

No options under the Pre-IPO Plan were exercised or cancelled during 2005.

The subscription price for the shares under the Pre-IPO Plan is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

(b) 2002 Scheme

The purpose of the 2002 Scheme is to reward the participants who have contributed or may contribute to AcrossAsia Group. The participants of the 2002 Scheme are employees of AcrossAsia Group (including Directors) and other persons including consultants, advisors, agents, customers, suppliers, service providers, affiliated persons, contractors, business partners or connected persons of AcrossAsia Group or its associates or affiliates. A consideration of HK$1 is payable upon acceptance of the offer of the grant of an option. The 2002 Scheme will remain valid until 13th May 2012.

The subscription price for the shares under the 2002 Scheme is determined by the Directors which will be no less than the highest of (i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of offer of the relevant option; (ii) the average of the closing prices of the shares as stated in the daily quotation shares issued by the Stock Exchange for the five business days immediately preceding the date of offer of the option; and (iii) the nominal value of a share.

A summary of the principal terms of the 2002 Scheme is set out in the Company's circular dated 28th March 2002.

No options had been granted under the 2002 Scheme since the adoption date and up to 31st December 2005.

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. The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each participant or grantee (including both exercised and outstanding options) in any 12-month period up to and including the date of grant must not exceed 1% of the total issued shares of the Company at the date of grant.

37. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries

The fair value of the net assets acquired as a consequence of the acquisition of additional interests in certain former associates which became subsidiaries of the Company during 2004 is as follows:

	2005	2004
	HK$'000	HK$'000
Net assets acquired:		
Property and equipment	–	1,091,469
Investment properties	–	86,256
Interests in associates	–	27,612
Long term investments	–	73,912
Intangible assets	–	1,454
Deferred tax assets	–	15,445
Due from related companies	–	18,169
Prepayments, deposits and other current assets	–	669,195
Inventories	–	443,091
Trade receivables	–	14,926
Short term investments	–	148,480
Cash and bank deposits	–	618,058
Bonds payable	–	(687,063)
Finance lease obligations	–	(163)
Due to a related company	–	(3,999)
Provisions	–	(125,734)
Trade payables	–	(453,775)
Other payables and accruals	–	(327,296)
Tax payable	–	(623)
Minority interests	–	(51,998)
	–	1,557,416
Net assets attributable to AcrossAsia Group before acquisition of additional interest	–	(367,550)
Minority interests	–	(1,185,083)
Goodwill	–	41,339
Consideration satisfied by cash	–	46,122

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	2005	2004
	HK$'000	HK$'000
Cash consideration paid	–	(46,122)
Cash and bank deposits acquired	–	618,058
Net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries	–	571,936

37. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(a) Acquisition of subsidiaries (continued)

From the dates of acquisition, the additional interests in the above subsidiaries have contributed approximately HK$924,000 to the net profit of AcrossAsia Group during 2004. If the combination had taken place at 1st January 2004, the profit for AcrossAsia Group would have been approximately HK$39,375,000 and revenue from continuing operations would have been approximately HK$5,701,356,000 during 2004.

(b) Deemed disposal of a subsidiary

The fair value of net assets disposed of as a consequence of dilution of interest in a subsidiary during 2004 is as follows:

	2005 **HK$'000**	2004 HK$'000
Net assets disposed of:		
Property and equipment	–	134,696
Goodwill	–	93,459
Intangible assets	–	270,084
Due from related companies	–	11
Inventories	–	490
Trade receivables	–	4,471
Prepayments, deposits and other current assets	–	3,311
Pledged bank deposits	–	8,789
Cash and bank deposits	–	2,723
Interest–bearing borrowings	–	(28,250)
Other payables and accruals	–	(281,273)
Due to related companies	–	(4,308)
Receipts in advance	–	(1,973)
Tax payable	–	(1,417)
	–	200,813
Net assets attributable to AcrossAsia Group after the deemed disposal	–	(148,072)
Minority interests	–	(97,394)
Net gain on deemed disposal of a subsidiary	–	(44,653)
Total consideration	–	–
Satisfied by cash	–	–

37. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Deemed disposal of a subsidiary (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the deemed disposal of a subsidiary is as follows:

	2005 **HK$'000**	2004 HK$'000
Cash and bank deposits disposed of	**–**	(2,723)
Net outflow of cash and cash equivalents in respect of the deemed disposal of a subsidiary	**–**	(2,723)

38. OPERATING LEASE ARRANGEMENTS

As lessee

AcrossAsia Group leases certain of its premises under operating lease arrangements. Rentals are normally fixed in accordance with the respective tenancy agreements and no arrangements have been entered into for contingent rental payments. Leases for premises are negotiated for terms from one to twenty years.

At the balance sheet date, total future minimum lease payments under non-cancellable operating leases are as follows:

	AcrossAsia Group		**Company**	
	2005 **HK$'000**	2004 HK$'000	**2005** **HK$'000**	2004 HK$'000
Within one year	**307,406**	300,379	**–**	–
In the second to fifth years, inclusive	**267,868**	245,695	**–**	–
After five years	**1,852,501**	1,751,072	**–**	–
	2,427,775	2,297,146	**–**	–

39. COMMITMENTS

In addition to the operating lease commitments detailed in Note 38 above, AcrossAsia Group had the following capital commitments at the balance sheet date:

	2005 **HK$'000**	2004 HK$'000
Contracted, but not provided for		
– property and equipment	**66,897**	43,846
– investment in an associate	**114,660**	–

The Company did not have any significant capital commitments as at 31st December 2005 (2004: Nil).

40. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements of the Company were as follows:

	2005 HK$'000	2004 HK$'000
Guarantee given to a bank for a loan granted to a subsidiary	**113,575**	–

AcrossAsia Group did not have contingent liabilities not provided for in the financial statements as at 31st December 2005 (2004: Nil).

41. PLEDGE OF ASSETS

AcrossAsia Group's banking and other borrowing facilities other than bonds payable at the balance sheet date are secured by:

(i) Property and equipment with a carrying value of approximately HK$75,290,000 as at 31st December 2005 (2004: HK$79,952,000) (Note 12).

(ii) Investment properties with a carrying value of approximately HK$41,962,000 as at 31st December 2005 (2004: HK$44,533,000) (Note 13).

(iii) 2,052,578,000 shares (2004: 156,250,000 shares) in Multipolar, a subsidiary, with market value of approximately HK$250,930,000 as at 31st December 2005 (2004: HK$41,199,000) (Note 14).

(iv) 136,879,310 shares (2004: 136,879,310 shares) in Broadband Multimedia, a subsidiary, with market value of approximately HK$156,541,000 as at 31st December 2005 (2004: HK$166,134,000) (Note 14).

(v) 192,708,333 (2004: 373,913,000) shares in Matahari with a market value of approximately HK$145,913,000 as at 31st December 2005 (2004: HK$207,029,000) (Note 14)

(vi) Inventories with a carrying value of approximately HK$352,095,000 as at 31st December 2005 (2004: HK$38,655,000) (Note 22).

(vii) Trade receivables with a carrying value of approximately HK$75,561,000 as at 31st December 2005 (2004: HK$164,033,000) (Note 23).

(viii) Bank deposits of approximately HK$4,679,000 as at 31st December 2005 (2004: HK$1,337,000) (Note 26).

42. FINANCIAL INSTRUMENTS

Fair value estimation

Current financial assets and liabilities

AcrossAsia Group's carrying amounts for current financial assets and liabilities approximate their fair values due to the short maturity of these instruments.

Non-current financial assets and financial liabilities

For long term investments in listed shares of approximately HK$1,491,000 (2004: HK$1,469,000), which are stated at quoted market price, their carrying amount approximates their fair value. For long term investments in unlisted shares of approximately HK$127,614,000 (2004: HK$74,123,000), whose fair value cannot be reliably measured without incurring excessive costs, they are carried at cost less any impairment losses. The Directors believe that the carrying amount of those investments represents AcrossAsia Group's best estimate of their fair value.

A comparison by category of carrying amounts and fair values of other non-current financial assets and liabilities, whose fair values have been calculated primarily by discounting the expected future cash flows at the prevailing interest rates or current market rates available to AcrossAsia Group for similar financial instruments, is set out below.

	Carrying amounts		**Fair values**	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other non-current financial assets	**37,720**	30,371	**37,720**	30,371
Long term floating rate borrowings, non-current portion	**118,535**	202,486	**103,842**	175,163
Long term fixed rate borrowings, non-current portion	**309,520**	151,631	**259,242**	130,195
Notes payable, non-current portion	**93,443**	100,590	**84,213**	85,265
Bonds payable, non-current portion	**653,660**	688,181	**505,222**	492,982
Other non-current liabilities	**4,000**	6,437	**3,811**	6,045

42. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The following table sets out the carrying amount, by maturity, of AcrossAsia Group's financial instruments that are exposed to interest rate risk:

As at 31st December 2005

	Within one year HK$'000	In the second year HK$'000	In the third to fifth years, inclusive HK$'000	Total HK$'000
Fixed rate				
Bank loans	**22,895**	**266,799**	**42,721**	**332,415**
Other borrowings	**252,803**	**–**	**–**	**252,803**
Notes payable	**51,188**	**73,725**	**19,718**	**144,631**
Bonds payable	**–**	**326,830**	**326,830**	**653,660**
Floating rate				
Cash and bank deposits	**555,272**	**–**	**–**	**555,272**
Pledged bank deposits	**4,679**	**–**	**–**	**4,679**
Bank loans	**284,342**	**75,385**	**43,150**	**402,877**
Due to related companies	**–**	**4,000**	**–**	**4,000**
As at 31st December 2004				
Fixed rate				
Bank loans	15,540	24,240	34,783	74,563
Other borrowings	28,027	92,608	–	120,635
Finance lease payables	116	–	–	116
Notes payable	38,037	75,478	25,112	138,627
Bonds payable	–	–	688,181	688,181
Due to related companies	–	2,437	–	2,437
Floating rate				
Cash and bank deposits	950,453	–	–	950,453
Pledged bank deposits	1,337	–	–	1,337
Bank loans	423,106	66,361	102,626	592,093
Other borrowings	5,911	33,499	–	39,410
Due to related companies	–	4,000	–	4,000

42. FINANCIAL INSTRUMENTS (continued)

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instruments. The other financial instruments of AcrossAsia Group that are not included in the above tables are non-interest bearing, and are therefore not subject to interest rate risk, or are interest bearing at fixed rate, as further detailed elsewhere in the financial statements.

43. FINANCIAL RISK MANAGEMENT

The main financial risks faced by AcrossAsia Group are credit risk, foreign currency risk, interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks, as well as economic risk and business risk of AcrossAsia Group, which are summarised below. AcrossAsia Group also monitors the market price risk arising from all financial instruments.

(a) Credit risk

Financial instruments that potentially subject AcrossAsia Group to significant concentrations of credit risk consist principally of bank deposits, trade receivables, other receivables, amounts due from related companies and certain investments. AcrossAsia Group's exposure to credit risk arises from default of other parties, with maximum exposure equal to the carrying amount of these instruments.

AcrossAsia Group maintains bank deposits with various financial institutions. AcrossAsia Group's policy is designed to limit exposure to any one institution. AcrossAsia Group performs periodic evaluations of the relative credit standing of those financial institutions that are considered in AcrossAsia Group's investment strategy.

Concentrations of credit risk with respect to trade receivables are limited due to the large number of entities comprising AcrossAsia Group's customer base. AcrossAsia Group normally grants trade credits to recognised and creditworthy customers and receivable balances are monitored on an ongoing basis by senior management.

AcrossAsia Group has significant concentration of credit risk with respect to its short term investments. As further detailed in Note 25 to the financial statements, AcrossAsia Group has invested in certain managed funds, debt securities, bonds and other investments with a carrying value of approximately HK$179 million at 31st December 2005. The managed funds have invested primarily in various fixed-income products, including, but not limited to, promissory notes and commercial paper issued by various companies and accordingly, may expose AcrossAsia Group to various credit and other risks, which are beyond the direct control of AcrossAsia Group. Such investments are closely monitored by senior management on an ongoing basis. AcrossAsia Group's exposure to credit risk would arise from default of the issuer, with maximum exposure equal to the carrying amount of the investments.

43. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

With respect to credit risk arising from the other financial assets of AcrossAsia Group, AcrossAsia Group's exposure to credit risk arises from default of the other parties, with maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk for those financial assets within AcrossAsia Group.

(b) Foreign currency risk

As a result of significant operations in Indonesia, AcrossAsia Group's balance sheet can be affected significantly by movements in Indonesian Rupiah/Hong Kong dollar exchange rates. AcrossAsia Group seeks to mitigate the effect of its structural currency exposure by borrowing in Indonesia Rupiah.

AcrossAsia Group also has transactional currency exposures. Such exposures arise from sales or purchases or borrowings by the Company's subsidiaries in currencies other than the subsidiaries' measurement currency.

A substantial portion of AcrossAsia Group's revenue and cost of sales and services rendered are denominated in Indonesian Rupiah and United States dollar. AcrossAsia Group also generates expenses and liabilities in Indonesian Rupiah and United States dollar. As a result, AcrossAsia Group is required to convert Indonesian Rupiah into other currencies, particularly United States dollar, to meet its foreign exchange liabilities as they became due. Any adverse movement in the exchange rate of Indonesian Rupiah against the United States dollar would have an adverse effect on the result of AcrossAsia Group.

Moreover, the Indonesian government may in the future decide to introduce a scheme of exchange controls or other currency controls with a view to stabilising the exchange rate of the Indonesian Rupiah. The imposition of any such exchange controls may adversely affect the ability of AcrossAsia Group to exchange Indonesian Rupiah denominated revenue into United States dollar or other foreign currency denominated liabilities and may adversely affect AcrossAsia Group's financial condition.

(c) Interest rate risk

AcrossAsia Group's exposure to market risk for changes in interest rates relates primarily to its long term borrowing obligations and interest bearing assets.

AcrossAsia Group's policy is to manage its interest cost using a mixture of fixed and variable rate borrowings. At 31st December 2005, approximately 77% of AcrossAsia Group's interest-bearing borrowings were at a fixed rate of interest.

Further details of interest rate risk of AcrossAsia Group are set out in Note 42 to the financial statements.

43. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

AcrossAsia Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings, promissory notes, finance leases, other payables and balances with related companies. Approximately HK$428.1 million, HK$93.4 million and HK$653.7 million of AcrossAsia Group's total borrowings, notes payable and bonds payable, respectively, at the balance sheet date will mature in more than one year. Due to the dynamic nature of underlying business, AcrossAsia Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(e) Market risk

Market risk is the risk that the value of financial assets will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual assets or factors affecting all assets in the market.

AcrossAsia Group is exposed to market risk on its investments in listed securities and managed funds.

Senior management seeks to manage market risk by employing the services of professional investment managers as well as internal monitoring. Monitoring of AcrossAsia Group's market exposure is carried out by senior management on an ongoing basis.

(f) Economic risk

A significant portion of AcrossAsia Group's operations may be adversely affected by significant political or economic uncertainties in Indonesia.

(g) Business risk

The success of AcrossAsia Group's business strategies will depend on certain factors outside its control. Accordingly, evaluation of AcrossAsia Group's businesses and its prospects was difficult, and there could be no assurance that AcrossAsia Group would succeed in these businesses.

44. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, AcrossAsia Group had the following material transactions with related parties:

	AcrossAsia Group	
	2005	2004
	HK$'000	HK$'000
Services fee from distribution and maintenance of hardware equipment and software packages and services fee for technology solutions rendered to:		
– PT AIG Lippo	**374**	1,339
– PT Bank Lippo Tbk	**61,017**	31,428
– Matahari *	**–**	2,881
Interest income from:		
– PT Bank Lippo Tbk	**3,804**	202
– PT Lippo Securities Tbk	**1,588**	436
Share administration fee income from:		
– PT Bank Lippo Tbk	**550**	629
– PT Lippo E-Net Tbk	**249**	210
– PT Lippo Karawaci Tbk	**240**	291
Subscription fees for fast speed Internet access:		
– PT Bank Lippo Tbk	**986**	1,072
Operating lease rentals charged by:		
– Matahari *	**–**	1,080
– PT Lippo Cikarang Tbk	**2,457**	566
Interest expenses on temporary advances from:		
– Multifiling *	**–**	230
Sales of merchandise to:		
– PT Bank Lippo Tbk	**17,539**	–
Pension fund expense charged by:		
– PT AIG Lippo	**53**	670
Marketing expenses charged by:		
– Avel Pty. Limited, Australia	**11,681**	2,656
Insurance expense charged by:		
– PT Lippo General Insurance	**2,836**	1,611

44. RELATED PARTY TRANSACTIONS (continued)

* Matahari and Multifiling became subsidiaries of AcrossAsia Group in September and December 2004 respectively.

Details of the key management compensation are set out in Note 7.

The above companies are directly or indirectly owned, controlled or influenced by the principal beneficial shareholders of the Company, through share ownership, management agreements or other arrangements.

The Directors of the Company are of the opinion that the above transactions with related parties 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.

45. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, AcrossAsia Group had successfully rolled over certain short term loans totalling HK$141.2 million and repaid certain short term loans totalling HK$48.3 million.

46. COMPARATIVE FIGURES

Certain comparative figures in relation to share of results of associates and income tax expense have been reclassified to conform with current year's presentation.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 24th March 2006.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of AcrossAsia Limited (the "Company") will be held at Chater Room III, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on Tuesday, 2nd May 2006 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited Consolidated Financial Statements of the Company and its subsidiaries and the Reports of the Directors and the Auditors for the year ended 31st December 2005.

2. To consider the re-election of a retiring Director and to authorise the Board of Directors to fix the Directors' remuneration.

3. To consider the re-appointment of RSM Nelson Wheeler as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

4. As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

   A. "**THAT**:

      (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional authorised and issued shares in the capital of the Company and to make or grant offers, agreements and options including warrants to subscribe for shares, which might require the exercise of such powers be and is hereby generally and unconditionally approved;

      (b) the approval in paragraph (a) of this Resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options including rights to subscribe for or convert into shares, the making or granting of which might require the exercise of such powers to allot, issue and deal with additional shares in the capital of the Company after the end of the Relevant Period;

      (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of any option granted under the Company's share option schemes or any other option, scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the time of passing this Resolution, and the said approval shall be limited accordingly;

(d) for the purposes of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Cayman Islands or the Company's Memorandum and Articles of Association to be held; and

(iii) the authority set out in this Resolution being revoked or varied by way of ordinary resolution of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to holders of shares whose names appear on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange); and

(e) the authority conferred by this Resolution shall be in substitution for all previous authorities granted to the Directors of the Company, except that it shall be without prejudice to and shall not affect the exercise of the power of the Directors of the Company pursuant to such authorities to allot additional shares of the Company up to and in accordance with the approval therein contained prior to the date of this Resolution."

B. "**THAT**:

(a) subject to paragraph (c) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase issued shares in the capital of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Securities and Futures Commission, the Stock Exchange or any other stock exchange as amended from time to time and all applicable laws in this regard, be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) of this Resolution shall authorise the Directors of the Company, on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the Directors of the Company;

(c) the aggregate nominal amount of shares which are authorised to be purchased by the Directors of the Company pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Cayman Islands or the Company's Memorandum and Articles of Association to be held; and

(iii) the authority set out in this Resolution being revoked or varied by way of ordinary resolution of the Company in general meeting."

C. "**THAT** conditional on the passing of Resolution 4B as set out in the notice convening this Meeting of which this Resolution forms a part, the general mandate granted to the Directors of the Company to allot and issue shares pursuant to the said Resolution 4A be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate an amount representing the aggregate nominal amount of shares in the share capital of the Company repurchased by the Company under the authority granted pursuant to such Resolution 4B, provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the time of passing this Resolution."

5. As special business, to consider and, if thought fit, pass the following resolution as a Special Resolution:

   "**THAT** the Articles of Association of the Company be amended as follows:

   A. The existing Article 106(vii) of the Articles of Association of the Company be amended by deleting the words "a special resolution of the members of the Company" immediately before "under Article 122(a)" and substituting therefor the words "ordinary resolution".

   B. The existing Article 122(a) of the Articles of Association of the Company be amended by deleting the word "special" immediately before "resolution" in the marginal note and line one and substituting therefor the word "ordinary"."

By Order of the Board
Kelsch Woon Kun WONG
Company Secretary

Hong Kong, 30th March 2006

Head Office and Principal Place of Business in Hong Kong:
Room 4302, 43rd Floor
Tower One
Lippo Centre
89 Queensway
Hong Kong

Notes:

1. *Any member entitled to attend and vote at the meeting is entitled to appoint one or more separate proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.*

2. *To be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the Company's Head Office and Principal Place of Business in Hong Kong at Room 4302, 43rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting.*

3. *Delivery of a form of proxy shall not preclude a member from attending and voting in person at the meeting and in such event, the form of proxy shall be deemed to be revoked.*

AcrossAsia Limited