



2003

Interim Report

e-K**NG**

e-KONG Group Limited

INTERIM RESULTS

The board of directors (the "Board") of e-Kong Group Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2003, together with comparative figures for the corresponding period in 2002. The results are unaudited but have been reviewed by the Company's Audit Committee and the Company's auditors.

Condensed Consolidated Income Statement

		Six months ended 30 June	
		2003	2002
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Turnover	2	201,173	140,592
Cost of sales		(116,306)	(102,909)
Gross profit		84,867	37,683
Other revenue	3	630	1,261
		85,497	38,944
Distribution costs		(20,048)	(12,736)
Business promotion and marketing expenses		(3,025)	(3,767)
Operating and administrative expenses		(48,106)	(78,756)
Depreciation and amortisation		(22,538)	(22,686)
Loss from operations	5	(8,220)	(79,001)
Finance costs		(111)	(770)
Provision for diminution in value of investment securities		–	(26,882)
Unrealised holding loss on other investments		–	(8,675)
Loss from ordinary activities before taxation		(8,331)	(115,328)
Taxation	6	–	–
Net loss attributable to shareholders		(8,331)	(115,328)
		HK\$	<i>HK\$</i>
Loss per share	7		
Basic		(1.77) cents	(47.2) cents
Diluted		N/A	N/A
		HK\$'000	<i>HK\$'000</i>
EBITDA	8	14,318	(56,315)

Condensed Consolidated Balance Sheet

	Note	As at 30 June 2003 (Unaudited) HK\$'000	As at 31 December 2002 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	170,382	190,730
Investment securities		3,452	3,452
		<u>173,834</u>	<u>194,182</u>
Current assets			
Other investments		–	91
Trade and other receivables	10	51,247	51,908
Pledged deposits		5,246	7,740
Bank balances and cash		29,920	31,055
		<u>86,413</u>	<u>90,794</u>
Current liabilities			
Trade and other payables	11	68,426	81,210
Current portion of obligations under finance leases		3,322	6,566
		<u>71,748</u>	<u>87,776</u>
Net current assets		<u>14,665</u>	<u>3,018</u>
Total assets less current liabilities		<u>188,499</u>	<u>197,200</u>
Long-term liabilities			
Obligations under finance leases		460	830
NET ASSETS		<u>188,039</u>	<u>196,370</u>
CAPITAL AND RESERVES			
Issued capital		4,709	4,709
Reserves		183,330	191,661
		<u>188,039</u>	<u>196,370</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2003

	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
As at 1 January 2002	103,665	1,187,241	(7)	6	–	(933,595)	357,310
Preference shares converted to shares	(9,680)	–	–	–	–	–	(9,680)
Shares issued upon preference shares conversion	194	9,486	–	–	–	–	9,680
Reduction of nominal value of shares from HK\$0.02 each to HK\$0.0005 each	(91,824)	–	–	91,824	–	–	–
Capital reorganisation	–	(1,196,239)	–	(91,824)	607,462	680,601	–
Shares issued at premium on rights issue	2,354	25,899	–	–	–	–	28,253
Share issue expenses	–	(2,926)	–	–	–	–	(2,926)
Exchange difference on translation of foreign subsidiaries	–	–	7	–	–	–	7
Net loss attributable to shareholders	–	–	–	–	–	(186,274)	(186,274)
As at 31 December 2002	4,709	23,461	–	6	607,462	(439,268)	196,370
Net loss attributable to shareholders	–	–	–	–	–	(8,331)	(8,331)
As at 30 June 2003	4,709	23,461	–	6	607,462	(447,599)	188,039

Condensed Consolidated Cash Flow Statement

	Six months ended 30 June	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Net cash generated from/(used in) operating activities	2,084	(76,223)
Net cash used in investing activities	(2,190)	(18,769)
Net cash used in financing activities	(3,614)	(6,028)
Net decrease in cash and cash equivalents	(3,720)	(101,020)
Cash and cash equivalents as at 1 January	38,886	166,193
Cash and cash equivalents as at 30 June	<u>35,166</u>	<u>65,173</u>
Analysis of the balances of cash and cash equivalents		
Pledged deposits	5,246	7,714
Bank balances and cash	29,920	33,120
Other investments	–	24,339
	<u>35,166</u>	<u>65,173</u>

Notes to the Condensed Financial Statements

For the six months ended 30 June 2003

1. Basis of preparation and accounting policies

The condensed consolidated financial statements are unaudited and have been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the applicable disclosure requirements under Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. Turnover and segmental information

The analysis of the Group's turnover and results by principal business activities and geographical area of operations during the period are as follows:

(a) by business segments:

	Six months ended 30 June					
	2003			2002		
	Telecom- munication services (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000	Telecom- munication services (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Turnover						
External sales	<u>198,006</u>	<u>3,167</u>	<u>201,173</u>	<u>131,187</u>	<u>9,405</u>	<u>140,592</u>
Result						
Loss from operations	<u>(1,112)</u>	<u>(1,004)</u>	<u>(2,116)</u>	<u>(62,708)</u>	<u>(8,477)</u>	<u>(71,185)</u>
Finance costs			(111)			(770)
Other operating income and expenses			(6,104)			(7,816)
Provision for diminution in value of investment securities			-			(26,882)
Unrealised holding loss on other investments			-			(8,675)
Net loss attributable to shareholders			<u>(8,331)</u>			<u>(115,328)</u>

(b) by geographical segments:

	Six months ended 30 June					
	2003			2002		
	Asia Pacific (Unaudited) HK\$'000	North America (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000	Asia Pacific (Unaudited) HK\$'000	North America (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Turnover						
External sales	<u>71,457</u>	<u>129,716</u>	<u>201,173</u>	<u>64,249</u>	<u>76,343</u>	<u>140,592</u>
Result						
Profit/(Loss) from operations	<u>1,641</u>	<u>(3,757)</u>	<u>(2,116)</u>	<u>(14,264)</u>	<u>(56,921)</u>	<u>(71,185)</u>
Finance costs			(111)			(770)
Other operating income and expenses			(6,104)			(7,816)
Provision for diminution in value of investment securities			-			(26,882)
Unrealised holding loss on other investments			-			(8,675)
Net loss attributable to shareholders			<u>(8,331)</u>			<u>(115,328)</u>

3. Other revenue

	Six months ended 30 June	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
	Interest income	34
Gain on disposal of discontinued operations	382	-
Others	<u>214</u>	<u>1,013</u>
	<u>630</u>	<u>1,261</u>

4. Discontinued operations

In January 2003, the Group entered into a sale and purchase agreement with an independent third party to dispose of two of the Company's wholly-owned subsidiaries at a consideration of HK\$1.5 million. Upon disposal of the two subsidiaries, which were engaged in the business of provision of event management services, the corporate management services business of the Group has been discontinued since January 2003.

	Six months ended 30 June	
	2003	2002
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net assets disposed of:		
Total assets	2,849	–
Total liabilities	<u>(1,896)</u>	–
	953	–
Cost incurred	165	–
Gain on disposal of subsidiaries	<u>382</u>	–
Cash consideration	<u><u>1,500</u></u>	<u>–</u>

Analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries:

	Six months ended 30 June	
	2003	2002
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cash consideration	1,500	–
Cash and cash equivalents disposed of	<u>(210)</u>	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u><u>1,290</u></u>	<u>–</u>

5. Loss from operations

This was arrived at after crediting:

	Six months ended 30 June	
	2003	2002
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Gain on disposal of other investments	<u><u>12</u></u>	<u>65</u>

6. Taxation

Hong Kong Profits Tax and overseas taxation have not been provided as the Group has no assessable profit for the period (30 June 2002: Nil).

7. Loss per share

The calculation of basic loss per share for the six months ended 30 June 2003 was based upon the consolidated loss attributable to shareholders of HK\$8,331,000 (30 June 2002: HK\$115,328,000) and on the weighted average number of 470,894,200 (30 June 2002: 244,361,624) ordinary shares in issue during the period.

The fully diluted loss per share for the six months ended 30 June 2002 and 2003 are not shown because the potential ordinary shares would decrease the loss per share and would be regarded as anti-dilutive.

The comparative amount of the loss per share has been adjusted for the effect of the share consolidation and the rights issue of 235,447,100 shares of the Company during the year of 2002.

8. EBITDA

EBITDA represents earnings before interest expenses, taxation, depreciation, amortisation, provision for diminution in value of investment securities and unrealised holding loss on other investments.

9. Acquisitions and disposals of property, plant and equipment

During the period, the Group acquired property, plant and equipment for an amount of approximately HK\$4.1 million (31 December 2002: HK\$24.8 million) and the disposal was approximately HK\$4.8 million (31 December 2002: HK\$7.4 million).

10. Trade and other receivables

	As at 30 June 2003 (Unaudited) HK\$'000	As at 31 December 2002 (Audited) HK\$'000
Trade receivables	43,339	44,976
Other receivables		
Deposits, prepayments and other debtors	<u>7,908</u>	<u>6,932</u>
	<u>51,247</u>	<u>51,908</u>

The Group's credit terms on credit sales mainly range from 30 days to 90 days. Included in trade and other receivables are trade debtors (net of provision for bad and doubtful debts) with the following ageing analysis.

	As at 30 June 2003 (Unaudited) HK\$'000	As at 31 December 2002 (Audited) HK\$'000
Current	39,482	43,402
1 to 3 months	3,797	432
More than 3 months but less than 12 months	<u>60</u>	<u>1,142</u>
	<u>43,339</u>	<u>44,976</u>

11. Trade and other payables

	As at 30 June 2003 (Unaudited) HK\$'000	As at 31 December 2002 (Audited) HK\$'000
Trade payables	25,038	45,067
Other payables		
Accrued charges and other creditors	43,388	36,143
	<u>68,426</u>	<u>81,210</u>

Included in trade and other payables are trade creditors with the following ageing analysis.

	As at 30 June 2003 (Unaudited) HK\$'000	As at 31 December 2002 (Audited) HK\$'000
Current	18,456	25,300
1 to 3 months	6,212	7,877
More than 3 months but less than 12 months	370	11,890
	<u>25,038</u>	<u>45,067</u>

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

INTERIM DIVIDEND

The Board has not recommended payment of any interim dividend for the six months ended 30 June 2003 (30 June 2002: Nil).

BUSINESS REVIEW AND OUTLOOK

During the period under review, the Group recorded a healthy business growth and strong operating performance despite the economic uncertainties that dominated the first half of 2003. Total turnover was HK\$201.2 million, a 43.1% increase compared to HK\$140.6 million for the same period in 2002. The Group also achieved an important milestone of attaining positive EBITDA (earnings before interest, taxation, depreciation and amortisation) of HK\$14.3 million for the six months ended 30 June 2003. Loss for the period decreased substantially to HK\$8.3 million compared to HK\$115.3 million for the previous corresponding period.

The ZONE telecommunications business of the Group continues to perform well with increased turnover and improvement in the operating results. Revenue for this period from the ZONE operations in the United States ("ZONE US") increased by 69.9%, from HK\$76.3 million for the prior period to HK\$129.7 million. This is particularly good performance given the competitive business environment and continuing economic uncertainty in the US. ZONE US achieved a steady revenue growth and a positive EBITDA for the first half of 2003 mainly due to increase in its sales efforts, continuous improvement in its operating efficiencies and better gross margin.

ZONE Hong Kong and ZONE Singapore (collectively "ZONE Asia") achieved net profit during this period even though both countries were severely affected by the SARS outbreak in the second quarter of 2003. Profitability was achieved mainly through increasing its turnover while maximising its operating margin. The Group's continuing efforts in technological developments and business process improvements of the ZONE model are providing significant operating leverage for its ZONE telecommunications business, enabling it to remain competitive in the current difficult market conditions.

As the operating units focused their efforts on achieving their business and operating targets during this period, the Group has also embarked on certain strategic initiatives for the longer term benefit of the Group and its shareholders. Among these initiatives, the Group has progressively transformed the operating units into self-sustaining entities which can operate independently and are expected to be able to self-finance their respective projected growth.

In a challenging environment, the Group has delivered on its operating and financial targets for the first half of 2003. Looking ahead, for the next period, the Group is expected to continue to improve on its operating performance and financial position and to deliver on its goal to achieve positive EBITDA for the year of 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results

The Group's turnover for the period under review increased by 43.1% to HK\$201.2 million compared to HK\$140.6 million for the corresponding period in 2002.

The gross profit increased by 125.2% from HK\$37.7 million to HK\$84.9 million. The gross profit as a percentage of total turnover increased from 26.8% to 42.2%.

The Group's EBITDA improved by HK\$70.6 million to positive HK\$14.3 million compared to negative HK\$56.3 million for the prior period. This result was attributable mainly to the increase in turnover from existing and new services, higher gross margins and lower operating costs.

The operating loss for the period reduced to HK\$8.2 million compared to HK\$79.0 million for the previous corresponding period.

Consolidated net loss attributable to shareholders declined substantially to HK\$8.3 million from HK\$115.3 million for the previous corresponding period.

Financial resources, liquidity and gearing ratio

The Group relied on its internal resources to fund its operations during the period.

Bank balances and cash (excluding pledged deposits) were HK\$29.9 million as at 30 June 2003 (31 December 2002: HK\$31.1 million). The Group had pledged deposits amounting to HK\$5.2 million as at 30 June 2003 (31 December 2002: HK\$7.7 million). The Group had no bank borrowings during the period under review.

As at 30 June 2003, the Group's liabilities under equipment lease financing amounted to HK\$3.8 million (31 December 2002: HK\$7.4 million).

As at 30 June 2003, the net assets of the Group amounted to HK\$188.0 million (31 December 2002: HK\$196.4 million). The Group's gearing ratio, measured on the basis of total borrowings as a percentage of net assets, was 2.0% (31 December 2002: 3.8%).

e-KONG Group Limited

Foreign exchange risks

Since most of the Group's assets and liabilities, revenue and payments are denominated in Hong Kong dollars and United States dollars, the Group considers that there is no significant exposure to foreign exchange fluctuations so long as the Hong Kong and United States dollars exchange rate remains pegged.

Contingent liabilities and commitments

As at 30 June 2003, there were no material contingent liabilities or commitments.

Save as aforesaid, the directors are not aware of any other material changes from information disclosed in the 2002 annual report.

Employee remuneration policy

As of 30 June 2003, the Group had 193 employees (31 December 2002: 214 employees) in Hong Kong and overseas.

The Group's remuneration policies are in line with local market practices where the Group operates and are formulated on the basis of the performance and experience of individual employee. In addition to salary payment, the Group also offers to its employees other fringe benefits including provident fund and medical benefits.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2003, the directors and chief executive and their respective associates had the following interests and short positions (if any) in shares, underlying shares and debentures of the Company or any of 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 under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"):

Name of director	Number of shares held			Percentage of issued share capital
	Personal interests	Corporate interests	Total interests	
Mr. Richard John Siemens	–	100,631,627 (Note 1)	100,631,627	21.4%
Mr. William Bruce Hicks	2,319,914	67,962,428 (Note 2)	70,282,342	14.9%
Mr. Kuldeep Saran	341,200	67,632,428 (Note 3)	67,973,628	14.4%
Mr. Shane Frederick Weir	10,000	–	10,000	0.0%

Notes:

1. 2,400,000 shares are beneficially owned by Siemens Enterprises Limited, a company controlled by Mr. Richard John Siemens. 98,231,627 shares are beneficially owned by Goldstone Trading Limited, a company controlled by Mr. Siemens.
2. 67,962,428 shares are beneficially owned by Great Wall Holdings Limited, a company controlled by Mr. William Bruce Hicks.
3. 67,632,428 shares are beneficially owned by Future (Holdings) Limited, a company controlled by Mr. Kuldeep Saran.

All interests disclosed above represent long position in the shares of the Company and there were no underlying shares held by the directors as at 30 June 2003.

Save as disclosed above, as at 30 June 2003, none of the directors, chief executive or their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

(a) Company

Pursuant to the employee share option scheme of the Company (the "Old Share Option Scheme") adopted in a special general meeting held on 25 October 1999, the directors of the Company might, at their discretion, invite eligible employees of the Group, including executive directors of the Company, to take up options to subscribe for shares in the Company under the terms and conditions stipulated therein. The Old Share Option Scheme was subsequently terminated by the Company in a special general meeting held on 28 June 2002 but the share options granted but not yet exercised thereunder would however remain effective and are bound by terms therein.

On 28 June 2002, the Company adopted a new share option scheme (the "New Share Option Scheme") to comply with the new requirements of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Under the New Share Option Scheme, the Board might at its discretion grant share options to (i) any director, employee, consultant, customer, supplier, business introduction agent, or legal, financial or marketing adviser of or contractor to any company in the Group or any affiliate; and/or (ii) any discretionary trust the discretionary objects of which include any of the foregoing, under the terms and conditions stipulated therein. No share options have ever been granted by the Company under the New Share Option Scheme since adoption.

(b) Subsidiaries

On 28 June 2002, the Company adopted a set of rules and procedures for share option schemes for its subsidiaries (the "Scheme Rules and Procedures") to comply with the new requirements of Chapter 17 of the Listing Rules. Pursuant to the Scheme Rules and Procedures, the subsidiaries might adopt their respective share options schemes in terms and conditions of the Scheme Rules and Procedures, under which the board of directors of each of the relevant subsidiaries might at its discretion grant their respective share options to (i) any director, employee, consultant, customer, supplier, business introduction agent, or legal, financial or marketing adviser of or contractor to the subsidiaries and their subsidiaries, any of their holding companies or any affiliate; and/or (ii) any discretionary trust the discretionary objects of which include any of the foregoing. No subsidiaries have ever adopted their respective share option schemes pursuant to the terms and conditions of the Scheme Rules and Procedures since adoption.

During the period, no share options were held by the directors, chief executive or substantial shareholders of the Company, or suppliers of goods or services or other participants other than eligible employees under the Old Share Option Scheme.

Details of movements in share options granted to eligible employees under the Old Share Option Scheme during the period and their share options remaining outstanding as at 30 June 2003 were as follows:

Date of grant	Exercisable period	Exercise price	Number of share options				As at 30 June 2003
			As at 1 January 2003	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	
Employees							
25.10.1999	25.10.2000– 24.10.2009	1.40	1,365,000	–	–	–	1,365,000
16.11.1999	16.11.2000– 24.10.2009	1.60	7,500	–	–	–	7,500
23.12.1999	23.12.2000– 24.10.2009	2.00	370,000	–	–	–	370,000
03.01.2000	03.01.2001– 24.10.2009	2.30	300,000	–	–	–	300,000
24.01.2000	21.02.2000– 24.10.2009	2.30	600,000	–	–	–	600,000
25.01.2000	01.03.2000– 24.10.2009	2.30	200,000	–	–	–	200,000
03.03.2000	03.04.2000– 24.10.2009	7.60	1,520,000	–	–	–	1,520,000
03.03.2000	03.03.2001– 24.10.2009	7.60	315,000	–	–	–	315,000
28.04.2000	28.04.2001– 24.10.2009	3.30	491,500	–	–	15,000	476,500
09.08.2000	09.08.2001– 24.10.2009	2.30	55,000	–	–	–	55,000
25.10.2000	25.10.2001– 24.10.2009	1.20	40,000	–	–	10,000	30,000
16.05.2001	16.05.2001– 01.04.2003	0.80	20,000	–	–	20,000	–
TOTAL			<u>5,284,000</u>	<u>–</u>	<u>–</u>	<u>45,000</u>	<u>5,239,000</u>

As at 30 June 2003, no share options were granted by the Company under the New Share Option Scheme of the Company since its adoption on 28 June 2002.

Apart from the above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable any director or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors, nor chief executive, or any of their spouses or children under the age of 18 had any interest in, or had been granted, any right to subscribe for the shares in or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, the following persons, other than the directors or chief executive of the Company, had interests and short positions (if any) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Number of shares held	Percentage of interest
Goldstone Trading Limited	98,231,627*	20.9%
Great Wall Holdings Limited	67,962,428*	14.4%
Future (Holdings) Limited	67,632,428*	14.4%

* The interests disclosed represent the same interests as the corporate interests of Mr. Richard John Siemens (being held through Goldstone Trading Limited), Mr. William Bruce Hicks and Mr. Kuldeep Saran as disclosed in the notes to the description under the heading of "Directors' interests in securities" above.

All interests disclosed above represent long position in the shares of the Company.

Save as disclosed herein, the Company has not been notified of any other persons (other than the directors or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2003.

CODE OF BEST PRACTICE

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not, throughout the six months ended 30 June 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the non-executive directors of the Company are not appointed for specific terms, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the Company's auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the unaudited consolidated financial results for the six months ended 30 June 2003.

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

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

APPRECIATION

The Board would like to thank the business associates, shareholders and customers for their continuous support and acknowledge its appreciation for the contribution and dedication of the Group's employees.

By Order of the Board
Richard John Siemens
Chairman

Hong Kong, 3 September 2003

