

At the beginning of 2002, e-Kong Group Limited (the "Company", together with its subsidiaries collectively referred to as the "Group") made a strategic decision to focus its efforts and resources on building and growing its ZONE operations into the core operating business. During the year, the ZONE business in the United States, Hong Kong and Singapore have each developed into a sustainable and scalable businesses.

ZONE Hong Kong and ZONE Singapore ("ZONE Asia") achieved their goal of making a positive contribution towards the cashflow of the Group in 2002 in a very competitive environment.

The improved performance by the ZONE business was the key driver for the Group's better operating results for 2002. Revenue from the ZONE business increased by 33.2% to HK\$298.5 million compared with HK\$224.2 million for the previous year. The increase in turnover, higher gross margins and lower operating costs within the Group, reduced the EBITDA loss from HK\$218.1 million in 2001 to HK\$109.1 million in 2002.

ZONE US's operating results continue to improve. The revenue grew by 56.3%, increasing from HK\$113.6 million in 2001 to HK\$177.5 million, while operating losses were reduced from HK\$96.9 million in 2001 to HK\$81.7 million in 2002. The Group remains optimistic about delivering sustainable revenue growth and improvement in the operating performance of ZONE US in the year 2003.

The management teams for ZONE US and ZONE Asia will focus on operating and growing the businesses to support the Group's goal of achieving positive EBITDA result in 2003. Continuing to reduce operating costs, and maintaining diligent financial control to improve its operational productivity, will remain important priorities for each of these business units.

The Company will continue to implement key corporate initiatives to enhance corporate governance with the objective of increasing shareholders' value and improving transparency. The remuneration, share option and executive management committees, established by the Board to oversee specific aspects of the Company's affairs, have contributed towards achieving the Group's strategic, corporate and business goals.

The Group remains positive about the prospect for growth and improvements in the operating results in 2003. The Group's primary goal for 2003 would be to achieve sustainable increase in the Group's turnover, improve operational efficiency and to attain a positive EBITDA for the Group.

On behalf of the board of directors, I wish to thank our business associates, shareholders and customers for their support and also acknowledge our appreciation for the contribution and dedication of the Group's employees in a competitive business environment.

Richard John Siemens

Chairman

Hong Kong, 10 April 2003