



ACROSS ASIA LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 8061)

First Quarterly Report 2017

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This report, for which the Directors of AcrossAsia Limited (the “Company”) (namely, executive Director: Mr. Vicente Binalhay ANG; and independent non-executive Directors: Dr. Boh Soon LIM, Mr. Thomas Yee Man LAW and Mr. Ganesh Chander GROVER) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31st March 2017

		Three months ended 31st March	
		2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited) (restated)
Revenue	5	—	—
Other income		—	—
Net foreign exchange losses		(37)	(7)
General and administrative expenses		(266)	(1,961)
Loss from operations		(303)	(1,968)
Finance costs		(1,016)	(804)
Loss before tax		(1,319)	(2,772)
Income tax expense	7	—	—
Loss for the period	6	(1,319)	(2,772)
Attributable to:			
Owners of the Company		(1,319)	(2,772)
Non-controlling interests		—	—
		(1,319)	(2,772)
Loss per share			
— Basic (HK cents)	9	(0.03)	(0.05)
— Diluted (HK cents)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31st March 2017

	Three months ended 31st March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited) (restated)
Loss for the period	(1,319)	(2,772)
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(2,110)	(5,942)
Fair value changes of available-for-sale financial assets	47,723	(413,686)
Other comprehensive income, net of tax	45,613	(419,628)
Total comprehensive income for the period	44,294	(422,400)
Attributable to:		
Owners of the Company	44,526	(421,746)
Non-controlling interests	(232)	(654)
	44,294	(422,400)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March 2017

		31st March 2017 HK\$'000 (unaudited)	31st December 2016 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	5	8
Available-for-sale financial assets	11	716,170	668,452
Non-current prepayments, deposits and receivables		495	549
		716,670	669,009
Current assets			
Prepayments, deposits and other current assets		3,736	2,267
Bank and cash balances		154	152
		3,890	2,419
TOTAL ASSETS		720,560	671,428
Capital and reserves			
Share capital	12	50,646	50,646
Reserves		14,679	(29,847)
Equity attributable to owners of the Company		65,325	20,799
Non-controlling interests		(13,893)	(13,661)
Total equity		51,432	7,138
Non-current liabilities			
Due to related companies		17,125	16,839
Current liabilities			
Interest-bearing borrowings		102,075	93,000
Other loan	13	362,502	362,502
Due to a related company		4,000	4,000
Other payables and accruals		183,426	187,949
		652,003	647,451
Total liabilities		669,128	664,290
Total equity and liabilities		720,560	671,428
Net current liabilities		(648,113)	(645,032)
Total assets less current liabilities		68,557	23,977

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31st March 2017

	(Unaudited)							
	Attributable to owners of the Company							
	Issued capital	Share premium account	Investment revaluation reserve	Translation reserve	Accumulated losses	Total	Non- controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2016, as previously reported	50,646	414,318	3,240	(251,154)	(117,563)	99,487	2,208,977	2,308,464
Retrospective restatement (Note 3)	—	—	577,206	318,115	(618,610)	276,711	(2,222,261)	(1,945,550)
At 1st January 2016, as restated (audited)	50,646	414,318	580,446	66,961	(736,173)	376,198	(13,284)	362,914
Total comprehensive income and changes in equity for the period	—	—	(413,686)	(5,288)	(2,772)	(421,746)	(654)	(422,400)
At 31st March 2016	50,646	414,318	166,760	61,673	(738,945)	(45,548)	(13,938)	(59,486)
At 1st January 2017 (audited)	50,646	414,318	245,796	63,917	(753,878)	20,799	(13,661)	7,138
Total comprehensive income and changes in equity for the period	—	—	47,723	(1,878)	(1,319)	44,526	(232)	44,294
At 31st March 2017	50,646	414,318	293,519	62,039	(755,197)	65,325	(13,893)	51,432

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31st March 2017

	Three months ended 31st March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(8,057)	809
Purchases of property, plant and equipment	—	(1)
NET CASH USED IN INVESTING ACTIVITIES	—	(1)
Interest-bearing borrowings obtained	9,075	—
Finance costs paid	(1,016)	(804)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	8,059	(804)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2	4
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	152	159
CASH AND CASH EQUIVALENTS AT END OF PERIOD	154	163
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	154	163

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31st March 2017

1. Basis of preparation

These condensed consolidated financial statements of AcrossAsia Limited (the "Company") and its subsidiaries (collectively referred to as "AcrossAsia Group") have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" which is one of the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the Annual Report for the year ended 31st December 2016. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the Annual Report for the year ended 31st December 2016.

AcrossAsia Group incurred a loss of HK\$1,319,000 for the three months ended 31st March 2017 and as at 31st March 2017 AcrossAsia Group had net current liabilities of HK\$648,113,000. Furthermore, there were pending garnishee and related proceedings in Hong Kong and Indonesia, details of which are set out in Note 15 to the condensed consolidated financial statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt about AcrossAsia Group's ability to continue as a going concern and therefore that AcrossAsia Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors note the above material uncertainty and are also cognisant of the severe difficulties facing the Company. Accordingly, the Directors have recently managed to secure a facility to support the day-to-day operations of the Company in the short term.

Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis. Should AcrossAsia Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of AcrossAsia Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

The audit committee has reviewed the condensed consolidated financial statements.

2. Adoption of new and revised IFRSs

In the current period, AcrossAsia Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1st January 2017. IFRSs comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not have any significant effect on the condensed consolidated financial statements.

AcrossAsia Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning on 1st January 2017. The Directors anticipate that the new and revised IFRSs will be adopted in AcrossAsia Group’s consolidated financial statements when they become effective. AcrossAsia Group is in the process of assessing, where applicable, the potential effect of all new and revised IFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

3. Retrospective restatement

PT First Media Tbk (“First Media”), a 55.1% owned company of the Company which was classified as a subsidiary of the Company previously, brought proceedings against the Company in Indonesia to recover the debt due under a facility agreement entered into between the Company and First Media on 30th June 2011. On 5th March 2013, the Indonesian Court issued a bankruptcy order (the “Indonesian Bankruptcy Order”) against the Company. On the same date, the Indonesian Court appointed three Indonesian Receivers as receivers and curators of the Company in respect of the bankruptcy (the “Receivers”). However, as advised by the Company’s lawyers, the Company has not been wound up in the Cayman Islands where it is incorporated or in Hong Kong where it has its Head Office and principal place of business. Therefore, the Company’s Board of Directors continues to have authority to act for the Company outside Indonesia.

The Company’s investment in First Media is the principal asset of the Company located in Indonesia. Subsequent to the appointment of the Receivers, all assets of the Company including its shares in First Media are vested with the Receivers pursuant to the Indonesian Bankruptcy Law. As a result, the Company is not permitted to sell, transfer, pledge, dispose of or otherwise deal in any manner whatsoever with its assets without obtaining prior approval from the Receivers.

3. Retrospective restatement (Continued)

Notwithstanding the above, the consolidated financial statements of AcrossAsia Group for the years ended 31st December 2013, 2014 and 2015 include the financial position of First Media and its subsidiaries (collectively referred to as "First Media Group") as at 31st December 2013, 2014 and 2015 and the results of First Media Group for the period from 5th March 2013 to 31st December 2013 and the years ended 31st December 2014 and 2015 as the Directors considered that it was still appropriate for the Company to consolidate the First Media Group due to the fact that the Indonesian Bankruptcy Order was yet to be finalised. Although the Company's appeal to the Supreme Court of Indonesia against the Indonesian Bankruptcy Order was dismissed on 31st July 2013, the Company was entitled to make a final appeal by way of a petition for judicial review against the decision of the Supreme Court of Indonesia (the "Judicial Review").

The petition for Judicial Review was filed on 2nd March 2016. On 12th October 2016 the Board was advised by the Indonesian Lawyers that the Petition for Judicial Review against the Indonesian Bankruptcy Order has been rejected by the Indonesian Supreme Court on 14th September 2016 according to the information published on the website of the same court. As noted in Note 15 to the condensed consolidated financial statements, it is a decision reached by the highest level of the Indonesian court system. According to the Indonesian Lawyers, if the Official Decision is received by the Company and the other parties of the proceedings, the Indonesian Bankruptcy Order would be deemed to have taken effect as of the date it was made by the Indonesian Court.

The Directors have reassessed the Company's control over First Media based on IFRS 10 "Consolidated Financial Statements". Although the Company and the Indonesian Lawyers have not yet received the Official Decision as of 8th May 2017, the Directors concluded that it would be prudent and appropriate for the Company to proceed on the basis that the Official Decision has been received by the Company and that the Indonesian Bankruptcy Order has taken effect as of 5th March 2013. Upon this basis, the Company has lost control over First Media upon the appointment of the Receivers on 5th March 2013 and First Media has since then ceased to be the subsidiary of the Company. Accordingly, AcrossAsia Group's condensed consolidated financial statements for the three months ended 31st March 2016 have been restated retrospectively.

3. Retrospective restatement (Continued)

The effects of retrospective restatement are summarised below:

(a) Condensed consolidated statement of profit or loss for the three months ended 31st March 2016

	As previously reported	Effect of restatement	As restated
	HK\$'000	HK\$'000	HK\$'000
Revenue	555,193	(555,193)	—
Cost of sales and services rendered	(274,008)	274,008	—
Gross profit	281,185	(281,185)	—
Interest income	1,872	(1,872)	—
Net exchange gains/(losses)	13,231	(13,238)	(7)
Selling and distribution expenses	(53,464)	53,464	—
General and administrative expenses	(358,773)	356,812	(1,961)
Loss from operations	(115,949)	113,981	(1,968)
Finance costs	(46,045)	45,241	(804)
Share of results of associates	1	(1)	—
Loss before tax	(161,993)	159,221	(2,772)
Income tax credit	12,905	(12,905)	—
Loss for the period	(149,088)	146,316	(2,772)
Loss attributable to:			
Owners of the Company	(76,381)	73,609	(2,772)
Non-controlling interests	(72,707)	72,707	—
	(149,088)	146,316	(2,772)
Loss per share attributable to owners of the Company			
Basic (HK cents)	(1.51)		(0.05)
Diluted (HK cents)	N/A		N/A

3. Retrospective restatement (Continued)

(b) Condensed consolidated statement of profit or loss and other comprehensive income for the three months ended 31st March 2016

	As previously reported	Effect of restatement	As restated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(149,088)	146,316	(2,772)
Other comprehensive income:			
<i>Items that may reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations	147,968	(153,910)	(5,942)
Revaluation of available-for-sale financial assets	(4,461)	(409,225)	(413,686)
Total comprehensive income for the period	(5,581)	(416,819)	(422,400)
Total comprehensive income attributable to:			
Owners of the Company	(45,378)	(376,368)	(421,746)
Non-controlling interests	39,797	(40,451)	(654)
	(5,581)	(416,819)	(422,400)

(c) Condensed consolidated statement of changes in equity for the three months ended 31st March 2016

Details of restatement of balances as at 1st January 2016 are stated in the Annual Report for the year ended 31st December 2016.

4. Fair value measurements

The carrying amounts of AcrossAsia Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that AcrossAsia Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

AcrossAsia Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The recurring fair value measurements of AcrossAsia Group's available-for-sale financial assets are using the Level 1 of the fair value hierarchy.

5. Revenue and segment information

AcrossAsia Group had no revenue for the three months ended 31st March 2017 (2016: Nil).

No segment information is presented as AcrossAsia Group does not have any operating segment.

6. Loss for the period

AcrossAsia Group's loss for the period is arrived at after charging:

	Three months ended 31st March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited) (restated)
Depreciation of property, plant and equipment	3	3

7. Income tax expense

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the three months ended 31st March 2017 (2016: Nil).

8. Interim dividend

The Directors do not recommend the payment of an interim dividend for the three months ended 31st March 2017 (2016: Nil).

9. Loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the three months ended 31st March 2017 attributable to owners of the Company of approximately HK\$1,319,000 (2016: HK\$2,772,000, restated) and 5,064,615,385 (2016: 5,064,615,385) ordinary shares in issue during the period.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary share during the three months ended 31st March 2017 and 2016.

10. Property, plant and equipment

During the three months ended 31st March 2017, AcrossAsia Group acquired property, plant and equipment of approximately Nil (2016: HK\$1,000).

11. Available-for-sale financial assets

	31st March 2017	31st December 2016
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Listed investments in First Media, at fair value	716,108	668,385
Other listed investments, at fair value	62	67
	716,170	668,452

In the published financial statements of First Media for the three months ended 31st March 2017, the Company is still the registered owner of 55.1% shares in First Media as at 31st March 2017.

12. Share capital

	31st March 2017	31st December 2016
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Authorised: 1,500,000,000,000 ordinary shares of HK\$0.01 each	15,000,000	15,000,000
Issued and fully paid: 5,064,615,385 ordinary shares of HK\$0.01 each	50,646	50,646

13. Other loan

Other loan represented an amount due to First Media which is unsecured, interest bearing at the prevailing LIBOR plus 4.75% per annum and was due for settlement on 30th June 2012. First Media has commenced arbitration and litigation proceedings against the Company to recover a total amount of US\$46,774,403 (equivalent to HK\$362,502,000), representing the principal amount of US\$44,000,000 together with accrued interest capped at US\$2,774,403. Details of the arbitration and litigation proceedings are set out in Note 15 to the condensed consolidated financial statements.

14. Capital commitments

The Company had no capital commitments as at 31st March 2017 and 31st December 2016.

15. Garnishee and related proceedings

The Company sets out below the updates and relevant announcements made previously for shareholders' easy reference.

Hong Kong Garnishee Proceedings

Reference is made to the Company's Annual Report 2016. On 25th June 2014, the Court of Appeal dismissed the application by Astro All Asia Networks Plc and its affiliated companies (the "Astro Group") for leave to appeal against the order of the Honourable Madam Justice Chan dated 24th January 2014 ("Unconditional Stay of Execution") granting an unconditional stay of execution of the garnishee order absolute dated 31st October 2013 ("Garnishee Order Absolute") pending determination of the application by First Media to set aside the judgment dated 9th December 2010 ("First Media's Hong Kong Setting Aside Application"). The judgment dated 9th December 2010 was entered by the Astro Group against First Media in Hong Kong to enforce five arbitration awards made by the Singapore International Arbitration Centre ("SIAC Awards"). The Court of Appeal in dismissing the Astro Group's application for leave to appeal further ordered that the Astro Group may not apply for an oral hearing to reconsider the application for leave to appeal and costs were assessed summarily at HK\$100,000 payable by the Astro Group to the Company. In its decision dated 25th June 2014, the Court of Appeal expressed that:

"In our view it will indeed be remarkable if, despite the Singapore Court of Appeal judgment on the invalidity of the arbitration awards, Astro will still be able to enforce a judgment here based on the same arbitration awards that were made without jurisdiction."

15. Garnishee and related proceedings (Continued)

Hong Kong Garnishee Proceedings (Continued)

On 9th July 2014, the Astro Group paid the said costs of HK\$100,000. First Media's Hong Kong Setting Aside Application was heard by the Hong Kong Court from 8th to 11th December 2014 and on 17th February 2015, the Court delivered its decision dismissing First Media's Hong Kong Setting Aside Application ("Chow J's Decision"). On 2nd March 2015, First Media filed three summonses ("First Media's 3 Summonses") for, amongst other things, directions as to whether leave to appeal is required in respect of Chow J's Decision and for leave if so required, variation of the costs order and an extension of the Unconditional Stay of Execution until determination of First Media's appeal to the Court of Appeal against Chow J's Decision ("First Media's Hong Kong Setting Aside Appeal").

On 4th March 2015, the Company filed a summons ("the Company's Stay Application") seeking an extension of the Unconditional Stay of Execution (or a new stay of execution of the Garnishee Order Absolute) pending final determination of the Company's appeal filed on 27th November 2013 against the Garnishee Order Absolute ("its Appeal" or "AAL's Appeal") and/or final determination of any appeal brought by First Media against Chow J's Decision. The Company's Stay Application and First Media's 3 Summonses were heard on 20th October 2015. On 8th December 2015, the Court delivered its decision as follows:

- (1) That the Company's Stay Application be granted, i.e. the stay of execution of the Garnishee Order Absolute be continued pending the final determination of AAL's Appeal and/or final determination of any appeal brought by First Media against Chow J's Decision;

15. Garnishee and related proceedings (Continued)

Hong Kong Garnishee Proceedings (Continued)

- (2) In relation to First Media's 3 Summonses:
- (i) That leave to appeal is required and that First Media be granted leave to appeal against Chow J's Decision;
 - (ii) That First Media's summons for variation of costs order nisi made in Chow J's Decision be allowed such that First Media shall pay 80% of the Astro Group's costs, with certificate for three counsel; and
 - (iii) That the Unconditional Stay of Execution of the Garnishee Order Absolute be extended until the determination of First Media's appeal against Chow J's Decision.

Further, in its decision dated 8th December 2015, Chow J. stated at paragraph 36 that:

"Although I ultimately reached a conclusion which the Court of Appeal considered to be 'remarkable', I must recognize and accept that my decision is indeed exceptional."

On 4th March 2015, the Company filed a supplementary (amended) notice of appeal in respect of its Appeal. As noted in the Company's Annual Report 2016, the Company filed an application to the Court of Appeal to fix a hearing date for its Appeal. On 6th July 2015, the parties appeared before Master Lai for a directions hearing to determine how AAL's Appeal should proceed. After hearing submissions from respective counsel representing the Company, the Astro Group and First Media, the Master reserved judgment to a later date to be advised. Master Lai delivered his decision on 2nd September 2015 ordering that the Company's application to fix a date for AAL's Appeal be dealt with after disposal of First Media's Hong Kong Setting Aside Appeal or until further order with liberty to apply in the event that there are changes of circumstances. Further, on 2nd September 2015 and 23rd September 2015, Master Lai made an order nisi that costs of the directions hearing be costs in the cause of the respective appeals and First Media's intended appeal against Chow J's Decision with certificate for one counsel.

15. Garnishee and related proceedings (Continued)

On 8th October 2015, the Astro Group filed a summons for reserved costs for various Hong Kong Court orders to be paid jointly and severally by First Media and the Company (“Astro’s Costs Summons”). The Astro Group alleged that they had incurred costs of more than HK\$11,000,000 in First Media’s Hong Kong Setting Aside Application and more than HK\$33,000,000 in the Garnishee proceedings and invited the Court to make orders for costs to be paid into the Court by First Media and the Company in the sum of HK\$3,685,000 and HK\$11,055,000 respectively as security for their costs claims. By consent of all parties, Astro’s Costs Summons has been adjourned sine die with liberty to restore.

On 14th October 2016, the Astro Group filed a summons in AAL’s Appeal (and a corresponding summons in First Media’s appeal against the Garnishee Order Absolute) for leave to adduce further evidence relating to criminal proceedings in Indonesia in connection with the Indonesian Bankruptcy Order (see last section below). Further on 25th April 2017, the Astro Group filed another summons in AAL’s Appeal (and a corresponding summons in First Media’s appeal against the Garnishee Order Absolute) for leave to amend its summons of 14th October 2016 to adduce additional further evidence relating to the abovementioned criminal proceedings in Indonesia in connection with the Indonesian Bankruptcy Order. These summonses will be heard on 17th October 2017.

The Directors understand that First Media’s Hong Kong Setting Aside Appeal was heard on 15th November 2016 and the Court of Appeal on 5th December 2016 delivered its judgment dismissing First Media’s Hong Kong Setting Aside Appeal. Subsequently, First Media applied for leave to appeal the Court of Appeal’s judgment to the Court of Final Appeal. On 29th March 2017, the Court of Appeal dismissed First Media’s leave application. In the meantime, the Unconditional Stay of Execution of Garnishee Order Absolute remains in place pending final determination of AAL’s Appeal. By reason of the handing down of the Court of Appeal’s judgment, the Astro Group has requested the Court of Appeal to fix a date for AAL’s Appeal. On 8th March 2017, the Court of Appeal directed that AAL’s Appeal should not be fixed at this stage.

While the final outcome of the Hong Kong proceedings is yet to be determined, it is the Directors’ opinion that AcrossAsia Group has good grounds to succeed in the litigation in Hong Kong.

15. Garnishee and related proceedings (Continued)

Hong Kong Market Misconduct Tribunal ("MMT") Proceedings

Reference is made to the Company's Annual Report 2016. The Securities and Futures Commission (the "SFC") announced on 22nd July 2015 that it has commenced proceedings in the MMT against the Company together with its independent non-executive Chairman, Mr. Albert Saychuan Cheok ("Mr. Cheok") and Chief Executive Officer, Mr. Vicente Binalhay Ang ("Mr. Ang"). It is noted that Mr. Cheok retired from his position as the Chairman and Independent Non-Executive Director of the Board with effect from 26th August 2016 (see the Company's announcement dated 24th August 2016). In summary, the SFC alleges that the Company, Mr. Cheok and Mr. Ang had delayed in issuing an announcement regarding the institution of certain legal proceedings against the Company in Indonesia during the period between 4th January 2013 to 15th January 2013. The Company issued the announcement on 17th January 2013.

At the third preliminary conference on 17th February 2016, the Company and Mr. Ang admitted having breached the disclosure provisions pursuant to sections 307B(1) and 307G(2)(a) of the Securities and Futures Ordinance (Cap. 571) (the "Ordinance") respectively.

On 2nd November 2016, after the substantive hearing of the MMT proceedings was scheduled to commence on 31st October 2016, Mr. Cheok also admitted that he was in breach of the disclosure requirements under section 307G(2) of the Ordinance.

Consequently, on 7th November 2016, the MMT concluded that each of the Company, Mr. Cheok and Mr. Ang had committed market misconduct by breaching the disclosure provisions of the Ordinance.

On 11th November 2016, the MMT held a further hearing for determination of what the consequential orders should be imposed following its findings of market misconduct and to hear submissions in mitigation from the Company, Mr. Cheok and Mr. Ang. The MMT on 30th November 2016 handed down its written report of the proceedings dated 29th November 2016. In this report, the MMT confirmed that the breaches were caused by negligence on the part of Mr. Cheok and Mr. Ang and were not caused by either reckless or intentional misconduct. The MMT also concluded that the misconduct was "very much towards the bottom of the scale". The MMT has made the following consequential orders against the Company, Mr. Cheok and Mr. Ang.

15. Garnishee and related proceedings (Continued)

Hong Kong Market Misconduct Tribunal ("MMT") Proceedings (Continued)

- (a) Against the Company: a regulatory fine of HK\$600,000 and an order that it be equally responsible with Mr. Cheok and Mr. Ang for the SFC's and the Government's costs up to, 17th February 2016, and that it bears 25% of those costs thereafter;
- (b) Against Mr. Ang: a regulatory fine of HK\$600,000, an order that he undergoes a training programme approved by the SFC and an order that he bears the SFC's and the Government's costs equally with the Company and Mr. Cheok up to 17th February 2016 and 25% of the costs thereafter;
- (c) Against Mr. Cheok: a regulatory fine of HK\$800,000, an order that he undergoes a training programme approved by the SFC and an order that he bears the SFC's and the Government's costs equally with the Company and Mr. Ang up to 17th February 2016 and that he bears 50% of those costs thereafter.

Pursuant to the MMT's order:

- (a) the Company has paid its regulatory fine of HK\$600,000;
- (b) Mr. Ang has paid his regulatory fine of HK\$600,000;
- (c) all of the Government's costs have been paid; and
- (d) all of the SFC's costs have been agreed and paid without the need to go for taxation.

Mr. Ang has already finished the training programme approved by the SFC as required under the MMT's order. Accordingly, both the Company and Mr. Ang have complied with the MMT's order.

15. Garnishee and related proceedings (Continued)

Singapore Court of Appeal's Decision

Reference is made to the Company's Annual Report 2016. As would be recalled, the Singapore Court of Appeal has on 31st October 2013, allowed First Media's appeal against the enforcement of the SIAC Awards. The Singapore Court of Appeal decided that all the SIAC Awards which the Astro Group is seeking to enforce against First Media are not enforceable against First Media, save for the award for the sum of US\$608,176.54, GBP22,500 and S\$65,000 in favour of the 1st to 5th Astro Group parties only, and that the Astro Group shall pay First Media's costs for the Singapore Court of Appeal hearing and the Singapore Court hearing below. As the parties were unable to agree on the terms of the order to be drawn up pursuant to the Singapore Court of Appeal's decision dated 31st October 2013, the Astro Group and First Media sought assistance from the Singapore Court of Appeal. In its decision on 11th September 2014, the Singapore Court of Appeal reiterated its decision dated 31st October 2013 that the joinder of the 6th to 8th Astro Group parties to the arbitration by the arbitration tribunal was improper and as a consequence, all the SIAC Awards were unenforceable by the 6th to 8th Astro Group parties as against First Media. The Court of Appeal further confirmed the terms of the order that only the sums of US\$608,176.54, GBP22,500 and S\$65,000 are payable by First Media to the Astro Group. As would be recalled, as stated in the Company's update announcement dated 28th November 2013, the said sums have been fully paid by First Media. Accordingly there is no longer any further payment due by First Media to the Astro Group under the SIAC Awards. Further, First Media has applied to the Singapore Court for assessment of legal costs of the Singapore Court proceedings including the appeal to be paid by the Astro Group to First Media. The Singapore Court had on 4th November 2014 awarded First Media with costs and disbursements of S\$392,196.12. The Astro Group and First Media have on 18th November 2014 lodged their respective appeals against the order dated 4th November 2014 awarding the said costs and disbursements of S\$392,196.12. The appeals against the costs awarded were heard on 25th January 2016 and 1st February 2016 and First Media was awarded total costs of S\$650,000. The Astro Group has paid the said costs awarded in full. In addition, First Media has applied to the Singapore High Court for assessment of damages to be paid by the Astro Group to First Media arising from the Mareva Injunction obtained by the Astro Group against First Media during the course of the Singapore Court proceedings. The Singapore Court had on 20th January 2014 confirmed that the Mareva Injunction ceased to be effective from 31st October 2013. The application for an assessment of damages was heard over four hearings in September 2014, January 2015, August 2015 and September 2015. The First Media application was dismissed in March 2016, and its appeal to the Court of Appeal also was dismissed on 10th February 2017. First Media was ordered to pay legal costs to the Astro Group, currently being assessed if it not agreed.

15. Garnishee and related proceedings (Continued)

Singapore Court of Appeal's Decision (Continued)

As noted in the Company's Annual Report 2016, the Board believes that the Singapore Court of Appeal's decision dated 11th September 2014 is highly favourable to First Media as it is clear that First Media no longer needs to make any further payment to the Astro Group under the SIAC Awards.

Appeal against Indonesian Bankruptcy Order

Reference is made to the Company's Annual Report 2016.

On 21st August 2015, the Company received a written decision of the Indonesian Supreme Court dismissing the Company's appeal to the Indonesian Supreme Court (the "Indonesian Appeal") against the Indonesian Bankruptcy Order made against the Company on 5th March 2013. An English translation of the Indonesian Supreme Court's decision was received by the Company on 28th August 2015 and a final corrected English translation of the Indonesian Supreme Court's decision was received by the Company on 2nd September 2015.

The Company was advised by its previous Indonesian lawyer that the Company had a final avenue of appeal by way of a petition for judicial review to the Indonesian Supreme Court ("Judicial Review") after the Company is in receipt of official notification of dismissal of the Indonesian Appeal.

Being prudent, the Company believed that it would be appropriate and did seek a second legal opinion from another Indonesian lawyer. Based on the advice of the second Indonesian lawyer, the Company was entitled to file its petition for Judicial Review after the Company received an officially served copy of the Indonesian Supreme Court's decision which in the opinion of the second Indonesian lawyer, had yet to be officially served on the Company. On 25th February 2016, the Company was officially served with a copy of the Indonesian Supreme Court's decision. On 2nd March 2016, the Company filed its petition for Judicial Review at the Indonesian Supreme Court (the "Petition").

15. Garnishee and related proceedings (Continued)

Appeal against Indonesian Bankruptcy Order (Continued)

On 12th October 2016, the Board was advised by its Indonesian Lawyers that the Petition for Judicial Review against the Indonesian Bankruptcy Order had been rejected by the Indonesian Supreme Court as of 14th September 2016 ("Rejection") according to the latest information published on the website of the same court ("Information"). The Indonesian Lawyers further advised the Board that under Indonesian law, the decision of the Indonesian Supreme Court will only be legally binding on the parties to the Proceedings when the Court's official written decision ("Official Decision") is received by the parties. However, as of 8th May 2017, the Board has not received the Official Decision directly from the Indonesian Supreme Court or through the Indonesian Lawyers, and has not had an opportunity to verify the Information with the Indonesian Supreme Court. The Indonesian Lawyers have also confirmed in an email to the Board that as of 8th May 2017 they have not received the Official Decision.

According to the advice of the Indonesian Lawyers, an Official Decision cannot be appealed as it is a decision reached by the highest level of the Indonesian court system. Consequently, if the Official Decision confirms the Rejection and is received by the parties to the Proceedings, the Indonesian Bankruptcy Order would be deemed to have taken effect as of the date it was made by the Indonesian Court (i.e. 5th March 2013) and the Indonesian Bankruptcy Order would be enforceable (at least) against the Company's shares in First Media, and all other assets owned by the Company in Indonesia.

16. Events after the reporting period

Details of events after the reporting period are set out in Note 15 to the condensed consolidated financial statements.

FINANCIAL REVIEW

AcrossAsia Group's results for the three months ended 31st March 2017 ("Three-month Period") were analysed as follows:

Revenue

After deconsolidation of First Media, AcrossAsia Group no longer has any operating subsidiaries or revenue.

Loss from Operations and Attributable to Owners

AcrossAsia Group recorded a loss from operations of HK\$303,000 compared to HK\$1,968,000 (restated) for the same period in 2016 mainly due to cost saving measures.

Financial Resources and Capital Structure

As a result of the deconsolidation of First Media, AcrossAsia Group did not have any significant operations during the Three-month Period. The value of its assets and its equity are mainly affected by the carrying amount of its investment in First Media, which is its only significant asset whose value is determined by the market price of shares of First Media and the exchange rate of the Indonesian Rupiah.

The Indonesian Bankruptcy Order may affect the Company's ability to realise this investment and therefore there is no assurance as to the amount that can be recovered from such realisation. Coupled with our ongoing Hong Kong litigations, this could materially affect our ability to secure long term funding.

The Directors have recently managed to secure a facility to support the day-to-day operations of the Company in the short term.

BUSINESS REVIEW AND PROSPECTS

First Media was the principal operating subsidiary of the Company and its shares were its most valuable asset. Following the deconsolidation of First Media, the Company would no longer have a sufficient level of operations nor have any tangible assets of sufficient value and/or intangible assets of a sufficient potential value to support the continued listing of its securities on the Stock Exchange pursuant Rule 17.26 of GEM Listing Rules. The Company's situation is also aggravated by the significant uncertainties arising from both the timing and the outcome of its ongoing legal proceedings in Hong Kong and the potential implications of the Indonesian Bankruptcy Order, as detailed in Note 15 to the condensed consolidated financial statements. Based on legal advice obtained by the Company, the Directors understood that both issues may take years to resolve.

As referred to the Company's announcement dated 18th November 2016, the Company received a letter from the Stock Exchange on 18th November 2016 ("Stock Exchange Letter") which served as a notice from the Stock Exchange that it has decided to proceed with the cancellation of the Company's listing under Rules 9.14 and 9.15 of the GEM Listing Rules. The Stock Exchange requested that the Company submit a resumption proposal to demonstrate that it has a sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules at least 10 business days before the expiry of a period of six months from the date of the Stock Exchange Letter (i.e. 17th May 2017). If the Company fails to submit a viable resumption proposal by the deadline, the Stock Exchange has the power under the GEM Listing Rules to proceed with the cancellation of the Company's listing. The Company has been working closely with its legal and financial advisors to address the issues raised by the Stock Exchange and to identify the best course of action for the Company going forward. In this regard, the Company's legal and financial advisors have also been corresponding with the Stock Exchange on its behalf. The Company will make further announcement as and when appropriate.

OTHER INFORMATION

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 31st March 2017, 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*

None of the Directors or the chief executive of the Company were interested in any physically settled equity derivatives of the Company or any of its associated corporations.

(ii) *Cash settled and other equity derivatives*

None of the Directors or the chief executive of the Company were interested in any long position in cash settled or other equity derivatives of the Company or any of its associated corporations.

Short Position in Shares, Underlying Shares and Debentures of the Company and Associated Corporations

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

Substantial Shareholders

As at 31st March 2017, 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%
Cyport Limited	3,169,094,788	62.57%
Lippo Cayman Limited (“Lippo Cayman”)	3,669,576,788	72.46%
Dr. Mochtar RIADY (“Dr. Riady”)	3,669,576,788	72.46%
Madam Lidya SURYAWATY (“Madam Suryawaty”)	3,669,576,788	72.46%

Notes:

1. Lippo Cayman is the wholly-owned subsidiary of Lanius Limited. Lanius Limited is the trustee of a discretionary trust, which was founded by Dr. Riady who does not have any interest in the shares of Lanius Limited. The beneficiaries of the trust include his family members of Dr. Riady. Dr. Riady and his wife, Madam Suryawaty, are taken to be interested in the Shares that Lanius Limited is interested under the provisions of the SFO.
2. Lippo Cayman holds in aggregate 3,669,576,788 Shares, representing approximately 72.46% issued share capital of the Company, through its wholly-owned subsidiaries.
3. Cyport Limited has direct beneficial interest in 2,669,094,788 Shares.

Long Position in Underlying Shares of the Company

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

Short Position in Shares and Underlying Shares of the Company

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

Other Persons

As at 31st March 2017, 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.

COMPETING INTERESTS

The Lippo Group (a general reference to the companies (including Lippo Cayman) in which Dr. 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 businesses in Hong Kong and other parts in Asia similar to those of AcrossAsia Group during the Three-month Period. There was a chance that such businesses might have competed with AcrossAsia Group during the Three-month Period.

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

AUDIT COMMITTEE

The 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 twice this year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

During the Three-month Period, there was no purchase, sale or redemption of the shares of the Company by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE CODE

The Company has implemented measures to meet the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules (the “CG Code”). To the knowledge of the Directors, they consider that the Company has applied the principles of the CG Code and to a certain extent, of the recommended best practices thereof and are not aware of any non-compliance with the CG Code during the Three-month Period.

SECURITIES TRANSACTIONS BY THE 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 the Three-month Period.

By order of the Board
Vicente B. ANG
Director and Chief Executive Officer

Hong Kong, 9th May 2017